



Elec & Eltek 依利安達

Elec & Eltek International Holdings Limited

(Incorporated in Bermuda with Limited Liability)

20 September 2004

Dear Shareholder(s),

Re: Clarification Announcement

With respect to the Company's annual report for 2003/2004 ("Annual Report") as despatched to shareholders on 10 September 2004, we would like to clarify that the "salaries, allowances and benefits in kind" of directors' remuneration for the year ended 30 June 2003 included in note 8 to the consolidated financial statements of the Annual Report should be restated to HK\$14,176,000 instead of the original amount of HK\$11,726,000. For the year ended 30 June 2004, gains of HK\$10,050,000 arising from the exercise of share options by certain directors have been included in the "salaries, allowances and benefits in kind" of directors' remuneration, while such option gains of HK\$2,450,000 in the prior year were not included in the comparative figure for the year ended 30 June 2003. To rectify the inconsistency of presentation between the two financial years, the "salaries, allowances and benefits in kind" for the year ended 30 June 2003 was restated to include such gains to conform with the presentation for the year ended 30 June 2004.

To give more explanation of the nature of "salaries, allowances and benefits in kind" on page 61 of the Annual Report, the following paragraphs are added to note 8 to the consolidated financial statements:—

"Included in benefits in kind are gains of HK\$10,050,000 (2003: HK\$2,450,000) arising from the exercise of share options by certain directors during the year. The amount comprises gains of HK\$4,200,000 (2003: Nil) earned by the independent non-executive directors and is not required to be reflected in the consolidated profit and loss account. Directors' remuneration for the year ended 30 June 2003 has been restated to conform with the current year's presentation.

Save as disclosed above, there was no other remuneration payable to the independent non-executive directors during the year (2003: Nil)."

The amended page 61 of the Annual Report (in both English and Chinese) is enclosed herewith for your information and insertion to the Annual Report for replacement.

Yours faithfully,

For and on behalf of

ELEC & ELTEK INTERNATIONAL HOLDINGS LIMITED

TSO HON YUK MONICA

Company Secretary

7. FINANCE COSTS

	Group	
	2004 HK\$'000	2003 HK\$'000
Interest on bank loans, overdrafts and other borrowings wholly repayable within five years	24,800	23,024
Less: Interest capitalised	(3,084)	—
	21,716	23,024

8. DIRECTORS' REMUNERATION AND REMUNERATION OF THE FIVE HIGHEST PAID EMPLOYEES

Directors' remuneration for the year disclosed pursuant to the Listing Rules and Section 161 of the Companies Ordinance is as follows:

	Group	
	2004 HK\$'000	2003 HK\$'000 (Restated)
Fees:		
Executive and non-executive directors	3,123	760
Independent non-executive directors	1,932	895
	5,055	1,655
Other emoluments:		
Salaries, allowances and benefits in kind	26,167	14,176
Performance related bonuses	206	305
Pension scheme contributions	467	564
	26,840	15,045
Total directors' remuneration	31,895	16,700

Included in benefits in kind are gains of HK\$10,050,000 (2003: HK\$2,450,000) arising from the exercise of share options by certain directors during the year. The amount comprises gains of HK\$4,200,000 (2003: Nil) earned by the independent non-executive directors and is not required to be reflected in the consolidated profit and loss account. Directors' remuneration for the year ended 30 June 2003 has been restated to conform with the current year's presentation.

Save as disclosed above, there was no other remuneration payable to the independent non-executive directors during the year (2003: Nil).