



Elec & Eltek 依利安達

Elec & Eltek International Holdings Limited

(Incorporated in Bermuda with limited liability)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 31 DECEMBER 2003

The board of directors (the “Board”) of Elec & Eltek International Holdings Limited (the “Company”) is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (the “Group”) for the six months ended 31 December 2003:

CONDENSED CONSOLIDATED PROFIT AND LOSS ACCOUNT

		Six months ended 31 December	
		2003	2002
		(unaudited)	(unaudited)
	Notes	HK\$'000	HK\$'000
			(Restated)
TURNOVER	2	1,493,167	1,087,871
Cost of sales		<u>(1,168,916)</u>	<u>(847,493)</u>
Gross profit		324,251	240,378
Other revenue		600	374
Selling and distribution costs		(73,139)	(63,154)
Administrative expenses		(90,059)	(73,222)
Other operating expenses		<u>(2,892)</u>	<u>(9,060)</u>
PROFIT FROM OPERATING ACTIVITIES		158,761	95,316
Finance costs		(11,418)	(11,203)
Share of losses of jointly-controlled entities		<u>(560)</u>	<u>(254)</u>
PROFIT BEFORE TAX	3	146,783	83,859
Tax	4	<u>(8,797)</u>	<u>(6,615)</u>
PROFIT BEFORE MINORITY INTERESTS		137,986	77,244
Minority interests		<u>(71,078)</u>	<u>(45,847)</u>
NET PROFIT FROM ORDINARY ACTIVITIES			
ATTRIBUTABLE TO SHAREHOLDERS		<u>66,908</u>	<u>31,397</u>
DIVIDEND	5		
Proposed interim dividend		<u>19,149</u>	<u>17,627</u>
		(HK cents)	(HK cents)
EARNINGS PER SHARE	6		
Basic		<u>5.60</u>	<u>2.67</u>
Diluted		<u>5.53</u>	<u>2.67</u>

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

These unaudited condensed consolidated interim financial statements of the Group have been prepared in accordance with the applicable disclosure requirements of Appendix 16 of the Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) and with Hong Kong Statement of Standard Accounting Practice (“SSAP”) No. 25 “Interim Financial Reporting” issued by the Hong Kong Society of Accountants.

(b) Adoption of a revised SSAP

The accounting policies and basis of presentation used in the preparation of these condensed consolidated interim financial statements are the same as those used in the Group’s audited financial statements for the year ended 30 June 2003, except for the adoption of SSAP 12 (Revised) “Income Taxes”.

SSAP12 (Revised) principally prescribes the accounting treatment and disclosures for deferred tax. In prior years, a deferred tax liability was provided using the income statement liability method on all significant timing differences to the extent it was probable that the liability would crystallise in the foreseeable future. A deferred tax asset was not recognised until its realisation was assured beyond reasonable doubt. SSAP 12 (Revised) requires the adoption of the balance sheet liability method, whereby deferred tax is recognised in respect of all temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, with limited exceptions. In the absence of any specific transitional requirements in SSAP 12 (Revised), the new accounting policy resulting from the adoption of SSAP 12 (Revised) has been applied retrospectively.

The effects of the change in accounting policy are summarised as follows:

- (I) Deferred tax arising from temporary differences between carrying amount and tax base of assets
- recognition of deferred tax assets of HK\$13.3 million and HK\$13.7 million as at 31 December 2003 and 30 June 2003, respectively;
 - an increase in the Group’s deferred tax liabilities as at 31 December 2003 and 30 June 2003 by HK\$15.4 million and HK\$8.2 million, respectively;
 - a decrease in minority interests in the consolidated balance sheet as at 31 December 2003 by HK\$1.3 million and an increase in minority interests in the consolidated balance sheet as at 30 June 2003 by HK\$2.4 million, and;
 - as a consequence, the consolidated net profits attributable to shareholders for the six months periods ended 31 December 2003 and 31 December 2002 have been decreased by HK\$3.9 million and HK\$0.8 million, respectively, and the consolidated retained profits at 1 July 2003 and 2002 have been increased by HK\$2.6 million and HK\$3.8 million, respectively.
- (II) Recognition of deferred tax liabilities of HK\$22.0 million, relating to the fair value adjustments arising from acquisition of subsidiaries in previous years, and its corresponding effects are as follows:
- goodwill previously charged against reserves has been increased by HK\$12.2 million; and
 - minority interests in the consolidated balance sheet have been decreased by HK\$9.8 million as at 31 December 2003 and 30 June 2003.

(c) Change in accounting estimate relating to depreciation of plant and machinery

The Group had changed the depreciation methodology for plant and machinery and also the estimated useful lives for the printed circuit boards (“PCB”) plant and machinery with effect from 1 July 2003. The detailed background to the change by the PCB group was given by the Company in an announcement dated 12 November 2003.

With effect from 1 July 2003, the straight-line method of depreciation was adopted for the Group’s plant and machinery. Previously, the plant and machinery was depreciated using the unit-of-production method. The Group’s plant and machinery was depreciated based on their actual utilisation over the assets’ useful lives of either 5 or 7 years. The actual utilisation was measured by comparing actual output against expected total output as determined by the assets optimum capacity over their estimated useful lives. Full utilisation was assumed unless utilisation fell below its normal production capacity.

The impact of the change in methodology for the period, assuming the same length of useful lives is used in the computation, was an increase in the depreciation change in respect of PCB plant and machinery by HK\$11.6 million. The change in depreciation methodology for plant and machinery has had no significant impact on the depreciation charge for businesses other than the PCB business.

Apart from the change in depreciation methodology per above, the economic useful lives of the Group’s PCB business plant and machinery were reviewed and extended from 5 or 7 years to 10 years with effect from 1 July 2003. The adoption of a 10-years period is considered conservative and reasonable as well as in line with industry practices. The change in useful lives resulted in a lower depreciation charge of HK\$48.4 million for the period. Had the 10-years straight-line depreciation method been applied for financial year 2003, the depreciation charge in the PCB business would have reduced by HK\$44.5 million. Items of plant and machinery of businesses other than PCB business were depreciated on the straight-line basis over their estimated useful economic lives of 5 or 7 years.

(d) Comparative figure

Certain comparative figures have been reclassified to conform with the current period presentation. The selling and marketing costs have been reclassified from administrative expense to selling and distribution costs in order to provide a better comparison of figures. The adjustment has no impact on the overall results.

2. SEGMENT INFORMATION

The Group engages in the businesses of manufacture and sale of electronic components, including PCB, liquid crystal displays (“LCD”), magnetic products (“Magnetic”) and provision of information technology, consultancy and software development services (“IT”).

The business and geographical segments of the operations of the Group are as follows:

Business Segments:

	2003					Six months ended 31 December					2002							
	PCB HK\$'000	LCD HK\$'000	Magnetic HK\$'000	IT HK\$'000	Corporate and others HK\$'000	Group HK\$'000	PCB HK\$'000	LCD HK\$'000	Magnetic HK\$'000	IT HK\$'000	Corporate and others HK\$'000	Group HK\$'000	PCB HK\$'000	LCD HK\$'000	Magnetic HK\$'000	IT HK\$'000	Corporate and others HK\$'000	Group HK\$'000 (Restated)
Segment revenue (external)	1,254,605	176,161	62,389	12	0	1,493,167	917,202	121,946	48,461	262	0	1,087,871	917,202	121,946	48,461	262	0	1,087,871
Segment results	150,010	17,545	5,421	(1,980)	(12,835)	158,161	93,450	16,962	5,377	(2,671)	(18,011)	95,107	93,450	16,962	5,377	(2,671)	(18,011)	95,107
Interest income						600						374						374
Unallocated expenses						0						(165)						(165)
Profit from operating activities						158,761						95,316						95,316
Finance costs						(11,418)						(11,203)						(11,203)
Share of losses of jointly-controlled entities	0	0	0	(439)	(121)	(560)	0	0	0	(254)	0	(254)	0	0	0	(254)	0	(254)
Profit before tax						146,783						83,859						83,859
Tax						(8,797)						(6,615)						(6,615)
Profit before minority interests						137,986						77,244						77,244
Minority interests						(71,078)						(45,847)						(45,847)
Net profit from ordinary activities attributable to shareholders						66,908						31,397						31,397

Geographical Segments:

	Six months ended 31 December	
	2003	2002
	HK\$'000	HK\$'000
Segment revenue, customer based		
Asia	1,102,435	776,024
Europe	297,082	208,497
America	81,455	93,638
Other	12,195	9,712
	<u>1,493,167</u>	<u>1,087,871</u>

3. PROFIT BEFORE TAX

Profit before tax is arrived at after charging/(crediting):

	Six months ended 31 December	
	2003	2002
	HK\$'000	HK\$'000
Depreciation of fixed assets	92,450	104,847
Amortization of intangible assets	599	399
Loss on disposal of fixed assets	700	555
Interest on bank loans, overdrafts and other borrowings wholly repayable within five years	11,418	11,846
Less: amount capitalized	<u>0</u>	<u>(643)</u>
Net interest expense	<u>11,418</u>	<u>11,203</u>
Exchange gains, net	(3,158)	(51)
Interest income	(600)	(374)
Provision for obsolete inventories	2,556	5,022
Provision/(write back of provision) for doubtful debts	(1,087)	134
Loss on deemed disposal of interest in subsidiaries	0	165
Severance payments for PCB business	<u>0</u>	<u>2,866</u>

4. TAX

	Six months ended 31 December	
	2003	2002
	HK\$'000	HK\$'000 (Restated)
Current period's provision for tax:		
The People's Republic of China:		
Mainland	7,987	2,525
Hong Kong	618	2,605
Overseas	179	314
Deferred tax	<u>13</u>	<u>1,171</u>
Tax charge for the period	<u><u>8,797</u></u>	<u><u>6,615</u></u>

Hong Kong profits tax has been provided at the rate of 17.5% (2002: 16%) on the estimated assessable profits arising in Hong Kong during the period. Taxes on profits assessable in other jurisdictions have been calculated at rates of tax prevailing in the jurisdictions in which the Group operates.

5. DIVIDEND

	Six months ended 31 December	
	2003	2002
	HK\$'000	HK\$'000
Proposed interim dividend of 1.6 HK cents (2002: 1.5 HK cents) per ordinary share	<u><u>19,149</u></u>	<u><u>17,627</u></u>

6. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the consolidated net profit attributable to shareholders for the period of HK\$66,908,000 (2002 — restated: HK\$31,397,000) and the weighted average of 1,195,105,941 (2002: 1,175,062,408) ordinary shares in issue during the period.

The calculation of diluted earnings per share is based on the adjusted consolidated net profit attributable to shareholders for the period of HK\$66,658,000 (2002 — restated: HK\$31,390,000) and the weighted average of 1,205,572,991 (2002: 1,175,062,408) ordinary shares outstanding during the period, adjusted for the effects of all dilutive potential shares.

The adjusted consolidated net profit attributable to shareholders is calculated based on the consolidated net profit attributable to shareholders for the period of HK\$66,908,000 (2002 — restated: HK\$31,397,000) less the dilution in the results of a subsidiary attributable to the Group by HK\$250,000 (2002: HK\$7,000) arising from the deemed exercise of all of the outstanding employee share options of that subsidiary.

The weighted average number of ordinary shares used in the calculation of diluted earnings per share is calculated based on the weighted average of 1,195,105,941 (2002: 1,175,062,408) ordinary shares in issue during the period plus the weighted average of 10,467,050 (2002: Nil) ordinary shares deemed to be issued at no consideration as if all of the Company's outstanding share options have been exercised.

INTERIM DIVIDEND

The Board announced to pay an interim dividend of 1.6 HK cents (2002: 1.5 HK cents) per share in respect of the six months ended 31 December 2003 to shareholders whose names appear on the Registers of Members on 5 March 2004. Dividend warrants will be sent to shareholders on or about 9 March 2004.

CLOSURE OF REGISTERS OF MEMBERS

The Registers of Members will be closed from 3 March 2004 to 5 March 2004, both dates inclusive. In order to qualify for the interim dividend, transfers accompanied by the relevant share certificates must be lodged with the Company's Share Registrars in Hong Kong, Computershare Hong Kong Investor Services Limited, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:00 pm on 2 March 2004.

RESULTS

The general economies and consumer markets in the US and Europe had seen improvement and growing demands in electronic products starting in the third quarter of 2003, following the fading away of SARS infection. Despite the better improvement in consumer spending and better market condition over the first nine months of 2003, the continuous price pressures on the consumer front and the competition in the supply-end remains challenging.

The Group achieved a total turnover of HK\$1,493.2 million for the six months ended 31 December 2003 (the "Period"), an increase of HK\$405.3 million or 37.3% as compared with HK\$1,087.9 million for the six months ended 31 December 2002 (the "Previous Period"). Double digits growth in turnover was attained for all businesses of Printed Circuit Boards ("PCB"), Liquid Crystal Displays ("LCD") and Magnetic Products.

The Group's operating profit and net profit attributable to the shareholders for the Period were HK\$158.8 million and HK\$66.9 million, representing increases of 66.6% and 113.1% over the Previous Period respectively. The Group's operating profit and net profit attributable to the shareholders for the Previous Period were HK\$95.3 million and HK\$31.4 million (restated) respectively.

Basic earnings per share for the Period was 5.60 HK cents, an increase of 2.93 HK cents or 109.7% from 2.67 HK cents (restated) for the Previous Period.

BUSINESS REVIEW

Printed Circuit Boards

With the US and Europe economy in steady pace of recovery, we saw strong PCB bookings in computer and computer peripheral product sectors starting from late August 2003, and mobile handsets and communication related products in October 2003.

This increase in world demand together with the continuous supply chain outsourcing into China have provided us with more opportunities to expand market share in the region. As at 31 December 2003, PCB backlogs further built up as the Book-to-bill ratio stood at above one for the Period.

As a result, the turnover of our PCB Business for the Period was HK\$1,254.6 million. The operating profit of the PCB Business for the Period was HK\$150.0 million up 60.4% from the Previous Period.

Layer count mix improved as a result of gaining market share in Centrino notebook and communication products applications. The Group's shipment percentage for 10-layer PCB in the Period was 6.9% higher than the Previous Period while shipment percentage for 2-, 4- and 6-layer PCB was 5.4% lower for the Previous Period.

Due to more balanced PCB supply and demand in the region, critical PCB raw material prices, such as fiber glass, copper foil and copper clad laminates have gone up by more than 10% since the end of the last financial year 2003. For the same supply and demand reason, PCB selling prices had also started moving upwards in October and November 2003. As a result of this together with better layer count mix, the average selling price (“ASP”) of our PCB products for the Period has been moving up over the second half of the last financial year by 0.3% after continuously falling in the last two and a half years but were still lower than the Previous Period by around 6.9%.

As at the Period end, the Group’s available PCB production capacity stood at around 35 million square feet per annum, though around three million square feet capacity as newly acquired in the second quarter of the current financial year 2004 would require another one to two months to ramp up in full.

Liquid Crystal Displays

The turnover of the LCD Business for the Period was HK\$176.2 million, an increase of HK\$54.3 million or 44.5% from HK\$121.9 million for the Previous Period. The increase in turnover mainly came from LCD modules (LCM) including chip-on-glass (COG) products, which had attained a total sales of HK\$47.8 million for the Period as compared with HK\$6.9 million of the Previous Period. Sales of LCD products had moderately increased over the Previous Period to HK\$116.2 million, mainly as a result of increase in sales of higher end and higher price STN products.

The operating profit for the Period was HK\$17.6 million, a moderate 3% increase from HK\$17.0 million for the Previous Period despite the average LCD price dropped around 12% from the Previous Period. The profit increase was due to the volume expansion and manufacturing cost improvement.

Magnetic Products

The turnover of the Magnetic Products Business for the Period was HK\$62.4 million, an increase of HK\$13.9 million or 28.7% from HK\$48.5 million for the Previous Period, which was mainly due to the increase in sales of magnetic integrated connectors.

Despite an improving demand in overall corporate information technology market for both desktop and server products as well as the networking sector, the ASP of magnetic products remained competitive during the Period and experienced price erosion by about 14% from the Previous Period.

Nevertheless, the Magnetic Products Business had been able to maintain its operating profit mainly by expanding its market share and stringently controlling its material costs and operating expenses. As compensated by larger shipment volume and cost control effects, the operating profit was held at HK\$5.4 million, same as the Previous Period of HK\$5.4 million.

Information Technology

During the Period, the Information Technology (“IT”) Business continued to provide services to the Group’s companies and focused on developing industrial software products to meet customers’ demand.

The joint venture investment of IT Business, Beijing Yilaida Information Technology Limited (“Yilaida”), had organized a series of successful activities in China such as the symposium and exhibition on procurement of electronic components for mobile phone industry and seminar topic on review of China’s electronic components and information market for 2003. Yilaida also continued to provide consulting services to local and foreign customers during the Period.

FUTURE PROSPECTS

With affirmed economy improvements ahead, the Group is expecting to face growing business opportunities in the second half of the current financial year.

Printed Circuit Boards

Industry analysts have shown more confidence that the global PCB market has bottomed out and restarted its upward trend. They also affirmed that the growth of the PCB market in the region will surpass that of the rest of the world due to the following reasons:

1. the continuous trend in outsourcing the manufacturing of electronic products into China fuels the local China PCB demand, particularly in the high volume and medium technology PCB sector; and
2. the continuous global supply chain migration into China adds export business opportunities for low to medium volume and high technology PCB products.

Seasonal impacts after December should be minimal with slight adjustments in computer and computer peripherals products and PCB demand in communication products and consumer products remains strong. Book-to-bill ratio in January 2004 maintained at slightly below 1.0.

With growing business in existing and new communication customers, the Group expects greater PCB demand for application of communication products in the second half of the current financial year, which would bring about an even better layer count mix.

It is expected that critical raw material prices may trend further upwards and as a result, PCB selling prices should be able to hold well and even move slightly upwards in the coming months. This, together with the layer count mix improvement, the ASP of our PCB products is expected to improve further in the coming months.

The PCB Business’s expansion plan is on track with the Guangzhou East plant already available and the construction of the Kaiping PCB plant underway. We expect to reach 38 million square feet capacity per annum by June 2004. With these plants available, the Group will have the flexibility to further expand its PCB production capacity by another 5 million square feet in around 12 to 18 months’ time. The Group will cautiously evaluate the business opportunities available from both the existing customers and newly developed customers and will launch another expansion plan when the right market opportunities warrant.

Liquid Crystal Displays

The general economic recovery offers increasing opportunities to the LCD Business, especially in the telecommunication and office automation sectors. Sales teams are further strengthened and positioned to capture these business opportunities.

LCM products' market share is expected to further grow in the second half of the current financial year, with orders from the enlarged customer base. For LCD products, we will continue to focus on increase in production and sales of STN products which offer higher price and higher margins.

Demands for colour display products remain strong in the market. Progress on the development of this new range products is on plan. Initial production is expected by the end of the current financial year.

The performance of the LCD Business for the current financial year is expected to achieve impressive improvements over the last financial year both in turnover and operating profit.

Magnetic Products

During the Period, the Magnetic Products Business has managed to get customized electronic modules approved by various major customers. This new line of products will bring additional business along with the established businesses of magnetic components and magnetic-integrated connectors.

To cater for the upcoming business expansion, additional production capacity is in process of setting up and expected to be completed by the end of the current financial year.

With the new electronic modules and new capacity in place, the Magnetic Products Business is expected to further improve in the second half of the current financial year.

Information Technology

As the economy is gradually picking up, the IT Business will play an instrumental role within the Group to assist the organization in creating customers' value as well as providing efficient and effective customer-satisfying services.

Yilaida will continue to provide consulting services to its customers and organize similar exhibition activities in China either on its own or in association with other reputable bodies within the electronic component industry.

Barring unforeseen circumstances, the Directors expect the Group should continue to show goods results in the coming months.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial position

At 31 December 2003, shareholders' equity was HK\$ 736.7 million (30 June 2003 — restated: HK\$682.5 million). The increase was mainly due to increase in turnover and profitability during the Period.

Liquidity and financial resources

The Group maintained healthy financial position. The current ratio was 1.1 at 31 December 2003. The Group used internally generated funds and banking facilities to finance its operation and business developments. During the Period, the Group generated a net operating cash inflow of HK\$203.8 million.

At 31 December 2003, the Group had cash on hand amounting to HK\$224.8 million (30 June 2003: HK\$204.1 million) and total bank borrowings of HK\$904.2 million (30 June 2003: HK\$788.6 million). Increase in bank borrowings was due to new bank loans drawn to fund the working capital requirement and capital expenditure for expanded production of the PCB business. Of the total bank borrowings, about HK\$632.4 million was repayable within one year and HK\$271.8 million was repayable after one year.

The bank borrowings were unsecured, negotiated at floating interest rates and denominated mainly in United States and Hong Kong dollars. To reduce exposure in fluctuations in interest rates, the Group had an US Dollar average SIBOR interest rate SWAP contract covering approximately HK\$139.8 million and a fixed interest rate contract covering HK\$69.9 million of the long term bank loans balances as at 31 December 2003. Management has also negotiated another fixed interest rate contract in place for hedging HK\$54.4 million of the long term bank loans effective in June 2004.

Share capital

During the Period, 3,180,000 employee share options were exercised at an exercise price of HK\$0.91 per ordinary share. Accordingly, the number of issued share capital of the Company has increased from 1,193,612,408 shares to 1,196,792,408 shares and the share premium account has increased by HK\$2.6 million.

Material acquisitions and disposals of subsidiaries

The Group had no material acquisition and disposal of subsidiary and associate during the Period.

Employees

At 31 December 2003, the Group had approximately 13,000 (30 June 2003: 10,400) employees worldwide. The increase in number of employees was mainly due to the expanded production of the PCB and LCD plants. There was no change in the remuneration policies. The employees are to be remunerated based on work performance, experiences and prevailing industry practices of the region. Employee benefits related to provident funds, training scheme, discretionary bonuses, share option schemes remained the same.

Assets and depreciation

Depreciation for the plant and machinery for the Period was lower than the Previous Period due to a change in depreciation methodology and a change in the estimated useful lives adopted by the PCB business. The net impact of the change was an increase in the Group's net profit attributable to shareholders for the Period by approximately HK\$19 million. More detail are given in the notes to condensed consolidated financial statements.

The Group's assets are free from charge.

Significant investments

During the Period, the Group contributed approximately HK\$78.6 million to the capital of three PCB plants and HK\$0.98 million to a jointly controlled entity in China according to the joint venture agreements. These investments were made from funds generated from operations and bank borrowings.

Gearing ratio

The gearing ratio, calculated by dividing total net bank borrowings (i.e. total bank borrowings less bank balances) to total shareholders' equity, was 92.2% as at 31 December 2003. (30 June 2003 — restated: 85.7%).

Exposure to fluctuations in exchange rates and related hedges

Management used forward exchange contracts to hedge foreign exchange risk of trade payables as a result of material purchase denominated in Japanese Yen. As at 31 December 2003, the Group had outstanding forward exchange contracts totaling JPY133.7 million (30 June 2003: JPY94.8 million).

Contingent liabilities

The Group has a contingent liability in respect of possible future long service payments to employees under the Hong Kong Employment Ordinance. The possible amount as at 31 December 2003 was HK\$3.4 million. (30 June 2003: HK\$2.6 million).

AUDIT COMMITTEE

The Audit Committee engaged the external auditors to assist the Audit Committee in its review of the interim accounts. The external auditors' review consisted of management enquiries and analytical review procedures, but was neither an audit nor a review under the guidelines of SAS700 issued by the Hong Kong Society of Accountants. On 7 February 2004, the Audit Committee met with the management and the external auditors to review the interim financial statements of the Group and consider the significant accounting policies, and to discuss with the management about the Group's internal control system.

CORPORATE GOVERNANCE

None of the Directors is aware of any information that would reasonably indicate that the Company is not, or was not for any part of the accounting period covered by the interim report, in compliance with the Code of Best Practice as set out in Appendix 14 of the Listing Rules, except that the non-executive directors of the Company are not appointed for specific terms as required by paragraph 7 of the Code, but are subject to retirement by rotation in accordance with the Company's bye-laws.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SHARES

Neither the Company, nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed shares during the Period.

PUBLICATION OF DETAILED INTERIM RESULTS ON THE STOCK EXCHANGE'S WEBSITE

Financial and other information for the Period required by paragraph 46(1) to 46(6) of Appendix 16 of the Listing Rules will be published on the Stock Exchange's website in due course. This announcement can also be accessed on the website: <http://www.eleceltek.com>.

By Order of the Board
Thomas Tang Koon Yiu
Chairman

Hong Kong, 12 February 2004

Please also refer to the published version of this announcement in the (South China Morning Post)