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If you are in any doubt as to any aspect of this circular or as to the action you should take, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

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)

**PROPOSAL INVOLVING
GENERAL MANDATES TO
REPURCHASE SHARES AND TO ISSUE SHARES**

A notice convening a special general meeting of Elec & Eltek International Holdings Limited to be held at Pheasant Room, 1st Floor, Mandarin Oriental Hong Kong, 5 Connaught Road Central, Hong Kong on 3 November 2003, Monday 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 11 to 14 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 less 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 the Shareholders from attending and voting in person at the meeting should they so wish.

Hong Kong, 6 October 2003

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DEFINITIONS

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

“2002 SGM”	the special general meeting of the Company held on 12 November 2002
“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 Stock Exchange
“Directors”	the directors of the Company for the time being
“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
“Latest Practicable Date”	30 September 2003, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended, modified or supplemented from time to time
“Ordinary Resolution(s)”	the proposed ordinary resolution(s) as referred to in the SGM Notice
“SGM”	the special general meeting of the Company to be held at Pheasant Room, 1st Floor, Mandarin Oriental Hong Kong, 5 Connaught Road Central, Hong Kong on 3 November 2003, Monday 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 11 to 14 of this circular

DEFINITIONS

“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)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeover Code”	the Hong Kong Codes on Takeovers and Mergers
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.



Etec & Eltek 依利安達

Etec & Eltek International Holdings Limited

(Incorporated in Bermuda with limited liability)

Directors:

Executive Directors:

Thomas TANG Koon Yiu
Canice CHUNG Tai Keung

Non-Executive Directors:

David SO Cheung Sing
Marcus TSANG Ming Pui
Wilson TAM Kam Ho
Johnny NG Ho Kin

Independent Non-Executive Directors:

Peter LEE Yip Wah
Eugene LEE
Kenneth SHIM Hing Choi

Registered Office:

Cedar House
41 Cedar Avenue
Hamilton HM 12
Bermuda

Principal Office in Hong Kong:

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

6 October 2003

To the Shareholders

Dear Sir or Madam,

**PROPOSAL INVOLVING
GENERAL MANDATES TO
REPURCHASE SHARES AND TO ISSUE SHARES**

1. INTRODUCTION

The purpose of this circular is to provide you with information regarding the proposals involving the Share Repurchase Mandate and the Share Issue Mandate.

2. SHARE REPURCHASE MANDATE

At the 2002 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 hereto.

3. SHARE ISSUE MANDATE

At the 2002 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 2002 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. SPECIAL GENERAL MEETING

On pages 11 to 14 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.

5. 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 less 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 the Shareholders from attending and voting in person at the SGM if they so wish.

LETTER FROM THE BOARD

6. RECOMMENDATION

The Directors believe that the Share Repurchase Mandate, the Share Issue Mandate and the extension of the Share Issue Mandate, 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
Thomas TANG Koon Yiu
Chairman and Managing Director

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 Stock Exchange to repurchase their securities on the Stock Exchange. The Shares proposed to be purchased by a company must be fully paid up.

2. SHAREHOLDER’S APPROVAL

All proposed repurchases of securities by a company with a primary listing on the Stock 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 1,194,582,408 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 119,458,240 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 2003 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 Stock Exchange during each of the twelve months preceding the Latest Practicable Date were as follows:

	Highest <i>HK\$</i>	Lowest <i>HK\$</i>
September 2002	0.88	0.79
October 2002	0.98	0.80
November 2002	0.98	0.90
December 2002	0.98	0.92
January 2003	1.05	0.93
February 2003	1.10	1.02
March 2003	1.18	1.04
April 2003	1.18	1.11
May 2003	1.20	1.10
June 2003	1.20	1.14
July 2003	1.31	1.15
August 2003	1.27	1.15

7. UNDERTAKING

The Directors have undertaken to the Stock 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 5% 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 ("EEIL")	521,921,359	43.69%
Hallgain Management Limited ("HML")	294,514,000	24.65% <i>(Note 1)</i>
Kingboard Chemical Holdings Limited ("KCHL")	294,514,000	24.65% <i>(Note 2)</i>
Jamplan (BVI) Limited ("Jamplan")	142,375,000	11.92% <i>(Note 2)</i>
Kingboard Investments Limited ("KIL")	82,645,000	6.92% <i>(Note 2)</i>

As at the Latest Practicable Date, approximately 30.97% of the issued share capital of EEIL 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 EEIL was held by Champion Oriental Inc. which held such shares as trustee of a unit trust of which approximately 99.999948% 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 EEIL 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 EEIL 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
Thomas TANG Koon Yiu	975,000	0.08%
David SO Cheung Sing	24,136,800	2.02%
Marcus TSANG Ming Pui	27,632,775	2.31%
Wilson TAM Kam Ho	12,200,000	1.02%
Johnny NG Ho Kin	14,293,904	1.20%
Kenneth SHIM Hing Choi	240,000	0.02%

EEIL, 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 50.24% 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 EEIL would increase to approximately 48.55% of the issued share capital of the Company and the shareholding of EEIL together with the said Directors and their respective associates in the Company would increase to approximately 55.82% 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.

Note:

1. As at the Latest Practicable Date, HML was deemed to be interested in 294,514,000 shares in the Company owned by KCHL by virtue of holding 37.13% interests in the issued share capital of KCHL.
2. KIL was a wholly-owned subsidiary of Jamplan which was a wholly-owned subsidiary of KCHL. Therefore, KCHL was deemed to be interested in 142,375,000 shares in the Company owned by Jamplan and Jamplan was deemed to be interested in 82,645,000 shares in the Company owned by KIL

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.

NOTICE OF THE SPECIAL GENERAL MEETING



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 Pheasant Room, 1st Floor, Mandarin Oriental Hong Kong, 5 Connaught Road Central, Hong Kong on 3 November 2003, Monday 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 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:

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 “Stock 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 Stock 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 Stock 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 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

NOTICE OF THE SPECIAL GENERAL MEETING

(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.”

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

NOTICE OF THE SPECIAL GENERAL MEETING

- (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

“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.”

By Order of the Board
Monica TSO Hon Yuk
Company Secretary

Hong Kong, 6 October 2003

NOTICE OF THE SPECIAL GENERAL MEETING

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 less 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.