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If you have sold or transferred all your shares in **ELEC & ELTEK INTERNATIONAL HOLDINGS LIMITED**, you should at once hand this circular and the accompanying proxy form to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale was effected for transmission to the purchaser or transferee.

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Elec & Eltek 依利安達

Elec & Eltek International Holdings Limited

(Incorporated in Bermuda with limited liability)

**PROPOSALS INVOLVING
GENERAL MANDATES TO REPURCHASE ITS OWN SHARES
AND TO ISSUE SHARES,
AMENDMENT TO THE COMPANY'S EXISTING SHARE OPTION SCHEME
AND
ADOPTION OF A NEW SHARE OPTION SCHEME
OF ELEC & ELTEK INTERNATIONAL COMPANY LIMITED**

A notice convening a special general meeting of Elec & Eltek International Holdings Limited to be held at West Room, 23rd Floor, Mandarin Oriental Hong Kong, 5 Connaught Road Central, Hong Kong on Tuesday, 12 November 2002 at 12:15 p.m. (or as soon as practicable immediately after the conclusion or adjournment of the annual general meeting of the Company convened for the same place and date at 12:00 noon) or any adjournment thereof is set out on pages 38 to 41 of this circular. Whether or not the Shareholders propose to attend the meeting, they are requested to complete the accompanying proxy form in accordance with the instructions printed thereon and return the same to the principal office of the Company in Hong Kong at Unit B10, 3rd Floor, Merit Industrial Centre, 94 Tokwawan Road, Kowloon, Hong Kong as soon as possible and in any event not later than 48 hours before the time appointed for holding of the meeting or any adjournment thereof. Completion and return of the proxy form will not preclude Shareholders from attending and voting in person at the meeting should they so wish.

Hong Kong, 9 October 2002

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DEFINITIONS

In this circular, the following expressions shall have the following meanings unless the context requires otherwise:

“2001 SGM”	the special general meeting of the Company held on 29 October 2001
“Board”	the board of Directors
“Company”	Elec & Eltek International Holdings Limited, a company incorporated in Bermuda with limited liability, the Shares of which are listed on the Hong Kong Exchange
“Companies Act”	the Companies Act 1981 of Bermuda (as amended)
“Directors”	the directors of the Company for the time being
“EEIC”	Elec & Eltek International Company Limited, a company incorporated in the Republic of Singapore with limited liability, the shares of which are listed on the Singapore Exchange
“EEIC Group”	EEIC and its Subsidiaries
“EEIC Meeting”	the extraordinary general meeting of EEIC to be held to approve, amongst other things, the adoption of the New EEIC Scheme
“EEIC Option”	a right to subscribe for EEIC Shares pursuant to the terms of the New EEIC Scheme
“EEIC Share(s)”	ordinary share(s) of S\$0.80 each in the capital of EEIC (or of such other nominal amount as shall result from a sub-division, consolidation, reclassification or reconstruction of the share capital of EEIC from time to time)
“Employee(s)”	full-time employees and directors of any company within the EEIC Group, the Group (other than the EEIC Group and a company in which at least 20%, but not more than 50% of its shares are held by EEIC or the EEIC Group, provided that EEIC has control over such company) or a company in which at least 20%, but not more than 50% of its shares are held by EEIC or the EEIC Group, provided that EEIC has control over such company (as the case may be)
“Existing Company Scheme”	the existing share option scheme for the employees of the Company and its Subsidiaries adopted by the Company at the 2001 SGM

DEFINITIONS

“Existing EEIC Scheme”	the existing share option scheme of EEIC adopted by EEIC at its extraordinary general meeting on 30 November 1999
“Grantee”	full-time employees, executive and non-executive directors of the Company, any of its Subsidiaries or associated companies eligible to participate in the Existing Company Scheme who accepts an offer of the grant of an Option or (where the context so permits) a personal representative entitled to any such Option in consequence of the death of the original Grantee
“Group”	the Company and its Subsidiaries from time to time
“Hong Kong”	the Hong Kong Special Administrative Region of The People’s Republic of China
“Hong Kong Exchange”	The Stock Exchange of Hong Kong Limited
“Latest Practicable Date”	3 October 2002, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Listing Manual”	the listing manual issued by the Singapore Exchange, as amended, modified or supplemented from time to time
“Listing Rules”	the Rules Governing the Listing of Securities on the Hong Kong Exchange, as amended, modified or supplemented from time to time
“New EEIC Scheme”	the share option scheme proposed to be adopted by EEIC at the EEIC Meeting
“Option”	a right to subscribe for Shares pursuant to the terms of the Existing Company Scheme
“Option Period”	a period to be notified by the Board to each Grantee as being the period during which an Option may be exercised, such period to commence not earlier than 6 months from the date of grant of the Option and to expire not later than 10 years after the date of the grant of the Option
“Ordinary Resolution(s)”	the proposed ordinary resolution(s) as referred to in the SGM Notice

DEFINITIONS

“SGM”	the special general meeting of the Company to be held at West Room, 23rd Floor, Mandarin Oriental Hong Kong, 5 Connaught Road Central, Hong Kong on Tuesday, 12 November 2002 at 12:15 p.m. (or as soon as practicable immediately after the conclusion or adjournment of the annual general meeting of the Company convened for the same place and date at 12:00 noon) or any adjournment thereof
“SGM Notice”	the notice convening the SGM as contained on pages 38 to 41 of this circular
“Share(s)”	share(s) of HK\$0.10 each in the capital of the Company (or of such other nominal amount as shall result from a sub-division, consolidation, reclassification or reconstruction of the share capital of the Company from time to time)
“Share Issue Mandate”	a general mandate to the Directors to exercise the power of the Company to allot, issue and deal with Shares during the period as set out in Ordinary Resolution no. 2
“Share Repurchase Mandate”	a general mandate to the Directors to exercise the power of the Company to repurchase Shares during the period as set out in Ordinary Resolution no. 1
“Shareholder(s)”	holder(s) of Share(s)
“Singapore Exchange”	Singapore Exchange Securities Trading Limited
“Subsidiary(ies)”	a company which is for the time being and from time to time a subsidiary (within the meaning of the Companies Ordinance of Hong Kong (Chapter 32 of the Laws of Hong Kong) or the Companies Act or the local companies law, act and/or ordinance where the subject company was incorporated)
“Takeover Code”	the Hong Kong Codes on Takeovers and Mergers
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“S\$”	Singapore dollars, the lawful currency of Singapore
“%”	per cent.



Elec & Eltek 依利安達

Elec & Eltek International Holdings Limited

(Incorporated in Bermuda with limited liability)

Directors:

Executive Directors:

David SO Cheung Sing
Marcus TSANG Ming Pui
Wilson TAM Kam Ho
Johnny NG Ho Kin
Canice CHUNG Tai Keung

Independent Non-Executive Directors:

Peter LEE Yip Wah
Eugene LEE

Registered Office:

Cedar House
41 Cedar Avenue
Hamilton HM12
Bermuda

Principal Office in Hong Kong:

Unit B10, 3rd Floor
Merit Industrial Centre
94 Tokwawan Road
Kowloon
Hong Kong

9 October 2002

To the Shareholders

Dear Sir or Madam,

**PROPOSALS INVOLVING
GENERAL MANDATES TO REPURCHASE ITS OWN SHARES
AND TO ISSUE SHARES,
AMENDMENT TO THE COMPANY'S EXISTING SHARE OPTION SCHEME
AND
ADOPTION OF A NEW SHARE OPTION SCHEME
OF ELEC & ELTEK INTERNATIONAL COMPANY LIMITED**

1. INTRODUCTION

The purpose of this circular is to provide you with information regarding the proposals involving the Share Issue Mandate, the Share Repurchase Mandate, the amendment to the Existing Company Scheme and the adoption of the New EEIC Scheme.

2. SHARE REPURCHASE MANDATE

At the 2001 SGM, an ordinary resolution was passed giving a general mandate to the Directors to exercise the powers of the Company to repurchase its own Shares up to 117,506,240 Shares representing 10% of the aggregate nominal amount of the issued share capital of the Company as at the date of passing of such resolution. This general mandate will lapse at the conclusion of the forthcoming annual general meeting of the Company.

LETTER FROM THE BOARD

Ordinary Resolution no. 1 will be proposed at the SGM to give a new general and unconditional mandate to the Directors to exercise the powers of the Company to repurchase, at any time until the conclusion of the next annual general meeting of the Company or such earlier period as stated therein, Shares up to a maximum of 10% of the issued share capital of the Company as at the date of passing Ordinary Resolution no. 1.

An explanatory statement as required under the Listing Rules giving certain information regarding the Share Repurchase Mandate is set out in Appendix I hereto.

3. SHARE ISSUE MANDATE

At the 2001 SGM, another general mandate was given to the Directors to issue Shares up to 235,012,480 Shares representing 20% of the issued share capital of the Company as at the date of passing of such resolution and to extend such general mandate to issue Shares by adding to it the number of Shares repurchased under the repurchase mandate granted at the 2001 SGM. Such general mandates will also lapse at the conclusion of the forthcoming annual general meeting of the Company.

Ordinary Resolution no. 2 will be proposed at the SGM to give a new general and unconditional mandate to the Directors to exercise the powers of the Company to issue, allot and deal with, at any time until the conclusion of the next annual general meeting of the Company or such earlier period as stated therein, Shares representing up to 20% of the issued share capital of the Company as at the date of passing Ordinary Resolution no. 2. In addition, Ordinary Resolution no. 3 will be proposed to extend the Share Issue Mandate which increases the limit of the Share Issue Mandate by adding to it the number of Shares repurchased by the Company under the Share Repurchase Mandate.

4. AMENDMENT TO THE EXISTING COMPANY SCHEME

At the 2001 SGM, the Shareholders approved the adoption of the Existing Company Scheme. Sub-paragraph 7.3(c) of the Existing Company Scheme provides, amongst other things, if a general offer by way of take-over is made to all Shareholders and the terms and conditions of such offer have, within four months after the making of the offer on that behalf by the offeror, been approved by the holders of not less than nine-tenths in value of the Shares whose transfer is involved, and the offeror has, pursuant to the Companies Act, at any time within two months beginning with the date on which such approval is obtained, given notice to any dissenting Shareholder that it desires to acquire the Shares, the Grantee may by notice in writing to the Company within 21 days of such notice exercise the Option to its full extent or to the extent specified in such notice.

The Directors consider that more flexibility should be provided to Option holders to exercise Options at an earlier stage in a take-over situation and therefore sub-paragraph 7.3(c) of the Existing Company Scheme is proposed to be amended so as to allow Option holders to exercise Options during a specified period commencing on the date of which a take-over offer is made or, if such take-over is conditional, the date on which the take-over offer becomes or is declared unconditional. The proposed amendment to sub-paragraph 7.3(c) of the Existing Company Scheme is set out in Appendix II hereto. In view of the above, the Directors therefore propose that Ordinary Resolution no. 4 be passed at the SGM and the amendment to the Existing Company Scheme to take effect from the conclusion of the SGM.

5. ADOPTION OF THE NEW EEIC SCHEME

EEIC adopted the Existing EEIC Scheme at its extraordinary general meeting on 30 November 1999. On 15 June 2001, EEIC became a Subsidiary of the Company pursuant to an unconditional partial takeover by the Company. As a consequence of EEIC becoming a Subsidiary of the Company, any share option scheme implemented by EEIC must comply with the requirements in relation to share option schemes set out in Chapter 17 of the Listing Rules. As the Existing EEIC Scheme is not in compliance with the requirements of Chapter 17 of the Listing Rules, EEIC is no longer permitted to grant any options under the Existing EEIC Scheme.

At the SGM, Ordinary Resolution no. 5 will be proposed for approval of the Shareholders for adoption of the New EEIC Scheme.

The New EEIC Scheme shall be adopted and take effect after all conditions precedent as set forth in sub-paragraph (a) below having been fulfilled. As soon as practicable after the adoption of the New EEIC Scheme, the Existing EEIC Scheme will be terminated by resolution of the board of directors of EEIC pursuant to Rule 14 of the Existing EEIC Scheme. Upon termination of the Existing EEIC Scheme, any outstanding options under the Existing EEIC Scheme shall continue to be subject to the provisions of the Existing EEIC Scheme and the adoption of the New EEIC Scheme will not in any event affect the terms of the grant of such outstanding options.

The Directors consider that, to enable the EEIC Group to motivate Employees towards excellence in performance and to maintain a high level of contribution of the benefit of the EEIC Group and to attract and retain Employees whose contributions are important to the long-term growth and profitability of the Group, it is important that the EEIC Group adopts a new share option scheme whereby options could be granted to Employees as an additional incentive to achieve the targets set by EEIC and the EEIC Group.

(a) Conditions precedent of the New EEIC Scheme

The adoption of the New EEIC Scheme shall take effect subject to the following conditions having been fulfilled:

- (i) the approval of the Shareholders for the adoption of the New EEIC Scheme;
- (ii) the approval of shareholders of EEIC for the adoption of the New EEIC Scheme; and
- (iii) the Singapore Exchange granting its in-principle approval for the listing of and quotation for EEIC Shares to be issued pursuant to the exercise of EEIC Options to be granted under the New EEIC Scheme on the Singapore Exchange.

The Directors are informed that an in-principle approval has been granted by the Singapore Exchange for the listing of and quotation for EEIC Shares to be issued under the New EEIC Scheme on 27 August 2002.

(b) Terms of the New EEIC Scheme

The rules of the New EEIC Scheme in their entirety are set out in Appendix III hereto.

Upon satisfaction of the conditions set forth in sub-paragraph (a) above, the directors of EEIC will have a right to grant to Employees EEIC Options to subscribe for EEIC Shares under the New EEIC Scheme, which when aggregated with options to be granted under any other share option schemes of EEIC (if any), shall not exceed 10% of the issued share capital of EEIC as at the date of adoption of the New EEIC Scheme (EEIC Options lapsed in accordance with the terms of the New EEIC Scheme will not be counted for the purpose of calculating such 10% limit), unless EEIC obtains a fresh approval from the Shareholders to refresh the 10% limit. EEIC Options previously granted under the New EEIC Scheme together with any other share option scheme(s) of EEIC (including outstanding, cancelled, lapsed or exercised EEIC Options) will not be counted for the purpose of calculating such refreshed 10% limit.

However, pursuant to the Listing Manual, the maximum number of EEIC Shares in respect of which EEIC Options may be granted under the New EEIC Scheme, together with any options outstanding and yet to be exercised under any other share option scheme(s) of EEIC must not exceed 15% of the issued share capital of EEIC from time to time.

As at the Latest Practicable Date, the number of EEIC Shares currently in issue is 145,975,397 and assuming that there is no change in the issued share capital of EEIC between the period from the Latest Practicable Date and the date of adoption of the New EEIC Scheme, the number of EEIC Shares available under the New EEIC Scheme will be 14,597,539.

As at the Latest Practicable Date, the Company owned 75,617,959 EEIC Shares, representing approximately 51.802% of the issued share capital of EEIC, thereby making EEIC a Subsidiary of the Company. However, in the event that EEIC Options representing 14,597,539 EEIC Shares, being the maximum number of EEIC Shares available under the New EEIC Scheme, are issued by EEIC upon exercise of such EEIC Options in full, the Company's shareholding in EEIC would be diluted to 47.09% and as a result of which EEIC will no longer be a Subsidiary of the Company.

(c) Value of EEIC Options

It would be misleading to give the value of the options at this moment as the parameters to calculate the option price under most acceptable option pricing model are not yet available until the date of grant. In view of the above reasons and the fact that EEIC Shares for which EEIC Options may subscribe upon exercise are listed overseas on the Singapore Exchange, therefore the Directors consider that any calculation of the value of EEIC Options will not be meaningful and may be misleading to Shareholders.

LETTER FROM THE BOARD

6. RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquires, that to the best of their knowledge and belief there are no other facts the omission of which would make any statement herein misleading.

7. SPECIAL GENERAL MEETING

On pages 38 to 41 of this circular, you will find the SGM Notice containing therein the Ordinary Resolutions which will be respectively proposed at the SGM to grant to the Directors the Share Repurchase Mandate, the Share Issue Mandate and the extension of the Share Issue Mandate, to approve the amendment to the Existing Company Scheme and to approve the adoption of the New EEIC Scheme.

8. ACTION TO BE TAKEN

A proxy form for use at the SGM is enclosed herein. Whether or not you intend to attend the SGM, you are requested to complete the accompanying proxy form and return it to the principal office of the Company in Hong Kong at Unit B10, 3rd Floor, Merit Industrial Centre, 94 Tokwawan Road, Kowloon, Hong Kong not later than 48 hours before the time appointed for holding the SGM or any adjournment thereof. Completion and return of the proxy form will not preclude Shareholders from attending and voting in person at the SGM if they so wish.

9. RECOMMENDATION

The Directors believe that the Share Repurchase Mandate, the Share Issue Mandate, the extension of the Share Issue Mandate, the amendment to the Existing Company Scheme and the adoption of the New EEIC Scheme, are all in the best interests of the Company and the Shareholders. Accordingly, the Directors recommend that all Shareholders should vote in favour of all the Ordinary Resolutions.

By Order of the Board
David SO Cheung Sing
Chairman

This appendix serves as an explanatory statement, as required by the Listing Rules, to provide the requisite information to you for your consideration of the Share Repurchase Mandate. For the purpose of this appendix, the term “shares” is defined in the Listing Rules to include securities carrying a right to subscribe for or purchase shares.

1. LISTING RULES

The Listing Rules permit companies with a primary listing on the Hong Kong Exchange to repurchase their securities on the Hong Kong Exchange. The Shares proposed to be purchased by a company must be fully paid up.

2. SHAREHOLDERS’ APPROVAL

All proposed repurchases of securities by a company with a primary listing on the Hong Kong Exchange must be approved in advance by an ordinary resolution, either by way of general mandate or by specific approval of a particular transaction.

3. SHARE CAPITAL

As at the Latest Practicable Date, the issued share capital of the Company comprised 1,175,062,408 Shares.

Subject to the passing of Ordinary Resolution no. 1 and on the basis that no further Shares are issued or repurchased prior to the SGM, the Company would be allowed under the Share Repurchase Mandate to repurchase a maximum of 117,506,240 Shares representing not more than 10% of the issued share capital of the Company as at the date of passing Ordinary Resolution no. 1.

4. REASONS FOR REPURCHASE

The Directors believe that the Share Repurchase Mandate is in the best interests of the Company and its Shareholders. Such repurchase may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value of the Company and/or earnings per Share and will only be made when the Directors believe that such a repurchase will benefit the Company and its Shareholders.

5. FUNDING OF REPURCHASES

Repurchases must be funded entirely from the Company’s available cash flow or working capital facilities which will be funds legally available for the purpose and in accordance with the laws of the jurisdiction in which the Company is incorporated or otherwise established, the memorandum of association and bye-laws of the Company.

Bermuda law provides that the amount of capital repaid in connection with a share repurchase may only be paid out of either the capital paid up on the shares to be repurchased, or the funds of the company that would otherwise be available for dividend or distribution or the proceeds of a fresh issue

of shares made for the purpose of the repurchase. Bermuda law further provides that the amount of premium payable on repurchase may only be paid out of either the funds of the company that would otherwise be available for dividend or distribution or out of the share premium account of the company.

There might be a material adverse impact on the working capital or gearing position of the Company as compared with the position disclosed in the audited accounts contained in the annual report for the year ended 30 June 2002 in the event that the power to repurchase Shares pursuant to the Share Repurchase Mandate is to be exercised in full at any time during the proposed repurchase period. However, the Directors do not intend to exercise the power to repurchase Shares pursuant to the Share Repurchase Mandate to such extent as would, in the circumstances, have a material adverse effect on the working capital requirements of the Company or the gearing levels, which in the opinion of the Directors, are from time to time appropriate for the Company.

6. SHARE PRICES

The highest and lowest prices at which the Shares have traded on the Hong Kong Exchange during each of the twelve months preceding the Latest Practicable Date were as follows:

	Highest	Lowest
	<i>HK\$</i>	<i>HK\$</i>
October 2001	0.83	0.68
November 2001	0.89	0.75
December 2001	0.93	0.85
January 2002	1.01	0.89
February 2002	0.97	0.86
March 2002	0.96	0.89
April 2002	0.99	0.93
May 2002	1.24	0.94
June 2002	1.21	0.96
July 2002	1.04	0.83
August 2002	0.94	0.82
September 2002	0.88	0.79

7. UNDERTAKING

The Directors have undertaken to the Hong Kong Exchange that, so far as the same may be applicable, they will exercise the powers of the Company to make repurchases under the Share Repurchase Mandate in accordance with the Listing Rules, the applicable laws and regulations of Bermuda and the memorandum of association and bye-laws of the Company.

None of the Directors nor, to the best of their knowledge, having made all reasonable enquiries, any of their associates (as defined in the Listing Rules) have any present intention to sell any Shares to the Company under the Share Repurchase Mandate in the event that the Share Repurchase Mandate is approved by the Shareholders.

No other connected persons (as defined in the Listing Rules) have notified the Company that they have a present intention to sell Shares to the Company or have undertaken not to do so, in the event that the Share Repurchase Mandate is approved by the Shareholders.

8. DISCLOSURE OF INTERESTS

If on the exercise of the power to repurchase Shares pursuant to the Share Repurchase Mandate, a Shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purposes of Rule 32 of the Takeover Code. As a result, a Shareholder or a group of Shareholders acting in concert could obtain or consolidate control of the Company and thereby become obliged to make a mandatory general offer in accordance with Rules 26 and 32 of the Takeover Code.

To the best of the knowledge of the Directors, the following Shareholders held 10% or more interests in the issued share capital of the Company as at the Latest Practicable Date:

	No. of Shares	Approximate percentage of interest in Shares
Elec & Eltek Investments Limited ("E&E Investments")	521,921,359	44.42%
Kingboard Chemical Holdings Limited	194,399,000	16.54%

As at the Latest Practicable Date, approximately 30.97% of the issued share capital of E&E Investments was held by Plenty Gain Limited, a company ultimately wholly-owned by a discretionary trust, the eligible beneficiaries of which included the family members of Mr David SO Cheung Sing other than Mr David SO Cheung Sing himself. Approximately 29.98% of the issued share capital of E&E Investments was held by Champion Oriental Inc. which held such shares as trustee of a unit trust of which approximately 99.9999948% of its units was owned by a discretionary trust, the eligible beneficiaries of which included the family members of Mr Marcus TSANG Ming Pui other than Mr Marcus TSANG Ming Pui himself with the remaining units being owned by Mr Marcus TSANG Ming Pui directly. Approximately 29.98% of the issued share capital of E&E Investments was held by Goldful Holdings Limited, a company ultimately wholly-owned by a discretionary trust, the eligible beneficiaries of which included the family members of Mr Wilson TAM Kam Ho other than Mr Wilson TAM Kam Ho himself. The remaining approximately 9.07% of the issued share capital of E&E Investments was held by Expert Gold Inc. which held the shares as trustee of a unit trust of which approximately 99.99998% of its units was owned by a discretionary trust, the eligible beneficiaries of

which included the family members of Mr Johnny NG Ho Kin other than Mr Johnny NG Ho Kin himself. In addition, save for the shareholding interests disclosed hereinabove, the Directors had the following beneficial interests (including family interests and corporate interests) in the issued share capital of the Company:

	No. of Shares	Approximate percentage of interest in Shares
David SO Cheung Sing	1,636,800	0.14%
Marcus TSANG Ming Pui	22,632,775	1.93%
Wilson TAM Kam Ho	7,200,000	0.61%
Johnny NG Ho Kin	14,293,904	1.22%

E&E Investments, together with Mr David SO Cheung Sing, Mr Marcus TSANG Ming Pui, Mr Wilson TAM Kam Ho and Mr Johnny NG Ho Kin (together “the said Directors”) and their respective associates (as defined in the Listing Rules), were the beneficial owners of Shares representing approximately 48.32% of the issued share capital of the Company. If the Directors exercise in full the power to repurchase Shares which is proposed to be granted pursuant to Ordinary Resolution no. 1, the shareholding of E&E Investments would increase to approximately 49.35% of the issued share capital of the Company and the shareholding of E&E Investments together with the said Directors and their respective associates in the Company would increase to approximately 53.68% of the issued share capital of the Company. Depending on the timing of such repurchases, such an increase may or may not give rise to an obligation to make a mandatory offer under Rules 26 and 32 of the Takeover Code.

9. SHARE REPURCHASE MADE BY THE COMPANY

During the six months preceding the Latest Practicable Date, there was no purchase, sale or redemption of the Company’s Shares by the Company or any of its subsidiaries.

Existing sub-paragraph 7.3(c) of the Existing Company Scheme:

“if a general offer by way of take-over is made to all the holders of Shares and the terms and conditions of such offer have, within four months after the making of the offer on that behalf by the offeror, been approved by the holders of not less than nine-tenths in value of the Shares whose transfer is involved (other than Shares already held at the date of the offer by, or by a nominee for the offeror or its subsidiary), and the offeror has, pursuant to the Companies Act 1981 of Bermuda (as amended), at any time within two months beginning with the date on which such approval is obtained, given notice to any dissenting shareholder that it desires to acquire the Shares, the Grantee (or his or her legal personal representative(s)) may by notice in writing to the Company within 21 days of such notice exercise the Option to its full extent or to the extent specified in such notice;”

Proposed amendment to sub-paragraph 7.3(c) of the Existing Company Scheme:

By deleting sub-paragraph 7.3(c) in its entirety and substituting therefor the following:

“if a general offer by way of take-over is made to all the holders of Shares, the Grantees (including the Grantees holding Options which are not then exercisable) holding Options as yet unexercised shall be entitled to exercise such Options in full or in part in the period commencing on the date on which such take-over offer is made or, if such take-over offer is conditional, the date on which the take-over offer becomes or is declared unconditional, as the case may be, and ending on the earlier of:

- (i) the expiry of 3 months thereafter (unless prior to the expiry of such 3 months’ period, at the recommendation of the offeror and with the approvals of the Board and the Stock Exchange, such expiry date is extended to a later date (being a date falling not later than the date of expiry of the Option Period relating thereto)); or
- (ii) the date of the expiry of the Option Period relating thereto,

whereupon any Option then remaining unexercised shall lapse and be null and void. If during the aforesaid period, the offeror becomes entitled or bound to exercise the rights of compulsory acquisition of the Shares under the Companies Act 1981 of Bermuda (as amended) and, being entitled to do so, gives notice to the Grantees that it intends to exercise such rights on a specified date, the Options shall remain exercisable until the specified date or the expiry of the Option Period relating thereto, whichever is earlier. Any Option not so exercised shall lapse provided that the rights of acquisition or obligations to acquire shall have been exercised or performed, as the case may be. If such rights of acquisition or obligations to acquire have not been exercised or performed, as the case may be, the Options shall, subject to paragraph 8, remain exercisable until the expiry of the Option Period relating thereto.”

1. DEFINITIONS

In these Rules, the following words and expressions shall have the following meanings unless otherwise stated:

“Act”	The Companies Act (Chapter 50, Singapore Statutes) as amended or modified from time to time
“Adoption Date”	The date on which all the conditions set out in Rule 3 of the Scheme are fulfilled
“Aggregate Subscription Price”	The total amount payable for Scheme Shares to be acquired on the exercise of an Option
“Associate”	<p>(a) In relation to any Director, the Chief Executive Officer of the Company, Substantial Shareholder or Controlling Shareholder (being an individual) means:</p> <ul style="list-style-type: none"> (i) his immediate family; (ii) the trustees of any trust of which he or his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object; and (iii) any company in which he and his immediate family together (directly or indirectly) have an interest of 25% or more; and <p>(b) in relation to a Substantial Shareholder or a Controlling Shareholder (being a company) means any other company which is its Subsidiary or holding company or is a Subsidiary of such holding company or one in the equity of which it and/or such other company or companies taken together (directly or indirectly) have an interest of 25% or more</p>
“Associated Company”	A company in which at least 20%, but not more than 50% of its shares are held by the Company or the Group; provided that the Company has control over such company
“Auditors”	The auditors of the Company for the time being
“Board”	The board of Directors of the Company for the time being
“CDP”	The Central Depository (Pte) Limited

“Committee”	A committee, for the time being duly authorized and appointed by the Board to administer the Scheme, consisting of Directors of the Company
“Company”	Elec & Eltek International Company Limited
“Controlling Shareholder(s)”	A person who or a corporation which: (i) holds directly or indirectly 15% or more of the nominal amount of all voting shares in the Company (unless determined by SGX-ST that such a person or corporation is not a Controlling Shareholder); or (ii) in fact exercises control over the Company
“Date of Grant”	The date of the letter of offer offering the grant of an Option to the Offeree which is duly accepted pursuant to Rule 4
“day”	Calendar day
“Director”	Any director, whether an Executive or a Non-Executive Director, of the Company or any other company within the Group or the Parent Group, or of an Associated Company (as the case may be)
“Discounted Option”	The right to subscribe for Scheme Shares granted or to be granted pursuant to the Scheme and for the time being subsisting, and in respect of which the Subscription Price is determined in accordance with Rule 7.2
“Employees”	Full-time employees and Directors of any company within the Group, the Parent Group, or of an Associated Company (as the case may be)
“Executive Director”	A director of the Company or any company within the Group or the Parent Group, or of an Associated Company (as the case may be) who is a full-time employee, and who performs an executive function
“Grantee”	An Offeree who accepts an Offer in accordance with the terms of the Scheme or (where the context so permits) a personal representative entitled to any such Option in consequence of the death of the original Grantee
“Group”	The Company and its Subsidiaries
“HKEX”	The Stock Exchange of Hong Kong Limited
“HKEX Listing Rules”	The Rules Governing the Listing of Securities on the HKEX

“Hong Kong”	The Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Shareholder”	Any Shareholder who is not an eligible Participant in the Scheme
“Market Day”	A day on which the Shares are traded on SGX-ST
“Market Price Option”	The right to subscribe for Scheme Shares granted or to be granted pursuant to the Scheme and for the time being subsisting, and in respect of which the Subscription Price is determined in accordance with Rule 7.1
“Non-Executive Director”	A director (whether independent or non-independent) of the Company or any company within the Group or the Parent Group, or of an Associated Company (as the case may be) who is not a full-time employee, and who does not perform an executive function
“Offer”	The offer of the grant of an Option made in accordance with the terms of the Scheme
“Offeree”	A person who meets the criteria set out in Rule 4.1, and has been selected by the Committee to participate in the Scheme
“Option”	A right to subscribe for Scheme Shares pursuant to the Scheme
“Option Period”	<p>A period to be notified by the Committee to each Participant during which an Option granted to him may be exercised, as follows:</p> <ul style="list-style-type: none">(i) in respect of a Market Price Option, commencing on a date not earlier than the first anniversary date of the Date of Grant, and ending on a date not later than five (5) years after the Date of Grant; and(ii) in respect of a Discounted Option, commencing on a date not earlier than the second anniversary date of the Date of Grant, and ending on a date not later than five (5) years after the Date of Grant
“Parent Company”	The holding company of the Company
“Parent Group”	The Parent Company and its Subsidiaries (other than the Group and its Associated Companies)
“Parent Group Employees”	Employees of the Parent Group

“Participant”	The holder of an Option
“Record Date”	The date, at the close of business, on which Shareholders must be registered in order to participate in any dividends, rights, allotments or other distributions
“Scheme”	The “2002 Elec & Eltek Employees’ Share Option Scheme”, as amended from time to time
“Scheme Shares”	The new Shares to be issued upon the exercise of Options in accordance with the terms of the Scheme
“SGX-ST”	Singapore Exchange Securities Trading Limited
“SGX-ST Listing Manual”	The Listing Manual issued by SGX-ST, as amended, modified or supplemented from time to time
“Shareholders”	Registered holders of Shares, except that where CDP is the registered holder, the term “Shareholders” shall, in relation to such Shares mean the persons to whose securities accounts maintained with CDP (excluding securities sub-accounts) such Shares are credited
“Shares”	Ordinary shares of S\$0.80 each in the capital of the Company
“Subsidiary”	A corporation which is deemed to be a subsidiary within the meaning of Section 5 of the Act
“Substantial Shareholder”	A person (including a corporation) who has an interest in not less than 5% of the issued voting shares of the Company
“Subscription Price”	The price at which a Participant may subscribe for each Scheme Share upon the exercise of an Option
“S\$”	Singapore dollars
“US”	United States of America
“US\$”	US dollars
“%”	Per centum or percentage

The terms “**Depositor**”, “**Depository Agent**” and “**Depository Register**” shall have the same meanings ascribed to them in section 130A of the Act.

Words importing the singular shall, where applicable, include the plural and *vice versa* and words importing one gender shall include the other gender.

Any reference in these Rules to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the Act or any statutory modification thereof and used in these Rules shall have the meaning assigned to it under the Act.

Any reference to a time of day in these Rules shall be a reference to Singapore time unless otherwise stated.

2. OBJECTIVES OF THE SCHEME

The Company is operating in the electronic components industry, which is characterised by a cyclical demand pattern and a highly competitive environment. To continue to stay ahead of the competition, it is important to attract, retain and motivate talented Directors and Employees to strive towards long-term performance targets set by the Company and the Group, and at the same time allow the Participants to enjoy the results of the Company attained through their efforts and contribution. Accordingly, the Company proposes to implement the Scheme for the following reasons :-

- (a) to motivate Employees towards excellence in performance and to maintain a high level of contribution for the benefit of the Group; and
- (b) to attract and retain Employees whose contributions are important to the long-term growth and profitability of the Group.

3. CONDITIONS

The Scheme shall take effect subject to the following conditions being fulfilled :-

- (i) the passing of the necessary resolutions to adopt the Scheme by the Shareholders in general meeting;
- (ii) SGX-ST granting its in-principle approval for the listing of and quotation for the Scheme Shares to be issued pursuant to the exercise of Options on SGX-ST; and
- (iii) the passing of the necessary resolutions to adopt the Scheme by the shareholders of the Parent Company in general meeting.

4. GRANT OF OPTIONS

4.1 The Committee may, at its absolute discretion, select any of the following persons to participate in the Scheme :-

- (a) Employees of the Group;
- (b) Parent Group Employees; and
- (c) Employees of an Associated Company, provided that the Company has control over the Associated Company; and

provided always that any of the aforesaid persons selected by the Committee to participate in the Scheme :-

- (i) must be at least of twenty-one (21) years of age;
- (ii) must not be an undischarged bankrupt; and
- (iii) is not a Controlling Shareholder or an Associate of a Controlling Shareholder.

For the avoidance of doubt, if a Participant falls within more than one of the categories in Rule 4.1(a), (b) and (c), the Participant shall be subject to the restrictions and requirements as set out in Rules 5 and 6 in respect of the category for which his entitlement of Scheme Shares for any Options to be granted is the lowest.

- 4.2 Without prejudice to Rule 4.1, any grant of Options to a Parent Group Employee that, together with Options already granted to such Parent Group Employee, represents 5% or more of the total number of Options available to Parent Group Employees, shall be approved by Independent Shareholders in separate resolutions for each such Parent Group Employee. In such event, a separate resolution must also be passed to approve the aggregate number of Options to be made available for grant to all Parent Group Employees.
- 4.3 The Committee may grant Options to such Offeree as it may select in its absolute discretion at any time, except that no Options shall be granted :-
- (i) during the period commencing one (1) month (or such other period as may from time to time be determined by the Board) before the announcement of the Group's half-yearly or final results (as the case may be), and ending on the day such results are announced; and
 - (iii) at any time after any matter of an exceptional nature involving unpublished price sensitive information has occurred or has been the subject of a decision until after such price sensitive information has been publicly announced.
- 4.4 An Offer shall be made in or substantially in the form of the Letter of Offer set out in Annexure I (subject to such modifications as may be determined by the Committee from time to time). The Offer shall be personal to the person to whom it is granted and any Option granted and accepted by the Grantee under the Scheme shall not be transferred, charged, assigned, pledged or otherwise disposed of or encumbered in whole or in part (the breach of which shall entitle the Committee to treat the grant of such Option as being invalid and ineffective), but may be exercised by the Grantee's duly appointed personal representative as provided in Rule 9.4 in the event of the death of the Grantee.

4.5 Shareholders who are eligible to participate in the Scheme must abstain from voting on any resolution relating to the Scheme (other than a resolution relating to the participation of, or grant of Options to, Parent Group Employees). In addition, the following categories of persons must abstain from voting on any resolution relating to the participation of, or grant of options to, Parent Group Employees :-

- (a) the Parent Company (and its Associates); and
- (b) Parent Group Employees, who are Shareholders and eligible to participate in the Scheme.

4.6 Any Grantee or Participant in the Scheme shall not be prohibited from participating in any other share option scheme whether implemented by any other company within the Group or by any other company.

5. MAXIMUM ENTITLEMENT OF SCHEME SHARES FOR EACH CATEGORY OF PARTICIPANT

The number of Scheme Shares to be offered to an Offeree in accordance with the Scheme shall be determined at the discretion of the Committee who shall in addition to the performance of the Company, take into account criteria such as the rank, length of service and performance of the Offeree; provided always that the following limits shall be complied with :-

- (i) the aggregate number of Scheme Shares available to Parent Group Employees shall not exceed 20% of the Shares available under the Scheme; and
- (ii) the aggregate number of Scheme Shares available to Employees of Associated Companies shall not exceed 20% of the Shares available under the Scheme.

6. FURTHER REQUIREMENTS ON APPROVAL FROM THE PARENT COMPANY

6.1 The total number of Shares issued and to be issued upon exercise of the Options granted to each Participant (including both exercised and outstanding Options) in any 12-month period must not exceed 1% of the total number of Shares in issue from time to time.

6.2 Any further grant of Options in excess of the 1% limit specified in Rule 6.1 above shall be subject to the approval of shareholders of the Parent Company with such Participant and his associates abstaining from voting. The number and terms of the Options to be granted to such Participant shall be fixed before the approval by the shareholders of the Parent Company of the grant of such Options and the date of the Committee's meeting for proposing such further grant should be taken as the Date of Grant for the purpose of calculating the Subscription Price.

6.3 Any proposed grant of Options to a Participant who is a Director, chief executive or substantial shareholder of the Parent Company or any of their respective associates shall be approved by independent Non-Executive Directors of the Parent Company (excluding such independent Non-Executive Director who is the Participant to which the Options are proposed to be granted).

6.4 Where the Committee proposes to grant any Options to an Offeree who is a substantial shareholder or an independent Non-Executive Director of the Parent Company or any of their respective associates, and such grant of Options would result in the Scheme Shares issued and to be issued upon exercise of all Options already granted and to be granted (including Options exercised, cancelled and outstanding) to such Offeree in the 12-month period up to and including the date on which such proposal is made by the Committee representing in aggregate more than 0.1% of the total number of Shares in issue on such date of proposal, such proposed grant of Options must be approved by the shareholders of the Parent Company in general meeting, with the Offeree concerned and all connected persons of the Parent Company abstaining from voting (except where any connected person intends to vote against the relevant resolution). Any vote taken at the meeting to approve the grant of such Options must be taken on a poll.

6.5 Notwithstanding anything to the contrary herein, the terms “**associates**”, “**substantial shareholders**” and “**connected persons**” under this Rule 6 shall have the meanings ascribed to them in HKEX Listing Rules and other relevant laws and regulations of Hong Kong.

7. SUBSCRIPTION PRICE

7.1 Subject to any adjustment effected pursuant to Rule 13, the Subscription Price for each Scheme Share on the exercise of a Market Price Option shall be the average of the last dealt prices for the Shares, as determined by reference to the daily official list or any other publication published by SGX-ST for the last five (5) Market Days immediately preceding the relevant Date of Grant, or the nominal value of the Shares, whichever is the higher.

7.2 The Subscription Price for each Scheme Share in respect of which a Discounted Option is exercisable shall be subject to such discount which may be set by the Committee in its absolute discretion; provided always that:

- (i) the maximum discount shall not exceed 20% of the Subscription Price applicable to the Market Price Option (as determined in accordance with Rule 7.1); and
- (ii) the discounted Subscription Price shall not be lower than the nominal value of the Shares.

8. ACCEPTANCE OF OFFER

8.1 The grant of an Option shall be accepted by the Offeree within thirty (30) days and, in any event, not later than 5.00 p.m. on the thirtieth (30th) day from such Date of Grant by completing, signing and returning the Acceptance Form in or substantially in the form set out in Annexure II (subject to such modifications as may be determined by the Committee from time to time), accompanied by payment of S\$1.00 (or its equivalent) in cash as consideration. The Offer may be accepted by the Offeree in whole or in part. If only part of the Offer is accepted, the Offeree shall accept the Offer in multiples of 1,000 Scheme Shares.

- 8.2 If the grant of an Option is not accepted in the manner as provided in Rule 8.1, such Offer shall upon the expiry of the thirty (30) day period automatically lapse and shall be null and void and of no effect.
- 8.3 Every Option shall be granted subject to the condition that no Scheme Shares shall be issued pursuant to the exercise of an Option if such issue would be contrary to any law or enactment, or any rules or regulations of any legislative or non-legislative governing body for the time being in force in Singapore or any other relevant country. In the event that a grant of an Option results in a contravention of any applicable law or regulation, such grant shall be null and void and of no effect and the relevant Participant shall have no claim whatsoever against the Company.
- 8.4 Subject to the provisions of the Scheme, the Board or the Committee (as the case may be) may at its discretion, when making the Offer, impose any conditions, restrictions or limitations in relation thereto as it may think fit.

9. RIGHTS TO EXERCISE OPTIONS

- 9.1 An Option shall be exercisable, in whole or in part, at any time during the Option Period.
- 9.2 An Option shall, to the extent unexercised, immediately lapse without any claim against the Company :-
- (i) upon the expiry of the Option Period;
 - (ii) upon the expiry of the periods referred to in Rules 9.3 and 9.4 below;
 - (iii) on the date on which a Participant ceases to be an Employee (within the meaning set out in Rule 9.3 below) on the grounds that he has been guilty of misconduct, or has been convicted of any criminal offence involving his integrity or honesty;
 - (iv) on the date on which a Participant commits a breach under Rule 4.4 if the Committee treats the grant of the Option as being invalid and ineffective;
 - (v) except as provided in Rules 9.3 and 9.4, upon the Participant for any reason whatsoever ceasing to satisfy the eligibility criteria set out in Rule 4.1 as the Committee may determine; or
 - (vi) upon the bankruptcy of the Participant or the happening of any other event which results in his being deprived of the legal or beneficial ownership of such Option.
- 9.3 If a Participant ceases to be employed by the Group, the Associated Company or the Parent Group, as the case may be, for any reason other than on his death or the termination of his employment on one or more of the grounds specified in Rule 9.2 (iii) above, the Participant may exercise the Option up to his or her entitlement at the date of cessation of employment (to the extent he is entitled to exercise at the date of cessation of employment but not

already exercised) within the period of one (1) month following the date of such cessation of employment (which shall be deemed to be his last actual working day with the Group, the Associated Company or the Parent Group, as the case may be, whether salary is paid *in lieu* of notice or not), or such longer period as may be determined by the Committee in its absolute discretion, provided that the aforesaid period shall fall within the Option Period. Upon the expiry of the aforesaid period, the Option, to the extent unexercised, shall lapse.

9.4 If a Participant dies before exercising the Option in full, such Option may, at the discretion of the Committee, be exercised by the duly appointed personal representative of the Participant to its full extent within the period of twelve (12) months from the date of death (or before the expiry of the Option Period, whichever is earlier) or such longer period as the Committee may determine, regardless of whether all or any part of the Option has become exercisable as at the date of death under the original terms of grant.

10. TAKE-OVER AND WINDING UP OF THE COMPANY

10.1 In the event of a take-over offer being made for the Shares of the Company, Participants (including Participants holding Options which are not then exercisable pursuant to the provisions of Rule 9.1) holding Options as yet unexercised shall, subject to Rule 10.5, be entitled to exercise such Options in full or in part in the period commencing on the date on which such take-over offer is made or, if such take-over offer is conditional, the date on which the take-over offer becomes or is declared unconditional, as the case may be, and ending on the earlier of :-

- (i) the expiry of 3 months thereafter (unless prior to the expiry of such 3 months' period, at the recommendation of the offeror and with the approvals of the Committee and SGX-ST, such expiry date is extended to a later date (being a date falling not later than the date of expiry of the Option Period relating thereto)); or
- (ii) the date of the expiry of the Option Period relating thereto,

whereupon any Option then remaining unexercised shall lapse and be null and void. If during the aforesaid period, the offeror becomes entitled or bound to exercise the rights of compulsory acquisition of the Shares under Section 215 of the Act and, being entitled to do so, gives notice to the Participants that it intends to exercise such rights on a specified date, the Options shall remain exercisable until the specified date or the expiry of the Option Period relating thereto, whichever is earlier. Any Option not so exercised shall lapse provided that the rights of acquisition or obligations to acquire shall have been exercised or performed, as the case may be. If such rights of acquisition or obligations to acquire have not been exercised or performed, as the case may be, the Options shall, subject to Rule 9.2, remain exercisable until the expiry of the Option Period relating thereto.

10.2 If under the Act, the court sanctions a compromise or arrangement, proposed for the purposes of, or in connection with, a scheme for the reconstruction of the Company or its amalgamation with another company or companies, each Participant shall be entitled, subject to Rule 10.5 below, to exercise any Option then held by him during the period

commencing on the date upon which the compromise or arrangement is sanctioned by the court and ending either on the expiry of sixty (60) days thereafter or the date upon which the compromise or arrangement, as the case may be, becomes effective, whichever is later (but not after the expiry of the Option Period relating thereto), whereupon any unexercised Option shall lapse and become null and void.

10.3 In the event of the Company's solvent voluntary winding up (other than for the purposes of amalgamation or reconstruction), the Participants shall, notwithstanding that the resolution in respect of such winding up is passed prior to the commencement of the Option Period relating to any of the Options of any Participant, subject to Rule 10.5 below, be entitled within twenty-one (21) days of the passing of the resolution of such winding up (but not after the expiry of the Option Period relating thereto) to exercise in full any unexercised Options, after which such unexercised Options shall lapse and become null and void.

10.4 If an order or an effective resolution is passed for the winding-up of the Company on the basis of its insolvency, all Options, to the extent unexercised, shall lapse and become null and void.

10.5 If in connection with the making of a general offer referred to in Rule 10.1 above or the scheme referred to in Rule 10.2 above or the winding up referred to in Rules 10.3 and 10.4 above, arrangements are made (which are confirmed in writing by the Auditors, acting only as experts and not as arbitrators, to be fair and reasonable) for the compensation of Participants, whether by the continuation of their Options or the payment of cash or the grant of other options or otherwise, a Participant holding an Option, which is not then exercisable, may not, at the discretion of the Committee, be permitted to exercise that Option as provided for in this Rule 10.

10.6 To the extent that an Option is not exercised within the periods referred to in this Rule 10, it shall, subject to Rule 9, become null and void.

11. EXERCISE OF OPTIONS, ALLOTMENT AND LISTING OF SCHEME SHARES

11.1 An Option may be exercised, in whole or in part (and in odd lots), by a Participant giving notice in writing to the Company, in or substantially in the form of the Exercise Notice set out in Annexure III (subject to such modifications as may be determined by the Committee from time to time). Such Exercise Notice must be accompanied by a remittance for the Aggregate Subscription Price and any other documentation the Committee may require. All payments pursuant to this Rule 11.1 shall be made by cashier's order or bankers' draft in favour of the Company or by way of telegraphic transfer to the bank account of the Company or any other means to be agreed by the Company. An Option shall be deemed to be exercised upon the receipt by the Company of the said notice duly completed and the Aggregate Subscription Price. Any charges, fees or expenses ("**processing costs**") incurred by the Company in relation to the processing of the Exercise Notice shall be wholly borne by the relevant Participant and reimbursed to the Company.

- 11.2 Upon receipt of the Exercise Notice, remittances, processing costs, and any other documentation referred to in Rule 11.1 and subject to such consents or other required action of any competent authority under regulations or enactments for the time being in force as may be necessary and subject to compliance with these Rules, the Scheme Shares shall be allotted and issued to a Participant or its nominees not more than ten (10) Market Days after the exercise of an Option, and within five (5) Market Days from the date of such allotment, the Company shall issue and despatch to CDP the share certificates in respect thereof by ordinary post or such other mode as the Committee may deem fit.
- 11.3 Scheme Shares which are allotted on the exercise of an Option by a Participant shall be issued in the name of CDP or its nominees to be credited to the Participant's securities account with CDP or sub-account maintained with a Depository Agent, or in the name of such other nominee to be credited to such account as may be designated by the Participant.
- 11.4 The Scheme Shares, when issued, shall be subject to all the provisions of the Memorandum and Articles of Association of the Company, and shall rank in full for all entitlements including dividends or other distributions declared or recommended in respect of the then existing issued Shares, the Record Date for which is on or after the date upon which such allotment takes place, and shall in all other respects rank *pari passu* with other Shares then in issue.
- 11.5 So long as the Shares of the Company in issue are listed on SGX-ST, the Company shall, as soon as practicable after the exercise of an Option, apply to SGX-ST and any other stock exchanges on which the Shares are quoted, for permission to deal in and for quotation of such Scheme Shares to be issued and allotted pursuant to the exercise of Options by a Participant on SGX-ST and such other stock exchanges, as the case may be.
- 11.6 Options granted under the Scheme will not be listed on SGX-ST.
- 11.7 The Company shall keep available sufficient unissued Shares to satisfy the exercise in full of all Options for the time being remaining capable of being exercised.
- 11.8 The Committee may from time to time make such arrangements or implement such procedures as may be necessary or appropriate to facilitate the exercise by Participants of their Options (in particular, but without limitation, where foreign exchange restrictions or controls are applicable). For the avoidance of doubt, nothing in this Rule 11.8 is intended to provide for the giving of financial assistance to any Participant for the purpose of enabling him to exercise his Options.

12. LIMITATION ON THE SIZE OF THE SCHEME

- 12.1 The total number of Shares which may be issued upon exercise of all options to be granted under the Scheme and any other share option schemes of the Company shall not in aggregate exceed 10% of the total number of Shares in issue as at the Adoption Date. Options lapsed in accordance with the terms of the Scheme will not be counted for the purpose of calculating the 10% limit.

12.2 The Committee may grant Options to specifically identified Participant(s) beyond the 10% limit set out in Rule 12.1 above if the grant of such Options is specifically approved by shareholders of the Parent Company in general meeting; and provided always that Rules 5 and 6 above are complied with.

12.3 The Company may seek approval of shareholders of the Parent Company in general meeting to renew the 10% limit set out in Rule 12.1 above, such that the total number of Shares in respect of which options may be granted under the Scheme and any other share option schemes of the Company under the limit so renewed shall not exceed a further 10% of the number of Shares in issue as at the date of approval of the limit. Options previously granted under the Scheme and any other share option schemes of the Company (including outstanding, cancelled, lapsed or exercised options) will not be counted for the purpose of calculating such 10% limit as renewed.

12.4 Notwithstanding anything to the contrary herein provided, the maximum number of Shares in respect of which options may be granted under the Scheme, together with any options outstanding and yet to be exercised under any other share option schemes of the Company in issue, shall not exceed 15% of the total number of Shares in issue from time to time.

13. VARIATION OF CAPITAL

13.1 If a variation in the issued share capital of the Company (whether by way of a capitalisation of profits or reserves or rights issue, capital reduction, sub-division or consolidation of Shares or distribution) shall take place, then :-

- (i) the Subscription Price for the Scheme Shares;
- (ii) the nominal value and/or number of Scheme Shares comprised in outstanding Options to the extent unexercised; and/or
- (iii) the nominal value and/or number of Scheme Shares over which additional Options may be granted to the Participants,

shall be adjusted in such manner as the Committee may determine to be appropriate and upon the written confirmation of the Auditors (acting only as experts and not as arbitrators), except in relation to a capitalisation issue where no such certification shall be required, that in their opinion, such adjustment is fair and reasonable.

13.2 Notwithstanding the provisions of Rule 13.1, no adjustment shall be made :-

- (i) if as a result of such adjustment, the Subscription Price would fall below the nominal value of a Share; or

- (ii) if as a result of such adjustment, the Participant would receive any benefit or benefits which a Shareholder does not receive; and
- (iii) unless the Committee having considered all relevant circumstances, considers it equitable to do so.

13.3 The issue of Shares as consideration for an acquisition or a private placement of Shares, or the cancellation of issued Shares purchased or acquired by the Company by way of a market purchase of such Shares undertaken by the Company on SGX-ST during the period when a share purchase mandate granted by Shareholders (including any renewal of such mandate) is in force, shall not normally be regarded as a circumstance requiring adjustment.

13.4 Upon any adjustment made pursuant to this Rule 13, the Company shall notify each Participant (or his duly appointed personal representative) in writing and deliver to him (or his duly appointed personal representative where applicable) a statement setting forth the Subscription Price thereafter in effect and the nominal value and/or number of Scheme Shares thereafter to be issued on the exercise of the Option. Any adjustment shall take effect upon such written notification being despatched.

14. ADMINISTRATION OF THE SCHEME

14.1 The Scheme shall be administered by the Committee in its absolute discretion with such powers and duties as are conferred on it by the Board, provided that no member of the Committee shall participate in any deliberation or decision in respect of Options to be granted to him.

14.2 The Committee shall have the power, from time to time, to make and vary such regulations (not being inconsistent with the rules of the Scheme) for the implementation and administration of the Scheme as they may deem fit (including, *inter alia*, any arrangements and/or procedures made or implemented pursuant to Rule 11.8).

14.3 Any decision of the Committee, made pursuant to any provisions of the Scheme (other than a matter to be certified by the Auditors), shall be final and binding (including any decisions pertaining to disputes as to the interpretation of the Scheme or any rule, regulation, or procedure thereunder as to any rights under the Scheme).

14.4 The Company shall make the following disclosures in its annual report :-

- (a) The names of the members of the Committee.
- (b) The information required in the table below for the following Participants:-
 - (i) Participants who are Directors of the Company; and

- (ii) Participants, other than those referred to in Rule 14.4(b)(i) above, who receive 5% or more of the total number of Options available under the Scheme.

Name of Participant	Options granted during financial year under review (including terms)	Aggregate Options granted since commencement of Scheme to end of financial year under review	Aggregate Options exercised since commencement of Scheme to end of financial year under review	Aggregate Options outstanding as at end of financial year under review

- (c) (i) The names of, and number and terms of Options granted to each Parent Group Employee who receives 5% or more of the total number of Options available to all Parent Group Employees under the Scheme, during the financial year under review; and
- (ii) The aggregate number of Options granted to the Parent Group Employees for the financial year under review, and since the commencement of the Scheme to the end of the financial year under review.
- (d) The number and proportion of Discounted Options granted during the financial year under review in the following bands:

Discount to the Market Price (%)	Aggregate number of Discounted Options granted during the financial year under review	No. of Discounted Options granted as a percentage of the aggregate number of Options granted during the financial year under review (%)
10% or less		
Greater than 10%		

If any of the disclosure requirements in this Rule 14.4 is not applicable, an appropriate negative statement shall be included.

15. NOTICES

Any notice or other communication under or in connection with the Scheme may be given by personal delivery or by sending the same by post, in the case of a company to its registered office, and in the case of an individual to his last known address, or to the address of the place of business at which he performs the whole or substantially the whole of the duties of his office or employment, and where a notice or other communication is given by post, it shall be deemed to have been received 48 hours after it was put into the post properly addressed and stamped.

16. ALTERATION OF THE SCHEME

16.1 The Scheme may be altered in any respect by resolution of the Committee except that :-

- (i) no alteration shall alter adversely the rights attaching to any Options granted prior to such alteration except with the consent in writing of such number of Participants who, if they exercise their Options in full, would thereby become entitled to not less than three-quarters (3/4) in nominal value of all the Scheme Shares which would be allotted upon exercise in full of all outstanding Options;
- (ii) the definitions of “**Committee**”, “**Employee**”, “**Offeree**”, “**Option Period**”, “**Participant**” and “**Subscription Price**” and the provisions of Rules 4, 5, 6, 7, 9, 11, 12, 13, 14 and this Rule 16 shall not be altered to the advantage of Participants except with the prior sanction of the Company in general meeting and of the Parent Company in general meeting and provided that any alteration of the Scheme must comply with the SGX-ST Listing Manual and the HKEX Listing Rules; and
- (iii) no alteration shall be made without the prior approval of SGX-ST and such other regulatory authorities as may be necessary.

16.2 Notwithstanding anything to the contrary contained in Rule 16.1 above, the Committee may at any time by resolution (and save for the prior approval of SGX-ST, without any other formality) amend or alter the Scheme in any way to the extent necessary to cause the Scheme to comply with, or otherwise as may be permitted in accordance with, any law or enactment, or any rules, regulations or guidelines of any regulatory or other relevant authority or body (including without limitation, SGX-ST and the HKEX) for the time being in force.

16.3 Written notice of any alteration made in accordance with this Rule 16 shall be given to all Participants.

17. TERMS OF EMPLOYMENT UNAFFECTED

The terms of employment of a Participant shall not be affected by his participation in the Scheme which shall neither form part of such terms nor entitle him to take into account such participation in calculating any compensation or damages on the termination of his employment for any reason.

18. DURATION OF THE SCHEME

18.1 The Scheme shall continue to be in force at the discretion of the Committee, subject to a maximum period of five (5) years commencing on the Adoption Date.

18.2 The expiry or termination of the Scheme shall not affect Options (including Option Periods relating thereto), which have been granted and accepted but remained unexercised at the expiry or termination of the Scheme.

19. CANCELLATION OF OPTIONS

The Company may by resolution in general meeting at any time cancel any Option granted but not exercised. Where the Company offers Options to the same Option holder, the offer of such new Options may only be made, under the Scheme with available Options (to the extent not yet granted and excluding the cancelled Options) within the limit approved by Shareholders as mentioned in Rule 12.

20. TERMINATION

The Company by resolution in general meeting, the Board or the Committee may at any time terminate the operation of the Scheme, subject to all other relevant approvals which may be required, and in such event no further Options will be offered but in all other respects the provisions of the Scheme shall remain in full force and effect.

21. TAXES

All taxes (including income tax) arising from the exercise of any Option under the Scheme shall be borne by the Participants.

22. COSTS AND EXPENSES OF THE SCHEME

22.1 Each Participant shall be responsible for the processing costs referred to in Rule 11.1 above, and all fees of CDP relating to or in connection with the issue and allotment of any Scheme Shares in CDP's name, the deposit of share certificate(s) with CDP, the Participant's securities account with CDP, or the Participant's securities sub-account with a Depository Agent.

22.2 Save for the taxes referred to in Rule 21 and the fees referred to in Rule 22.1 above, all fees, costs and expenses incurred by the Company in relation to the Scheme including but not limited to the fees, costs and expenses relating to the allotment and issue of the Scheme Shares by the Company pursuant to the exercise of any Option shall be borne by the Company.

23. DISCLAIMER OF LIABILITY

Notwithstanding any provisions contained herein and subject to the Act, the Committee and the Company shall not under any circumstances be held liable for any costs, losses, expenses and damages whatsoever and howsoever arising in any event, including but not limited to the Company's delay in issuing and allotting the Scheme Shares or in applying for or procuring the listing of the Scheme Shares on SGX-ST in accordance with Rule 11.5 and any other stock exchanges on which the Shares are quoted or listed.

24. DISPUTES

Any disputes or differences of any nature arising hereunder shall be referred to the Committee and its decision shall be final and binding in all respects.

25. GOVERNING LAW

The Scheme shall be governed by and construed in accordance with the laws of the Republic of Singapore. The Participants, by accepting Options in accordance with the Scheme, and the Company submit to the non-exclusive jurisdiction of the Courts of Singapore.

2002 ELEC & ELTEK EMPLOYEES' SHARE OPTION SCHEME

LETTER OF OFFER

PRIVATE & CONFIDENTIAL

Serial No.: _____

Date

To: Name
 Name of Company
 Designation
 Address

Dear Sir/Madam,

We have the pleasure of informing you that you have been nominated by the Committee of Directors administering the **2002 Elec & Eltek Employees' Share Option Scheme** (the "**2002 Scheme**") to participate in the 2002 Scheme.

Accordingly, an offer is hereby made to grant you an option (the "**Option**"), in consideration of the payment of a sum of S\$1.00 (or its equivalent) in cash, to subscribe for and be allotted _____ ordinary shares of S\$0.80 each in the capital of the Company (the "**Shares**") on the terms set out in Part A — Vesting Schedule attached hereto.

The Option shall be subject to the terms and conditions of the 2002 Scheme as set out in the Rules of the 2002 Scheme, a copy of which is enclosed herewith.

The Option is personal to you and shall not be transferred, charged, pledged, assigned or otherwise disposed of or encumbered by you, in whole or in part, to any other person whomsoever.

If you wish to accept the offer, please sign and return the enclosed Acceptance Form with a sum of S\$1.00 (or its equivalent) in cash not later than _____ (a.m./p.m.) on the _____ day of _____, failing which this offer will lapse.

Yours faithfully,
 for and on behalf of
**The Board of Directors of
 Elec & Eltek International Company Limited**

enc

Note: Words and expressions used in this Letter of Offer shall, unless the context otherwise requires, have the same meanings assigned to them in the Rules of the 2002 Scheme.

Part A — Vesting Schedule

Number of Scheme Shares offered : _____

Aggregate Subscription Price Payable : US\$ _____

The Option may be exercised in accordance with the following terms :-

No. of Shares	Subscription Price/ Discounted Subscription Price* per Scheme Share	Option Period

* Delete accordingly

2002 ELEC & ELTEK EMPLOYEES' SHARE OPTION SCHEME

ACCEPTANCE FORM

PRIVATE AND CONFIDENTIAL

Serial No. _____

To: **The Committee, 2002 Elec & Eltek Employees' Share Option Scheme**
 Elec & Eltek International Company Limited
 8 Shenton Way, # 37-03
 Temasek Tower
 Singapore 068811

I refer to your Letter of Offer dated _____ in relation to the granting of an Option to me and agree to be bound by the Rules of the **2002 Elec & Eltek Employees' Share Option Scheme** (the "**2002 Scheme**") and the aforesaid Letter of Offer. I hereby accept the Option to subscribe for _____ ordinary shares of S\$0.80 each in the share capital of Elec & Eltek International Company Limited on the terms as set out below and enclose cash for S\$1.00 (or its equivalent) in payment for the nominal consideration for acceptance of the offer. I confirm that my acceptance of the Option will not result in the contravention of any applicable law or regulation in relation to the ownership of Shares in the Company or options to subscribe for such Scheme Shares.

No. of Scheme Shares	Subscription Price/ Discounted Subscription Price* per Scheme Share	Option Period	No. of Scheme Shares accepted

I acknowledge that the Option shall be exercisable at the relevant times and in respect of that number of Scheme Shares specified, as set out in the vesting schedule in Part A of the Letter of Offer.

I understand that I am not obliged to exercise my Option to subscribe for Scheme Shares in the Company.

I confirm that as at the date hereof:

- (a) I am not less than 21 years old or an undischarged bankrupt; and
- (b) I am not a Controlling Shareholder or an Associate of a Controlling Shareholder.

I acknowledge that you have not made any representation or warranty or given me any expectation of employment or continued employment to induce me to participate in the 2002 Scheme or accept the offer, and that the terms of the Letter of Offer dated _____ and this Acceptance Form constitute the entire agreement between us relating to the offer.

I agree to keep all information pertaining to the grant of Option to me confidential.

Please Print in Block Letters

Name in full : _____

Designation : _____

Address : _____

Nationality : _____

*NRIC/Passport No. : _____

Signature : _____

Date : _____

* *Delete accordingly.*

Note: Words and expressions used in this Acceptance Form shall, unless the context otherwise requires, have the same meanings assigned to them in the Rules of the 2002 Scheme.

2002 ELEC & ELTEK EMPLOYEES' SHARE OPTION SCHEME

EXERCISE NOTICE

PRIVATE & CONFIDENTIAL

Serial No.: _____

To: **The Committee, 2002 Elec & Eltek Employees' Share Option Scheme**
 Elec & Eltek International Company Limited
 8 Shenton Way, # 37-03
 Temasek Tower
 Singapore 068811

Total number of Shares of S\$0.80 each in the capital of Elec & Eltek International Company Limited offered at the Subscription Price/Discounted Subscription Price* of US\$ _____ for each Share under the **2002 Elec & Eltek Employees' Share Option Scheme** (the "**2002 Scheme**") on _____ (Date of Grant)

Number of Shares previously allotted and issued thereunder	
Outstanding balance of Shares to be allotted and issued thereunder	
Number of Shares now to be subscribed	

- Pursuant to the Company's Letter of Offer dated _____ (the "**Letter of Offer**") and my acceptance thereof, I hereby exercise the Option to subscribe for _____ ordinary shares of S\$0.80 each in the capital of Elec & Eltek International Company Limited at the *Subscription Price/Discounted Subscription Price of US\$_____ for each Share.
- I wish to pay for the Aggregate Subscription Price of US\$_____ in respect of the said Shares by way of (1)* enclosed cashier's order/bankers' draft no. _____ or (2)* by way of telegraphic transfer to the bank account of Elec & Eltek International Company Limited or (3)* any other means to be agreed by the Company. I request the Company to instruct The Central Depository (Pte) Limited ("**CDP**") to credit the same to my Securities Account or my designated nominee's Securities Account specified below:

*(a) Direct Securities Account No. : _____

or

*(b) Sub-Account No. : _____

Name of Depository Agent : _____

3. I request the Company to instruct the Company's Share Registrar, Lim Associates (Pte) Ltd to allot and issue the share certificate(s) relating to the said Shares in the name of CDP for crediting of my Securities Account specified above or in the name of my designated nominee under my separate instruction and I hereby agree to bear such fees or other charges as may be imposed by CDP or the Registrar in respect thereof. I also request the Company to instruct the Registrar to despatch the share certificate(s) to CDP, by ordinary post and at my own risk.
4. I agree to subscribe for the said Shares subject to the terms of the Letter of Offer, the Rules of the 2002 Scheme (as the same may from time to time be amended pursuant to the terms thereof) and the Memorandum and Articles of Association of the Company.
5. I undertake to notify the Company's Share Registrar of any change in any of my particulars as given herein.

Please Print in Block Letters

Name in full : _____

Name of Company : _____

Designation : _____

Address : _____

Nationality : _____

*NRIC/Passport No. : _____

Signature : _____

Date : _____

* Delete accordingly.

Note: Words and expressions used in this Exercise Notice shall, unless the context otherwise requires, have the same meanings assigned to them in the Rules of the 2002 Scheme.



Elec & Eltek 依利安達

Elec & Eltek International Holdings Limited

(Incorporated in Bermuda with limited liability)

NOTICE IS HEREBY GIVEN that a special general meeting of Elec & Eltek International Holdings Limited (the “Company”) will be held at West Room, 23rd Floor, Mandarin Oriental Hong Kong, 5 Connaught Road Central, Hong Kong on Tuesday, 12 November 2002 at 12:15 p.m. (or as soon as practicable immediately after the conclusion or adjournment of the annual general meeting of the Company convened on the same date and place at 12:00 noon) or any adjournment thereof for the purpose of considering and, if thought fit, passing, with or without modifications, the following resolutions which will each be proposed as an ordinary resolution:

ORDINARY RESOLUTIONS

1. **“THAT:**

- (a) subject to paragraph (b) of this resolution, the exercise by the directors of the Company during the Relevant Period (as hereinafter defined) of all the powers of the Company to repurchase shares of HK\$0.10 each in the capital of the Company (the “Shares”) on The Stock Exchange of Hong Kong Limited (the “Hong Kong Exchange”) or on any other stock exchange on which the Shares may be listed and recognised by the Securities and Futures Commission of Hong Kong and the Hong Kong Exchange for this purpose, subject to and in accordance with all applicable laws and/or the requirements of the Rules Governing the Listing of Securities on the Hong Kong Exchange or of any other stock exchange as amended from time to time, be and is hereby generally and unconditionally approved;
- (b) the aggregate nominal amount of Shares which the Company is authorised to repurchase pursuant to the approval in paragraph (a) of this resolution shall not exceed 10 per cent. of the aggregate nominal amount of the issued share capital of the Company as at the date of passing this resolution, and the said approval shall be limited accordingly; and
- (c) for the purposes of this resolution, “Relevant Period” means the period from the passing of this resolution until whichever is the earlier of:
 - (i) the conclusion of the next annual general meeting of the Company;
 - (ii) the expiration of the period within which the next annual general meeting of the Company is required by any applicable law or the bye-laws of the Company to be held; and
 - (iii) the date on which the authority set out in this resolution is revoked or varied by an ordinary resolution of the shareholders of the Company in general meeting.”

NOTICE OF THE SPECIAL GENERAL MEETING

2. **“THAT:**

- (a) subject to paragraph (c) of this resolution, the exercise by the directors of the Company during the Relevant Period (as hereinafter defined) of all the powers of the Company to allot, issue and deal with additional Shares and to make or grant offers, agreements and options (including warrants, bonds, notes, debentures and other securities which carry rights to subscribe for or are convertible into Shares) which would or might require the exercise of such power be and is hereby generally and unconditionally approved;
- (b) the approval in paragraph (a) of this resolution shall authorise the directors of the Company during the Relevant Period (as hereinafter defined) to make or grant offers, agreements and options (including warrants, bonds, notes, debentures and other securities which carry rights to subscribe for or are convertible into Shares) which would or might require the exercise of such power after the end of the Relevant Period;
- (c) the aggregate nominal amount of share capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) and issue by the directors of the Company pursuant to the approval in paragraph (a) of this resolution, otherwise than pursuant to (i) a Rights Issue (as hereinafter defined); (ii) the exercise of any rights of subscription or conversion under any existing warrants, bonds, notes, debentures, and any securities of the Company which carry rights to subscribe for or are convertible into Shares; (iii) an issue of Shares upon the exercise of subscription rights under any option scheme or similar arrangement for the time being adopted for the grant or issue to the grantees as specified in such scheme or similar arrangement or rights to acquire Shares; or (iv) an issue of Shares pursuant to any scrip dividends or similar arrangement providing for the allotment of Shares in lieu of the whole or part of a dividend on Shares in accordance with the bye-laws of the Company from time to time, shall not exceed 20 per cent. of the aggregate nominal amount of the issued share capital of the Company as at the date of passing this resolution, and the said approval shall be limited accordingly; and
- (d) for the purpose of this resolution, “Relevant Period” means the period from the passing of this resolution until whichever is the earlier of:
 - (i) the conclusion of the next annual general meeting of the Company;
 - (ii) the expiration of the period within which the next annual general meeting of the Company is required by any applicable law or the bye-laws of the Company to be held; and
 - (iii) the date on which the authority set out in this resolution is revoked or varied by an ordinary resolution of the shareholders of the Company in general meeting; and

NOTICE OF THE SPECIAL GENERAL MEETING

“Rights Issue” means an offer of Shares or issue of option, warrants or other securities of the Company giving the right to subscribe for Shares, open for a period fixed by the directors of the Company to the holders of Shares, or any class of Shares, whose names appear on the register of members of the Company (and, where appropriate, to holders of other securities of the Company entitled to the offer) on a fixed record date in proportion to their then holdings of such Shares (or, where appropriate, such other securities) as at that date (subject to such exclusions or other arrangements as the directors of the Company may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of, or the requirements of any recognised regulatory body or any stock exchange in, any territory applicable to the Company).”

3. **“THAT** conditional upon the passing of ordinary resolutions nos. 1 and 2 set out in the notice convening this meeting, the general mandate granted to the directors of the Company to exercise the powers of the Company to allot, issue and deal with additional Shares pursuant to ordinary resolution no. 2 set out in the notice convening this meeting be and is hereby extended by the addition thereto of an amount representing the aggregate nominal amount of Shares repurchased by the Company under the authority granted pursuant to ordinary resolution no. 1 set out in the notice convening this meeting, provided that such extended amount of Shares so repurchased shall not exceed 10 per cent. of the aggregate nominal amount of the issued share capital of the Company as at the date of passing the said ordinary resolution no. 1.”

4. **“THAT** the existing share option scheme of the Company adopted by the Company on 29 October 2001 (the “Existing Company Scheme”) be amended in the manner set out in Appendix III to the circular of the Company dated 9 October 2002 and **THAT** the directors of the Company be and are hereby authorised to amend the Existing Company Scheme in accordance with such amendments and to do all such acts and to enter into all such transactions, arrangements and agreements as may be necessary or expedient in order to give effect to such amendments.”

5. **“THAT** subject to and conditional upon (a) the share option scheme (the “New EEIC Scheme”) of Elec & Eltek International Company Limited (“EEIC”), the rules of which are contained in the document marked “A” and produced to this meeting and for the purposes of identification signed by any director of the Company, being approved and adopted by resolution of the shareholders of EEIC in its general meeting (the “EEIC Meeting”); and (b) Singapore Exchange Securities Trading Limited (the “Singapore Exchange”) granting its in-principle approval for the listing of and quotation for shares in EEIC to be issued pursuant to the exercise of options to be granted under the New EEIC Scheme on the

NOTICE OF THE SPECIAL GENERAL MEETING

Singapore Exchange, the New EEIC Scheme be and is hereby approved, adopted and implemented with effect from the date of this meeting or the date on which both of the conditions (a) and (b) set out in this resolution having been fulfilled, whichever is the later and the directors of EEIC be and are hereby authorised to do all such acts and to enter into all such transactions, arrangements and agreements as may be necessary or expedient to implement and administer the New EEIC Scheme.”

By Order of the Board
Monica TSO Hon Yuk
Company Secretary

Hong Kong, 9 October 2002

Notes:

1. Any member of the Company entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and vote instead of him. A proxy need not be a member of the Company.
2. To be valid, a proxy form, together with any power of attorney or other authority (if any) under which it is signed, or a notarially certified copy thereof, must be deposited at the principal office of the Company in Hong Kong at Unit B10, 3rd Floor, Merit Industrial Centre, 94 Tokwawan Road, Kowloon, Hong Kong not later than 48 hours before the time appointed for holding the meeting or any adjournment thereof.
3. Where there are joint holders of any share of the Company, any one of such joint holders may vote at the meeting, either personally or by proxy, in respect of such share as if he was solely entitled thereto, but if more than one of such joint holders be present at the meeting personally or by proxy, that one of the said persons so present whose name stands first on the register of members of the Company in respect of such share shall alone be entitled to vote in respect thereof.