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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)

RENEWAL OF CONTINUING CONNECTED TRANSACTIONS

CONTINUING CONNECTED TRANSACTIONS

Reference is made to the 2016 Announcement. The Existing Annual Caps will expire on 31 December 2019. The EEIC Group and the Kingboard Group would like to renew the 2016 CCT Agreements and set out the Proposed Annual Caps thereof.

As at the date of this announcement, Kingboard, directly and indirectly through its wholly-owned subsidiaries, owns approximately 73.65% of the issued share capital of the Company and is therefore a connected person of the Company. Accordingly, the CCTs constitute continuing connected transactions of the Company under Chapter 14A of the HK Listing Rules.

HK LISTING RULES IMPLICATIONS

As the highest of the applicable percentage ratios (under Chapter 14 of the HK Listing Rules) of the aggregate amount to be paid or received by the EEIC Group (as the case may be) on an annual basis under each of the 2019 CCT Agreements for each of the three years ending 31 December 2020, 2021 and 2022 is equal to or greater than 5%, the CCTs are subject to the annual review, reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the HK Listing Rules.

A circular containing, among other things, (i) further details of the 2019 EPF Agreement, the 2019 MSP Agreement and the transactions and the Proposed Annual Caps contemplated thereunder, respectively; (ii) the opinion from the independent financial adviser; (iii) the recommendation from the Independent Board Committee; and (iv) the notice of the EGM and other information as required under the HK Listing Rules and the Singapore Listing Manual, is expected to be despatched by the Company to the Shareholders within 15 business days after the publication of this announcement.

INTRODUCTION

Reference is made to the 2016 Announcement. The Existing Annual Caps will expire on 31 December 2019. The EEIC Group and the Kingboard Group would like to renew the 2016 CCT Agreements and set out the Proposed Annual Caps thereof for the three years commencing on 1 January 2020 and ending on 31 December 2022, as more particularly described in this announcement.

THE 2019 CCT AGREEMENTS

Principal terms of the 2019 CCT Agreements, namely the 2019 EPF Agreement and the 2019 MSP Agreement, include, among others, the following:

1. 2019 EPF Agreement

On 28 October 2019, the Company entered into the 2019 EPF Agreement with Kingboard, details of which are set out below:

Date: 28 October 2019

Parties: (1) The Company; and
(2) Kingboard

Nature of transaction: The Kingboard Group (including, for the purpose of the 2019 EPF Agreement, the associated companies of Kingboard as defined in the Singapore Listing Manual) will sell certain Equipment to the EEIC Group (including, for the purpose of the 2019 EPF Agreement, the associated companies of the Company as defined in the Singapore Listing Manual) from time to time.

The 2019 EPF Agreement comprises the general terms and conditions upon which the EEIC Group may purchase Equipment from the Kingboard Group. The EEIC Group and the Kingboard Group may, from time to time, enter into purchase agreements or the EEIC Group may submit purchase orders setting out the detailed terms for the purchase of Equipment, provided that such detailed terms shall not be inconsistent with the terms of the 2019 EPF Agreement. The Kingboard Group will not be obligated to sell any prescribed quantity of Equipment or at any specific prices to the EEIC Group during the term of the 2019 EPF Agreement.

Term: Three years from 1 January 2020 to 31 December 2022

Condition: The 2019 EPF Agreement is conditional upon the approval of the 2019 EPF Agreement, and the transactions and the Proposed Annual Caps thereunder for the three years ending 31 December 2020, 2021 and 2022, by the Independent Shareholders (where required).

Pricing: The price of Equipment to be supplied by the Kingboard Group under the 2019 EPF Agreement will be determined on an arm's length and a case-by-case basis, depending on the type and specification of Equipment and with reference to the prevailing market price, which will be obtained through the market or independent third party suppliers of the EEIC Group.

Whenever any company of the EEIC Group intends to purchase Equipment pursuant to the 2019 EPF Agreement, in order to determine if the prices offered by the relevant company in the Kingboard Group are in accordance with the above pricing policy and are comparable to, or not less favourable than, the prices offered by independent third parties, the procurement department will firstly inform the potential suppliers (including the Kingboard Group) of the amount and type of Equipment intended to be purchased and the technical requirements of such purchase, and the operation department will then assess and evaluate the technical capabilities of such suppliers and the related quotations. The EEIC Group will ask for quotations from, where available, at least two independent suppliers which are able to meet the technical requirements of the EEIC Group of comparable scale pursuant to which such Equipment were supplied under normal trading conditions, and report to the senior management accordingly.

Following receipt of the quotations, the EEIC Group will compare and negotiate the price and terms of the quotation on an arm's length basis. In determining the supplier, the procurement department of the relevant company in the EEIC Group will take into account, among other factors, price quotations, quality and quantity of the Equipment, technical capabilities, qualification and experience of the suppliers, brand name of the Equipment, ability in meeting delivery schedules and delivering the Equipment continuously (*Note 1*).

In the event that there are no comparable quotations and transactions, the EEIC Group may request for price quotations for Equipment of similar specifications and terms offered by the Kingboard Group to its independent customers for the EEIC Group's reference purposes, and will seek to obtain the market information through various channels (such as industry-related websites or other public domains (*Note 2*)), where applicable.

Terms of payment: Unless otherwise agreed between the parties to the relevant agreement, the standard payment term applicable to the purchase of Equipment shall be prescribed as follows: (a) a deposit of 30% of the purchase price payable upon execution of the relevant agreement or purchase order; (b) 50% of the purchase price will be due within one month upon the Equipment being received by the relevant company within the EEIC Group; and (c) the balance of 20% of the purchase price will be due within one month following the certified acceptance of the Equipment as suitable for use. Payment terms for different types of Equipment categories may be subject to other progressive payment terms as mutually agreed between the relevant company within the EEIC Group and the Kingboard Group from time to time.

Notes:

1. As part of the internal requirement, the procurement personnel and/or the director-in-charge of the relevant company of the EEIC Group, as the case may be, will review the purchase proposal (including, by comparing the quotations from, where available, at least two independent suppliers and the Kingboard Group and considering the historical purchase price for Equipment of similar specifications and terms) before making the final purchase decision.
2. For this purpose, the EEIC Group will also consider information available from industry-related websites, where applicable, such as PCB Information Web* (PCB信息網), Shenzhen Beehive Network Technology Co., Ltd* (深圳市蜂虎網絡科技有限公司) (<http://www.pcbinfo.net/>) containing PCB industry information, including product price, trade fair etc., and PCB Shop of Taiwan Printed Circuit Association (<http://www.pcbshop.org/cn/>) containing certain PCB product and supplier information.

2. 2019 MSP Agreement

On 28 October 2019, the Company entered into the 2019 MSP Agreement with Kingboard, details of which are set out below:

Date: 28 October 2019

Parties: (1) the Company; and
(2) Kingboard

Nature of transaction: Pursuant to the 2019 MSP Agreement, the Kingboard Group (including, for the purpose of the 2019 MSP Agreement, the associated companies of Kingboard as defined in the Singapore Listing Manual) will sell certain goods and/or services, including but not limited to copper foil, kraft paper, copper balls, laminates, glass fibre and prepreg, to the EEIC Group (including, for the purpose of the 2019 MSP Agreement, the associated companies of the Company as defined in the Singapore Listing Manual), and the EEIC Group will sell certain goods and/or services, including but not limited to drill maintenance services and green laminates, to the Kingboard Group from time to time.

The 2019 MSP Agreement comprises the general terms and conditions upon which any company within the Kingboard Group may purchase goods and/or services from any company within the EEIC Group and vice versa. The relevant party(ies) may from time to time enter into purchase agreements or submit purchase orders setting out the detailed terms for the purchase of the goods and/or services, provided that such detailed terms shall not be inconsistent with the terms of the 2019 MSP Agreement. The Kingboard Group will not be obligated to sell or purchase any prescribed quantity of goods and/or services or at any specific prices to or from the EEIC Group, and the EEIC Group will not be obligated to sell or purchase any prescribed quantity of goods and/or services or at any specific prices to or from the Kingboard Group during the term of the 2019 MSP Agreement.

Goods and/or services that could be purchased by the EEIC Group from the Kingboard Group:

Aluminium sheets, carton boxes, chemicals, copper foil, kraft paper, copper ball, drill bits, laminates, prepreg, glass fibre, epoxy, glacial acetic acid, phenolic board, back-up board, punch mould, dry film, fixture, spare parts, printed materials, copper foil scrap, drilling services, routing services, electroless nickel and immersion gold, lead-free hot air solder levelling, gold plating services, innerlayer, value-added sub-contract services relating to PCB manufacturing, microdrilling services for PCB, and other services which are incidental to or in connection with the provision of the services outlined above and as mutually agreed in writing by the Kingboard Group and the EEIC Group from time to time.

Goods and/or services that could be purchased by the Kingboard Group from the EEIC Group:

PCBs, process sub-contracting services, soldermask or marking ink, repair of drill spindle services, prepreg, laminates, any other value-added sub-contract services and goods relating to PCB manufacturing, microdrilling services for PCBs, and other services which are incidental to or in connection with the provision of the services outlined above and as mutually agreed in writing by the Kingboard Group and the EEIC Group from time to time.

Term:

Three years from 1 January 2020 to 31 December 2022

Condition:

The 2019 MSP Agreement is conditional upon the approval of the 2019 MSP Agreement, and the transactions and the Proposed Annual Caps thereunder for the three years ending 31 December 2020, 2021 and 2022, by the Independent Shareholders (where required).

Pricing:

The goods and services to be supplied pursuant to the 2019 MSP Agreement by the relevant party to the other party will be determined on an arm's length and case-by-case basis, depending on the type and specification of the goods and/or services and with reference to the prevailing market price, which will be obtained through the market or independent third party suppliers/customers of the EEIC Group.

Whenever the EEIC Group intends to obtain or provide goods and/or services pursuant to the 2019 MSP Agreement, in order to determine if the prices offered by the Kingboard Group in respect of the EEIC Group's procurement of goods and/or services, or the prices offered to the Kingboard Group in respect of the EEIC Group's provision of goods and/or services (as the case may be), are in accordance with the above pricing policy and are comparable to, or not less favourable than the prices offered by independent third party suppliers or price offered to independent third party customers (as the case may be), (i) in respect of procurement, the procurement department of the relevant company in the EEIC Group will inform the potential suppliers (including the relevant company in the Kingboard Group) of the amount and type of intended procurement and ask for quotations from, where available, at least two independent third party suppliers of comparable scale where such goods and/or services were supplied under normal trading conditions, and report to the senior management accordingly; and (ii) in respect of the EEIC Group's sales, the sales department of the relevant company in the EEIC Group will consider two comparable transactions with independent customers, where available, and report to the senior management of the EEIC Group accordingly (*Note 1*).

For the EEIC Group's procurement, following receipt of the quotations, the EEIC Group will compare and negotiate the price and terms of the quotation on an arm's length basis. In determining the supplier, the procurement department of the relevant company in the EEIC Group will take into account, among other factors, price quotations, quality and quantity of the goods and/or services, technical capabilities, qualification and experience of the suppliers/service providers, ability in meeting delivery schedules and delivering/providing the goods/services continuously (*Note 2*).

In the event that there are no comparable quotations and transactions for procurement, the EEIC Group may request for price quotations for goods or services of similar specifications and terms offered by the Kingboard Group to its independent customers for the EEIC Group's reference purposes, where applicable. Moreover, in the case of procurement or sales, if there are no comparable quotations and transactions, the EEIC Group will seek to obtain the market information through various channels (such as industry-related websites or other public domains), where applicable (*Note 3*).

Terms of payment:

Unless otherwise agreed between the parties to the agreement, the payment shall be made within 90 days after month-end settlement from the date when the goods and/or services are received by the relevant party. Different type of product categories may be subject to longer or shorter payment terms, as may be mutually agreed between the parties, but in any event shall not be more than 120 days after month-end settlement from the date when the goods and/or services are received by the relevant party.

Notes:

1. As part of the internal requirement, the sales personnel and/or the director-in-charge of the relevant company in the EEIC Group, as the case may be, will review the purchase order from the Kingboard Group and compare it against two comparable transactions with independent customers of the EEIC Group, where available. The historical price of comparable transactions will be taken into account. As such, the terms offered to the Kingboard Group in respect of the sales of goods and/or provision of services to the Kingboard Group will be comparable, or not more favourable to, the Kingboard Group.
2. As part of the internal requirement, the procurement personnel and/or the director-in-charge of the relevant company in the EEIC Group, as the case may be, will review the purchase proposal (including, by comparing the quotations from, where available, at least two independent suppliers and the Kingboard Group and considering the historical price for goods or services of similar specifications and terms) before making the final procurement decision. The relevant procurement personnel will also evaluate the comparable suppliers (including the Kingboard Group) on a regular basis by adopting a merit-based system in monitoring the product/service quality, pricing and other major terms with a view to facilitating the EEIC Group in making any procurement decision of similar nature from time to time.
3. For this purpose, the EEIC Group will also consider information available from industry-related websites, where applicable, such as the prevailing raw material price indices as quoted from time to time on relevant industry websites, such as the Shanghai Metal Market (www.metal.com) for RMB prices of copper, silver, tin and aluminum, the London Metal Exchange (www.lme.com) for USD prices of copper, tin, aluminum, and Treasure Island (Beijing) Information Co., Ltd.* (金銀島(北京)資訊有限公司) (www.315i.com) (a PRC commodity information and transaction service provider) for RMB prices of crude oil, where applicable. In addition, the EEIC Group will also take into account whether the end-users have specified designated suppliers. If so, the selection of suppliers will be restricted accordingly.

Internal Control Mechanism for the Pricing of the CCTs

The Company has implemented the following internal control mechanisms to (i) supervise and monitor compliance of the pricing terms of CCTs; and (ii) ensure that the annual caps to be approved by the Independent Shareholders will not be exceeded:

- as disclosed in the respective pricing policies for the CCTs, the price of Equipment provided by the Kingboard Group, and the goods and/or services to be supplied by the Kingboard Group or the EEIC Group, will be determined on an arm's length basis and will be fixed on a case-by-case basis and with reference to the prevailing market price, which will be obtained through the market or independent third party suppliers or customers (as the case may be). Please refer to the paragraphs headed "Pricing" under the section headed "The 2019 CCT Agreements" for each pricing policy under the respective 2019 CCT Agreements and the relevant pricing procedures and internal control mechanisms;
- the procurement department, based on its experience in the industry, is generally familiar with the market information of the Equipment and the goods and/or services contemplated under the respective 2019 CCT Agreements. Additionally, based on the price quotation comparisons to be done by the relevant procurement and sales department, they will be able to assess if the prices offered by the relevant party under the 2019 CCT Agreements are in accordance with the above pricing policy and is comparable to or not less favourable than price offered by or to independent third parties (as the case may be). The respective heads of the procurement and sales departments, as the case may be, will review the prices to approve the orders;
- the finance department will review the implementation of the approved annual caps of the CCTs and report to the management on a monthly basis, and communicate with the relevant procurement and sales departments on a regular basis, to ensure the transaction amounts would not exceed the approved annual caps;
- the audit committee of the Board will review the annual report each year, which contains the information on the implementation of the CCTs, on an annual basis. The INEDs will give their views on the CCTs, mainly including whether the CCTs are fair and reasonable, and whether the actual transaction amounts incurred by the CCTs are within the approved annual caps; and
- the external auditor of the Company will conduct an annual audit each year, and review the implementation of the CCTs by the Company, including whether the amounts incurred by the CCTs are within the annual caps during the relevant year, pursuant to the requirements of the HK Listing Rules.

The Board considers that the above internal control measures will provide safeguards to the EEIC Group to supervise and monitor (i) that the pricing terms of CCTs are in accordance with the 2019 CCT Agreements and conducted on terms that are comparable to, or no less favourable than, prices offered by independent third parties; and (ii) that the annual caps to be approved by the Independent Shareholders are adhered to, and the CCTs will be conducted within the approved annual caps during the relevant year, pursuant to the requirements under the HK Listing Rules.

HISTORICAL FIGURES, EXISTING ANNUAL CAPS AND PROPOSED ANNUAL CAPS

The table below sets out the Existing Annual Caps and the corresponding actual/estimated amount:

	For the year ended 31 December 2017		For the year ended 31 December 2018		For the year ended 31 December 2019		
	Annual cap (USD)	Actual amount (USD)	Annual cap (USD)	Actual amount (USD)	Annual cap (USD)	Actual Amount (up to 30 September 2019) (USD)	Estimated amount (up to 31 December 2019) (USD)
2016 EPF Agreement	10,000,000	4,613,000	11,000,000	9,867,000	12,100,000	8,203,000	10,937,000
2016 MSP Agreement (purchase of certain goods and/or services by the EEIC Group from the Kingboard Group)	165,000,000	107,881,000	189,800,000	140,830,000	218,300,000	131,364,000	175,152,000
2016 MSP Agreement (sale of certain goods and/or services by the EEIC Group to the Kingboard Group)	26,200,000	25,058,000	30,100,000	28,888,000	34,600,000	15,016,000	20,021,000

Proposed Annual Caps

Proposed Annual Caps for the 2019 EPF Agreement

The Proposed Annual Caps under the 2019 EPF Agreement are USD15,000,000, USD18,000,000 and USD21,600,000, for the three years ending 31 December 2020, 2021 and 2022, respectively.

The Proposed Annual Caps under the 2019 EPF Agreement were determined with reference to the internal projections of the purchases to be incurred, having regard to the following:

- (i) the expected growth of the global PCB market;
- (ii) normal wear-and-tear of Equipment;
- (iii) the anticipated growth in demand for Equipment;
- (iv) the prevailing market prices of Equipment;
- (v) inflation;
- (vi) the expected sales of the EEIC Group; and

- (vii) the business development plan of the EEIC Group, including the development of 5G-compatible PCB products to meet the rising demand as a result of the application of 5G technology, the expansion of the market share of certain PCB-related industries such as the high density interconnect PCB market and the maintenance of a more balanced portfolio of products.

The actual amount of purchases will be subject to prevailing market conditions and business environment.

Proposed Annual Caps for the 2019 MSP Agreement

The Proposed Annual Caps under the 2019 MSP Agreement are: (i) in respect of the purchase of goods and/or services by the EEIC Group from the Kingboard Group, USD230,000,000, USD264,500,000 and USD304,175,000; and (ii) in respect of the sale of goods and/or services by the EEIC Group to the Kingboard Group, USD28,000,000, USD32,200,000 and USD37,030,000 for the three years ending 31 December 2020, 2021 and 2022, respectively.

The Proposed Annual Caps under the 2019 MSP Agreement have been determined with reference to the internal projections of the sales and purchases to be incurred, having regard to the following:

- (i) the expected growth of the global PCB market;
- (ii) the anticipated growth in demand of such goods and/or services;
- (iii) the prevailing market prices of such goods and/or services;
- (iv) inflation; and
- (v) the business development plan of the EEIC Group, including the development of 5G-compatible PCB products to meet the rising demand as a result of the application of 5G technology, the expansion of the market share of certain PCB-related industries such as the high density interconnect PCB market and the maintenance of a more balanced portfolio of products.

The actual amount of sales and purchases will be subject to prevailing market conditions and business environment.

REASONS FOR AND BENEFITS OF ENTERING INTO THE 2019 CCT AGREEMENTS

2019 EPF Agreement

The EEIC Group has been continuously expanding its PCB business and anticipates that more Equipment for the manufacture of PCBs will be required to further expand the business. Taking into account a range of factors, including the reduction in transportation costs and the quality and price of Equipment manufactured by the Kingboard Group for the production of PCBs, the EEIC Group considers that the purchase of Equipment under the 2019 EPF Agreement is necessary to facilitate its business development plan and will improve the competitiveness, quality and price of the PCBs manufactured by the EEIC Group.

The Directors (other than the INEDs, whose opinion will be provided after reviewing the opinion from the independent financial adviser) are of the view that the 2019 EPF Agreement was entered into on normal commercial terms, in the ordinary and usual course of business of the EEIC Group, and that the terms of the 2019 EPF Agreement are fair and reasonable and in the interests of the Shareholders as a whole.

2019 MSP Agreement

The EEIC Group is engaged in the manufacture of PCBs, which requires materials including, but not limited to, copper foil, kraft paper, copper balls, laminates, glass fibre and prepreg as key components of its products. The Kingboard Group is engaged in, among other things, the manufacture of laminates and PCBs, which requires materials and services, including, but not limited to, green laminates and drill maintenance services, as part of its production process. The provision of such materials by the Kingboard Group to the EEIC Group secures a steady supply of such materials to the EEIC Group, which facilitates its production of PCBs. The EEIC Group considers that the Kingboard Group is a reliable business co-operation partner and that such co-operation is beneficial to the business of the EEIC Group.

The Directors (other than the INEDs, whose opinion will be provided after reviewing the opinion from the independent financial adviser) are of the view that the 2019 MSP Agreement was entered into on normal commercial terms, in the ordinary and usual course of business of the EEIC Group, and that the terms of the 2019 MSP Agreement are fair and reasonable and in the interests of the Shareholders as a whole.

HK LISTING RULES IMPLICATIONS

As at the date of this announcement, Kingboard, directly and indirectly through its wholly-owned subsidiaries, owns approximately 73.65% of the issued share capital of the Company, and is therefore a connected person of the Company. Accordingly, the CCTs constitute continuing connected transactions of the Company under Chapter 14A of the HK Listing Rules.

The 2019 EPF Agreement

As the highest applicable percentage ratio (under Chapter 14 of the HK Listing Rules) of the aggregate amount to be paid by the EEIC Group on an annual basis under the 2019 EPF Agreement for each of the three years ending 31 December 2020, 2021 and 2022 is equal to or greater than 5%, the transactions contemplated under the 2019 EPF Agreement are subject to the annual review, reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the HK Listing Rules.

The 2019 MSP Agreement

As the highest applicable percentage ratio (under Chapter 14 of the HK Listing Rules) of the aggregate amount to be paid or received by the EEIC Group (as the case may be) on an annual basis under the 2019 MSP Agreement for each of the three years ending 31 December 2020, 2021 and 2022 is equal to or greater than 5%, the transactions contemplated under the 2019 MSP Agreement are subject to the annual review, reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the HK Listing Rules.

The Company will seek Independent Shareholders' approval at an EGM for (i) the 2019 EPF Agreement and the transactions and the Proposed Annual Caps contemplated thereunder; and (ii) the 2019 MSP Agreement and the transactions and the Proposed Annual Caps contemplated thereunder. Karl Thomson Financial Advisory Limited has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in relation to the 2019 CCT Agreements and the Proposed Annual Caps.

A circular containing, among other things, (i) further details of the 2019 EPF Agreement, the 2019 MSP Agreement and the transactions and the Proposed Annual Caps contemplated thereunder, respectively; (ii) the opinion from the independent financial adviser; (iii) the recommendation from the Independent Board Committee; and (iv) the notice of EGM and other information as required under the HK Listing Rules and the Singapore Listing Manual, is expected to be despatched by the Company to the Shareholders within 15 business days after the publication of this announcement.

GENERAL

The EEIC Group

The Company is an investment holding company, which, through its subsidiaries, is primarily engaged in the design, development, manufacture and distribution of high-density, double-sided and multi-layered PCBs.

The Kingboard Group

Kingboard is an investment holding company. 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 and magnetic products, as well as property development and investment. Hallgain Management Limited, the ultimate beneficial owner of Kingboard, is an investment holding company.

DEFINITIONS

In this announcement, unless otherwise indicated or the context otherwise requires, the following expressions shall have the following meanings:

“2016 Announcement”	the Company’s announcement dated 7 November 2016, in relation to certain continuing connected transactions of the Company, including those contemplated under the 2016 CCT Agreements
“2016 CCT Agreements”	the 2016 EPF Agreement and the 2016 MSP Agreement
“2016 EPF Agreement”	the existing equipment purchase framework agreement dated 7 November 2016, for the purchase of certain Equipment, details of which are described in the 2016 Announcement
“2016 MSP Agreement”	the existing master sales and purchases framework agreement dated 7 November 2016, for the sale and purchase of certain goods and/or services, details of which are described in the 2016 Announcement
“2019 CCT Agreements”	the 2019 EPF Agreement and the 2019 MSP Agreement
“2019 EPF Agreement”	the equipment purchase framework agreement dated 28 October 2019, for the purchase of certain Equipment
“2019 MSP Agreement”	the master sales and purchases framework agreement dated 28 October 2019, for the sale and purchase of certain goods and/or services
“Board”	the board of Directors
“CCTs”	transactions contemplated under each of the 2019 CCT Agreements
“Company”	Elec & Eltek International Company Limited (依利安達集團有限公司*) (stock code: 1151), a company incorporated in Singapore with limited liability, the shares of which are listed on the main board of the Singapore Exchange Securities Trading Limited and the main board of SEHK
“connected person”	has the meaning ascribed to it under the HK Listing Rules
“Director(s)”	the director(s) of the Company
“EEIC Group”	the Company and its subsidiaries
“EGM”	extraordinary general meeting of the Company to be convened to approve the 2019 CCT Agreements, and the transactions and the Proposed Annual Caps contemplated thereunder

“Equipment”	all kinds of machineries and equipment for use in the PCB industry
“Existing Annual Caps”	the annual caps for the 2016 CCT Agreements for the three years ending 31 December 2017, 2018 and 2019
“HK Listing Rules”	the Rules Governing the Listing of Securities on SEHK
“Hong Kong”	the Hong Kong Special Administrative Region of PRC
“Independent Board Committee”	an independent board committee of the Board, comprising all the INEDs and formed to consider and advise the Independent Shareholders in relation to each of the 2019 CCT Agreements, the CCTs and the respective Proposed Annual Caps
“Independent Shareholders”	any Shareholder that is not required to abstain from voting at the EGM
“INEDs”	the independent non-executive Directors
“Kingboard”	Kingboard Holdings Limited (stock code: 148), a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the main board of SEHK
“Kingboard Group”	Kingboard and its subsidiaries (other than the EEIC Group)
“PCB(s)”	acronym for printed circuit board, a flat panel composite with alternating layers of printed conductors and electrical insulation, typically interconnected by conductive holes; PCBs provide platforms to connect semiconductors and other electronic, optical or mechanical devices to form a circuit or functional system
“PRC”	the People’s Republic of China (which, for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan)
“Proposed Annual Caps”	the proposed annual caps for the three years ending 31 December 2020, 2021 and 2022, as more particularly described in this announcement
“SEHK”	The Stock Exchange of Hong Kong Limited
“Shareholder(s)”	holder(s) of the share(s) in the Company
“Singapore Listing Manual”	the listing manual of Singapore Exchange Securities Trading Limited, as amended, modified or supplemented from time to time

“USD” United States dollars, the lawful currency of the United States of America

“%” per cent

By order of the Board
Elec & Eltek International Company Limited
依利安達集團有限公司*
Stephanie Cheung Wai Lin
Chairman

Hong Kong, 28 October 2019

As at the date of this announcement, the Board comprises the following Directors:

Executive Directors:–

Stephanie Cheung Wai Lin (*Chairman*)

Chang Wing Yiu

Independent non-executive Directors:–

Stanley Chung Wai Cheong

Ong Shen Chieh

Kong Tze Wing

* *For identification purpose only*