
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

This Circular is issued by Elec & Eltek International Company Limited (the “Company”). If you are in any doubt as to the contents herein or as to the course of action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.

If you have sold or transferred all your shares in the Company, you should immediately forward this Circular, together with the accompanying Notice of Annual General Meeting (“AGM”) and the attached Proxy Form to the purchaser or transferee or to the bank, the stockbroker or other agent through whom the sale was effected for onward transmission to the purchaser or transferee.

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Elec & Eltek 依利安達

Elec & Eltek International Company Limited

依利安達集團有限公司*

(Incorporated in the Republic of Singapore with Limited Liability)

Singapore Company Registration Number: 199300005H

(Hong Kong Stock Code: 1151)

(Singapore Stock Code: E16.SI)

CIRCULAR TO SHAREHOLDERS

IN RELATION TO

- (1) THE PROPOSED RE-ELECTION OF DIRECTORS;**
- (2) THE PROPOSED GRANT OF SHARE ISSUE MANDATE;**
- (3) THE PROPOSED RENEWAL OF THE SHARE PURCHASE MANDATE;**
- (4) THE PROPOSED NEW MANDATE FOR INTERESTED PERSON TRANSACTIONS; AND**
- (5) NOTICE OF ANNUAL GENERAL MEETING**

IMPORTANT DATES AND TIMES:

Last date and time for deposit of Proxy Form: 24 April 2012 at 10:00 a.m.

Date and time of Annual General Meeting: 26 April 2012 at 10:00 a.m.

Place of Annual General Meeting:

(a) In Hong Kong, at:
Meeting Room 05, 1/F., Core Building 1,
No.1 Science Park East Avenue,
Hong Kong Science Park,
Pak Shek Kok, Shatin,
Hong Kong (for Hong Kong Shareholders);
AND

(b) In Singapore, via video conferencing at:
Meeting Room 320, Level 3,
Suntec Singapore International Convention & Exhibition Centre
1 Raffles Boulevard, Suntec City,
Singapore 039593 (for Singapore Shareholders)

A letter from the board of directors of the Company is set out from pages 7 to 48 of this Circular. Whether or not you are able to attend and vote at the AGM in person, please complete the accompanying form of proxy in accordance with the instructions printed thereon and return it to the registered office of the Company at 80 Raffles Place #33-00 UOB Plaza 1 Singapore 048624 (for Singapore Shareholders) or the office of the Company's Hong Kong branch share registrar, Tricor Investor Services Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong (for Hong Kong Shareholders) as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the AGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the AGM if you so wish and, in such event, the form of proxy shall be deemed to be revoked.

* for identification purpose only

23 March 2012

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DEFINITIONS

Except where the context otherwise requires, the following definitions apply throughout the Circular:

“2011 AGM”	:	Annual General Meeting of the Company held on 6 April 2011
“2012 AGM”	:	Annual General Meeting of the Company to be held on 26 April 2012
“2011 EGM”	:	Shall have the meaning ascribed to it in Section 4.1.3 of this Circular
“Act”	:	Companies Act (Chapter 50) of Singapore, as may be amended or modified from time to time
“ACRA”	:	Accounting and Corporate Regulatory Authority of Singapore
“AGM”	:	Annual General Meeting of the Company
“Articles”	:	The Articles of Association of the Company
“Audit Committee”	:	The audit committee of the Company
“Board”	:	The board of Directors of the Company
“Company”	:	Elec & Eltek International Company Limited
“CDP”	:	The Central Depository (Pte) Limited
“connected person(s)”	:	Has the meaning ascribed to it under the HK Listing Rules
“connected transaction(s)”	:	Has the meaning ascribed to it under Chapter 14A of the HK Listing Rules
“Controlling Shareholder”	:	A person who: (a) holds directly or indirectly fifteen per cent. (15%) or more of the total number of issued Shares excluding Treasury Shares in the Company (unless the SGX-ST determines that such a person is not a Controlling Shareholder of the Company); or (b) in fact exercises control over the Company.

DEFINITIONS

Under the HK Listing Rules, the term “controlling shareholder” refers to any person who is or group of persons who are together entitled to exercise or control the exercise of 30% (or such other amount as may from time to time be specified in the HK Takeovers Code as being the level for triggering a mandatory general offer) or more of the voting power at general meetings of the Company or who is or are in a position to control the composition of a majority of the board of directors of the Company;

- “Depositor”** : A Depository Agent or a Direct Account Holder to the balance of whose Securities Account any shares are credited, but excluding a sub-account holder.
- “Depository”** : CDP established by the SGX-ST, or any other corporation approved by the minister as a depository company or corporation for the purposes of the Act, which as a bare trustee operates the central depository system for the holding and transfer of book-entry securities.
- “Depository Agent”** : A member company of the SGX-ST, a trust company (registered under the Trust Companies Act), a banking corporation or merchant bank (approved by the Monetary Authority of Singapore under the Monetary Authority of Singapore Act) or any other person or body approved by the Depository who or which (a) performs services as a depository agent for sub-account holders in accordance with the terms of a depository agent agreement entered into between the Depository and the Depository Agent; (b) deposits book-entry securities with the Depository on behalf of the sub-account holders; and (c) establishes an account in its name with the Depository.
- “Depository Register”** : A register of holders maintained by the Depository or the clearing house (as the case may be) in respect of book-entry securities.
- “Direct Account Holder”** : A person who has a securities account directly with the Depository or a clearing house (as the case may be) and not through a Depository Agent.
- “Directors”** : The directors of the Company as at the Latest Practicable Date

DEFINITIONS

“EEIC Group”	:	The Company, its Subsidiaries and Associated Companies
“EEIH”	:	Elec & Eltek International Holdings Limited
“EGM”	:	Extraordinary General Meeting of the Company
“EPS”	:	Earnings per Share
“Equipment”	:	Machineries and equipment for use in the production of PCBs, with quality features like enhanced functionality and low maintenance, including without limitation, PCB handling machines, mechanical drilling machines, laser drilling machines, imaging data processing systems, direct exposure machines, etching machines, acid cleaning machines, pattern plating machines, plated-through machines, panel plate machines, dry film strippers, tin stripper machines, routing machines, e-test machines, automated optical inspection equipment and other similar machineries and equipment
“Existing IPT Mandate”	:	Shall have the meaning ascribed to it in Section 5.1.1 of this Circular
“Existing Share Purchase Mandate”	:	Shall have the meaning ascribed to it in Section 4.1.3 of this Circular
“FY”	:	Financial year ended 31 December
“HKSE”	:	The Stock Exchange of Hong Kong Limited
“HK Listing Rules”	:	The Rules Governing the Listing of Securities on the HKSE, as amended, modified, or supplemented from time to time
“HK Repurchase Code”	:	The Code on Share Repurchases of Hong Kong, as amended, modified, or supplemented from time to time
“HK Takeovers Code”	:	The Hong Kong Code on Takeovers and Mergers, as amended, modified, or supplemented from time to time
“Independent Directors”	:	Messrs. Li Muk Kam, Philip Chan Sai Kit, Clement Sun, Ms. Claudia Heng Nguan Leng, Messrs. Li Chiu Cheuk, Ng Hon Chung, Larry Lai Chong Tuck, Raymond Leung Hai Ming, and Stanley Chung Wai Cheong, who are Directors considered to be independent in relation to the New IPT Mandate

DEFINITIONS

“Interested Persons”	:	Persons who are considered “ interested persons ” within the meaning of Chapter 9 of the Listing Manual, as defined in Section 5.3.2 of this Circular
“Interested Person Transaction”	:	A transaction entered into between an entity at risk and an Interested Person within the meaning of Chapter 9 of the Listing Manual, as defined in Section 5.3.2 of this Circular
“Kingboard”	:	Kingboard Chemical Holdings Limited
“Kingboard Group”	:	Kingboard, its Subsidiaries and Associated Companies
“Latest Practicable Date”	:	19 March 2012, being the latest practicable date prior to the printing of this Circular for the purpose of obtaining relevant information for inclusion herein
“Listing Manual”	:	The listing manual of the SGX-ST, as may be amended, modified, or supplemented from time to time
“Market Day”	:	A day on which the SGX-ST or the HKSE, as the case may be, is open for securities trading
“New IPT Mandate”	:	Shall have the meaning ascribed to it in Section 5.2.3 of this Circular
“NTA”	:	Net tangible assets
“Off-Market Share Purchase”	:	A Share Purchase by the Company effected otherwise than on the SGX-ST and/or the HKSE pursuant to an equal access scheme, which is in accordance with Section 76C of the Act, for the purchase of Shares from the Shareholders
“On-Market Share Purchase”	:	A Share Purchase by the Company effected on the SGX-ST and/or the HKSE, through one or more duly licensed stock brokers appointed by the Company for such purpose
“PCB”	:	Printed circuit board
“Securities Account”	:	The securities account or sub-account maintained by a Depositor with the Depository or a clearing house (as the case may be)
“SFC”	:	The Securities and Futures Commission of Hong Kong

DEFINITIONS

“SFO”	:	The Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, modified, or supplemented from time to time
“SGX-ST”	:	Singapore Exchange Securities Trading Limited
“Shareholders”	:	Registered holders of Shares in the register of members maintained by the Company and Depositors who have Shares entered against their names in the Depository Register
“Share Issue Mandate”	:	A general mandate from the Shareholders to authorise the Directors to allot, issue and deal with Shares in accordance with the terms set out in Ordinary Resolution 12 in the notice of 2012 AGM
“Share Options”	:	Outstanding employee share options granted pursuant to the 2002 Elec & Eltek Employees’ Share Option Scheme
“Share Purchase”	:	Purchase of Shares by the Company pursuant to the Share Purchase Mandate
“Share Purchase Mandate”	:	A general mandate from the Shareholders to authorise the Directors to exercise all the powers of the Company to purchase Shares in accordance with the terms set out in Ordinary Resolution 13 in the notice of 2012 AGM
“Shares”	:	Ordinary shares in the share capital of the Company
“Singapore Listing Rules”	:	The listing rules of the SGX-ST as set out in the Listing Manual
“Singapore Take-over Code”	:	The Singapore Code on Take-overs and Mergers, as amended, supplemented, or modified from time to time
“Substantial Shareholder”	:	A person (including a corporation) who has an interest in not less than five per cent. (5%) of all issued voting Shares of the Company.

Under the HK Listing Rules, the term “substantial shareholder” in relation to a company means a person who is entitled to exercise, or control the exercise of, 10% or more of the voting power at any general meeting of the company.

DEFINITIONS

Under the SFO, the term “substantial shareholder”, in relation to a corporation, means a person who has an interest in the relevant share capital of the corporation, the nominal value of which is equal to or more than 5% of the nominal value of the relevant share capital of the corporation.

“S\$”	:	Singapore dollars
“US\$” or “US cents”	:	US dollars and cents respectively
“%” or “per cent”	:	Per centum or percentage

The term “**Treasury Shares**” shall have the meaning ascribed to it in Section 4 of the Act.

The term “**Subsidiary**” shall have the meaning ascribed to it in Section 5 of the Act. The terms “**Associate**” and “**Associated Company**” shall have the meanings ascribed to them, respectively, in the section entitled “Definitions and Interpretation” of the Listing Manual.

Words importing the singular shall where applicable, include the plural and *vice versa* and words importing the masculine gender shall, where applicable, include the feminine and neuter genders and *vice versa*. References to persons shall include corporations.

Any reference in this Circular to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the Act, the SFO, the Listing Manual, the HK Listing Rules, the Singapore Take-over Code, the HK Takeovers Code, the HK Repurchase Code or any statutory modification thereof and used in this Circular shall, where applicable, have the meaning assigned to it under the Act, the SFO, the Listing Manual, the HK Listing Rules, the Singapore Take-over Code, the HK Takeovers Code, the HK Repurchase Code or any modification thereof, as the case may be, unless otherwise provided.

Any reference to a time of day in this Circular shall be a reference to Singapore time unless otherwise stated.

Any discrepancies in figures included in this Circular between the amounts listed and the totals thereof are due to rounding. Accordingly, figures shown as totals in this Circular may not be an arithmetic aggregation of the figures that precede them.

LETTER TO SHAREHOLDERS



Elec & Eltek 依利安達

Elec & Eltek International Company Limited

依利安達集團有限公司*

(Incorporated in the Republic of Singapore with Limited Liability)

Singapore Company Registration Number: 199300005H

(Hong Kong Stock Code: 1151)

(Singapore Stock Code: E16.SI)

Directors:

Executive Directors:

Mr. Chadwick Mok Cham Hung (Vice-Chairman)
Mr. Li Muk Kam
Mr. Philip Chan Sai Kit
Mr. Clement Sun
Ms. Claudia Heng Nguan Leng
Mr. Li Chiu Cheuk
Mr. Chan Wai Leung
Mr. Ng Hon Chung

Non-Executive Directors:

Mr. Cheung Kwok Wing (Chairman)
Mr. Chan Wing Kwan
Mr. Chang Wing Yiu

Independent Non-Executive Directors:

Mr. Larry Lai Chong Tuck
Prof. Raymond Leung Hai Ming
Mr. Stanley Chung Wai Cheong

Registered Office:

80 Raffles Place
#33-00 UOB Plaza 1
Singapore 048624

**Headquarters and
Principal Place of
Business:**

1/F., Harbour
View 1, No. 12
Science Park East
Avenue, Phase II,
Hong Kong Science
Park, Shatin, New
Territories,
Hong Kong

**Singapore Principal
Office:**

4 Leng Kee Road
#03-02 SiS Building
Singapore 159088

23 March 2012

To: The Shareholders of Elec & Eltek International Company Limited

Dear Sir/Madam

- (A) THE PROPOSED RE-ELECTION OF DIRECTORS;
(B) THE PROPOSED GRANT OF SHARE ISSUE MANDATE;
(C) THE PROPOSED RENEWAL OF THE SHARE PURCHASE MANDATE;
(D) THE PROPOSED NEW MANDATE FOR INTERESTED PERSON
TRANSACTIONS; AND
(E) NOTICE OF ANNUAL GENERAL MEETING**

** for identification purpose only*

LETTER TO SHAREHOLDERS

1. INTRODUCTION

1.1 The Directors are convening the 2012 AGM on 26 April 2012, (a) in Hong Kong, at Meeting Room 05, 1/F., Core Building 1, No.1 Science Park East Avenue, Hong Kong Science Park, Pak Shek Kok, Shatin, Hong Kong (for Hong Kong Shareholders); and (b) in Singapore, via video-conferencing at Meeting Room 320, Level 3, Suntec Singapore International Convention & Exhibition Centre, 1 Raffles Boulevard, Suntec City, Singapore 039593 (for Singapore Shareholders) at 10:00 a.m. to seek Shareholders' approval for the following matters, *inter alia*:

- (a) the proposed re-election of Directors;
- (b) the proposed grant of Share Issue Mandate;
- (c) the proposed renewal of the Share Purchase Mandate; and
- (d) the proposed New IPT Mandate.

These resolutions will be proposed at the 2012 AGM, as set out in the notice of the 2012 AGM contained in this Circular.

1.2 The Singapore Listing Rules and the HK Listing Rules contain provisions to regulate (i) issue of shares; (ii) repurchase by companies with primary listings of their securities on the SGX-ST and the HKSE respectively, and (iii) Interested Person Transactions (and in the context of the HK Listing Rules, "**connected transactions**").

1.3 The purpose of this Circular is to provide Shareholders with information relating to and explain the rationale for the resolutions to be proposed at the 2012 AGM in respect of: (i) the proposed re-election of the retiring Directors; (ii) the proposed grant of the Share Issue Mandate; (iii) the proposed renewal of the Share Purchase Mandate; and (iv) the proposed New IPT Mandate.

1.4 This Circular also serves as an explanatory statement (as required under the HK Listing Rules) to provide the Shareholders with the requisite information reasonably necessary to enable the Shareholders to make an informed decision as to whether to vote for or against the relevant ordinary resolution.

IMPORTANT: In cases where there are discrepancies between the applicable laws, rules and/or regulations of Hong Kong and Singapore, the more stringent set of laws, rules and regulations shall prevail.

2. THE PROPOSED RE-ELECTION OF DIRECTORS

As at the Latest Practicable Date:

- (a) The executive Directors were Mr. Chadwick Mok Cham Hung, Mr. Li Muk Kam, Mr. Philip Chan Sai Kit, Mr. Clement Sun, Ms. Claudia Heng Nguan Leng, Mr. Li Chiu Cheuk, Mr. Chan Wai Leung and Mr. Ng Hon Chung;

LETTER TO SHAREHOLDERS

- (b) The non-executive Directors were Mr. Cheung Kwok Wing, Mr. Chan Wing Kwan and Mr. Chang Wing Yiu.
- (c) The independent non-executive Directors were Mr. Larry Lai Chong Tuck, Professor Raymond Leung Hai Ming and Mr. Stanley Chung Wai Cheong.

Pursuant to Articles 95(2) and 95(4) of the Articles, Mr. Cheung Kwok Wing, Mr. Chan Wing Kwan, Mr. Chadwick Mok Cham Hung, Ms. Claudia Heng Nguan Leng and Mr. Chang Wing Yiu shall retire from office by rotation and, being eligible, shall offer themselves for re-election at the 2012 AGM.

Pursuant to Article 77 of the Articles, Mr. Stanley Chung Wai Cheong shall retire from office and, being eligible, shall offer himself for re-election at the 2012 AGM.

The particulars required to be disclosed under the HK Listing Rules in relation to the retiring Directors proposed for re-election are set out in Appendix “A” (“**Biographical Details of Directors**”) to this Circular.

3. THE PROPOSED GRANT OF SHARE ISSUE MANDATE

- 3.1 At the 2011 AGM held by the Company on 6 April 2011, a general mandate was granted by the Shareholders to the Directors authorizing the Directors to issue Shares and/or to make or grant offers, agreements or options that might or would require Shares to be issued in accordance with the terms set out in the resolution approving such mandate and in compliance with the Singapore Listing Rules, all legal requirements and the Articles. The existing share issue mandate will expire upon the conclusion of the 2012 AGM.
- 3.2 An ordinary resolution as set out in Ordinary Resolution 12 of the notice of 2012 AGM will be proposed at the 2012 AGM to seek the approval of the Shareholders, that pursuant to Section 161 of the Act, Rule 806 of the Listing Manual and the HK Listing Rules, authority be given to the Directors to:
 - (a) subject to paragraph (c) below, the exercise by the Directors during the Relevant Period (as hereinafter defined) of all the powers of the Company to allot, issue and deal with additional Shares in the capital of the Company and to make or grant offers, agreements and options (including but not limited to bonds, warrants and debentures convertible into Shares of the Company) which would or might require the exercise of such powers be and is hereby generally and unconditionally approved;
 - (b) the approval in paragraph (a) above shall authorise the Directors during the Relevant Period to make or grant offers, agreements and options (including but not limited to bonds, warrants and debentures convertible into Shares of the Company) which would or might require the exercise of such powers after the end of the Relevant Period;
 - (c) the aggregate nominal amount of the Shares allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) by the Directors

LETTER TO SHAREHOLDERS

pursuant to the approval in paragraph (a) above, shall not exceed fifty per cent. (50%) of the total number of issued shares in the capital of the Company (excluding treasury shares (if any)), of which the aggregate number of shares to be issued other than on a pro-rata basis to existing shareholders of the Company, shall not exceed twenty per cent. (20%) of the aggregate nominal amount of the issued share capital of the Company as at the date of passing of the resolution and the approval in paragraph (a) above shall be limited accordingly; and

- (d) for the purpose of Ordinary Resolution 12, “**Relevant Period**” means the period from the passing of the resolution until whichever is the earliest of:
- (i) the conclusion of the next AGM of the Company;
 - (ii) the expiration of the period within which the next AGM of the Company is required by the Articles or any applicable laws to be held; and
 - (iii) the revocation or variation of the authority given under the resolution by an ordinary resolution of the Shareholders of the Company in general meeting.

3.3 As at the Latest Practicable Date, the number of Shares in issue was 186,919,962. Accordingly, the exercise of the Share Issue Mandate in full (other than on a pro rata basis) would enable the Company to issue a maximum of 37,383,992 new Shares (assuming no Shares is issued or repurchased after the Latest Practicable Date and up to the passing of the relevant resolution). The grant of the Share Issue Mandate will provide flexibility to the Directors to issue new Shares when it is in the interests of the Company to do so.

4. THE PROPOSED RENEWAL OF THE SHARE PURCHASE MANDATE

4.1 Background

4.1.1 The Act allows companies to purchase their own shares, stocks and preference shares in the manner stated in the Act if their articles of association allow them to do so. Article 51(a) of the Articles expressly permits the Company to purchase or otherwise acquire, *inter alia*, its issued Shares.

4.1.2 Any purchase or acquisition of its Shares by the Company is required to be made in accordance with, and in the manner prescribed by, the Act, the Listing Manual, the Articles, the HK Listing Rules and such other laws and regulations as may for the time being be applicable.

4.1.3 At an extraordinary general meeting of the Company held on 6 April 2011 (the “**2011 EGM**”), the Shareholders had approved the renewal of a mandate (the “**Existing Share Purchase Mandate**”) to enable the Company to purchase or otherwise acquire its issued Shares. The rationale for, the authority and limitations on, and the financial effects of, the Existing Share Purchase Mandate were set out in the Company’s Circular to Shareholders dated 22 March 2011.

LETTER TO SHAREHOLDERS

4.1.4 The Existing Share Purchase Mandate was expressed, *inter alia*, to continue in force until:

- (i) the date on which the 2012 AGM is held or required by law or the Articles to be held;
- (ii) the date on which the purchase of Shares by the Company pursuant to the Existing Share Purchase Mandate is carried out to the full extent mandated; or
- (iii) the date on which the authority conferred by the Existing Share Purchase Mandate is revoked or varied by the Company in general meeting,

whichever is the earliest.

4.1.5 As the Existing Share Purchase Mandate would be expiring on 26 April 2012, being the date of the 2012 AGM, the Directors are seeking the Shareholders' approval for the renewal of the Share Purchase Mandate at the 2012 AGM.

4.2 Rationale for the Share Purchase Mandate

4.2.1 The rationale for the Company to undertake the Share Purchases is to enable the Directors to return the EEIC Group's surplus funds over and above its ordinary capital requirements, which are in excess of the foreseeable financial and investment needs of the EEIC Group, to Shareholders expediently and cost-efficiently.

4.2.2 The proposed renewal of the Share Purchase Mandate will continue to give the Directors the flexibility to purchase or acquire the Shares if and when circumstances permit. The Share Purchase Mandate will also allow the Company greater flexibility over its share capital structure and dividend policy and may lead to an enhancement of EPS and/or NTA per Share of the Company and the EEIC Group, depending on market conditions and funding arrangements at the time. As the Share Purchases will give the Directors the opportunity to purchase Shares when the Shares are under-valued, the Directors are of the opinion that the Share Purchases would help to buffer short-term share price volatility and offset the effects of share price speculation.

4.2.3 If and when circumstances permit, the Directors will decide whether to effect the Share Purchases via On-Market Share Purchases or Off-Market Share Purchases, after taking into account the amount of surplus cash available, the then prevailing market conditions and the most cost effective and efficient approach.

4.2.4 Although the Share Purchase Mandate authorises Share Purchases up to a maximum of ten per cent. (10%) of the total number of issued Shares (excluding Treasury Shares) for the duration referred to in Section 4.3.2 of this Circular, the Share Purchases would be made only as and when the Directors consider them to be in the best interests of the Company and in circumstances which they believe will not result in any material adverse effect to the financial position of the Company or the EEIC Group, or result in the Company being delisted from the SGX-ST and/or the HKSE. The Directors will use their best efforts to ensure that after a Share Purchase, the

LETTER TO SHAREHOLDERS

number of Shares remaining in the hands of the public will not fall below the minimum level prescribed by the Singapore Listing Rules or the HK Listing Rules, or fall to such a level as to cause market illiquidity or adversely affect the orderly trading and listing status of the Shares on the SGX-ST and/or the HKSE.

4.3 Authority and limits on the Share Purchase Mandate

The authority and limitations placed on the Share Purchases by the Company under the proposed renewal of the Share Purchase Mandate are set out below:

4.3.1 Maximum Number of Shares

The total number of Shares which may be purchased or acquired by the Company pursuant to the Share Purchase Mandate is limited to that number of Shares representing not more than ten per cent. (10%) of the issued ordinary share capital of the Company as at the date of the 2012 AGM at which the renewal of the Share Purchase Mandate is approved (the “**Approval Date**”). Any Shares which are held as Treasury Shares will be disregarded for the purposes of computing the ten per cent. (10%) limit.

For illustrative purposes only, on the basis of 186,919,962 issued Shares as at the Latest Practicable Date, and assuming that no further Shares are issued or repurchased on or prior to the 2012 AGM, not more than 18,691,996 issued Shares (representing ten per cent. (10%) of the issued ordinary share capital of the Company as at the Approval Date) may be purchased by the Company pursuant to the Share Purchase Mandate for the duration referred to in Section 4.3.2.

4.3.2 Duration of Authority

- (a) Share Purchases may be made, at any time and from time to time, on and from the Approval Date, up to:
- (i) the date on which the next AGM is held or required by law or the Articles to be held;
 - (ii) the date on which the purchase of Shares by the Company pursuant to the Share Purchase Mandate are carried out to the full extent mandated; or
 - (iii) the date on which the authority conferred by the Share Purchase Mandate is revoked or varied by the Company in a general meeting,
- whichever is the earliest (the “**Permitted Period**”).
- (b) The authority conferred on the Directors by the Share Purchase Mandate to purchase Shares may be renewed. When seeking the approval of the Shareholders for the renewal of the Share Purchase Mandate, the Company is required to disclose, *inter alia*, details pertaining

LETTER TO SHAREHOLDERS

to Share Purchases made during the previous twelve (12) months, including the total number of Shares purchased, the purchase price per Share or the highest and lowest prices paid for such Share Purchases, where relevant, and the total consideration paid for such Share Purchases.

4.3.3 Manner of Share Purchases

- (a) Share Purchases may be made by way of:
 - (i) an On-Market Share Purchase; and/or
 - (ii) an Off-Market Share Purchase.

- (b) The Directors may impose such terms and conditions which are not inconsistent with the Share Purchase Mandate, the Listing Manual, the Act, the HK Listing Rules or the HK Repurchase Code, as they consider fit in the interests of the Company in connection with or in relation to any equal access scheme or schemes. However, an Off-Market Share Purchase effected in accordance with an equal access scheme must satisfy all the following conditions:
 - (i) offers for the Share Purchase shall be made to every person who holds Shares to purchase or acquire the same percentage of their issued Shares;
 - (ii) all of those persons shall be given a reasonable opportunity to accept the offers made to them; and
 - (iii) the terms of all the offers shall be the same, except that there shall be disregarded:
 - A. differences in consideration attributable to the fact that offers may relate to Shares with different accrued dividend entitlements;
 - B. differences in consideration attributable to the fact that offers relate to Shares with different amounts remaining unpaid (if applicable); and
 - C. differences in the offers introduced solely to ensure that each person is left with a whole number of Shares.

- (c) The Listing Manual provides that, in making an Off-Market Share Purchase, the Company must issue an offer document to all Shareholders which must contain at least the following information:
 - (i) the terms and conditions of the offer;
 - (ii) the period and procedures for acceptance;
 - (iii) the reasons for the proposed Share Purchase;

LETTER TO SHAREHOLDERS

- (iv) the consequences, if any, of Share Purchases by the Company that will arise under the Singapore Take-over Code or other applicable take-over rules;
 - (v) whether the Share Purchase, if made, would have any effect on the listing of the Shares on the SGX-ST; and
 - (vi) details of any Share Purchases made by the Company in the previous twelve (12) months (whether On-Market Share Purchases or Off-Market Share Purchases), giving the total number of Shares purchased, the purchase price per Share or the highest and lowest prices paid for the Share Purchases, where relevant, and the total consideration paid for the Share Purchases.
- (d) In relation to an On-Market Share Purchase, the Company may apply to the SGX-ST for a special trading counter for the purposes of effecting the On-Market Share Purchase besides the normal ready market counter. Subject to the Shareholders' approval being obtained at the 2012 AGM for the renewal of the Share Purchase Mandate, the Company will consider whether to apply to the SGX-ST for a special trading counter for the purpose of conducting On-Market Share Purchases of its Shares.
- (e) In Hong Kong, companies with a primary listing of its equity securities in Hong Kong may only engage an off-market share repurchase approved in accordance with Rule 2 of the HK Repurchase Code. According to the HK Repurchase Code, off-market purchases must be approved by the Executive Director of the SFC before a repurchasing company acquires any shares pursuant to such share repurchases. Such approval will normally be conditional upon, amongst others, approval of the proposed off-market repurchase by at least three-fourths of the votes cast on a poll by disinterested shareholders in attendance in person or by proxy at a general meeting of shareholders duly convened and held to consider the proposed transaction. The repurchasing company should also comply with such other applicable requirements under the HK Repurchase Code. Accordingly, even if the Share Purchase Mandate shall have been approved by Shareholders at the 2012 AGM, the Company will still be required to convene a general meeting to seek specific approval from Shareholders in the event it wishes to conduct an Off-Market Purchase in compliance with the applicable requirements of the HK Repurchase Code.

4.3.4 Maximum Purchase Price

- (a) The purchase price (excluding brokerage, stamp duties, commission, applicable goods and services tax and other related expenses) to be paid for a Share will be determined by the Directors.
- (b) However, the purchase price to be paid for the Shares pursuant to the Share Purchase Mandate must not exceed:
 - (i) in the case of an On-Market Share Purchase, one hundred and five per cent. (105%) of the Average Closing Price (as defined below) of the Shares; and

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- (ii) in the case of an Off-Market Share Purchase, one hundred and twenty per cent. (120%) of the Average Closing Price (as defined below) of the Shares,

(the “**Maximum Price**”) in either case (excluding brokerage, stamp duties, commission, applicable goods and services tax and other related expenses).
- (c) For the above purposes, “**Average Closing Price**” means the average of the closing market prices of a Share over the last five (5) Market Days, on which transactions in the Shares were recorded, immediately preceding the date of making the On-Market Share Purchase or, as the case may be, the date of making an announcement of an offer pursuant to the Off-Market Share Purchase, and deemed to be adjusted for any corporate action that occurs after the relevant five (5) Market Days.

4.4 Status of purchased Shares

4.4.1 General

- (a) Under Section 76B of the Act, any Share which is purchased, unless held as a Treasury Share pursuant to Section 76H of the Act, is deemed cancelled immediately on purchase, and all rights and privileges attached to that Share will expire on cancellation. All Shares purchased by the Company, unless held as Treasury Shares, will be automatically delisted by the SGX-ST, and (where applicable) all certificates in respect thereof will be cancelled and destroyed by the Company as soon as reasonably practicable following the settlement of any such purchase. Accordingly, the total number of issued Shares will be diminished by the number of Shares purchased or acquired which are cancelled and not held as Treasury Shares.
- (b) As the Company is concurrently primarily listed on the Main Board of the SGX-ST and the Main Board of the HKSE, the Company is required to comply with the relevant Singapore and Hong Kong laws, the Singapore Listing Rules and the HK Listing Rules, including, *inter alia*, the listing requirements of the SGX-ST and the HKSE. Pursuant to Rule 10.06(5) of the HK Listing Rules, the listing of all purchased Shares by the Company (whether on the HKSE or otherwise) shall be automatically cancelled upon such purchase.

4.4.2 Treasury Shares

Some of the salient provisions on Treasury Shares under the Act are summarised below:

- (a) *Maximum holdings*

The number of Shares held as Treasury Shares cannot at any time exceed ten per cent. (10%) of the total number of issued Shares, and the Company shall be entered as the member holding those Shares.

- (b) *Voting and other rights*

Treasury Shares carry no voting rights, and the Company cannot exercise any right in respect of the Treasury Shares. In particular, the Company cannot exercise any right to attend or vote at meetings and any purported exercise of such a right in respect of the Treasury Shares is void.

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No dividend may be paid, and no other distribution of the Company's assets may be made to the Company in respect of the Treasury Shares. However, allotment of shares as fully paid bonus shares in respect of the Treasury Shares, and the sub-division or consolidation of any Treasury Shares (insofar as the total value of the Treasury Shares after the sub-division or consolidation is the same as before the sub-division or consolidation) is permitted.

(c) *Disposal and cancellation*

Where Shares purchased or acquired by the Company are held as Treasury Shares, the Company may at any time:

- (i) sell the Treasury Shares for cash;
- (ii) transfer the Treasury Shares for the purposes of or pursuant to an employees' share scheme;
- (iii) transfer the Treasury Shares as consideration for the acquisition of shares in or assets of another company or assets of a person;
- (iv) cancel the Treasury Shares; or
- (v) sell, transfer or otherwise use the Treasury Shares for such other purposes as may be prescribed by the Minister for Finance.

Issuers listed on the HKSE are not allowed to hold Treasury Shares. Accordingly, as the Company is listed on the Main Board of the HKSE, the Company will not be allowed to hold Treasury Shares and any Shares purchased, redeemed or acquired pursuant to the Share Purchase Mandate will be cancelled.

4.5 Reporting Requirements

4.5.1 Notification to ACRA

Within thirty (30) days of the Approval Date, the Company shall lodge a copy of the resolution approving the Share Purchase Mandate with ACRA.

The Company shall lodge with ACRA a notice of the Share Purchase within thirty (30) days of the Share Purchase. Such notification shall include the date of the Share Purchase, the total number of Shares purchased by the Company, the number of Treasury Shares held, the Company's issued share capital before and after the Share Purchase, the amount of consideration paid by the Company for the Share Purchase, whether the Shares were purchased or acquired out of the profits or the capital of the Company and such other particulars as may be required in the prescribed form.

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Within thirty (30) days of the cancellation or disposal of Treasury Shares in accordance with the Act, the Company shall lodge with ACRA a notice of the cancellation or disposal of Treasury Shares with such particulars as may be required in the prescribed form.

4.5.2 Notification to SGX-ST

The Singapore Listing Rules specify that a listed company shall notify the SGX-ST of all purchases or acquisitions of its shares not later than 9:00 a.m.:

- (a) in the case of an On-Market Share Purchase, on the Market Day following the day on which the On-Market Share Purchase was made, and
- (b) in the case of an Off-Market Share Purchase under an equal access scheme, on the second Market Day after the close of acceptance of the offer for the Off-Market Share Purchase.

The notification of such purchases or acquisition of Shares to the SGX-ST shall be in such form and shall include such details that the SGX-ST may prescribe. The Company shall make arrangements with its stockbrokers to ensure that they provide the necessary information to the Company in a timely fashion to enable the Company to make the notifications to the SGX-ST.

In addition, under the Listing Manual, an immediate announcement must be made of any sale, transfer, cancellation and/or use of Treasury Shares, stating the following:

- (a) date of the sale, transfer, cancellation and/or use;
- (b) purpose of such sale, transfer, cancellation and/or use;
- (c) number of Treasury Shares sold, transferred, cancelled and/or used;
- (d) number of Treasury Shares before and after such sale, transfer, cancellation and/or use;
- (e) percentage of the number of Treasury Shares against the total number of Shares outstanding in a class that is listed before and after such sale, transfer, cancellation and/or use; and
- (f) value of the Treasury Shares if they are used for a sale or transfer, or cancelled.

4.5.3 Reporting Requirements in Hong Kong

Under the HK Listing Rules, after a listed issuer has made a purchase of its shares whether on the HKSE or otherwise, the listed issuer shall:

- (a) submit for publication to the HKSE not later than thirty (30) minutes before the earlier of the commencement of the morning trading session or any pre-opening session on the Market Day following any day on which the issuer makes a purchase of shares (whether on the HKSE or otherwise), the total number of shares purchased by the issuer on the previous day, the purchase price per share or the highest and lowest price paid for such shares, where

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relevant, and shall inform that purchases which were those made on the HKSE were made in accordance with the HK Listing Rules and if the issuer's primary listing is on the HKSE, that there have been no material changes to the particulars contained in the explanatory statement issued by the listed issuer in relation to the mandate pursuant to which such share purchase is made. In respect of purchases made on another stock exchange, the issuer's report must confirm that those purchases were made in accordance with the domestic rules applying to purchases on that other stock exchange. Such reports shall be made on a return in such form and containing such information as the HKSE may from time to time prescribe. In the event that no shares are purchased on any particular day then no return need to be made to the HKSE. The listed issuer should make arrangements with its brokers to ensure that they provide to the issuer in a timely fashion the necessary information to enable the listed issuer to make the report to the HKSE; and

- (b) include in its annual report and accounts a monthly breakdown of purchases of shares made during the financial year under review showing the number of shares purchased each month (whether on the HKSE or otherwise) and the purchase price per share or the highest and lowest price paid for all such purchases, where relevant, and the aggregate price paid by the issuer for such purchases. The directors' report shall contain reference to the purchases made during the year and the directors' reasons for making such purchases. The issuer shall procure that any broker appointed by the issuer to effect the purchase of its shares shall disclose to the HKSE such information with respect to purchases made on behalf of the issuer as the HKSE may request.

4.6 Source of Funds

4.6.1 The Company may only apply funds for a Share Purchase as provided in the Articles and in accordance with the applicable laws in Singapore and Hong Kong. The Company may not purchase its Shares for a consideration other than in cash or, in the case of an On-Market Share Purchase, for settlement otherwise than in accordance with the trading rules of the SGX-ST and the HKSE.

4.6.2 The Act permits the Company to purchase or acquire its own Shares out of capital, as well as from its distributable profits so long as the Company is solvent. The Company is solvent if:

- (a) the Company is able to pay its debts in full at the time of the payment of the consideration for, *inter alia*, acquisition of any right with respect to the Share Purchase and will be able to pay its debts as they fall due in the normal course of business during the period of twelve (12) months immediately following the date of the payment; and
- (b) the value of the Company's assets is not less than the value of its liabilities (including contingent liabilities), having regard to the most recent financial statements of the Company and all other circumstances that the directors or managers know or ought to know affect or may affect such values, and will not after, *inter alia*, the Share Purchase, become less than the value of its liabilities (including contingent liabilities).

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4.6.3 The Company intends to use internal sources of funds or external borrowings, or a combination of internal resources and external borrowings, to finance the Share Purchases.

4.7 Financial Effects

4.7.1 If Shares purchased by the Company are cancelled pursuant to Section 76B(5) of the Act, the purchase price paid by the Company for the Shares (excluding brokerage, stamp duties, commission, applicable goods and services tax and other related expenses) will correspondingly:

- (a) reduce the amount of its share capital where the Shares were purchased out of the capital of the Company;
- (b) reduce the amount of its distributable reserves where the Shares were purchased out of the profits of the Company; or
- (c) reduce the amount of its share capital and distributable reserves proportionately where the Shares were purchased out of both the capital and the profits of the Company.

4.7.2 The amount of funding required for the Company to purchase or acquire its Shares and the financial impact on the Company and the EEIC Group arising from Share Purchases which may be made pursuant to the proposed renewal of the Share Purchase Mandate will depend on, *inter alia*, the aggregate number of Shares purchased or acquired, the consideration paid at the relevant time and the sources of fund applied by the Company.

4.7.3 Based on the existing issued and paid-up capital of the Company as at the Latest Practicable Date and assuming that no further Shares are issued or repurchased before the 2012 AGM, in the case of On-Market Share Purchases by the Company and assuming that, pursuant to the Share Purchase Mandate, the Company purchases the maximum number of 18,691,996 Shares at the Maximum Price of US\$2.87 per Share (being the price equivalent to five per cent. (5%) above the average of the closing market prices of the Shares for the five (5) consecutive Market Days on which the Shares were traded on the SGX-ST immediately preceding the Latest Practicable Date), the maximum amount of funds required for the purchase of 18,691,996 Shares (excluding brokerage, stamp duties, commission, applicable goods and services tax and other related expenses) is approximately US\$53,646,029.

4.7.4 Based on the existing issued and paid-up capital of the Company as at the Latest Practicable Date and assuming that no further Shares are issued or repurchased before the 2012 AGM, in the case of Off-Market Share Purchases by the Company and assuming that, pursuant to the Share Purchase Mandate, the Company purchases the maximum number of 18,691,996 Shares at the Maximum Price of US\$3.28 per Share (being the price equivalent to twenty per cent. (20%) above the average of the closing market prices of the Shares for the five (5) consecutive Market Days on which the Shares were traded on the SGX-ST immediately preceding the Latest Practicable Date), the maximum amount of funds required for the purchase of 18,691,996 Shares (excluding brokerage, stamp duties, commission, applicable goods and services tax and other related expenses) is approximately US\$61,309,747.

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4.7.5 On the basis of the assumptions set out above and assuming that (i) such Share Purchase is financed by fifty per cent. (50%) external borrowings and fifty per cent. (50%) internal resources; (ii) the Share Purchase Mandate had been effective on 1 January 2011; and (iii) the Company had purchased 18,691,996 Shares (representing ten per cent. (10%) of its total number of issued Shares at the Latest Practicable Date), the financial impact of the Share Purchase of 18,691,996 Shares made by the Company pursuant to the Share Purchase Mandate on the audited financial statements of the EEIC Group and the Company for FY2011 is set out below:

(a) On-Market Share Purchase

As at 31 December 2011	EEIC Group		Company	
	Before Share Purchase	After Share Purchase	Before Share Purchase	After Share Purchase
	US\$'000	US\$'000	US\$'000	US\$'000
*Profit after tax and non-controlling interests	51,223	50,864	6,391	6,032
*Shareholders' Funds	370,756	316,751	187,698	133,693
*NTA	370,756	316,751	187,698	133,693
*Current Assets	271,528	244,346	7,116	7,116
*Current Liabilities	214,264	241,087	182,241	236,246
*Working Capital	57,264	3,259	(175,125)	(229,130)
*Total Liabilities	283,445	310,268	182,241	236,246
Number of Shares ('000)	186,920	168,228	186,920	168,228
<u>Financial Ratios</u>				
*EPS (US cents)	27.42	30.25	n/m	n/m
*NTA per Share (US\$)	1.98	1.88	1.00	0.79
*Gearing	0.76	0.98	n/m	n/m
*Current Ratio	1.27	1.01	0.04	0.03

Notes:

“*” means the computations have taken into account the impact of additional external borrowings of US\$26.823 million, attributable interest expense of US\$0.359 million to be incurred and internal resources of US\$26.823 million.

“n/m” means the percentage is not meaningful.

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(b) Off-Market Share Purchase

As at 31 December 2011	EEIC Group		Company	
	Before Share	After Share	Before Share	After Share
	Purchase	Purchase	Purchase	Purchase
	US\$'000	US\$'000	US\$'000	US\$'000
*Profit after tax and non-controlling interests	51,223	50,812	6,391	5,980
*Shareholders' Funds	370,756	309,035	187,698	125,977
*NTA	370,756	309,035	187,698	125,977
*Current Assets	271,528	240,462	7,116	7,116
*Current Liabilities	214,264	244,919	182,241	243,962
*Working Capital	57,264	(4,457)	(175,125)	(236,846)
*Total Liabilities	283,445	314,100	182,241	243,962
Number of Shares ('000)	186,920	168,228	186,920	168,228
<u>Financial Ratios</u>				
*EPS (US cents)	27.42	30.22	n/m	n/m
*NTA per Share (US\$)	1.98	1.84	1.00	0.75
*Gearing	0.76	1.02	n/m	n/m
*Current Ratio	1.27	0.98	0.04	0.03

Notes:

“*” means the computations have taken into account the impact of additional external borrowings of US\$30.655 million, attributable interest expense of US\$0.411 million to be incurred and internal resources of US\$30.655 million.

“n/m” means the percentage is not meaningful.

4.7.6 As illustrated above, a purchase of a maximum 18,691,996 Shares will result in an increase in the EPS of the EEIC Group. However, there will be a reduction in the NTA of the Company and the EEIC Group in both On-Market Share Purchases and Off-Market Share Purchases.

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- 4.7.7 The Directors emphasise that they do not propose to exercise the Share Purchase Mandate to the extent that the liquidity and capital adequacy position of the EEIC Group would be materially and adversely affected. Where the Share Purchase is financed wholly or partly out of external borrowings, the net gearing of the EEIC Group will increase. Nonetheless, based on the audited financial statements for FY2011, the EEIC Group has an operating cash flow of approximately US\$57,307,000. Internally generated funds may also be used to finance the Share Purchases. The Directors will be prudent in exercising the Share Purchase Mandate only to such extent where the Directors believe will enhance shareholders' value giving consideration to the prevailing market conditions, the financial position of the EEIC Group and other relevant factors.
- 4.7.8 There may be material adverse impact on the working capital or gearing position of the Company (as compared with the position disclosed in the audited financial statements contained in the annual report for the period ended 31 December 2011) in the event the Share Purchase Mandate were to be carried out in full at any time during the proposed Permitted Period. However, the Directors do not propose to exercise the Share Purchase Mandate to such extent as would, in the circumstances, have a material adverse impact on the working capital requirements of the Company or the gearing levels which, in the opinion of the Board, are from time to time appropriate for the Company.
- 4.7.9 Shareholders should be aware that the financial effects set out above are based on the assumptions set out above and are only for illustrative purposes. The above analysis is based on historical figures for FY2011 and is not necessarily representative of the Company's or the EEIC Group's future financial performance. Although the proposed Share Purchase Mandate would authorise the Company to buy back up to ten per cent. (10%) of the total number of issued Shares (excluding Treasury Shares) as at the date the Share Purchase Mandate is obtained, the Company may not necessarily buy back or be able to buy back ten per cent. (10%) of the total number of issued Shares (excluding Treasury Shares) in full.
- 4.7.10 To the best of knowledge of the Directors, and having made all reasonable enquiries, as at the Latest Practicable Date, none of the Directors nor any of their associates has a present intention, in the event that the proposed Share Purchase Mandate is approved by Shareholders, to sell Shares to the Company.
- 4.7.11 The Directors have undertaken to the HKSE that the power of the Company to make Share Purchases pursuant to the proposed Share Purchase Mandate, if approved, shall be exercised in accordance with the HK Listing Rules, and the laws of Singapore, being the jurisdiction in which the Company is incorporated.
- 4.7.12 As at the Latest Practicable Date, there is no connected person of the Company that has notified the Company that he has a present intention to sell Shares to the Company or has undertaken not to sell any of the Shares held by him to the Company, in the event that the Company is authorised to make purchases of Shares.

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4.7.13 The highest and lowest prices at which the Shares have traded on the HKSE respectively during each of the previous twelve (12) months are as follows:

Month	Highest Price (HK\$)	Lowest Price (HK\$)
2011		
April	N.A.	N.A.
May	N.A.	N.A.
June	N.A.	N.A.
July	33.50	28.15
August	29.00	21.70
September	23.55	21.60
October	22.90	20.80
November	21.95	19.30
December	19.30	17.20
2012		
January	23.00	17.60
February	21.70	20.00
March (up to the Latest Practicable Date)	21.65	19.90

4.8 Tax implications arising from Share Purchases

Shareholders who are in doubt as to their respective tax positions or tax implications of Share Purchases by the Company, or who may be subject to tax whether in or outside Singapore, should consult their own professional advisers.

4.9 Listing Rules

4.9.1 Singapore Listing Rules

- (a) The Listing Manual specifies that a listed company shall notify the SGX-ST of any On-Market Share Purchases not later than 9:00 a.m. on the Market Day following the day on which the On-Market Share Purchase was made, and of any Off-Market Share Purchases not later than 9:00 a.m. on the second Market Day after the close of acceptance of the offer for the Off-Market Share Purchase. The notification of such Share Purchases to the SGX-ST shall be in such form and shall include such details that the SGX-ST may prescribe. The Company shall make arrangements with its stockbrokers to ensure that they provide the Company in a timely fashion the necessary information which will enable the Company to make the notifications to the SGX-ST.

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- (b) The Company will not buy any Shares during the period commencing two (2) weeks before the announcement of the Company's results for each of the first, second and third quarters of its financial year, or one (1) month before the announcement of the Company's annual results, as the case may be, and ending on the date of announcement of the relevant results. Further, the Company will not undertake Share Purchases after a price sensitive development has occurred or has been the subject of a consideration and/or a decision of the Board until such time as the price sensitive information has been publicly announced.

- (c) The Listing Manual requires a listed company to ensure that at least ten per cent. (10%) of the total number of issued Shares excluding Treasury Shares (excluding preference shares and convertible equity securities) in a class that is listed is at all times held by the public. The "public", as defined under the Listing Manual, are persons other than the directors, chief executive officer, Substantial Shareholders or Controlling Shareholders of the Company or its subsidiaries, as well as the associates of such persons. Based on the Register of Directors' Shareholdings maintained by the Company and its subsidiaries and the Register of Substantial Shareholders maintained by the Company as at the Latest Practicable Date, there are 36,247,640 Shares in the hands of public Shareholders, representing approximately 19.39% of the total number of issued Shares excluding Treasury Shares. Assuming the Company exercises the Share Purchase Mandate in full and purchases ten per cent. (10%) of the total number of issued Shares excluding Treasury Shares from the public, the number of Shares in the hands of the public would be reduced to approximately 17,555,644 Shares, representing approximately 10.44% of the total number of issued Shares excluding Treasury Shares. Accordingly, the Company is of the view that there is a sufficient number of Shares in issue held by public Shareholders which would permit the Company to undertake purchases or acquisitions of its Shares up to the full ten per cent. (10%) limit pursuant to the Share Purchase Mandate without affecting the listing status of the Shares on the SGX-ST. However, the Company will not be able to exercise the Share Purchase Mandate to its full extent since it needs to comply with the minimum public float requirement under the HK Listing Rules.

- (d) In undertaking any Share Purchases, the Directors will use their best efforts to ensure that, notwithstanding such Share Purchases, a sufficient float in the hands of the public will be maintained so that the Share Purchases will not adversely affect the listing status of the Shares on the SGX-ST, cause market illiquidity or adversely affect the orderly trading of the Shares.

4.9.2 HK Listing Rules

- (a) Pursuant to the HK Listing Rules, the Company shall ensure that after its purchase of Shares on any stock exchange, at least twenty five per cent. (25%) of its Shares will remain in the hands of the public.

- (b) In addition, under the HK Listing Rules, an issuer shall not purchase its shares on HKSE at any time after a price sensitive development has occurred or has been the subject of a decision until such time as the price sensitive information is made publicly available. In particular, during the period of one (1) month immediately preceding the earlier of (a) the

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date of the board meeting (as such date is first notified to the HKSE in accordance with the HK Listing Rules) for the approval of the issuer's results for any year, half-year, quarterly or any other interim period (whether or not required under the HK Listing Rules); and (b) the deadline for the issuer to publish an announcement of its results for any year or half-year under the HK Listing rules, or quarterly or any other interim period (whether or not required under the HK Listing Rules), and ending on the date of the results announcement, the issuer may not purchase its shares on the HKSE, unless the circumstances are exceptional. Further, an issuer shall not knowingly purchase its shares from a connected person and a connected person shall not knowingly sell shares to the issuer, on the HKSE.

- (c) In undertaking any Share Purchases, the Directors will use their best efforts to ensure that, notwithstanding such Share Purchases, a sufficient float in the hands of the public will be maintained so that the Share Purchases will not adversely affect the listing status of the Shares on the HKSE, cause market illiquidity or adversely affect the orderly trading of the Shares.

4.10 Take-over Code implications arising from Share Purchases

4.10.1 Singapore Take-over Code Implications

- (a) The resultant increase in the percentage of voting rights held by a Shareholder and persons acting in concert with him, following the Share Purchases, will be treated as an acquisition for the purposes of Rule 14 of the Singapore Take-over Code (“**Rule 14**”). Consequently, depending on the number of Shares purchased by the Company and the Company's issued share capital at that time, a Shareholder or group of Shareholders acting in concert with each other could obtain or consolidate effective control of the Company and could become obliged to make a take-over offer under Rule 14.
- (b) Under the Singapore Take-over Code, persons acting in concert or concert parties comprise individuals or companies who, pursuant to an agreement or understanding (whether formal or informal), co-operate, through the acquisition by any of them of shares in a company to obtain or consolidate effective control of the company. Unless the contrary is established, the following persons, *inter alia*, will be presumed to be acting in concert, namely, (i) a company with any of its directors (together with their close relatives, related trusts as well as companies controlled by any of the directors, their close relatives and related trusts), and (ii) a company, its parent, Subsidiaries and fellow Subsidiaries, and their Associated Companies and companies of which such companies are Associated Companies, all with one another, and any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the aforesaid for the purchase of voting rights. For this purpose, ownership or control of at least twenty per cent. (20%) but not more than fifty per cent. (50%) of the voting rights of a company will be regarded as the test of associated company status.

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- (c) The circumstances under which Shareholders (including Directors) and persons acting in concert with them respectively will incur an obligation to make a take-over offer under Rule 14 after a purchase or acquisition of Shares by the Company are set out in Rule 14 and Appendix 2 of the Singapore Take-over Code.
- (d) In general terms, the effect of Rule 14 and Appendix 2 is that, unless exempted, Directors and persons acting in concert with them will incur an obligation to make a take-over offer under Rule 14 if, as a result of the Company purchasing or acquiring Shares, the voting rights of such Directors and their concert parties would increase to thirty per cent. (30%) or more, or, in the event that such Directors and their concert parties hold between thirty per cent. (30%) and fifty per cent. (50%) of the Company's voting rights, the voting rights of such Directors and their concert parties would increase by more than one per cent. (1%) in any period of six (6) months.
- (e) Under Appendix 2 of the Singapore Take-over Code, a Shareholder not acting in concert with the Directors will not be required to make a take-over offer under Rule 14 if, as a result of the Company purchasing or acquiring its Shares, the voting rights of such Shareholder would increase to thirty per cent. (30%) or more, or, if such Shareholder holds between thirty per cent. (30%) and fifty per cent. (50%) of the Company's voting rights, the voting rights of such Shareholder would increase by more than one per cent. (1%) in any period of six (6) months. Such Shareholder need not abstain from voting in respect of the resolution renewing the Share Purchase Mandate.
- (f) Shareholders will be subject to the provisions of Rule 14 if they acquire any Shares after the Company's Share Purchase. For the purpose of the Singapore Take-over Code, an increase in the percentage of voting rights as a result of the Share Purchases will be taken into account in determining whether a Shareholder and persons acting in concert with him have increased their voting rights by more than one per cent. (1%) in any period of six (6) months.
- (g) The interests of the Directors and Substantial Shareholders of the Company in the Shares are disclosed in Section 6 below.
- (h) As at the Latest Practicable Date, assuming (a) the Company purchases the maximum number of ten per cent. (10%) of the issued ordinary share capital of the Company, and (b) there is no change in the number of Shares held or deemed to be held by the Directors and Substantial Shareholders prior to and after the exercise of the Share Purchase Mandate, none of the Directors and Substantial Shareholders will become obligated to make a mandatory take-over offer under Rule 14 in the event that the Company purchases the maximum number of 18,691,996 Shares under the Share Purchase Mandate.

4.10.2 HK Takeovers Code Implications

- (a) If, as a result of the repurchase of shares by the Company pursuant to the Share Purchase Mandate, a Shareholder's proportionate interest in the voting rights of the Company is

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increased, such increase will be treated as an acquisition for the purpose of the HK Takeovers Code. Accordingly, a Shareholder or a group of Shareholders acting in concert should obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rule 26 and Rule 32 of the HK Takeovers Code.

- (b) As at the Latest Practicable Date, to the best of the knowledge and belief of the Directors, Kingboard Chemical Holdings Limited and Elec & Eltek International Holdings Limited together with the parties acting in concert with it were interested in approximately 74.54% of the issued share capital of the Company. In the event that the Directors exercise in full the proposed Share Purchase Mandate to repurchase Shares, the aggregate shareholding of the aforesaid Shareholders will be increased to approximately 82.82% of the issued share capital of the Company. To the best of the knowledge and belief of the Directors, such increase would not give rise to an obligation to make a mandatory offer under the HK Takeovers Code. The Directors have no present intention to repurchase Shares to an extent that will trigger the obligations under the HK Takeovers Code to make a mandatory offer.
- (c) Save as the aforesaid, the Directors are not aware of any consequences which may arise under the HK Takeovers Code as a result of any repurchase be made under the Share Purchase Mandate and under the HK Takeovers Code.

4.10.3 Shareholders who are in doubt as to their obligations, if any, to make a mandatory takeover offer under the Singapore Take-over Code and/or the HK Takeovers Code as a result of any Share Purchase by the Company should consult the Securities Industries Council and/or the SFC and/or their professional advisers at the earliest opportunity.

4.11 Shares purchased during the previous 12 months

The Company has not purchased any Shares within the twelve (12) months preceding the Latest Practicable Date.

5. THE PROPOSED NEW MANDATE FOR INTERESTED PERSON TRANSACTIONS

5.1 Background

5.1.1 The Company had, at the 2011 EGM, sought and obtained the approval of Shareholders to renew a general mandate (the “**Existing IPT Mandate**”) to authorise the EEIC Group to enter into certain transactions with the Kingboard Group.

5.1.2 Kingboard is the ultimate holding company of the Company. Accordingly, transactions entered into between the EEIC Group and the Kingboard Group are considered to be Interested Person Transactions within the meaning of Chapter 9 of the Listing Manual. The rationale and benefits for, the scope, the review procedures and the classes of Interested Persons in respect of the Existing IPT Mandate were set out in the Company’s Circular to Shareholders dated 22 March 2011.

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5.1.3 The Existing IPT Mandate is subject to annual renewal and accordingly, its validity period will expire on 26 April 2012, being the date of the forthcoming 2012 AGM.

5.2 Proposed New IPT Mandate

5.2.1 The Company anticipates that the EEIC Group will continue to enter into the existing Interested Person Transactions as approved under the Existing IPT Mandate.

5.2.2 In addition to the Existing IPT Mandate, the Company anticipates that going forward, it will, in the ordinary course of business and from time to time, purchase Equipment from the Kingboard Group (the “**Purchase of Capital Equipment**”, collectively with the existing Interested Person Transactions with the Kingboard Group, the “**New IPTs**”). Further details of the Purchase of Capital Equipment are set out in Section 5.8.4 of this Circular.

5.2.3 Given that the New IPTs are expected to be recurrent transactions and may occur at any time, to allow the Company and the EEIC Group to undertake such transactions in a more expeditious manner, the Directors proposed to expand the scope of the transactions as well as the classes of Interested Person Transactions covered by the Existing IPT Mandate to include the Purchase of Capital Equipment by seeking the Shareholders’ approval at the 2012 AGM for the adoption of a New IPT mandate, which will authorise the Company and the EEIC Group to enter into the New IPTs (the “**New IPT Mandate**”).

5.2.4 The proposed New IPT Mandate is intended to replace and supersede the Existing IPT Mandate. Upon the approval by the Shareholders of the proposed New IPT Mandate, the Existing IPT Mandate will lapse.

5.3 Definitions under the Listing Manual

5.3.1 Chapter 9 of the Listing Manual (“**Chapter 9**”) governs transactions between a listed company or any of its Subsidiaries or Associated Companies (which is an “entity at risk” (as hereinafter defined)) and Interested Persons. The purpose is to guard against the risk that Interested Persons could influence the listed company, its Subsidiaries or Associated Companies to enter into transactions with Interested Persons that may adversely affect the interests of the listed company or its shareholders.

5.3.2 For the purposes of Chapter 9, the following definitions apply:

- (a) An “**approved exchange**” means a stock exchange that has rules which safeguard the interests of shareholders against Interested Person Transactions according to similar principles to Chapter 9.
- (b) An “**Associate**” means:
 - (i) in relation to any director, chief executive officer, Substantial Shareholder or Controlling Shareholder (being an individual):

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- A. his immediate family (meaning the person's spouse, child, adopted child, step-child, sibling and parent);
 - B. 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
 - C. any company in which he and his immediate family together (directly or indirectly) have an interest of thirty per cent. (30%) or more; and
- (ii) 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 thirty per cent. (30%) or more.
- (c) An **“entity at risk”** means:
- (i) the listed company;
 - (ii) a Subsidiary of the listed company that is not listed on the SGX-ST or an approved exchange; or
 - (iii) an Associated Company of the listed company that is not listed on the SGX-ST or an approved exchange, provided that the listed group, or the listed group and its Interested Person(s), has control over the Associated Company.
- (d) An **“Interested Person”** means:
- (i) a director, chief executive officer or Controlling Shareholder of the listed company; or
 - (ii) an Associate of such director, chief executive officer or Controlling Shareholder.
- (e) A **“transaction”** includes the provision or receipt of financial assistance, the acquisition, disposal or leasing of assets, the provision or receipt of services, the issuance or subscription of securities, the granting of or being granted options, and the establishment of joint ventures or joint investments, whether or not in the ordinary course of business, and whether or not entered into directly or indirectly.

5.4 Requirements under Chapter 9 of the Listing Manual

5.4.1 Under Chapter 9, where a listed company, its Subsidiary or Associated Company (each being an entity at risk) proposes to enter into a transaction with an Interested Person, either an immediate announcement, or an immediate announcement and shareholders' approval would be required in respect of the transaction if the value of the transaction is equal to or exceeds certain materiality thresholds.

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5.4.2 The materiality thresholds are:

- (a) “**Threshold 1**”: Three per cent. (3%) of the group’s latest audited consolidated NTA.
- (b) “**Threshold 2**”: Five per cent. (5%) of the group’s latest audited consolidated NTA.

5.4.3 An immediate announcement is required where:

- (a) the transaction is of a value equal to, or exceeds Threshold 1; or
- (b) the aggregate value of all transactions entered into with the same Interested Person during the same financial year amounts to or exceeds Threshold 1. In this instance, the listed company must make an immediate announcement of the latest transaction and all future transactions entered into with that same Interested Person during that financial year.

5.4.4 Shareholders’ approval (in addition to an immediate announcement) is required where:

- (a) the transaction is of a value equal to, or exceeds Threshold 2; or
- (b) the aggregate value of all transactions entered into with the same Interested Person during the same financial year amounts to or exceeds Threshold 2. The aggregation will exclude any transaction that has been approved by Shareholders previously, or is the subject of aggregation with another transaction that has been approved by Shareholders.

5.4.5 The requirements as set out in Sections 5.4.3 and 5.4.4 above do not apply to any transaction which is below S\$100,000 in value.

5.4.6 For illustrative purposes, based on the latest audited consolidated accounts of the EEIC Group for FY2011, the latest audited consolidated NTA of the EEIC Group as at 31 December 2011 was US\$370,756,000. Accordingly, in relation to the EEIC Group, for the purposes of Chapter 9 in the current financial year, Shareholders’ approval would be required where:

- (a) the transaction is of a value equal to, or more than, US\$18,537,800, being five per cent. (5%) of the latest audited consolidated NTA of the EEIC Group; or
- (b) the transaction, when aggregated with other transactions entered into with the same Interested Person during the same financial year, is of a value equal to, or more than, US\$18,537,800. The aggregation will exclude any transaction that has been approved by Shareholders previously, or is the subject of aggregation with another transaction that has been approved by Shareholders.

5.4.7 Part VIII of Chapter 9 provides that a listed company may seek a general mandate from its shareholders for recurrent Interested Person Transactions of a revenue or trading nature or those necessary for the day-to-day operations such as the purchase and sale of supplies and materials, but not in respect of the purchase or sale of assets, undertakings or businesses. A general mandate granted by Shareholders is subject to annual renewal.

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5.5 Overview of the EEIC Group and the Kingboard Group

5.5.1 Overview of the EEIC Group

The Company was incorporated in Singapore on 2 January 1993 and was listed on the SGX-ST on 5 September 1994 and on the HKSE on 8 July 2011. The EEIC Group is principally engaged in the fabrication and distribution of double-sided, multi-layer and high-density interconnect PCBs, and supplies a variety of PCB products to a diverse customer base.

5.5.2 Overview of the Kingboard Group

Kingboard was incorporated in the Cayman Islands on 12 January 1993 and was listed on the HKSE on 8 October 1993. The Kingboard Group is principally engaged in the manufacture and sale of laminates, copper foil, glass fabric, glass yarn, bleached kraft paper, packing cartons, PCBs, chemicals, liquid crystal displays, magnetic products and property development and investment. Laminates, copper foil, glass fabric, glass yarn and bleached kraft paper are key raw materials used in the manufacturing of PCBs, which is the principal activity of the EEIC Group.

5.6 Rationale and Benefits of the New IPT Mandate

5.6.1 Following the acquisition of effective control by the Kingboard Group of the EEIC Group on 25 November 2004, the EEIC Group would in the ordinary course of business enter into the Interested Person Transactions set out in Section 5.8 and with some degree of frequency.

5.6.2 In view of the time-sensitive and frequent nature of such New IPTs, the Directors are seeking the approval of Shareholders pursuant to Chapter 9 for the proposed New IPT Mandate for the Company, its Subsidiaries and Associated Companies to enter into the New IPTs set out in Section 5.8 with the classes of Interested Persons in Section 5.7, provided that such transactions are made on normal commercial terms, and are not prejudicial to the interests of the Company and its minority Shareholders.

5.6.3 The EEIC Group has been continuously expanding its PCB business and the Company anticipates that more Equipment for the manufacture of PCBs will be required to further expand the EEIC Group's business. Taking into account a range of factors including the lower transportation costs, the tight specifications and the more competitive price of the Equipment manufactured by the Kingboard Group for the production of PCBs, the EEIC Group considers that purchase of the Equipment under the Equipment Purchase Framework Agreement dated 27 June 2011 between Kingboard and the Company ("EPFA"), details of which are set out in Section 5.8.4 below, is necessary to facilitate its expansion plan and will improve the competitiveness, the quality and price of the PCBs manufactured by the EEIC Group. The lower transportation costs are possible because the Equipment is manufactured in the factory site of the Kingboard Group and the Equipment can be delivered to the EEIC Group's factories in China by truck. This would cut down the air freight charges if the EEIC Group were to import the Equipment from overseas.

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5.6.4 The New IPT Mandate will enhance the EEIC Group's ability to utilise the resources owned by the Interested Persons set out in Section 5.7 below, thereby enabling the EEIC Group to improve its response time and service to its customers. Further, as the businesses of the EEIC Group and the Interested Persons are complementary with each other, the Interested Persons have a better understanding (as compared with unrelated third parties) of the nature of the EEIC Group's business and Equipment requirements and *vice versa*, and the EEIC Group and the Interested Persons are therefore able to achieve greater synergy when they provide goods and services to each other.

5.6.5 Further, the New IPT Mandate will enable the EEIC Group to have access to competitive quotes from the Interested Persons set out in Section 5.7 below, in addition to obtaining quotes from, or transacting with, unrelated third parties. The EEIC Group will also benefit from the New IPT Mandate in respect of the Purchase of Capital Equipment as there will be a steady supply of capital Equipment with quality assurance.

5.6.6 The Company is now seeking for the Purchase of Capital Equipment from the Kingboard Group to be subject to the proposed New IPT Mandate because the Purchase of Capital Equipment is on a recurrent basis for the following reasons, *inter alia*:

- (a) Replacing the obsolete Equipment, such obsolescence being attributable to the usual wear and tear, or technological advancement which have made the existing Equipment unable to produce the required product specification called for by the customers. The replacement cycle for such Equipment is also short, usually lasting for about 1 year.
- (b) Investment of newly invented Equipment as new product categories orders are being placed by the customers, or more stringent quality control specification would require new type of Equipment to be purchased from time to time.
- (c) Capacity expansion of the existing manufacturing facilities would require new Equipment to be purchased.
- (d) Setting up of new manufacturing plants by the EEIC Group in Yangzhou and/or in Kaiping or any other manufacturing sites would require investment of new Equipment.

5.6.7 The obtaining of the New IPT Mandate and the renewal of the same on an annual basis would eliminate the need for the Company to announce, or to announce and convene separate general meetings on each occasion to seek the Shareholders' prior approval as and when potential recurrent Interested Person Transactions with a specific class of Interested Persons arise, thereby substantially reducing administrative expenses, time and inconvenience associated with the convening of such meetings, without compromising the corporate objectives of the Company and/or adversely affecting the business opportunities available to the EEIC Group. Accordingly, administrative efficiency would be considerably improved, allowing more resources and time to be focused on attaining corporate objectives and business opportunities.

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5.7 Classes of Interested Persons

For the purpose of the New IPT Mandate, the classes of Interested Persons are:

- (a) Kingboard, and
- (b) the Kingboard Group.

5.8 Nature and scope of New IPTs

5.8.1 The proposed New IPT Mandate will not apply to any transaction by a company in the EEIC Group with the classes of Interested Persons as specified in Section 5.7 that is below S\$100,000 in value, as the threshold and aggregation requirements contained in Chapter 9 would not apply to such a transaction.

5.8.2 Interested Person Transactions which do not fall within the ambit of the New IPT Mandate shall be subject to the relevant provisions of Chapter 9.

5.8.3 The New IPT Mandate will apply to the following categories of transactions which certain members of the EEIC Group are likely to enter into with the classes of Interested Persons set out in Section 5.7 above, in connection with the provision to, or obtaining from, the Interested Persons of products and services in the normal course of the business or which are necessary for the day-to-day operations of the EEIC Group:

- (a) the supply of laminates, copper foil, glass fabric, glass yarn, bleached kraft paper, and chemicals used for the manufacture of PCBs and PCB related materials (“**Supply of Raw Materials**”);
- (b) the provision of value-added subcontract services relating to PCB manufacturing (“**Subcontracting Services**”);
- (c) the supply of PCBs and its affiliated products (“**Supply of PCBs**”);
- (d) the provision of such other products and/or services including but not limited to, supply of drill bits, provision of drilling services and materials recycling services, which are incidental to or in connection with the provision or obtaining of products and/or services outlined above; and
- (e) the Purchase of Capital Equipment.

5.8.4 The Purchase of Capital Equipment:

- (a) Background:

Kingboard is the ultimate parent of the Company which Kingboard had acquired the effective control of the EEIC Group through various investment holding entities on 25

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November 2004. The Kingboard Group is principally engaged in the manufacture and sale of laminates, copper foil, glass fabric, glass yarn, bleached kraft paper, packing cartons, PCBs, chemicals, liquid crystal displays, magnetic products and property development and investment. Laminates, copper foils, glass fabric, glass yarn and bleached kraft paper are key raw materials used in the manufacturing of PCBs, which is the principal activity of the EEIC Group. In addition, the Kingboard Group also acquires expertise in fabricating machineries and equipment used in the manufacturing of PCBs.

The EEIC Group is principally engaged in the design, development, manufacture and distribution of PCBs, and supplies a variety of PCBs products to a diverse customer base. The EEIC Group from time to time purchases various machineries and equipment from the Kingboard Group in its ordinary and usual course of business.

On 27 June 2011, the Company and Kingboard had entered into the EPFA, which set forth the terms and conditions in respect of the Purchase of Capital Equipment from the Kingboard Group by the EEIC Group.

The Company has not in the past submitted the Purchase of Capital Equipment as part of the Interested Person Transactions under the Existing IPT Mandate, as the Purchase of Capital Equipment does not currently fall within the Threshold 1 set forth in Section 5.4.2(a) of this Circular. However, the Company foresees that the Purchase of Capital Equipment from year 2012 onwards may reach the aforesaid threshold, and is therefore seeking approval of the New IPT Mandate from the Shareholders at the 2012 AGM.

(b) The salient terms of the EPFA are as follows:

(i) Scope of the EPFA

The EPFA comprises the general terms and conditions upon which any company within the EEIC Group (the “**Buyer**”) may purchase the Equipment from any company within the Kingboard Group (the “**Seller**”). The Buyer and the Seller may from time to time enter into a specific purchase agreement or purchase order (“**SPA**”) setting out the detailed terms for the purchase of the Equipment provided that such detailed terms shall not be inconsistent with the terms of the EPFA.

(ii) Prices and Terms of Payment

(a) The price at which the Equipment is to be supplied by the Seller to the Buyer shall be the market price mutually agreed between the parties, or if the same is not available, a price which is not less favourable to the EEIC Group than the price at which the Kingboard Group supplies similar Equipment to independent third parties having regard to the quantity and other conditions of the purchase. Such prices are firm and fixed and shall include the cost of packing and package, installation and training.

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- (b) Any agreed prices do not preclude mutually agreed special price arrangements requested by the Buyer on a case-by-case basis.

- (iii) Warranty (“Clause 9”)
 - (a) The Seller warrants that the Equipment supply from time to time will perform in accordance with and conform to the agreed specification for the Equipment, will meet what otherwise has been agreed upon, and the Equipment provided will be free from defects in design (where design is the Seller’s responsibility), materials and workmanship, provided that:
 - A. the Equipment is used in strict compliance with Seller’s product specifications and instructions (hereinafter refer to as “**Normal Use**”), will enable the Buyer to manufacture PCB in accordance with the quality standards and specification as set forth by its customer; or
 - B. the Equipment has not been altered or repaired otherwise than by the Seller or with its approval or instructions.

 - (b) The Seller shall, at its own option and cost, repair or replace any defective Equipment during a warranty period of one (1) year thereafter starting from the certified acceptance of the respective Equipment by the Buyer.

 - (c) If the Equipment or any components thereof, fails to perform in Normal Use during the warranty period, within a reasonable time following either verbal or written notice, Seller, shall investigate the matter and at its own discretion, correct any failure or defect by either repairing any malfunctioning components, or replacing malfunctioning components with new or reconditioned replacement parts and expected service life. All such actions by Seller will be performed at Seller’s expense and in a manner mutually agreed between the parties.

 - (d) As an alternative to the remedy stipulated in clause (c) above, the Buyer itself may upon mutual agreement, at the Seller’s cost, to either:
 - A. repair or replace, or have repaired or replaced, any defective Equipment; or
 - B. purchase replacement Equipment from alternate source.

 - The Seller shall reimburse the Buyer promptly once the costs of such repairs, replacement, or substitution has been provided by the Buyer.

 - (e) Irrespective of, and in addition to, the Seller’s fulfillment of its obligations in this Clause 9, the Seller shall reimburse the Buyer for any other reasonable damages caused by the defective Equipment when such alleged claims are made by the Buyer or the customer of the Buyer, as the case may be.

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- (f) Any defective Equipment returned under this Clause 9 will be delivered to the Seller at the Seller's expense and risk. The replacement Equipment shall be delivered to the Buyer at the Seller's expense and risk.

- (iv) Product Liability

Should the Equipment have a defect which causes any damages to persons or to properties other than such Equipment, the Seller shall indemnify and hold the Buyer harmless for such amount of damages as determined by mutual agreement.

- (v) Infringement

- (a) The Seller shall defend, indemnify and hold harmless the Buyer, distributor and any customer (purchasers and users) from and against any and all damages suffered and costs and expenses (including reasonable attorney's fee) incurred as a result of any claim, suit or proceeding brought against any of them based on the allegation that the use, sale, distribution or other disposal of any Equipment furnished by Seller under this Agreement constitutes an infringement of any intellectual property rights or applications thereof or unauthorised use of know-how, trade secrets or other proprietary rights; provided that the Seller has been notified without undue delay in writing of such claim, suit or proceeding and given authority, information and assistance (at the Seller's expense) to settle the claim or control the defense of any suit or proceeding.
- (b) In the event that the Equipment or any part thereof are in such suit or proceeding held to constitute an infringement or their further use, sale, distribution or other disposal is enjoined, the Seller shall promptly, at its own expense and option, either:
 - A. procure for the Buyer, distributor and any customer (purchasers and users) the right to continue the use, sale, distribution or other disposal of such Equipment;
 - B. replace the Equipment with non-infringing equipment of equivalent function and performance; or
 - C. modify such Equipment so that they become non-infringing without detracting from function or performance.

- (vi) Confidentiality and Non-disclosure Covenants

The Seller and the Buyer both acknowledge and reaffirm that the information communicated to the Buyer by the Seller in the performance of the Equipment as well as the training services shall be considered as "Confidential Information" and, as

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such, protected from disclosure by the Buyer under the terms and conditions set out in the SPA and any other form of the Confidentiality and Non-Disclosure Agreement executed between the parties. This Clause shall for five (5) years, survive the termination of the EPFA for any reason.

(vii) Term and Termination

- (a) The EPFA shall be effective from 27 June 2011 and remain in effect until 31 December 2013 unless terminated by either party in accordance with the terms and conditions of the EPFA.
- (b) The estimated total amounts of this EPFA to be acquired by the EEIC Group from the Kingboard Group for each of the three (3) years ending 31 December 2011, 2012 and 2013 will be approximately US\$22,568,000, US\$28,586,000 and US\$30,918,000, respectively or its equivalent.
- (c) Either party may prior to the expiration date terminate the EPFA by giving not less than thirty (30) days' prior written notice of termination to the other party and upon the expiration of such period of thirty (30) days, the EPFA shall be deemed terminated without prejudice to any antecedent rights and obligations of either party accrued prior to the termination.
- (d) Any applicable party may terminate the EPFA, any SPA and/or any sourcing contract regarding the EEIC Group's procurement of the Equipment (the "**Contract**") with immediate effect and without compensation to the other party if the other party should pass a resolution, or any court should make an order, that the other party shall be wound up or if a trustee in bankruptcy, liquidator, receiver or manager on behalf of a creditor should be appointed or if circumstances shall arise which would entitle the court or a creditor to make a winding-up order, or if it otherwise is likely that the other party is insolvent.
- (e) Any applicable party may terminate the EPFA, any SPA, and/or any Contract with immediate effect if the other party has committed a material breach of the EPFA, the SPA or Contract and not rectified the same within thirty (30) days after receiving written notice of termination specifying the breach.

(viii) Disputes and Governing Law

- (a) In relation to any disputes arising out of or in connection with the EPFA, including any question regarding its existence, validity and performance and termination, the parties thereto submit irrevocably to the exclusive jurisdiction of the Singapore court.
- (b) The EPFA shall be governed by and construed in accordance with the laws of Singapore.

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5.9 Review Procedures for New IPTs

5.9.1 To ensure that the New IPTs are carried out at arm's length basis, on normal commercial terms consistent with the EEIC Group's usual business practices and policies, and will not be prejudicial to the interests of the Company and its minority Shareholders, the Company has implemented a set of procedures for the review and approval of New IPTs under the New IPT Mandate.

(a) Supply of Raw Materials and Provision of Subcontracting Services

In considering whether to enter into a particular transaction with an Interested Person, at least two (2) other competitive bids from unrelated third parties will be obtained. The transaction with the Interested Person(s) will only be approved if the terms are better than the more competitive of the two (2) bids obtained. In determining price competitiveness for the supply of raw materials, factors such as (but not limited to) quality and grade of materials, order size, on-time delivery, payment terms, customer requirements and specifications, duration of the contract or purchase orders of the transaction, will be taken into account. As for the supply of subcontracting services, price competitiveness would be determined based on factors such as (but not limited to) quality of services, on-time delivery and payment terms of the transaction. In the event that no quotation from unrelated third parties is available, the management (who will have no interest, whether direct or indirect, in the transaction) will assess that the pricing of the transaction is in accordance with the usual business practices and pricing policy of the EEIC Group to determine whether such transaction is undertaken on normal commercial terms.

(b) Supply of PCBs and Subcontracting Services

In considering whether to enter into a particular transaction with an Interested Person, the prices and terms of at least two (2) other recent transactions involving similar products or services with unrelated third parties will be taken into account. The price charged to the Interested Person should not be lower than the lower of the prices charged in the two recent transactions of similar product or service specifications. In determining price competitiveness for the supply of PCBs, factors such as (but not limited to) quality, quantity, order size, product specifications, duration of contract of the transaction, will also be taken into account. As for the supply of subcontracting services, price competitiveness would be determined based on factors such as (but not limited to) quality of services, on-time delivery and payment terms of the transaction. In the event that no recent transactions of similar products or services were entered into with third parties, the management (who will have no interest, direct or indirect, in the transaction) will assess if the pricing and terms of the transaction are in accordance with the EEIC Group's usual business practices and pricing policy, and are consistent with the usual margins for the same or substantially similar types of transactions entered into with unrelated third parties.

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(c) Purchase of Capital Equipment

When purchasing the Equipment from an Interested Person as set out in Section 5.7 of this Circular, two (2) other quotations from unrelated third parties will be obtained (where available) for comparison to ensure that the interest of the Company and its minority Shareholders are not disadvantaged. The purchase price shall not be higher than the most competitive price of the two (2) other quotations from unrelated third parties. In determining the most competitive price, all pertinent factors, including but not limited to quality, delivery time and track record will be taken into consideration. In the event that no quotation from unrelated third parties is available, the management (who will have no interest, whether direct or indirect, in the transaction) will assess that the pricing of the transaction is in accordance with the usual business practices and pricing policy of the EEIC Group to determine whether such transaction is undertaken on normal commercial terms.

5.9.2 Further to Section 5.9.1, prior approval of the Audit Committee must be obtained before:

- (a) any proposed per unit purchase of the Equipment under the EPFA equal to or exceeding US\$3,000,000 (which represents 0.81% of the latest NTA of the EEIC Group) in value is entered into; and
- (b) any other proposed single Interested Person Transaction (except for the Purchase of Capital Equipment) equal to or exceeding S\$3,000,000 (which represents 0.64% of the latest NTA of the EEIC Group) in value is entered into.

Any decision taken by the Audit Committee with regard to such transactions must be approved by the majority of its members.

5.9.3 In addition to the review procedures set out in Sections 5.9.1 and 5.9.2, the following procedures will also be implemented:

- (a) The Company will maintain a register of New IPTs (which will include the transaction below S\$100,000) carried out pursuant to the New IPT Mandate (recording the basis, including quotations and/or offers obtained, if any, where applicable to support such basis, on which they are entered into).
- (b) The annual audit plan shall incorporate a review of all New IPTs entered into pursuant to the New IPT Mandate.
- (c) The Audit Committee may, as it deems fit, request for additional information pertaining to any New IPT under review from independent sources or advisers.
- (d) Further to the above, where any Director has an interest (direct or indirect) in any New IPT, such Director (or, his alternate, where appropriate) shall abstain from voting on the matter. Where any member of the Audit Committee has an interest in any New IPT, that member shall abstain from participating in the review and approval process in relation to that transaction.

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- (e) The Audit Committee will carry out periodic reviews (not less than twice a year) to ascertain that the established review procedures as set out above in respect of the New IPT Mandate have been complied with, and whether the review procedures remain appropriate and continue to be able to ensure that the transactions will be carried out on normal commercial terms, and are not prejudicial to the interests of the Company and its minority Shareholders. If during their periodic reviews, the Audit Committee is of the view that the established guidelines and procedures are inappropriate or are not sufficient to ensure that the New IPTs are conducted on an arm's length basis, and may be prejudicial to the interests of the Company and its minority Shareholders, the Company will obtain a fresh mandate from Shareholders based on new review procedures and guidelines for New IPTs. In the meantime, all New IPTs are to be approved by the Audit Committee.
- (f) The Company will report all New IPTs to the Audit Committee. The Audit Committee will review and ratify all New IPTs on a half-yearly basis. In the event of ambiguity as to whether a transaction or transactions would fall within the New IPT Mandate, the Company will consult the Audit Committee prior to entering into such transactions.

IMPORTANT: Notwithstanding the proposed New IPT Mandate, the Company shall comply with the applicable requirements concerning “connected transactions” under Chapter 14A of the HK Listing Rules for all its connected transactions from time to time. The Company has applied to HKSE for, and HKSE has granted waivers, in relation to the transactions covered by the New IPT Mandate, as such transactions are regarded as “connected transactions” under Chapter 14A of the HK Listing Rules. Please refer to the listing document issued by the Company on 30 June 2011 for further details of the waivers. For the avoidance of doubt, for transactions not covered by the New IPT Mandate which constitute connected transactions for the Company under Chapter 14A of the HK Listing Rules, the Company shall also comply with all requirements applicable to such transactions under the HK Listing Rules.

5.10 Validity period of the New IPT Mandate

If approved by Shareholders at the 2012 AGM, the New IPT Mandate will take effect from the passing of Ordinary Resolution 14 as set out in the notice of 2012 AGM, and will (unless revoked or varied by the Company in general meeting) continue to be in force until the next AGM. Approval from Shareholders will be sought for the renewal of the New IPT Mandate at each subsequent AGM, subject to satisfactory review by the Audit Committee of its continued application to transactions with Interested Persons.

5.11 Disclosure in Financial Statements and Annual Report

Pursuant to Chapter 9, the Company will:

- (a) disclose in the Company's annual report, the aggregate value of transactions conducted pursuant to the New IPT Mandate during the financial year and set out the following details:
 - (i) name of the Interested Person;

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- (ii) aggregate value of all Interested Person Transactions during the financial year under review (excluding transactions less than S\$100,000 in value and transactions conducted under the New IPT Mandate);
 - (iii) aggregate value of all New IPTs conducted under the New IPT Mandate (excluding transactions less than S\$100,000 in value); and
- (b) announce the aggregate value of transactions conducted pursuant to the New IPT Mandate for the financial periods that it is required to report on pursuant to Rule 705 of the Listing Manual in its financial statements within the time required for the announcement of such report. The disclosure will also contain the details set out in Section 5.11(a) above.

5.12 Opinion of the Independent Financial Adviser

Pursuant to Rule 920 of the Listing Manual, an opinion from an independent financial adviser to the Independent Directors is required on whether the methods or review procedures for determining the transaction prices of the New IPTs under the proposed New IPT Mandate, are sufficient to ensure that these transactions will be carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders.

Ernst & Young Corporate Finance Pte Ltd has been appointed as the independent financial adviser (the “**IFA**”) to advise the Independent Directors on the proposed New IPT Mandate.

A copy of the letter from the IFA to the Independent Directors, setting out their advice in full, is set out in Appendix “**B**” of this Circular (the “**Letter**”). **Shareholders are advised to read the Letter carefully.**

Having regard to the considerations as set out in the Letter and the information available as at the Latest Practicable Date, the IFA is of the opinion that the review procedures established by the Company in relation to the New IPT Mandate as set out in Section 5.9 of this Circular for determining the transaction terms of the New IPTs under the New IPT Mandate, if adhered to, are sufficient to ensure that these transactions will be carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders.

5.13 Statement from the Audit Committee

Save in respect of Mr Chan Wing Kwan, who is interested in the New IPTs and who therefore abstains from making the confirmation herein, the Audit Committee (currently comprising Messrs. Larry Lai Chong Tuck, Chan Wing Kwan, Raymond Leung Hai Ming and Stanley Chung Wai Cheong) having considered, *inter alia*, the review procedures for the New IPTs, confirms that the review procedures for the New IPTs as set out in Section 5.9 of this Circular, as well as the periodic reviews to be made by the Audit Committee in relation thereto, are sufficient to ensure that the New IPTs will be carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders.

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5.14 Abstention from Voting

By virtue of their interests in the New IPT Mandate, the following persons will abstain, and have undertaken to ensure that their Associates will abstain, from voting on Ordinary Resolution 14 as set out in the notice of 2012 AGM to be proposed at the 2012 AGM:

- (a) Kingboard;
- (b) EEIH, Elitelink Holdings Limited and Kingboard Investments Limited (by virtue of them being the subsidiaries of Kingboard);
- (c) Messrs. Chadwick Mok Cham Hung, Cheung Kwok Wing, Chan Wing Kwan and Chang Wing Yiu (by virtue of their being directors of both Kingboard and EEIH); and
- (d) Mr. Chan Wai Leung (by virtue of him being the son and therefore an Associate of Mr. Chan Wing Kwan).

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6. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS

As at the Latest Practicable Date, the interests of Directors and Substantial Shareholders of the Company in the Shares, based on the Company's register of interest of Directors and register of Substantial Shareholders respectively, are as follows:

6.1 Directors' Interests in Shares

Directors	Direct Interest		Indirect/Deemed Interest ⁽¹⁾		Total Interest		
	Number of Shares	% ⁽²⁾	Number of Shares	% ⁽²⁾	Number of Shares	Before Share Purchase (%) ⁽²⁾	After Share Purchase (%) ⁽³⁾
Chadwick Mok Cham Hung	1,120,200	0.60	—	—	1,120,200	0.60	0.67
Li Muk Kam	1,803,876	0.97	—	—	1,803,876	0.97	1.07
Philip Chan Sai Kit	724,481	0.39	—	—	724,481	0.39	0.43
Clement Sun	110,000	0.06	—	—	110,000	0.06	0.07
Claudia Heng Nguan Leng	480,800	0.26	—	—	480,800	0.26	0.29
Li Chiu Cheuk	10,000	0.01	—	—	10,000	0.01	0.01
Chan Wai Leung	52,000	0.03	—	—	52,000	0.03	0.03
Ng Hon Chung	60,000	0.03	—	—	60,000	0.03	0.04
Cheung Kwok Wing	1,507,200	0.81	—	—	1,507,200	0.81	0.90
Chan Wing Kwan	1,010,000	0.54	40,000	0.02	1,050,000	0.56	0.62
Chang Wing Yiu	486,600	0.26	—	—	486,600	0.26	0.29
Larry Lai Chong Tuck	25,000	0.01	—	—	25,000	0.01	0.01
Raymond Leung Hai Ming	—	—	—	—	—	—	—
Stanley Chung Wai Cheong	—	—	—	—	—	—	—

Notes

- (1) Deemed interests refer to interests in shares as defined pursuant to Section 7 of the Act.
- (2) As a percentage of the total number of issued Shares as at the Latest Practicable Date, comprising 186,919,962 Shares (excluding Treasury Shares which have no voting rights).
- (3) As a percentage of the total number of issued Shares, comprising 168,227,966 Shares (assuming that the Company purchases the maximum number of 18,691,996 Shares under the Share Purchase Mandate and excluding Treasury Shares which have no voting rights).

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(4) As of the Latest Practicable Date, all outstanding Share Options have expired.

6.2 Substantial Shareholders' Interests in Shares

Substantial Shareholders	Direct Interest		Indirect/ Deemed Interest ⁽¹⁾		Total Interest		
	Number of Shares	% ⁽⁹⁾	Number of Shares	% ⁽⁹⁾	Number of Shares	Before Share Purchase % ⁽⁹⁾	After Share Purchase % ⁽¹⁰⁾
Hallgain Management Limited ⁽²⁾	—	—	129,713,165	69.40	129,713,165	69.40	77.11
Kingboard ⁽³⁾	1,009,000	0.54	128,704,165	68.86	129,713,165	69.40	77.11
Jamplan (BVI) Limited ⁽⁴⁾	—	—	128,704,165	68.86	128,704,165	68.86	76.50
Kingboard Investments Limited ⁽⁵⁾	3,641,000	1.95	125,063,165	66.91	128,704,165	68.86	76.50
Ease Ever Investments Limited ⁽⁶⁾	—	—	90,741,550	48.55	90,741,550	48.55	53.94
EEIH	90,741,550	48.55	—	—	90,741,550	48.55	53.94
Elitelink Holdings Limited	34,321,615	18.36	—	—	34,321,615	18.36	20.40
Cheah Cheng Hye ⁽⁷⁾	—	—	13,529,000	7.24	13,529,000	7.24	8.04
To Hau Yin ⁽⁷⁾	—	—	13,529,000	7.24	13,529,000	7.24	8.04
Hang Seng Bank Trustee International Limited (“HSBTIL”) ⁽⁷⁾	—	—	13,529,000	7.24	13,529,000	7.24	8.04
Cheah Company Limited (“CCL”) ⁽⁷⁾	—	—	13,529,000	7.24	13,529,000	7.24	8.04
Cheah Capital Management Limited (“CCML”) ⁽⁷⁾	—	—	13,529,000	7.24	13,529,000	7.24	8.04
Value Partners Group Limited (“VPGL”) ⁽⁷⁾	—	—	13,529,000	7.24	13,529,000	7.24	8.04
Value Partners Hong Kong Limited (“VPHK”) ⁽⁷⁾	—	—	13,529,000	7.24	13,529,000	7.24	8.04
Value Partners Limited (“VPL”) ⁽⁸⁾	—	—	13,529,000	7.24	13,529,000	7.24	8.04

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Notes

- (1) Deemed interests refer to interests in shares as defined pursuant to Section 7 of the Act.
- (2) Hallgain Management Limited's deemed interest arises from its 32.26% direct shareholding interest in Kingboard.
- (3) Kingboard's deemed interest arises from its 100% direct shareholding interest in Jamplan (BVI) Limited.
- (4) Jamplan (BVI) Limited's deemed interest arises from its 100% direct shareholding interest in Kingboard Investments Limited.
- (5) Kingboard Investments Limited's deemed interest arises from its 100% direct shareholding interest in Elitelink Holdings Limited and Ease Ever Investments Limited.
- (6) Ease Ever Investments Limited's deemed interest arises from its 77.34% direct shareholding interest in EEIH.
- (7) Cheah Cheng Hye and To Hau Yin are deemed interested in the shares held by the funds managed by VPL by virtue of them being the founder and beneficiary respectively of a discretionary trust, The C H Cheah Family Trust, with HSBTIL as the trustee. HSBTIL owns 100% in CCL which in turn owns 100% in CCML which in turn owns 28.47% in VPGL which in turn owns 100% in VPHK which in turn owns 100% in VPL.
- (8) VPL, a fund manager, is deemed interested in the shares held directly by the funds under its management.
- (9) As a percentage of the total number of issued Shares as at the Latest Practicable Date, comprising 186,919,962 Shares (excluding Treasury Shares which have no voting rights).
- (10) As a percentage of the total number of issued Shares, comprising 168,227,966 Shares (assuming that the Company purchases the maximum number of 18,691,996 Shares under the Share Purchase Mandate and excluding Treasury Shares which have no voting rights).

6.3 No Other Interest, Whether Direct or Indirect in the Shares

Save as disclosed in this Circular, the Directors and the Substantial Shareholders of the Company do not have any interest, whether direct or indirect in the Shares.

7. ABSTENTION FROM VOTING

Shareholders with interest in the New IPT Mandate should abstain from voting at the 2012 AGM in respect of Ordinary Resolution 14 as set out in the notice of 2012 AGM and should not accept nominations as proxies or otherwise for voting at the 2012 AGM in respect of Ordinary Resolution 14 unless specific instructions have been given in the proxy form on how Shareholders wish their votes to be cast for Ordinary Resolution 14.

8. DIRECTORS' RECOMMENDATIONS

- 8.1 The Directors are pleased to recommend the retiring Directors, details of whom are set out in Appendix A to this Circular, for re-election at the 2012 AGM.

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- 8.2 The Directors unanimously consider that the proposed re-election of the retiring Directors, the proposed grant of the Share Issue Mandate and the proposed renewal of the Share Purchase Mandate are in the interests of the Company and recommend that Shareholders vote in favour of the resolutions relating to (i) the re-election of Directors; (ii) the grant of Share Issue Mandate; and (iii) the renewal of the Share Purchase Mandate as set out in the notice of 2012 AGM in this Circular.
- 8.3 The Company will procure the Directors, namely Messrs. Chadwick Mok Cham Hung, Cheung Kwok Wing, Chan Wing Kwan and Chang Wing Yiu (by virtue of their being directors of both Kingboard and EEIH) and Chan Wai Leung (by virtue of him being the son and therefore an Associate of Mr. Chan Wing Kwan), other than the Independent Directors to abstain from making any recommendation, in respect of the New IPT Mandate.
- 8.4 The Independent Directors are of the opinion that it is in the interests of the EEIC Group that the Company, its Subsidiaries and Associated Companies be permitted to have the flexibility to enter into the types of transactions described in Section 5.8 in their ordinary course of business with classes of Interested Persons described in Section 5.7 for reasons stated in this Circular. Accordingly, the Independent Directors recommend that Shareholders vote in favour of Ordinary Resolution 14 as set out in the notice of 2012 AGM relating to the proposed New IPT Mandate.

9. ANNUAL GENERAL MEETING AND PROXY

- 9.1 A notice convening the 2012 AGM is set out in pages 65 to 71 of this Circular. At the 2012 AGM, ordinary resolutions will be proposed to approve, among other things, the re-election of the retiring Directors, the grant of Share Issue Mandate, the renewal of the Share Purchase Mandate and the New IPT Mandate. Pursuant to the HK Listing Rules, the voting on the proposed ordinary resolutions at the 2012 AGM will be taken by way of poll.
- 9.2 Shareholders who are unable to attend the 2012 AGM and who wish to appoint a proxy to attend on their behalf are requested to complete, sign and return the proxy form which is enclosed in this Circular. Such form is also published on the designated website of the HKSE (www.hkexnews.hk). Whether or not you intend to attend the meeting, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return it to the registered office of the Company at 80 Raffles Place #33-00 UOB Plaza 1 Singapore 048624 (for Singapore Shareholders) or the office of the Company's Hong Kong branch share registrar, Tricor Investor Services Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong (for Hong Kong Shareholders) as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the meeting if you so wish and, in such event, the form of proxy shall be deemed to be revoked.
- 9.3 A Depositor will not be regarded as a Shareholder of the Company entitled to attend the 2012 AGM and to speak and vote thereat unless his name appears on the Depository Register as at forty-eight (48) hours before the 2012 AGM.

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10. CLOSURE OF REGISTER OF MEMBERS

The Singapore principal share transfer books, Singapore principal register of members of the Company and the Hong Kong share transfer books and Hong Kong branch register of members of the Company will be closed from 24 April 2012 to 26 April 2012, both days inclusive, during which period no transfer of Shares will be registered. In order to determine the identity of Shareholders who are entitled to attend and vote at the 2012 AGM, all Share transfers, accompanied by the relevant Share certificates, must be lodged with the Company's principal share registrar, Boardroom Corporate & Advisory Services Pte. Ltd., at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623, (for Singapore Shareholders) no later than 5:00 p.m. on 23 April 2012, or with the Company's branch share registrar, Tricor Investor Services Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong (for Hong Kong Shareholders) no later than 4:30 p.m. on 23 April 2012.

For the purpose of determination of Shareholders registered under the Singapore principal register of members and the Hong Kong branch register of members of the Company, all necessary documents, remittances accompanied by the relevant share certificates in respect of removal of Shares between the two register of members, must be submitted no later than 5:00 p.m. and 4:30 p.m. on 16 April 2012 to the Company's Singapore principal share registrar, Boardroom Corporate & Advisory Services Pte. Ltd. at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623, (for Singapore Shareholders) and the Company's Hong Kong branch share registrar, Tricor Investor Services Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong (for Hong Kong Shareholders), respectively.

11. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Circular (which includes, without limitation, particulars given in compliance with the HK Listing Rules for the purpose of giving information with regard to the Company) and confirm after making all reasonable enquiries, that to the best of their knowledge and belief, this Circular constitutes full and true disclosure of all material facts about the matters proposed in this Circular, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Circular misleading.

Where information in this Circular has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this Circular in its proper form and context.

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12. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the registered office of the Company during normal business hours on any weekday (public holidays excepted) up to and including the date of the 2012 AGM:

- (a) the Memorandum and Articles of Association of the Company;
- (b) the annual report of the Company and its Subsidiaries for FY2011; and
- (c) the Company's Circular to Shareholders dated 22 March 2011.

Yours faithfully

For and on behalf of the Board

Elec & Eltek International Company Limited

Cheung Kwok Wing

Chairman

This appendix contains the biographical details of the Directors eligible to re-election at the 2012 AGM to enable the Shareholders to make an informed view on whether to vote for or against the resolution to be proposed at the 2012 AGM in relation to the re-election of Directors.

EXECUTIVE DIRECTORS

Mr. Chadwick Mok Cham Hung (莫湛雄), aged 47, is our Vice-Chairman, Chief Executive Officer (acting) and our executive Director. He joined our Group in December 2004 and has been our executive Director since 13 December 2004. He became our vice-chairman on 18 January 2005. Mr. Mok is also an executive director of Kingboard. He is currently assuming the role and responsibilities of our Chief Executive Officer and is responsible for developing the overall business directions and management strategies of our Group. Mr. Mok obtained a Master of Arts Degree in Electrical and Information Engineering from the University of Cambridge in 1991 and a Master in Business Administration Degree with distinction from Imperial College, the University of London in 1992 and has over 11 years' experience in the financial services industry. Mr. Mok is a fellow member of both the Institute of Chartered Accountants in England & Wales and the Hong Kong Institute of Certified Public Accountants.

Mr. Mok is the son-in-law of Mr. Chan Wing Kwan, our non-executive Director and the brother-in-law of Mr. Chan Wai Leung, our executive Director.

Mr. Mok was interested or deemed to be interested in an aggregate of (i) 1,120,200 Shares (equivalent to approximately 0.60% of the entire issued share capital of the Company); (ii) 2,940,000 shares of Kingboard (equivalent to approximately 0.34% of the entire issued share capital of Kingboard); (iii) 2,600,000 options entitling him to subscribe for 2,600,000 shares in Kingboard at an initial subscription price of HK\$40.70 each for the period from 21 March 2011 to 22 March 2019 (both days inclusive); (iv) 182,000 warrants entitling him or his spouse to subscribe for 182,000 shares in Kingboard at an initial subscription price of HK\$40.00 each for the period from 5 May 2010 to 31 October 2012 (both days inclusive); (v) 60,000 shares of Kingboard Laminates Holdings Limited (“KLHL”) (equivalent to approximately 0.002% of the entire issued share capital of KLHL); (vi) 10,000,000 options entitling his spouse to subscribe for 10,000,000 shares in KLHL at an initial subscription price of HK\$6.54 each for the period from 21 March 2011 to 17 May 2017 (both days inclusive) within the meaning of Part XV of the SFO, as at the Latest Practicable Date.

Save as disclosed above, and other than the relationship arising from him being an executive Director, as at the Latest Practicable Date, Mr. Mok did not have any relationship with any other Directors, senior management or Substantial Shareholders or Controlling Shareholders of the Company.

Before the listing of Shares on the main board of the HKSE by way of introduction (the “Listing”), Mr. Mok was on the payroll of Kingboard. After the Listing, each of Kingboard and EEIC Group will bear the respective portion of the payroll (i.e. salary and mandatory provident fund contribution) of Mr. Mok. In addition, Mr. Mok is also entitled to all aspects of remuneration, including but not limited to discretionary bonus, share options, benefits-in-kind and the like (if any) as reviewed and recommended by the Remuneration Committee from time to time after the Listing.

There is an engagement contract entered into between Mr. Mok and the Company for the appointment of Mr. Mok as an executive Director of the Company. There will be no director's fees payable by the Company to him during the term of his appointment. Other remuneration and benefits-in-kind payable by the Company to Mr. Mok as an executive Director during the term of his appointment would be reviewed and recommended by the Remuneration Committee from time to time. For the year ended 31 December 2011, his emoluments amounted to HK\$14,335,418 including a discretionary bonus on performance.

Save as disclosed above, there are no any other matters that need to be brought to the attention of the Shareholders, and there is no other information to be disclosed pursuant to the requirements of Rule 13.51(2)(h) to (v) of the HK Listing Rules in relation to the appointment of Mr. Mok as an executive Director.

Ms. Claudia Heng Nguan Leng (王玩玲), aged 57, is our executive Director and one of our joint company secretaries. She joined our Group in October 1994 and has been our executive Director since 17 July 1995. She was appointed as our company secretary on 20 February 1997. In her current capacity as Vice President - Group Finance and one of the joint company secretaries of our Company, she has the overall responsibility for the corporate financial affairs of our Group, including treasury, credit control, tax planning and compliance functions. She also oversees our Group's information systems, human resource matters and legal and company secretarial functions. Ms. Heng obtained a Master Degree in Business Administration from University College of North Wales (Bangor) in cooperation with Manchester Business School in 1997 and a Master Degree in Applied Finance from Macquarie University in 2006. She is a fellow member of the Institute of Certified Public Accountants of Singapore and a Fellow Certified Public Accountant of CPA Australia. She is also a member of the Singapore Institute of Directors.

Ms. Heng was interested in an aggregate of 480,800 Shares (equivalent to approximately 0.26% of the entire issued share capital of the Company) within the meaning of Part XV of the SFO, as at the Latest Practicable Date.

Save as disclosed above, and other than the relationship arising from her being an executive Director, as at the Latest Practicable Date, Ms. Heng did not have any relationship with any other Directors, senior management or Substantial Shareholders or Controlling Shareholders of the Company.

There is an engagement contract entered into between Ms. Heng and the Company for the appointment of Ms. Heng as an executive Director of the Company. There will be no director's fees payable by the Company to her during the term of Ms. Heng's appointment. Other remuneration and benefits-in-kind payable by the Company to Ms. Heng as an executive Director during the term of her appointment would be reviewed and recommended by the Remuneration Committee from time to time. For the year ended 31 December 2011, her emoluments amounted to HK\$1,845,799 including a discretionary bonus on performance.

Save as disclosed above, there are no any other matters that need to be brought to the attention of the Shareholders, and there is no other information to be disclosed pursuant to the requirements of Rule 13.51(2)(h) to (v) of the HK Listing Rules in relation to the appointment of Ms. Heng as an executive Director.

NON-EXECUTIVE DIRECTORS

Mr. Cheung Kwok Wing (張國榮), aged 56, is the Chairman of our Company and our non-executive Director. He joined our Group in December 2004 and was appointed as our non-executive Director on 13 December 2004. He was appointed as the chairman of our Company on 3 February 2005. Mr. Cheung is also the chairman, executive director and co-founder of Kingboard. Mr. Cheung won the Young Industrialist Award of Hong Kong 1993, which was organized by the Federation of Hong Kong Industries and was described as “far-sighted, enterprising, and having insight in the business”. In 2006, he won the Hong Kong Business Owner-Operator Award 2006, which was organized by DHL and the South China Morning Post. In 2011, Mr. Cheung had been awarded the Honorary University Fellowships of The University of Hong Kong. Mr. Cheung has over 13 years’ experience in the sales and distribution of electronic components including laminates prior to the establishment of the Kingboard Group and sets the general direction and goals for the Kingboard Group. Mr. Cheung is a member of our Employees’ Share Option Scheme Committee.

Mr. Cheung is the brother of Ms. Cheung Wai Lin, Stephanie, the cousin of Mr. Cheung Kwong Kwan and the brother-in-law of Mr. Ho Yin Sang, each an executive director of Kingboard. Mr. Cheung is also the brother-in-law of Mr. Chang Wing Yiu, an executive director of Kingboard and our non-executive Director.

Mr. Cheung was interested or deemed to be interested in an aggregate of (i) 1,507,200 Shares (equivalent to approximately 0.81% of the entire issued share capital of the Company); (ii) 3,373,175 shares of Kingboard (equivalent to approximately 0.39% of the entire issued share capital of Kingboard); (iii) 2,800,000 options entitling him to subscribe for 2,800,000 shares in Kingboard at an initial subscription price of HK\$40.70 each for the period from 21 March 2011 to 22 March 2019 (both days inclusive); (iv) 165,222 warrants entitling him to subscribe for 165,222 shares in Kingboard at an initial subscription price of HK\$40.00 each for the period from 5 May 2010 to 31 October 2012 (both days inclusive); (v) 1,000,000 shares of Kingboard Copper Foil Holdings Limited (“**KCFHL**”) (equivalent to approximately 0.14% of the entire issued share capital of KCFHL); (vi) 453,500 shares of KLHL (equivalent to approximately 0.015% of the entire issued share capital of KLHL) within the meaning of Part XV of the SFO, as at the Latest Practicable Date.

Save as disclosed above, and other than the relationship arising from him being a non-executive Director, as at the Latest Practicable Date, Mr. Cheung did not have any relationship with any other Directors, senior management or Substantial Shareholders or Controlling Shareholders of the Company.

Before the Listing, Mr. Cheung was on the payroll of Kingboard. After the Listing, he continues to be on the payroll of Kingboard and he did not receive any remuneration from us after the Listing.

There is an engagement contract entered into between Mr. Cheung and the Company for the appointment of Mr. Cheung as a non-executive Director of the Company. There will be no director’s fees payable by the Company to Mr. Cheung during the term of his appointment.

Save as disclosed above, there are no any other matters that need to be brought to the attention of the Shareholders, and there is no other information to be disclosed pursuant to the requirements of Rule 13.51(2)(h) to (v) of the HK Listing Rules in relation to the appointment of Mr. Cheung as a non-executive Director.

Mr. Chan Wing Kwan (陳永錕), aged 66, is our non-executive Director. He joined our Group in December 2004 and was appointed as our non-executive Director on 13 December 2004. He is a co-founder of Kingboard and a non-executive director and chief consultant of Kingboard from January 2011. Prior to that, Mr. Chan has been the executive director of Kingboard since 1993. Mr. Chan obtained a degree of Doctor of Business Science from Pacific Western University L.A. in 1993. Prior to the establishment of the Kingboard Group, Mr. Chan had over 22 years' experience in the sales and distribution of electronic components, industrial chemicals and PCBs. Mr. Chan is a member of our Audit Committee, Remuneration Committee, Nominating Committee and Employees' Share Option Scheme Committee.

Mr. Chan is the father of Mr. Chan Wai Leung and the father-in-law of Mr. Chadwick Mok Cham Hung, both are our executive Directors.

Mr. Chan was interested or deemed to be interested in an aggregate of (i) 1,050,000 Shares (equivalent to approximately 0.56% of the entire issued share capital of the Company); (ii) 1,910,250 shares of Kingboard (equivalent to approximately 0.22% of the entire issued share capital of Kingboard); (iii) 78,025 warrants entitling him or his spouse to subscribe for 78,025 shares in Kingboard at an initial subscription price of HK\$40.00 each for the period from 5 May 2010 to 31 October 2012 (both days inclusive); (iv) 100,000 shares of KLHL (equivalent to approximately 0.003% of the entire issued share capital of KLHL) within the meaning of Part XV of the SFO, as at the Latest Practicable Date.

Save as disclosed above, and other than the relationship arising from him being a non-executive Director, as at the Latest Practicable Date, Mr. Chan did not have any relationship with any other Directors, senior management or Substantial Shareholders or Controlling Shareholders of the Company.

Before the Listing, Mr. Chan was on the payroll of Kingboard. After the Listing, he continues to be on the payroll of Kingboard and he did not receive any remuneration from us after the Listing.

There is an engagement contract entered into between Mr. Chan and the Company for the appointment of Mr. Chan as a non-executive Director of the Company. There will be no director's fees payable by the Company to Mr. Chan during the term of his appointment.

Save as disclosed above, there are no any other matters that need to be brought to the attention of the Shareholders, and there is no other information to be disclosed pursuant to the requirements of Rule 13.51(2)(h) to (v) of the HK Listing Rules in relation to the appointment of Mr. Chan as a non-executive Director.

Mr. Chang Wing Yiu (鄭永耀), aged 45, is our non-executive Director. He joined our Group in December 2004 and was appointed as our non-executive Director on 13 December 2004. Mr. Chang is also an executive director of Kingboard. Mr. Chang has over 22 years' experience in laminates production. He is a member of our Employees' Share Option Scheme Committee.

Mr. Chang is the brother-in-law of Mr. Cheung Kwok Wing, an executive director of Kingboard, our non-executive Director and our chairman.

Mr. Chang was interested or deemed to be interested in an aggregate of (i) 486,600 Shares (equivalent to approximately 0.26% of the entire issued share capital of the Company); (ii) 4,115,274 shares of Kingboard (equivalent to approximately 0.48% of the entire issued share capital of Kingboard); (iii) 2,600,000 options entitling him to subscribe for 2,600,000 shares in Kingboard at an initial subscription price of HK\$40.70 each for the period from 21 March 2011 to 22 March 2019 (both days inclusive); (iv) 335,527 warrants entitling him or his spouse to subscribe for 335,527 shares in Kingboard at an initial subscription price of HK\$40.00 each for the period from 5 May 2010 to 31 October 2012 (both days inclusive); (v) 100,000 shares of KLHL (equivalent to approximately 0.003% of the entire issued share capital of KLHL) within the meaning of Part XV of the SFO, as at the Latest Practicable Date.

Save as disclosed above, and other than the relationship arising from him being a non-executive Director, as at the Latest Practicable Date, Mr. Chang did not have any relationship with any other Directors, senior management or Substantial Shareholders or Controlling Shareholders of the Company.

Before the Listing, Mr. Chang was on the payroll of Kingboard. After the Listing, he continues to be on the payroll of Kingboard and he did not receive any remuneration from us after the Listing.

There is an engagement contract entered into between Mr. Chang and the Company for the appointment of Mr. Chang as a non-executive Director of the Company. There will be no director's fees payable by the Company to Mr. Chang during the term of his appointment.

Save as disclosed above, there are no any other matters that need to be brought to the attention of the Shareholders, and there is no other information to be disclosed pursuant to the requirements of Rule 13.51(2)(h) to (v) of the HK Listing Rules in relation to the appointment of Mr. Chang as a non-executive Director.

INDEPENDENT NON-EXECUTIVE DIRECTOR

Mr. Stanley Chung Wai Cheong (鍾偉昌), aged 42, is our INED. He joined our Group in April 2011 and was appointed as our INED on 11 April 2011. Mr. Chung graduated with a Bachelor of Commerce Degree from the University of Melbourne in 1993. He is a fellow member of the Hong Kong Institute of Certified Public Accountants and is a certified practising accountant of CPA Australia. Mr. Chung has over 18 years' experience in accounting and financial management. He has

also served as the financial controller for a number of listed companies in Hong Kong between 1997 and 2010 and is currently the Chief Financial Officer of HCT Asia Limited. Between 1997 and 2001, Mr. Chung was appointed as the financial controller and company secretary of Kingboard. Mr. Chung is a member of our Audit Committee, Nominating Committee and Remuneration Committee.

As at the Latest Practicable Date, Mr. Chung did not have any relationship with any other Directors, senior management or Substantial Shareholders or Controlling Shareholders of the Company, other than the relationship arising from him being an independent non-executive Director, nor did he have any interest or deemed interest in the shares or underlying shares of the Company within the meaning of Part XV of the SFO.

There is an engagement contract entered into between Mr. Chung and the Company for the appointment of Mr. Chung as an independent non-executive Director of the Company. Mr. Chung is entitled to a director's fee of HK\$86,000 for the period from 11 April 2011 (date of his appointment as Director of the Company) to 31 December 2011. The amount of director's fee would vary subject to shareholders' approval at annual general meeting to be convened for each financial year.

Save as disclosed above, there are no any other matters that need to be brought to the attention of the Shareholders, and there is no other information to be disclosed pursuant to the requirements of Rule 13.51(2)(h) to (v) of the HK Listing Rules in relation to the appointment of Mr. Chung as an independent non-executive Director.

23 March 2012

**The Independent Directors of
Elec & Eltek International Company Limited**
80 Raffles Place
#33-00 UOB Plaza 1
Singapore 048624

Dear Sirs:

THE PROPOSED NEW MANDATE FOR INTERESTED PERSON TRANSACTIONS

1 INTRODUCTION

Elec & Eltek International Company Limited (“**EEIC**” or the “**Company**”) had, at the 2011 extraordinary general meeting (“**EGM**”) of the Company, sought and obtained the approval of the shareholders of the Company (the “**Shareholders**”) to renew a general mandate (the “**Existing IPT Mandate**”) to authorise the Company, its subsidiaries and associated companies (the “**EEIC Group**”) to enter into certain transactions with Kingboard Chemical Holdings Limited (“**Kingboard**”), its subsidiaries and associated companies (the “**Kingboard Group**”). The Existing IPT Mandate is subject to annual renewal and accordingly, its validity period will expire on 26 April 2012, being the date of the Company’s forthcoming annual general meeting (the “**2012 AGM**”).

Kingboard is the ultimate holding company of the Company. Accordingly, transactions entered into between the EEIC Group and the Kingboard Group (the “**Interested Person Transactions**”) are considered to be interested person transactions within the meaning of Chapter 9 of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) Listing Manual (the “**Listing Manual**”).

The Company anticipates that the EEIC Group will continue to enter into the existing Interested Person Transactions as approved under the Existing IPT Mandate. In addition to the Existing IPT Mandate, the Company anticipates that going forward, it will, in the ordinary course of business and from time to time, purchase machineries and equipment for use in the production of printed circuit boards (“**PCBs**”), with quality features like enhanced functionality and low maintenance, including without limitation, PCB handling machines, mechanical drilling machines, laser drilling machine, imaging data processing systems, direct exposure machines, etching machines, acid cleaning machines, pattern plating machines, plated-through machines, panel plate machines, dry film strippers, tin stripper machines, routing machines, e-test machines, automated optical inspection equipment and other similar machineries and equipment (collectively, the “**Equipment**”) from the Kingboard Group (the “**Purchase of Capital Equipment**”, collectively with the existing Interested Person Transactions with the Kingboard Group, the “**New IPTs**”).

Given that the New IPTs are expected to be recurrent transactions and may occur at any time, to allow the Company and the EEIC Group to undertake such transactions in a more expeditious

manner, the directors of the Company (the “**Directors**”) have proposed to expand the scope of the transactions covered by the Existing IPT Mandate to include the Purchase of Capital Equipment by seeking Shareholders’ approval at the 2012 AGM for the adoption of a new mandate, which will authorise the Company and the EEIC Group to enter into the New IPTs (the “**New IPT Mandate**”).

The proposed New IPT Mandate is intended to replace and supersede the Existing IPT Mandate. Upon the approval by the Shareholders of the proposed New IPT Mandate, the Existing IPT Mandate will lapse.

To comply with the requirements of Chapter 9 of the Listing Manual, Ernst & Young Corporate Finance Pte Ltd (“**EYCF**”) has been appointed as the independent financial adviser to the Directors of the Company who are considered independent for purposes of the adoption of the New IPT Mandate (the “**Independent Directors**”), to provide an opinion on whether the methods or procedures set out in the New IPT Mandate, as described in Section 5.9 of the circular to Shareholders dated 23 March 2012 (the “**Circular**”), for determining the transaction prices of the New IPTs are sufficient to ensure that the New IPTs will be carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority shareholders (the “**Minority Shareholders**”).

This letter has been prepared for the use of the Independent Directors and is to be incorporated into the Circular which provides, *inter alia*, the details of the proposed New IPT Mandate and the Equipment Purchase Framework Agreement (the “**EPFA**”). Unless otherwise defined, all terms in the Circular have the same meaning in this letter.

2 TERMS OF REFERENCE

The objective of this letter is to provide an independent opinion, for the purposes of Chapter 9 of the Listing Manual, in relation to the methods or procedures set out in the New IPT Mandate for determining the transaction prices of the New IPTs.

EYCF is not and was not involved in any aspect of the discussions on the scope of the New IPT Mandate, nor were we involved in the deliberations leading up to the decision by the Directors to obtain the New IPT Mandate, or the methods or procedures for determining the transaction prices of the New IPTs. In the course of our evaluation of the procedures proposed in connection with the New IPT Mandate, we have held discussions with the management of the Company. We have not independently verified information furnished by the Directors and management of the Company or any representation or assurance made by them, whether written or verbal, and accordingly cannot and do not warrant or accept responsibility for the accuracy or completeness of such information, representation or assurance. Nevertheless, the Directors have confirmed to us that to the best of their knowledge and belief, the information provided to us (whether written or verbal) as well as the information contained in the Circular constitutes a fair and accurate disclosure, in all material respects, of all material facts relating to the New IPT Mandate, and there is no material information the omission of which would make any of the information contained herein or in the Circular inaccurate, incomplete or misleading in any material respect.

We have also made reasonable enquiries and used our judgement in assessing such information and have found no reason to doubt the accuracy or reliability of such information. We have further assumed that all statements of fact, belief, opinion and intention made by the Directors in the Circular have been reasonably made after due and careful enquiry. We have not conducted a comprehensive review of the business, operations and financial condition of the Company or the transactions described in the Circular.

EYCF's views as set forth in this letter are based on the prevailing market and economic conditions, and our analysis of the information provided in the Circular as well as information provided to us by the Company, as of the Latest Practicable Date. Accordingly, this opinion shall not take into account any event or condition which occurs after the Latest Practicable Date.

Our opinion is addressed to the Independent Directors for their benefit and deliberation on the New IPT Mandate. Any recommendation made in relation to the New IPT Mandate shall remain the responsibility of the Independent Directors. In preparing this letter, we have not had regard to the specific investment objectives, financial situation, tax position or unique needs and constraints of any Shareholder.

Our opinions in relation to the New IPT Mandate should be considered in the context of the entirety of this letter and the Circular.

3 EVALUATION OF THE NEW IPT MANDATE

Pursuant to Rule 920 of the Listing Manual, the Company is seeking Shareholders' approval for the adoption of the New IPT Mandate for the EEIC Group and/or any member of the EEIC Group, which are considered to be "entities at risk" within the meaning of Chapter 9 of the Listing Manual, to enter into certain categories of transactions with specified classes of interested persons (the "**Interested Persons**").

3.1 Rationale for and Benefits of the New IPT Mandate

The full text of the Directors' rationale for, and the benefits of the New IPT Mandate, can be found in Section 5.6 of the Circular. Below is the extract from the Circular:

"5.6 Rationale and Benefits of the New IPT Mandate

5.6.1 Following the acquisition of effective control by the Kingboard Group of the EEIC Group on 25 November 2004, the EEIC Group would in the ordinary course of business enter into the Interested Person Transactions set out in Section 5.8 and with some degree of frequency.

5.6.2 In view of the time-sensitive and frequent nature of such New IPTs, the Directors are seeking the approval of Shareholders pursuant to Chapter 9 for the proposed New IPT

Mandate for the Company, its Subsidiaries and Associated Companies to enter into the New IPTs set out in Section 5.8 with the classes of Interested Persons in Section 5.7, provided that such transactions are made on normal commercial terms, and are not prejudicial to the interests of the Company and its minority Shareholders.

5.6.3 *The EEIC Group has been continuously expanding its PCB business and the Company anticipates that more Equipment for the manufacture of PCBs will be required to further expand the EEIC Group's business. Taking into account a range of factors including the lower transportation costs, the tight specifications and the more competitive price of the Equipment manufactured by the Kingboard Group for the production of PCBs, the EEIC Group considers that purchase of the Equipment under the Equipment Purchase Framework Agreement dated 27 June 2011 between Kingboard and the Company ("EPFA"), details of which are set out in Section 5.8.4 below, is necessary to facilitate its expansion plan and will improve the competitiveness, the quality and price of the PCBs manufactured by the EEIC Group. The lower transportation costs are possible because the Equipment is manufactured in the factory site of the Kingboard Group and the Equipment can be delivered to the EEIC Group's factories in China by truck. This would cut down the air freight charges if the EEIC Group were to import the Equipment from overseas.*

5.6.4 *The New IPT Mandate will enhance the EEIC Group's ability to utilise the resources owned by the Interested Persons set out in Section 5.7 below, thereby enabling the EEIC Group to improve its response time and service to its customers. Further, as the businesses of the EEIC Group and the Interested Persons are complementary with each other, the Interested Persons have a better understanding (as compared with unrelated third parties) of the nature of the EEIC Group's business and Equipment requirements and vice versa, and the EEIC Group and the Interested Persons are therefore able to achieve greater synergy when they provide goods and services to each other.*

5.6.5 *Further, the New IPT Mandate will enable the EEIC Group to have access to competitive quotes from the Interested Persons set out in Section 5.7 below, in addition to obtaining quotes from, or transacting with, unrelated third parties. The EEIC Group will also benefit from the New IPT Mandate in respect of the Purchase of Capital Equipment as there will be a steady supply of capital Equipment with quality assurance.*

5.6.6 *The Company is now seeking for the Purchase of Capital Equipment from the Kingboard Group to be subject to the proposed New IPT Mandate because the Purchase of Capital Equipment is on a recurrent basis for the following reasons, inter alia:*

- (a) *Replacing the obsolete Equipment, such obsolescence being attributable to the usual wear and tear, or technological advancement which have made the existing Equipment unable to produce the required product specification called for by the customers. The replacement cycle for such Equipment is also short, usually lasting for about 1 year.*

- (b) *Investment of newly invented Equipment as new product categories orders are being placed by the customers, or more stringent quality control specification would require new type of Equipment to be purchased from time to time.*
- (c) *Capacity expansion of the existing manufacturing facilities would require new Equipment to be purchased.*
- (d) *Setting up of new manufacturing plants by the EEIC Group in Yangzhou and/or in Kaiping or any other manufacturing sites would require investment of new Equipment.*

5.6.7 The obtaining of the New IPT Mandate and the renewal of the same on an annual basis would eliminate the need for the Company to announce, or to announce and convene separate general meetings on each occasion to seek the Shareholders' prior approval as and when potential recurrent Interested Person Transactions with a specific class of Interested Persons arise, thereby substantially reducing administrative expenses, time and inconvenience associated with the convening of such meetings, without compromising the corporate objectives of the Company and/or adversely affecting the business opportunities available to the EEIC Group. Accordingly, administrative efficiency would be considerably improved, allowing more resources and time to be focused on attaining corporate objectives and business opportunities."

3.2 Classes of Interested Persons

For the purpose of the New IPT Mandate, the classes of Interested Persons are:

- (a) Kingboard; and
- (b) the Kingboard Group.

3.3 Nature and scope of New IPTs

3.3.1 The proposed New IPT Mandate will not apply to any transaction by a company in the EEIC Group with the classes of Interested Persons as specified in Section 5.7 of the Circular that is below S\$100,000 in value, as the threshold and aggregation requirements contained in Chapter 9 of the Listing Manual would not apply to such a transaction.

3.3.2 Interested Person Transactions which do not fall within the ambit of the New IPT Mandate shall be subject to the relevant provisions of Chapter 9 of the Listing Manual.

3.3.3 The New IPT Mandate will apply to the following categories of transactions which certain members of the EEIC Group are likely to enter into with the classes of Interested Persons set out in Section 5.7 of the Circular and in Section 3.2 above, in connection with the provision to, or obtaining from, the Interested Persons of products and services in the normal course of the business or which are necessary for the day-to-day operations of the EEIC Group:

- (a) the supply of laminates, copper foil, glass fabric, glass yarn, bleached kraft paper, and chemicals used for the manufacture of PCBs and PCB-related materials (the “**Supply of Raw Materials**”);
- (b) the provision of value-added subcontract services relating to PCB manufacturing (the “**Subcontracting Services**”);
- (c) the supply of PCBs and its affiliated products (the “**Supply of PCBs**”);
- (d) the provision of such other products and/or services including, but not limited to, supply of drill bits, provision of drilling services and materials recycling services, which are incidental to or in connection with the provision or obtaining of products and/or services outlined above; and
- (e) the Purchase of Capital Equipment. The details of the Purchase of Capital Equipment, including the salient terms of the EPFA are set out in Section 5.8.4 of the Circular.

We note that the Company has not, in the past, submitted the Purchase of Capital Equipment as part of the Interested Person Transactions under the Existing IPT Mandate, as the Purchase of Capital Equipment does not currently fall within the materiality threshold equivalent to 3.0% of the EEIC Group’s latest audited consolidated net tangible assets, as set out in Section 5.4.2(a) of the Circular. We further note that the Company foresees that the Purchase of Capital Equipment from year 2012 onwards may reach the aforesaid threshold, and is therefore seeking approval of the New IPT Mandate from Shareholders at the 2012 AGM.

3.4 Review Procedures for the New IPTs

The detailed text of the review procedures for the New IPTs can be found in Section 5.9 of the Circular.

We note, *inter alia*, that to ensure that the New IPTs are carried out at arm’s length basis, on normal commercial terms consistent with the EEIC Group’s usual business practices and policies, and will not be prejudicial to the interests of the Company and the Minority Shareholders, the Company has implemented a set of procedures for the review and approval of New IPTs under the New IPT Mandate.

(a) Supply of Raw Materials and Provision of Subcontracting Services

In considering whether to enter into a particular transaction with an Interested Person, at least two (2) other competitive bids from unrelated third parties will be obtained. The transaction with the Interested Person(s) will only be approved if the terms are better than the more competitive of the two (2) bids obtained. In determining price competitiveness for the supply of raw materials, factors such as (but not limited to) quality and grade of materials, order size, on-time delivery, payment terms, customer requirements and specifications, duration of the contract or purchase orders of the transaction, will be taken into account. As for the supply of subcontracting services, price competitiveness would be determined based on factors such as (but not limited to) quality of services, on-time delivery and payment terms of the transaction. In the event that no quotation from unrelated third parties is available, the management (who will have no interest, whether direct or indirect, in the transaction) will assess that the pricing of the transaction is in accordance with the usual business practices and pricing policy of the EEIC Group to determine whether such transaction is undertaken on normal commercial terms.

(b) Supply of PCBs and Subcontracting Services

In considering whether to enter into a particular transaction with an Interested Person, the prices and terms of at least two (2) other recent transactions involving similar products or services with unrelated third parties will be taken into account. The price charged to the Interested Person should not be lower than the lower of the prices charged in the two recent transactions of similar product or service specifications. In determining price competitiveness for the supply of PCBs, factors such as (but not limited to) quality, quantity, order size, product specifications, duration of contract of the transaction, will also be taken into account. As for the supply of subcontracting services, price competitiveness would be determined based on factors such as (but not limited to) quality of services, on-time delivery and payment terms of the transaction. In the event that no recent transactions of similar products or services were entered into with third parties, the management (who will have no interest, direct or indirect, in the transaction) will assess if the pricing and terms of the transaction are in accordance with the EEIC Group's usual business practices and pricing policy, and are consistent with the usual margins for the same or substantially similar types of transactions entered into with unrelated third parties.

(c) Purchase of Capital Equipment

When purchasing the Equipment from an Interested Person as set out in Section 5.7 of the Circular, two (2) other quotations from unrelated third parties will be obtained (where available) for comparison to ensure that the interests of the Company and the Minority Shareholders are not disadvantaged. The purchase price shall not be higher than the most competitive price of the two (2) other quotations from unrelated third parties. In determining the most competitive price, all pertinent factors, including but not limited to quality, delivery time and track record will be taken into consideration. In the event that no quotation from unrelated third parties is available, the management (who will have no

interest, whether direct or indirect, in the transaction) will assess that the pricing of the transaction is in accordance with the usual business practices and pricing policy of the EEIC Group to determine whether such transaction is undertaken on normal commercial terms.

In addition to the review procedures, we note that prior approval of the Audit Committee must be obtained before:

- (a) any proposed per unit purchase of the Equipment under the EPFA equal to or exceeding US\$3,000,000 (which represents 0.81% of the latest NTA of the EEIC Group) in value is entered into; and
- (b) any other proposed single Interested Person Transaction (except for the Purchase of Capital Equipment) equal to or exceeding S\$3,000,000 (which represents 0.64% of the latest NTA of the EEIC Group) in value is entered into.

Any decision taken by the Audit Committee with regard to such transactions must be approved by the majority of its members.

Other Review Procedures

The following procedures will also be implemented by the Company:

- (a) The Company will maintain a register of New IPTs (which will include the transaction below S\$100,000) carried out pursuant to the New IPT Mandate (recording the basis, including quotations and/or offers obtained, if any, where applicable to support such basis, on which they are entered into).
- (b) The annual audit plan shall incorporate a review of all New IPTs entered into pursuant to the New IPT Mandate.
- (c) The Audit Committee may, as it deems fit, request for additional information pertaining to any New IPT under review from independent sources or advisers.
- (d) Further to the above, where any Director has an interest (direct or indirect) in any New IPT, such Director (or, his alternate, where appropriate) shall abstain from voting on the matter. Where any member of the Audit Committee has an interest in any New IPT, that member shall abstain from participating in the review and approval process in relation to that transaction.
- (e) The Audit Committee will carry out periodic reviews (not less than twice a year) to ascertain that the established review procedures as set out in Section 5.9 of the Circular in respect of the New IPT Mandate have been complied with, and whether the review procedures remain appropriate and continue to be able to ensure that the transactions will be carried out on normal commercial terms, and are not prejudicial to the interests of the

Company and the Minority Shareholders. If during their periodic reviews, the Audit Committee is of the view that the established guidelines and procedures are inappropriate or are not sufficient to ensure that the New IPTs are conducted on an arm's length basis, and may be prejudicial to the interests of the Company and the Minority Shareholders, the Company will obtain a fresh mandate from Shareholders based on new review procedures and guidelines for New IPTs. In the meantime, all New IPTs are to be approved by the Audit Committee.

- (f) The Company will report all New IPTs to the Audit Committee. The Audit Committee will review and ratify all New IPTs on a half-yearly basis. In the event of ambiguity as to whether a transaction or transactions would fall within the New IPT Mandate, the Company will consult the Audit Committee prior to entering into such transactions.

4 OPINION ON THE NEW IPT MANDATE

In arriving at our opinion on whether the methods and/or review procedures for determining the transaction prices of the New IPTs for purposes of the New IPT Mandate, as set out in Section 5.9 of the Circular, are sufficient to ensure that the New IPTs will be carried out on normal commercial terms and will not be prejudicial to the interests of the Company and the Minority Shareholders, we have considered the following:

- (a) the Directors' rationale for, and the benefits accruing to the EEIC Group arising from, the New IPT Mandate;
- (b) the classes of Interested Persons and categories of the New IPTs to be covered by the New IPT Mandate; and
- (c) the guidelines and review procedures for the New IPTs.

Based on the analysis undertaken, and subject to the qualifications and assumptions set out in this letter, EYCF is of the opinion that the methods and/or review procedures for determining the transaction prices of the New IPTs, as set out in Section 5.9 of the Circular, *if adhered to*, are sufficient to ensure that the New IPTs will be carried out on normal commercial terms and will not be prejudicial to the interests of the Company and the Minority Shareholders.

Our opinion letter is provided for the benefit of the Independent Directors, in connection with and for the purpose of their consideration of the New IPT Mandate. In addition, we have not regarded the general or specific investment objectives, financial situation, tax position, risk profile or unique needs and considerations of any individual Shareholder.

Whilst a copy of this letter may be reproduced in the Circular, no other person may reproduce, disseminate or quote this letter (or any part thereof) for any other purpose (other than the intended purpose in relation to the New IPT Mandate) at any time and in any manner without the prior written consent of EYCF in each specific case. This opinion is governed by, and construed in accordance with, the laws of Singapore, and is strictly limited to the matters stated herein and does not apply by implication to any other matter.

Yours faithfully

For and on behalf of

Ernst & Young Corporate Finance Pte Ltd

Leslie Koh

Executive Director

NOTICE OF ANNUAL GENERAL MEETING



Elec & Eltek 依利安達

Elec & Eltek International Company Limited

依利安達集團有限公司*

(Incorporated in the Republic of Singapore with Limited Liability)

Singapore Company Registration Number: 199300005H

(Hong Kong Stock Code: 1151)

(Singapore Stock Code: E16.SI)

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the members of Elec & Eltek International Company Limited (the “**Company**”) will be held on 26 April 2012 (a) in Hong Kong, at Meeting Room 05, 1/F., Core Building 1, No.1 Science Park East Avenue, Hong Kong Science Park, Pak Shek Kok, Shatin, Hong Kong (for Hong Kong Shareholders); and (b) in Singapore, via video-conferencing at Meeting Room 320, Level 3, Suntec Singapore International Convention & Exhibition Centre, 1 Raffles Boulevard, Suntec City, Singapore 039593 (for Singapore Shareholders) at 10:00 a.m. to transact the following ordinary and special businesses:

ORDINARY BUSINESSES:

1. To receive and adopt the Directors’ Report and the Audited Accounts of the Company for the financial year ended 31 December 2011 with the Auditors’ Report thereon. **(Resolution 1)**

2. To declare a one-tier tax exempt final dividend of United States 12 cents per share for the financial year ended 31 December 2011. **(Resolution 2)**

3. To re-elect the following Directors retiring pursuant to Articles 95(2) and 95(4) of the Articles of Association of the Company (the “**Articles**”):
 - (i) Mr. Cheung Kwok Wing [see Note 2 below] **(Resolution 3)**

 - (ii) Mr. Chan Wing Kwan [see Note 3 below] **(Resolution 4)**

 - (iii) Mr. Chadwick Mok Cham Hung **(Resolution 5)**

 - (iv) Ms. Claudia Heng Nguan Leng **(Resolution 6)**

 - (v) Mr. Chang Wing Yiu [see Note 2 below] **(Resolution 7)**

** for identification purpose only*

NOTICE OF ANNUAL GENERAL MEETING

4. To re-elect Mr. Stanley Chung Wai Cheong retiring pursuant to Article 77 of the Articles, as Director. [see Note 4 below]

(Resolution 8)
5. To confirm, approve and ratify the payment of Directors' fees for the financial year ended 31 December 2011. [see Note 5 below]

(Resolution 9)
6. To approve Directors' fees of HK\$360,000 for the financial year ending 31 December 2012. [see Note 5 below]

(Resolution 10)
7. To re-appoint Deloitte & Touche LLP as Auditors of the Company and authorise the Directors to fix their remuneration.

(Resolution 11)

SPECIAL BUSINESSES:

8. To consider and if thought fit, to pass the following resolutions as Ordinary Resolutions, with or without any modification:

8.1 The Grant of Share Issue Mandate

That pursuant to Section 161 of the Companies Act (Cap. 50, Singapore Statutes) (the "**Act**"), Rule 806 of the Listing Manual of Singapore Exchange Securities Trading Limited (the "**SGX-ST**") and the HK Listing Rules, authority be and is hereby given to the Directors to:

- (a) subject to paragraph (c) of this resolution, the exercise by the Directors during the Relevant Period (as hereinafter defined) of all the powers of the Company to allot, issue and deal with additional shares in the capital of the Company ("**Shares**") and to make or grant offers, agreements and options (including but not limited to bonds, warrants and debentures convertible into Shares of the Company) which would or might require the exercise of such powers be and is hereby generally and unconditionally approved;
- (b) the approval in paragraph (a) of this resolution shall authorise the Directors during the Relevant Period to make or grant offers, agreements and options (including but not limited to bonds, warrants and debentures convertible into Shares of the Company) which would or might require the exercise of such powers after the end of the Relevant Period;
- (c) the aggregate nominal amount of the Shares allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) by the Directors pursuant to the approval in paragraph (a) of this resolution, shall not exceed fifty per cent. (50%) of the total number of issued shares in the capital of the Company (excluding treasury shares (if any)), of which the aggregate number of shares to be issued other than

NOTICE OF ANNUAL GENERAL MEETING

on a pro-rata basis to existing shareholders of the Company shall not exceed twenty per cent. (20%) of the aggregate nominal amount of the issued share capital of the Company as at the date of passing of the resolution and the approval in paragraph (a) of this resolution shall be limited accordingly; and

- (d) for the purpose of this resolution, “**Relevant Period**” means the period from the passing of the resolution until whichever is the earliest 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 the Articles or any applicable laws to be held; and
 - (iii) the revocation or variation of the authority given under this resolution by an ordinary resolution of the Shareholders of the Company in general meeting.

(Resolution 12)

8.2 The Proposed Renewal of the Share Purchase Mandate

That:

- (a) For the purposes of Sections 76C and 76E of the Act, the exercise by the Directors of all the powers of the Company to purchase or otherwise acquire issued ordinary Shares not exceeding in aggregate the Prescribed Limit (as hereinafter defined), at such price or prices as may be determined by the Directors from time to time up to the Maximum Price (as hereinafter defined), whether by way of:
- (i) off-market purchases (each, an “**Off-Market Share Purchase**”) effected in accordance with any equal access scheme(s) as may be determined or formulated by the Directors as they may consider fit, which scheme(s) shall satisfy all the conditions prescribed by the Act; and/or
 - (ii) on-market purchases (each an “**On-Market Share Purchase**”) on the SGX-ST and/or The Stock Exchange of Hong Kong Limited (the “**HKSE**”), through the ready markets, through one or more duly licensed stock brokers appointed by the Company for such purpose

and otherwise in accordance with all other laws and regulations and rules of the SGX-ST, the Singapore Code on Take-overs and Mergers, the HK Listing Rules, the Code on Share Repurchases of Hong Kong, and the Hong Kong Code on Takeovers and Mergers, as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally (the “**Share Purchase Mandate**”).

NOTICE OF ANNUAL GENERAL MEETING

- (b) Unless varied or revoked by the Company in general meeting, the authority conferred on the Directors pursuant to the Share Purchase Mandate may be exercised by the Directors at any time and from time to time during the period commencing from the date of the passing of this resolution, and expiring on the earlier of:
- (i) the date on which the next annual general meeting of the Company is held or required by law or the Articles to be held; or
 - (ii) the date on which the purchase of Shares by the Company pursuant to the Share Purchase Mandate is carried out to the full extent mandated; or
 - (iii) the date on which the authority conferred by the Share Purchase Mandate is revoked or varied by the Company in a general meeting.
- (c) For the purpose of this resolution:

“**Prescribed Limit**” means ten per cent. (10%) of the issued ordinary share capital of the Company as at the date of the passing of this resolution (excluding Treasury Shares); and

“**Maximum Price**” in relation to a Share to be purchased, means an amount (excluding brokerage, stamp duties, commission, applicable goods and services tax and other related expenses) not exceeding:

- (i) in the case of an On-Market Share Purchase, one hundred and five per cent. (105%) of the Average Closing Price (as hereinafter defined); and
- (ii) in the case of an Off-Market Share Purchase, one hundred and twenty per cent. (120%) of the Average Closing Price (as hereinafter defined),

where:

“**Average Closing Price**” means the average of the closing market prices of a Share over the last five (5) Market Days (“**Market Day**” being a day on which the SGX-ST or the HKSE, as the case may be, is open for securities trading), on which transactions in the Shares were recorded, immediately preceding the date of making the On-Market Share Purchase or, as the case may be, the date of making an announcement for an offer pursuant to the Off-Market Share Purchase, and deemed to be adjusted for any corporate action that occurs after the relevant five (5) Market Days.

- (d) The Directors and/or each and any of them be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they and/or he may consider necessary, expedient, incidental or in the interests of the Company to give effect to the transactions contemplated and/or authorised by this resolution.

(Resolution 13)

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8.3 The Proposed New Mandate for Interested Person Transactions

That:

- (a) Approval be and is hereby given, for the purposes of Chapter 9 of the Listing Manual of the SGX-ST, for the Company, its Subsidiaries and Associated Companies, or any of them, to enter into any transactions falling within the types of Interested Person Transactions, particulars of which are set out in the Circular to Shareholders dated 23 March 2012 (the “**Circular**”), with any person who falls within the class of Interested Persons described in the Circular, provided that such transactions are made on normal commercial terms and in accordance with the review procedures for Interested Person Transactions as set out in the Circular (the “**New IPT Mandate**”);
- (b) The New IPT Mandate shall, unless revoked or varied by the Company in general meeting, continue in force until the next Annual General Meeting of the Company is held or is required by law or the Articles to be held;
- (c) The Audit Committee of the Company be and is hereby authorised to take such action as it deems proper in respect of procedures and/or to modify or implement such procedures as may be necessary to take into consideration any amendment to Chapter 9 of the Listing Manual which may be prescribed by SGX-ST from time to time, and any amendment to the HK Listing Rules which may be prescribed by the HKSE from time to time; and
- (d) The Directors be and are hereby authorised to do all such acts and things (including, without limitation, executing all such documents as may be required) as they may consider expedient or necessary or in the interests of the Company to give effect to the New IPT Mandate and/or this resolution.

(Resolution 14)

By Order of the Board

Claudia Heng Nguan Leng

Company Secretary

Hong Kong

23 March 2012

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Notes:

1. Terms and expressions not defined herein shall have the same meanings ascribed to them in the Circular to Shareholders dated 23 March 2012.
2. Mr. Cheung Kwok Wing and Mr. Chang Wing Yiu will, upon re-election as Directors, remain as members of the Employees' Share Option Scheme Committee of the Company.
3. Mr. Chan Wing Kwan will, upon re-election as Director, remain as a member of the Remuneration Committee, the Nominating Committee, the Audit Committee and the Employees' Share Option Scheme Committee of the Company.
4. Mr. Stanley Chung Wai Cheong will, upon re-election as Director, remain as a member of the Remuneration Committee, the Nominating Committee and the Audit Committee of the Company.
5. For the financial year ended 31 December 2011, the approved Directors' fee was HK\$140,000.
6. In accordance with Section 76C of the Act, the sources of funds to be used for the Share Purchase and the financial effects that the Share Purchase would have on the Company are stated under Sections 4.6 and 4.7 respectively, from pages 18 to 23 of the Circular.
7. A member of the Company entitled to attend and vote at the Annual General Meeting is entitled to appoint one (1) proxy or two (2) proxies (or in the case of a corporation, appoint its authorised representative or proxy) to attend and vote on his behalf. Such proxy(ies) need not be a member of the Company.
8. Whether or not you intend to attend the meeting, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return it to the registered office of the Company at 80 Raffles Place #33-00 UOB Plaza 1 Singapore 048624 (for Singapore Shareholders) or the office of the Company's Hong Kong branch share registrar, Tricor Investor Services Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong (for Hong Kong Shareholders) as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the meeting or any adjournment thereof in order for the proxy to be entitled to attend and vote at the Annual General Meeting. Completion and return of the form of proxy will not preclude you from attending and voting in person at the meeting if you so wish and, in such event, the form of proxy shall be deemed to be revoked.

NOTICE OF BOOK CLOSURE IN RESPECT OF SHAREHOLDERS' ENTITLEMENT TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING

The Singapore principal share transfer books, Singapore principal register of members of the Company and the Hong Kong share transfer books and Hong Kong branch register of members of the Company will be closed from 24 April 2012 to 26 April 2012, both days inclusive, during which period no transfer of shares of the Company will be registered, for the purpose of determining the identity of the Company's shareholders ("**Shareholders**") who are entitled to attend and vote at the annual general meeting of the Company to be held on 26 April 2012 ("**2012 AGM**"). In order to attend and vote at the 2012 AGM, the Shareholders are reminded to ensure that all transfer documents, accompanied by the relevant share certificates, must be lodged with the Company's principal share registrar in Singapore, Boardroom Corporate & Advisory Services Pte. Ltd., at 50 Raffles Place,

NOTICE OF ANNUAL GENERAL MEETING

#32-01 Singapore Land Tower, Singapore 048623, (for Singapore Shareholders) no later than 5:00 p.m. on 23 April 2012, or with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong (for Hong Kong Shareholders) no later than 4:30 p.m. on 23 April 2012.

For the purpose of determination of Shareholders registered under the Singapore principal register of members and the Hong Kong branch register of members of the Company, all necessary documents, remittances accompanied by the relevant share certificates in respect of removal of shares of the Company between the two register of members, must be submitted no later than 5:00 p.m. and 4:30 p.m. on 16 April 2012 to the Company's Singapore principal share registrar, Boardroom Corporate & Advisory Services Pte. Ltd. at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623, (for Singapore Shareholders) and the Company's Hong Kong branch share registrar, Tricor Investor Services Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong (for Hong Kong Shareholders), respectively.

NOTICE OF BOOK CLOSURE IN RESPECT OF SHAREHOLDERS' ENTITLEMENT TO FINAL DIVIDEND AND FINAL DIVIDEND PAYMENT DATE

The Singapore principal share transfer books, Singapore principal register of members of the Company and the Hong Kong share transfer books and Hong Kong branch register of members of the Company will be closed from 12 May 2012 to 14 May 2012, both days inclusive, for the purpose of determining the entitlements for the final dividend. In order to qualify for the final dividend, the Company's shareholders ("**Shareholders**") are reminded to ensure that all transfer documents accompanied by the relevant share certificates, must be lodged with the Company's principal share registrar in Singapore, Boardroom Corporate & Advisory Services Pte. Ltd., at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623, (for Singapore Shareholders) no later than 5:00 p.m. on 11 May 2012, or with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong (for Hong Kong Shareholders) no later than 4:30 p.m. on 11 May 2012.

For the purpose of determination of Shareholders registered under the Singapore principal register of members and the Hong Kong branch register of members of the Company, all necessary documents, remittances accompanied by the relevant share certificates in respect of removal of shares of the Company between the two register of members, must be submitted no later than 5:00 p.m. and 4:30 p.m. on 2 May 2012 to the Company's Singapore principal share registrar, Boardroom Corporate & Advisory Services Pte. Ltd. at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623, (for Singapore Shareholders) and the Company's Hong Kong branch share registrar, Tricor Investor Services Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong (for Hong Kong Shareholders), respectively.

The proposed final dividend which shall be subject to Shareholders' approval at the forthcoming annual general meeting of the Company to be held on 26 April 2012, is payable on 25 May 2012 in US\$ to Shareholders whose names appeared on the Singapore principal register of members and the Hong Kong branch register of members of the Company at the close of business on 11 May 2012. Shareholders whose securities accounts with The Central Depository (Pte) Limited are credited with shares of the Company as at 5:00 p.m. on 11 May 2012 will be entitled to such proposed dividend.