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# THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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If you are in any doubt as to any aspect of the Offer, this Composite Document and/or the accompanying Forms of Acceptance or as to the action to be taken, you should consult a licensed securities dealer or registered institution in securities, a bank manager, solicitor, professional accountant, or other professional adviser.

If you have sold or otherwise transferred all your securities in Elec & Eltek International Company Limited, you should at once hand this Composite Document and the accompanying Forms of Acceptance to the purchaser(s) or transferee(s) or to the bank, licensed securities dealer, or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s).

This Composite Document should be read in conjunction with the accompanying Forms of Acceptance, the contents of which form part of the terms and conditions of the Offer. This Composite Document is not for release, publication, or distribution in or into any jurisdiction where to do so would constitute a violation of the relevant laws of such jurisdiction.

Hong Kong Exchanges and Clearing Limited, SEHK, HKSCC, and SGX-ST take no responsibility for the contents of this Composite Document and the accompanying Forms of Acceptance, make no representation as to their accuracy or completeness, and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Composite Document and the accompanying Forms of Acceptance.

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**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: 01151)**

**(Singapore Stock Code: E16.SI)**

**ELEC & ELTEK INTERNATIONAL**

**HOLDINGS LIMITED**

依利安達國際集團有限公司

*(Incorporated in Bermuda with limited liability)*

## COMPOSITE OFFER AND RESPONSE DOCUMENT PROPOSED PRIVATISATION OF ELEC & ELTEK INTERNATIONAL COMPANY LIMITED BY WAY OF VOLUNTARY CONDITIONAL CASH OFFER BY GF SECURITIES (HONG KONG) BROKERAGE LIMITED ON BEHALF OF ELEC & ELTEK INTERNATIONAL HOLDINGS LIMITED TO ACQUIRE ALL THE OFFER SHARES

Financial Adviser to the Offeror



**Hong Kong Independent Financial  
Adviser to E&E**



**Singapore Independent Financial  
Adviser to E&E**



Unless the context otherwise requires, capitalised terms used in this Composite Document (including this cover page) shall have the same respective meanings as those defined in the section headed "Definitions" in this Composite Document. A "Letter from GF Securities" containing, among other things, the details of the terms and conditions of the Offer is set out on pages 9 to 27 of this Composite Document. A "Letter from the Board of Directors of E&E" is set out on pages 28 to 35 of this Composite Document. A "Letter from the Independent Board Committee" containing its recommendation in respect of the Offer is set out on pages 36 to 37 of this Composite Document. A "Letter from the Hong Kong Independent Financial Adviser" and a "Letter from the Singapore Independent Financial Adviser" containing the Independent Financial Advisers' advice and recommendation in respect of the Offer is set out on pages 38 to 71 and pages 72 to 126 of this Composite Document, respectively.

The procedures for acceptance and settlement of the Offer are set out in Appendices I and II to this Composite Document and in the accompanying Forms of Acceptance. Acceptances of the Offer should be received by (i) for Hong Kong Shareholders, the Hong Kong Registrar by no later than 4:00 p.m. on Friday, 26 June 2020; or (ii) for Singapore Shareholders, (if you hold Offer Shares deposited with CDP) CDP, at Robinson Road Post Office, P.O. Box 1984, Singapore 903934 or (if you hold Offer Shares in scrip form) the Singapore Registrar, at 50 Raffles Place, #32-01, Singapore Land Tower, Singapore 048623, by no later than 4:00 p.m. on Friday, 26 June 2020, or such later time(s) and/or date(s) as the Offeror may determine and announce, in accordance with the Hong Kong Takeovers Code and the Singapore Take-over Code.

Shareholders should inform themselves of and observe any applicable legal, tax, or regulatory requirements. Please refer to "Important Notices to all Holders of the Offer Shares" on pages ii to iv of this Composite Document.

Any persons including, without limitation, custodians, nominees, and trustees, who would, or otherwise intend to, forward this Composite Document and/or the accompanying Forms of Acceptance to any jurisdiction outside Hong Kong and Singapore should read the details in this regard which are contained in the paragraph headed "Overseas Shareholders" in the "Letter from GF Securities" in this Composite Document before taking any action. It is the responsibility of any overseas Shareholders wishing to take any action in relation to the Offer to satisfy themselves as to the full observance of the laws and regulations of the relevant jurisdictions in connection therewith, including obtaining all governmental, exchange control, or other consents which may be required and the compliance with all necessary formalities or legal requirements and the payment of any issue, transfer, or other taxes payable by such overseas Shareholders in respect of the acceptance of the Offer in such jurisdiction. The overseas Shareholders are advised to seek professional advice on deciding whether or not to accept the Offer.

This Composite Document is issued jointly by the Offeror and E&E.

\* For identification purpose only

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## CONTENTS

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	<i>Page</i>
<b>Important Notices to all Holders of the Offer Shares</b> .....	ii
<b>Expected Timetable</b> .....	v
<b>Cautionary Note Regarding Forward-Looking Statements</b> .....	viii
<b>Definitions</b> .....	1
<b>Letter from GF Securities</b> .....	9
<b>Letter from the Board of Directors of E&amp;E</b> .....	28
<b>Letter from the Independent Board Committee</b> .....	36
<b>Letter from the Hong Kong Independent Financial Adviser</b> .....	38
<b>Letter from the Singapore Independent Financial Adviser</b> .....	72
<b>Appendix I – Procedures for Acceptance and Settlement of the Offer for Hong Kong Shareholders</b> .....	I-1
<b>Appendix II – Procedures for Acceptance and Settlement of the Offer for Singapore Shareholders</b> .....	II-1
<b>Appendix III – Financial Information of the E&amp;E Group</b> .....	III-1
<b>Appendix IV – Financial Information of the Kingboard Group</b> .....	IV-1
<b>Appendix V – Property Valuation Report</b> .....	V-1
<b>Appendix VI – General Information of the Offeror</b> .....	VI-1
<b>Appendix VII – General Information of E&amp;E</b> .....	VII-1
<b>Appendix VIII – Expert Qualifications and Consents</b> .....	VIII-1
<b>Appendix IX – Documents Available for Inspection</b> .....	IX-1

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## IMPORTANT NOTICES TO ALL HOLDERS OF THE OFFER SHARES

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The following information is important for all holders of the Offer Shares.

**You are urged to read this entire Composite Document, including the appendices, and the accompanying Forms of Acceptance carefully.**

- *Consideration:* Shareholders accepting the Offer will receive net consideration of HK\$17.76 (equivalent to US\$2.29 applying the 3 April Exchange Rate) per Share in cash, being the Offer Price of HK\$18.07 (equivalent to US\$2.33 applying the 3 April Exchange Rate) after deduction of the Final Dividend of US\$0.04 (applying the 8 May Exchange Rate). The cash payable in respect of the consideration under the Offer will be denominated in Hong Kong dollars, save that Shareholders accepting the Offer with Offer Shares which are registered in the Depository Register will receive cash consideration denominated in Singapore dollars based upon the Settlement Exchange Rate.
- *How to accept the Offer:* For Hong Kong Shareholders, please return the duly completed and signed Hong Kong Form of Acceptance and the relevant documents to the Hong Kong Registrar. For Singapore Shareholders, (a) if your Offer Shares are deposited with CDP, please return the duly completed and signed FAA to the CDP, (b) if your Offer Shares are in scrip form, please return the duly completed and signed FAT and the relevant documents to the Singapore Registrar and (c) if you are a CPFIS/SRS Investor or have Offer Shares which are held through nominees, please contact your respective CPF Agent Banks/SRS Agent Banks or nominees directly.
- *Deadline for acceptance:* The Offer will close for acceptances at 4:00 p.m. on Friday, 26 June 2020, unless otherwise revised or extended.
- *Settlement:* Payment in cash in respect of acceptances of the Offer will be made as soon as possible but in any event not later than the later of (i) seven Hong Kong Business Days or seven Singapore Business Days (whichever is earlier) after the date on which the Offer has become or is declared unconditional; and (ii) seven Hong Kong Business Days or seven Singapore Business Days (whichever is earlier) after the date on which the relevant documents of title are received by the Offeror or its agent to render each such acceptance complete and valid.
- *Your prompt action is critical:* The Offer will lapse if insufficient valid acceptances of the Offer are received (and not, where permitted, withdrawn) by 4:00 p.m. on Friday, 26 June 2020 (or such later time or date as the Offeror may decide, subject to the rules of the Hong Kong Takeovers Code and the Singapore Take-over Code) in respect of such number of Shares which would, pursuant to the Singapore Companies Act and the Hong Kong Takeovers Code, entitle the Offeror to compulsorily acquire all the remaining Offer Shares from Shareholders who have not accepted the Offer.
- *Possible compulsory acquisition and withdrawal of listing:* Subject to the satisfaction of the above requirements under the Singapore Companies Act and the Hong Kong Takeovers Code, the Offeror intends to privatise E&E by exercising its right to

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## IMPORTANT NOTICES TO ALL HOLDERS OF THE OFFER SHARES

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compulsorily acquire those Offer Shares not acquired by the Offeror under the Offer. If the Offeror decides to exercise such right and completes the compulsory acquisition, E&E will become a direct wholly-owned subsidiary of the Offeror and an application will be made for the withdrawal of the Shares from SEHK pursuant to Rule 6.15(1) of the SEHK Listing Rules and from SGX-ST pursuant to the SGX-ST Listing Manual. **For further information in relation to the right of compulsory acquisition under the Singapore Companies Act and the implications thereof, please refer to “Possible compulsory acquisition and withdrawal of listing” in the “Letter from GF Securities”. Please note that in the case of compulsory acquisition, it will therefore take a longer time for Shareholders who do not accept the Offer to receive the net consideration as compared to the time required for the Shareholders to receive the net consideration after their acceptance of the Offer and the Offer having become unconditional.**

### NEED HELP?

Hong Kong Shareholders can call the customer service hotline of the Hong Kong Registrar, Tricor Investor Services Limited, at (852) 2980 1333 between 9:00 a.m. and 5:00 p.m. on Mondays to Fridays, excluding Hong Kong public holidays, if you have any enquiries concerning administrative matters, such as dates, documentation, and procedures relating to the Offer.

Singapore Shareholders can call CDP’s Customer Service Hotline at +65 6535 7511 during their operating hours or email CDP at asksgx@sgx.com (if you hold Offer Shares deposited with CDP) or call the customer service hotline of the Singapore Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., at +65 6536 5355 during their operating hours (if you hold Offer Shares in scrip form), if you have any enquiries concerning administrative matters, such as dates, documentation, and procedures relating to the Offer.

The hotlines cannot and will not provide advice on the merits or recommendation in respect of the Offer or give financial or legal advice. If you are in any doubt as to any aspect of this Composite Document or as to the action to be taken, you should consult a licensed securities dealer or registered institution in securities, a bank manager, solicitor, professional accountant, or other professional adviser.

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## **IMPORTANT NOTICES TO ALL HOLDERS OF THE OFFER SHARES**

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### **NOTICE TO US INVESTORS**

The Offer will not be submitted to the review or registration procedures of any regulator outside Hong Kong and Singapore and has not been approved or recommended by any governmental securities regulator in the US. The Offer is being made for the securities of a Singapore company and is subject to Hong Kong and Singapore disclosure and procedural requirements, which are different from those of the US. The financial information included in this Composite Document has been prepared in accordance with Singapore Financial Reporting Standards (International) and thus may not be comparable to financial information of US companies or companies whose financial statements are prepared in accordance with generally accepted accounting principles in the US. The Offer will be made in the US pursuant to exemptions from some of the applicable US tender offer rules and otherwise in accordance with the requirements of the SFO. Accordingly, the Offer will be subject to disclosure and other procedural requirements of Hong Kong and Singapore, including with respect to withdrawal rights, the timetable of the Offer, settlement procedures, and the timing of payments that are different from those applicable under US domestic tender offer procedures and law.

The receipt of cash pursuant to the Offer by a US holder of the Offer Shares pursuant to the Offer may be a taxable transaction for US federal income tax purposes and under applicable US state and local, as well as foreign and other tax laws. Overseas Shareholders are urged to consult their independent professional advisers immediately regarding the applicable tax consequences of the Offer.

It may be difficult for US holders of the Offer Shares to enforce their rights and claims arising out of the US federal securities laws, since the Offeror and E&E are located in a country other than the US, and some or all of their officers and directors may be residents of a country other than the US. US holders of the Offer Shares may not be able to sue a non-US company or its officers or directors in a non-US court for violations of the US securities laws. Further, it may be difficult to compel a non-US company and its affiliates to subject themselves to a US court's judgment.

You should be aware that in accordance with the Hong Kong Takeovers Code and the Singapore Take-over Code, the Offeror, its affiliates, and its advisers may bid for or purchase the Shares. These purchases may occur either in the open market at prevailing prices or in private transactions at negotiated prices. Where required under the Hong Kong Takeovers Code, any information about such purchases will be reported to the Executive and, where applicable, made public in accordance with Rule 22 of the Hong Kong Takeovers Code on the website of the SFC at <http://www.sfc.hk/>. Where required under the Singapore Take-over Code, any information about such purchases will be disclosed in writing to the SGX-ST, the SIC, and the press.

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## EXPECTED TIMETABLE

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The timetable set out below is indicative only and may be subject to changes. Further announcement(s) will be made in the event that there is any change to the following timetable.

<i>Event</i>	<i>Hong Kong/Singapore Time</i>
Despatch date of this Composite Document and the accompanying Forms of Acceptance . . . . .	Friday, 29 May 2020
Opening date of the Offer . . . . .	Friday, 29 May 2020
First Closing Date ( <i>Note 1</i> ) . . . . .	Friday, 26 June 2020
Latest time for acceptance of the Offer on the First Closing Date ( <i>Note 2</i> ). . . . .	4:00 p.m. on Friday, 26 June 2020
Announcement of the results of the Offer as at the First Closing Date . . . . .	no later than 7:00 p.m. on Friday, 26 June 2020
Latest date for despatch of cheques for payment of the amounts due under the Offer in respect of valid acceptances received by the First Closing Date ( <i>Notes 3 and 4</i> ) . . . . .	Tuesday, 7 July 2020
Latest time and date for acceptance of the Offer ( <i>Notes 3 and 5</i> ) . . . . .	4:00 p.m. on Friday, 10 July 2020
Latest time and date by which the Offer can become or be declared unconditional as to acceptances ( <i>Note 6</i> ) . . . . .	no later than 5:30 p.m. on Tuesday, 28 July 2020

*Notes:*

1. The Offer will close for acceptances at 4:00 p.m. on Friday, 26 June 2020 unless the Offeror revises or extends the Offer in accordance with the Hong Kong Takeovers Code and the Singapore Take-over Code. The Offeror has the right under the Hong Kong Takeovers Code and the Singapore Take-over Code to extend the Offer until such date as it may determine subject to compliance with the Hong Kong Takeovers Code and the Singapore Take-over Code (or as permitted by the Executive and the SIC). In the event that the Offer has not become or is not declared unconditional on the First Closing Date, the Offeror will issue an announcement stating whether the Offer has lapsed or has been revised or extended (subject to the provisions of Rules 15.5 and 15.6 of the Hong Kong Takeovers Code and Rule 22.9 of the Singapore Take-over Code regarding the timing for acceptances). If the Offer is revised or extended, the announcement of such revision or extension will either state the next Closing Date or, if the Offer has become or been declared unconditional as to acceptances, include a statement that the Offer will remain open until further notice. In the latter case, at least 14 days' notice in writing must be given, before the Offer is closed, to the Shareholders who have not accepted the Offer. There is no obligation to extend the Offer if the Condition to the Offer is not met by the First Closing Date or any subsequent Closing Date. Any revised Offer must be kept open for at least 14 days following the date on which the revised offer document is posted.

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## EXPECTED TIMETABLE

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2. If you wish to accept the Offer, you should ensure your duly completed and signed Hong Kong Form of Acceptance or Singapore Form of Acceptance (as the case may be) and the relevant documents arrive by no later than the prescribed time set out in this Composite Document. If you choose to deliver the documents by post, you should consider the timing requirements for postage.

Beneficial owners of the Offer Shares who hold their Offer Shares in CCASS directly as an investor participant or indirectly via a broker or custodian participant should note the timing requirements for causing instructions to be made to CCASS in accordance with the General Rules of CCASS and CCASS Operational Procedures.

CPFIS Investors, SRS Investors, and other investors who hold Offer Shares through finance companies or Depository Agents will receive notification letter(s) from their respective CPF Agent Banks, SRS Agent Banks, finance companies, and Depository Agents. Such investors should refer to those notification letter(s) for details of the last date and time (which may be earlier than the Closing Date) to reply to their respective CPF Agent Banks, SRS Agent Banks, finance companies, and Depository Agents in order to accept the Offer.

All acceptances, instructions, authorisations, and undertakings given by the Shareholders in the accompanying Forms of Acceptance shall be irrevocable except as permitted under the Hong Kong Takeovers Code and the Singapore Take-over Code.

3. This assumes that the Offer becomes or is declared unconditional on the First Closing Date.
4. Payment of the consideration (after deducting the seller's ad valorem stamp duty, if any) for the Offer Shares tendered for acceptance under the Offer will be posted by ordinary post to the Shareholders who accept the Offer at their own risk. Payment in cash in respect of acceptances of the Offer will be made as soon as possible but in any event not later than the later of (i) seven Hong Kong Business Days or seven Singapore Business Days (whichever is earlier) after the date on which the Offer has become or is declared unconditional; and (ii) seven Hong Kong Business Days or seven Singapore Business Days (whichever is earlier) after the date on which the relevant documents of title are received by the Offeror or its agent to render each such acceptance complete and valid.
5. Pursuant to Rule 15.3 of the Hong Kong Takeovers Code, the final Closing Date should be no less than 14 days after the date on which the Offer becomes or is declared unconditional in all respects.

Pursuant to Rule 22.6 of the Singapore Take-over Code, after the Offer has become or is declared unconditional as to acceptances, the Offer must remain open for acceptance for not less than 14 days after the date on which the Offer would otherwise have closed. This requirement does not apply if, before the Offer becomes or is declared unconditional as to acceptances, the Offeror has given notice in writing to shareholders of E&E at least 14 days before the specified closing date that the Offer will not be open for acceptance beyond such date.

6. In accordance with the Hong Kong Takeovers Code, except with the consent of the Executive, the Offer may not become or be declared unconditional as to acceptances after 7:00 p.m. on the 60th day after the day this Composite Document is posted. In accordance with the Singapore Take-over Code, the Offer (whether revised or not) will not be capable (a) of becoming or being declared unconditional as to acceptances after 5:30 p.m. on the 60th day after the date of despatch of this Composite Document; or (b) of being kept open after such 60-day period unless the Offer has previously become or been declared to be unconditional as to acceptances, provided that the Offeror may extend the Offer beyond such 60-day period with the SIC's prior consent. Accordingly, unless the Offer has previously become or been declared unconditional as to acceptances or has been extended with the consent of the Executive and/or the SIC, the Offer will lapse at 5:30 p.m. on Tuesday, 28 July 2020.

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## EXPECTED TIMETABLE

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### **Effect of Bad Weather in Hong Kong on the Latest Time for Acceptance of the Offer by and/or the Latest Date for Despatch of Cheques to, Hong Kong Shareholders**

If there is a tropical cyclone warning signal number 8 or above, or “extreme conditions” caused by tropical cyclones, or a black rainstorm warning in force in Hong Kong:

- (a) at any time before 12:00 noon but no longer in force at or after 12:00 noon on the latest date for acceptance of the Offer and/or the latest date for despatch of cheques for the amounts due under the Offer in respect of valid acceptances (as the case may be), the latest time for acceptance of the Offer will remain at 4:00 p.m. on the same Hong Kong Business Day and/or the latest date for despatch of cheques will remain on the same Hong Kong Business Day; or
- (b) at any time between 12:00 noon and 4:00 p.m. on the latest date for acceptance of the Offer and/or the latest date for despatch of cheques for the amounts due under the Offer in respect of valid acceptances (as the case may be), the latest time for acceptance of the Offer will be rescheduled to 4:00 p.m. on the following Hong Kong Business Day and/or the latest date for despatch of cheques will be rescheduled to the following Hong Kong Business Day when the tropical cyclone warning signal number 8 or above, or “extreme conditions” caused by tropical cyclones, or a black rainstorm warning is no longer in force.

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## CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

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This Composite Document includes certain “forward-looking statements”. These statements are based on the current expectations of the management of the Offeror and/or E&E (as the case may be) and are naturally subject to uncertainty and changes in circumstances.

Forward-looking statements include, without limitation, statements typically containing words such as “intends”, “expects”, “anticipates”, “targets”, “estimates”, “envisages”, and words of similar import. By their nature, forward-looking statements involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future. There are a number of factors that could cause actual results and developments to differ materially from those expressed or implied by such forward-looking statements. These factors include, but are not limited to, factors such as general, social, economic, and political conditions in the countries and/or regions in which the E&E Group operates or other countries and/or regions which have an impact on the E&E Group’s business activities or investments, interest rates, the monetary and interest rate policies of the countries and/or regions in which the E&E Group operates, inflation or deflation, foreign exchange rates, the performance of the financial markets in the countries and/or regions in which the E&E Group operates and globally, changes in domestic and foreign laws, regulations, and taxes, changes in competition and the pricing environments in the countries and/or regions in which the E&E Group operates, and regional or general changes in asset valuations. Other unknown or unpredictable factors could cause actual results to differ materially from those in the forward-looking statements.

Subject to the requirement of applicable laws, rules and regulations, including the Hong Kong Takeovers Code and the Singapore Take-over Code, all written and oral forward-looking statements attributable to the Offeror, E&E, or parties acting on behalf of any of them are expressly qualified in their entirety by the cautionary statements above. The forward-looking statements included herein are made only as at the Latest Practicable Date.

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## DEFINITIONS

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*In this Composite Document, the following expressions shall, unless the context requires otherwise, have the following meanings:*

“3 April Exchange Rate”	an exchange rate of US\$ to HK\$ as at 3 April 2020, being US\$1 to HK\$7.752 (source: Bloomberg.com)
“8 May Exchange Rate”	an exchange rate of US\$ to HK\$ as at 8 May 2020, being US\$1 to HK\$7.751 (source: Bloomberg.com)
“Business Day”	a day (other than a Saturday, Sunday, or gazetted public holiday) on which commercial banks are open for business in Singapore and Hong Kong
“CCASS”	The Central Clearing and Settlement System established and operated by the HKSCC
“CCASS Operational Procedures”	the operational procedures of HKSCC in relation to CCASS, containing the practices, procedures and administrative requirements relating to the operations and functions of CCASS, as from time to time in force
“CDP”	The Central Depository (Pte) Limited
“Closing Date”	the closing date of the Offer or any subsequent closing date as may be announced by the Offeror and approved by the Executive
“Composite Document”	this composite offer and response document dated 29 May 2020 jointly issued by or on behalf of the Offeror and E&E in respect of the Offer
“Condition”	the condition to the Offer as set out in the section headed “The Offer–Condition of the Offer” in the “Letter from GF Securities” in this Composite Document
“CPF”	the Central Provident Fund
“CPF Agent Banks”	agent banks included under the CPFIS
“CPFIS”	Central Provident Fund Investment Scheme
“CPFIS Investors”	investors who have purchased Shares using their CPF contributions pursuant to the CPFIS

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## DEFINITIONS

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“Date of Receipt”	the date of receipt of the relevant Singapore Form of Acceptance by CDP or the Singapore Registrar (as the case may be) for and on behalf of the Offeror or, in the case where such date of receipt is on the Closing Date, as at 4:00 p.m. on the Closing Date (provided always that the date of receipt falls on or before the Closing Date)
“Depositor”	shall have the meaning ascribed to it in Section 81SF of the SFA
“Depository Agent”	shall have the meaning ascribed to it in Section 81SF of the SFA
“Depository Register”	shall have the meaning ascribed to it in Section 81SF of the SFA
“Disinterested Shares”	in the context of determining whether the Offeror is entitled to compulsorily acquire all the Offer Shares under the Singapore Companies Act, Shares other than those already held by the Offeror, its related corporations, or their respective nominees as at the date of the Offer and excluding treasury Shares
“E&E”	Elec & Eltek International Company Limited, a company incorporated in Singapore with limited liability, the shares of which are listed on the main board of SGX-ST and the main board of SEHK
“E&E Group”	E&E and its subsidiaries
“Electronic Acceptance”	the SGX-SFG service provided by CDP as listed in Schedule 3 of the Terms and Conditions for User Services for Depository Agents
“Encumbrance”	any liens, equities, mortgages, charges, encumbrances, rights of pre-emption, and other third-party rights and interests of any nature
“Executive”	the executive director of the Corporate Finance Division of the SFC from time to time and any delegate of such executive director

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## DEFINITIONS

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“FAA”	the Singapore Form of Acceptance and Authorisation for Offer Shares in respect of the Offer, which is applicable to Singapore Shareholders whose Offer Shares are deposited with CDP and which forms part of this Composite Document
“FAT”	the Singapore Form of Acceptance and Transfer for Offer Shares in respect of the Offer, which is applicable to Singapore Shareholders whose Offer Shares are registered in their own names in the register of members of E&E maintained by the Singapore Registrar and are not deposited with CDP and which forms part of this Composite Document
“Final Dividend”	the net final dividend of US\$0.04 per Share for the year ended 31 December 2019 payable by E&E
“First Closing Date”	the first Closing Date of the Offer, being 26 June 2020
“Forms of Acceptance”	the Hong Kong Form of Acceptance and the Singapore Form of Acceptance
“FY”	financial year ended 31 December
“General Rules of CCASS”	the terms and conditions regulating the use of CCASS, as may be amended or modified from time to time and where the context so permits, shall include the CCASS Operational Procedures
“GF Capital”	GF Capital (Hong Kong) Limited, a licensed corporation to carry on type 6 (advising on corporate finance) regulated activity under the SFO, being the Hong Kong financial adviser to the Offeror in respect of the Offer. For the avoidance of doubt, GF Capital (Hong Kong) Limited is not acting as financial adviser to the Offeror under the Singapore Take-over Code in respect of the Offer
“GF Securities”	GF Securities (Hong Kong) Brokerage Limited, a licensed corporation to carry on type 1 (dealing in securities) and type 4 (advising on securities) regulated activities under the SFO, being the agent making the Offer on behalf of the Offeror. For the avoidance of doubt, GF Securities (Hong Kong) Brokerage Limited is not acting as financial adviser or agent to the Offeror under the Singapore Take-over Code in respect of the Offer

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## DEFINITIONS

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“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“HKSCC”	Hong Kong Securities Clearing Company Limited, a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Hong Kong Business Day”	a day on which SEHK is open for the transaction of business
“Hong Kong Form of Acceptance”	the form of acceptance and transfer in respect of the Offer which forms part of this Composite Document and which is issued to Hong Kong Shareholders
“Hong Kong Independent Financial Adviser”	Soochow Securities International Capital Limited, the independent financial adviser to E&E under the Hong Kong Takeovers Code
“Hong Kong Registrar”	Tricor Investor Services Limited, E&E’s branch share registrar in Hong Kong
“Hong Kong Shareholder”	a Shareholder whose Shares are held under its own name on the register of members of E&E in Hong Kong
“Hong Kong Takeovers Code”	Code on Takeovers and Mergers of Hong Kong
“Independent Board Committee”	an independent committee of the board of directors of E&E comprising all independent non-executive directors of E&E established pursuant to the Hong Kong Takeovers Code and the Singapore Take-over Code to give recommendations to the holders of the Offer Shares as to whether the terms and conditions of the Offer are fair and reasonable and as to acceptance of the Offer
“Independent Financial Advisers”	the Hong Kong Independent Financial Adviser and the Singapore Independent Financial Adviser
“Kingboard Group”	Kingboard Holdings and its subsidiaries

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## DEFINITIONS

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“Kingboard Holdings”	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
“Last Trading Day”	24 March 2020, being the last trading day for the Shares prior to the release of the Offer Announcement
“Latest Practicable Date”	26 May 2020, being the latest practicable date prior to the printing of this Composite Document for ascertaining certain information for inclusion in this Composite Document
“Market Day”	a day on which SGX-ST is open for the trading of securities
“Offer”	the voluntary conditional cash offer to be made by GF Securities on behalf of the Offeror to acquire all the Offer Shares
“Offer Announcement”	the joint announcement dated 3 April 2020 issued by Kingboard Holdings, the Offeror, and E&E in relation to the Offer
“Offeror”	Elec & Eltek International Holdings Limited
“Offeror Share(s)”	share(s) in the share capital of the Offeror
“Offer Price”	the price per Offer Share at which the Offer is made in cash, being HK\$18.07 per Offer Share, subject to the deduction of the Final Dividend (for the avoidance of doubt, the net consideration received by Shareholders for accepting the Offer will be HK\$17.76 (equivalent to US\$2.29 applying the 3 April Exchange Rate) per Share, being the Offer Price after deduction of the Final Dividend)
“Offer Shares”	49,289,543 Shares, being all the Shares in issue other than those Shares already owned by or agreed to be acquired by (i) the Offeror (being a wholly-owned subsidiary of Kingboard Holdings); (ii) Kingboard Holdings; and (iii) the other wholly-owned subsidiaries of Kingboard Holdings which own Shares, namely Elitelink Holdings Limited and Kingboard Investments Limited

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## DEFINITIONS

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“Overseas Shareholders”	Shareholders whose addresses as shown on the register of members of E&E are outside Hong Kong and Singapore
“Relevant Period”	the period from 3 October 2019, being the date six months before the date of the Offer Announcement up to and including the Latest Practicable Date
“S\$”	Singapore dollars, the lawful currency of Singapore
“Securities Account”	a securities account maintained by a Depositor with CDP, but does not include a securities sub-account
“SEHK”	The Stock Exchange of Hong Kong Limited
“SEHK Listing Rules”	Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Settled Shares”	shall have the meaning ascribed to it in paragraph 1.1 of Appendix II to this Composite Document
“Settlement Exchange Rate”	the applicable US\$ to S\$ exchange rate to be advised by the paying bank of the Offeror which will be determined on the date falling four Business Days prior to each settlement of Offer Shares via CDP and to be announced by the Offeror and/or E&E on SGXNET one Business Day prior to each settlement of Offer Shares via CDP
“SFA”	Securities and Futures Act (Chapter 289) of Singapore, as amended, modified, and supplemented from time to time
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“SGX-ST”	Singapore Exchange Securities Trading Limited
“SGX-ST Listing Manual”	the main board rules of the listing manual of SGX-ST

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## DEFINITIONS

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“Shareholder(s)”	holder(s) of the Shares or, where applicable, the Offer Shares, except that where the registered holder is CDP, the term “Shareholders” in relation to Shares or, where applicable, Offer Shares held by CDP shall mean the persons named as Depositors in the Depository Register maintained by CDP and to whose securities accounts such Shares or, where applicable, Offer Shares are credited
“Share(s)”	ordinary share(s) in the share capital of E&E
“SIC”	the Securities Industry Council of Singapore
“Singapore Business Day”	a day (other than a Saturday, Sunday or gazetted public holiday) on which commercial banks are open for business in Singapore
“Singapore Companies Act”	the Companies Act (Chapter 50) of Singapore, as amended, modified, and supplemented from time to time
“Singapore Form of Acceptance”	the FAA and/or FAT (as the case may be) in respect of the Offer which forms part of this Composite Document and which is issued to Singapore Shareholders
“Singapore Independent Financial Adviser”	SooChow CSSD Capital Markets (Asia) Pte. Ltd., the independent financial adviser to E&E under the Singapore Take-over Code
“Singapore Registrar”	Boardroom Corporate & Advisory Services Pte. Ltd., E&E’s principal share registrar in Singapore
“Singapore Shareholders”	holders of Shares (other than CDP) as indicated on the register of members of E&E maintained by the Singapore Registrar, and Depositors who have Shares entered against their names in the Depository Register
“Singapore Take-over Code”	the Singapore Code on Take-overs and Mergers, as amended, supplemented, or modified from time to time
“SRS”	the Supplementary Retirement Scheme
“SRS Agent Banks”	agent banks included under the SRS
“SRS Investors”	investors who have purchased Shares pursuant to SRS

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## DEFINITIONS

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“Stamp Duty Ordinance”	the Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong)
“Unsettled Buy Position”	shall have the meaning ascribed to it in paragraph 1.1 of Appendix II to this Composite Document
“US\$”	US dollars, the lawful currency of the United States
“VWAP”	volume-weighted average price
“%”	per cent

*Notes:*

1. Except as otherwise specified, all times and dates contained in this Composite Document and the accompanying Forms of Acceptance refer to Hong Kong/Singapore times and dates (UTC+8).
2. Certain amounts and percentage figures in this Composite Document have been subject to rounding adjustments.
3. Certain English translations of Chinese names or words or Chinese translations of English names or words in this Composite Document are included for information and identification purposes only and should not be regarded as the official English translation of such Chinese names or words or Chinese translation of such English names or words, respectively.
4. The singular includes the plural and vice versa, unless the context otherwise requires.
5. References to any appendix, paragraph, and sub-paragraph are references to the appendices to, and paragraphs of, this Composite Document and any sub-paragraphs of them, respectively.
6. References to any statute or statutory provision include a statute or statutory provision which amends, consolidates, or replaces the same whether before or after the date of this Composite Document.
7. Reference to one gender is a reference to all or any genders.
8. The English texts of this Composite Document and the accompanying Forms of Acceptance shall prevail over their respective Chinese texts for the purpose of interpretation.

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## LETTER FROM GF SECURITIES

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GF Securities (Hong Kong) Brokerage Limited  
29-30/F Li Po Chun Chambers  
189 Des Voeux Road Central  
Hong Kong

29 May 2020

*To the holders of Offer Shares*

Dear Sir or Madam,

**PROPOSED PRIVATISATION OF  
ELEC & ELTEK INTERNATIONAL COMPANY LIMITED BY WAY OF  
VOLUNTARY CONDITIONAL CASH OFFER BY  
GF SECURITIES (HONG KONG) BROKERAGE LIMITED  
ON BEHALF OF  
ELEC & ELTEK INTERNATIONAL HOLDINGS LIMITED**

### INTRODUCTION

Reference is made to the joint announcement dated 3 April 2020 issued by Kingboard Holdings, the Offeror, and E&E announcing that GF Securities, on behalf of the Offeror, intended to make a voluntary conditional cash offer to acquire all of the Offer Shares.

As at the Latest Practicable Date, the Kingboard Group held an aggregate of 137,630,419 Shares, representing approximately 73.63% of the total Shares. 49,289,543 Offer Shares will be subject to the Offer.

This letter sets out, among other things, details of the terms of the Offer, the reasons for and benefits of the Offer, the intentions of the Offeror regarding the E&E Group, and information on the Offeror. Further details of the terms of the Offer are set out in “Appendix I–Procedures for Acceptance and Settlement of the Offer for Hong Kong Shareholders” and “Appendix II–Procedures for Acceptance and Settlement of the Offer for Singapore Shareholders” to this Composite Document of which this letter forms part, and in the accompanying Forms of Acceptance. Terms used in this letter shall have the same respective meanings as those defined in this Composite Document unless the context otherwise requires.

Shareholders are strongly advised to consider carefully the information contained in the “Letter from the Board of Directors of E&E” on pages 28 to 35 of this Composite Document, the “Letter from the Independent Board Committee” on pages 36 and 37 of this Composite Document, the “Letter from the Hong Kong Independent Financial Adviser” on pages 38 to 71 of this Composite Document, the “Letter from the Singapore Independent Financial Adviser” on pages 72 to 126 of this Composite Document, the accompanying Forms of Acceptance, and the appendices which form part of this Composite Document.

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## LETTER FROM GF SECURITIES

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### THE OFFER

GF Securities is making a voluntary conditional cash offer on behalf of the Offeror to acquire all the Offer Shares on the terms and conditions set out in this Composite Document.

As disclosed in the Offer Announcement, the Offer Price is HK\$18.07 (equivalent to US\$2.33 applying the 3 April Exchange Rate) per Share. In the event that the relevant Offer Shares are acquired by the Offeror on or after 7 May 2020 from Hong Kong Shareholders and on or after 6 May 2020 from Singapore Shareholders, the Shareholders whose names appear on the register of members of E&E on 8 May 2020 will be entitled to the Final Dividend in respect of such Offer Shares. The Offer Price after deducting the net dividend (i.e. US\$0.04, applying the 8 May Exchange Rate) will constitute the consideration for each Offer Share for such Shareholders.

All the Offer Shares will be acquired by the Offeror after 7 May 2020; accordingly, all the Shareholders accepting the Offer will receive (subject to the Condition set out herein) the Offer Price of HK\$18.07 (equivalent to US\$2.33 applying the 3 April Exchange Rate) per Share in cash after deducting the Final Dividend of US\$0.04. Applying the 8 May Exchange Rate, the net consideration received by Shareholders for accepting the Offer will be HK\$17.76 (equivalent to US\$2.29 applying the 3 April Exchange Rate) per Share.

The cash payable in respect of the consideration under the Offer will be denominated in Hong Kong dollars, save that Shareholders accepting the Offer with Offer Shares which are registered in the Depository Register will receive cash consideration denominated in Singapore dollars based upon the Settlement Exchange Rate.

### Application of the Hong Kong Takeovers Code and the Singapore Take-over Code

The Offer is made in accordance with the provisions of both the Hong Kong Takeovers Code and the Singapore Take-over Code. Where there is a difference between the requirements under the Hong Kong Takeovers Code and the Singapore Take-over Code, the more stringent requirement must be complied with where applicable, such that equivalent shareholders protection standards are ensured for Hong Kong Shareholders and Singapore Shareholders.

### Condition of the Offer

The Offer is subject to the only condition that valid acceptances of the Offer have been received (and not, where permitted, withdrawn) by 4:00 p.m. on the Closing Date (or such later time or date as the Offeror may decide, subject to the rules of the Hong Kong Takeovers Code and the Singapore Take-over Code) in respect of such number of Shares which would, pursuant to the Singapore Companies Act and the Hong Kong Takeovers Code, entitle the Offeror to compulsorily acquire all the remaining Offer Shares from Shareholders who have not accepted the Offer (“**Condition**”). The Condition is not waivable. The SIC has confirmed on 1 April 2020 that it has no objection to the making of the Offer subject to the Condition.

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## LETTER FROM GF SECURITIES

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Pursuant to Section 215(1) of the Singapore Companies Act, in the event that the Offeror receives valid acceptances pursuant to the Offer (or otherwise acquires Shares during the period that the Offer is open for acceptance) in respect of not less than 90% of the Disinterested Shares, the Offeror will be entitled to compulsorily acquire all the remaining Offer Shares from Shareholders who have not accepted the Offer on the same terms as those offered under the Offer.

Pursuant to Rule 2.11 of the Hong Kong Takeovers Code, except with the consent of the Executive, where any person seeks to acquire or privatise a company by means of an offer and the use of compulsory acquisition rights, such rights may only be exercised if, in addition to satisfying any requirements imposed by law, acceptances of the offer and purchases (in each case of the shares other than those which are owned by the offeror or persons acting in concert with it) made by the offeror and persons acting in concert with it during the period of four months after the posting of the initial offer document total 90% of the shares other than those which are owned by the offeror or persons acting in concert with it.

If the level of acceptances of the Offer does not reach the prescribed level under the Singapore Companies Act required for compulsory acquisition and the requirements of Rule 2.11 of the Hong Kong Takeovers Code are not satisfied on the Closing Date, the Offer will not become unconditional and will lapse, unless otherwise revised or extended in accordance with the Hong Kong Takeovers Code and the Singapore Take-over Code.

For further information in relation to the right of compulsory acquisition under the Singapore Companies Act and the implications thereof, please refer to “Possible compulsory acquisition and withdrawal of listing” below.

### Comparison of the Offer Price

Applying the 3 April Exchange Rate, the Offer Price before deduction of the Final Dividend represents the following premium to the historical market prices of the Shares on SGX-ST and SEHK over various periods:

Share Prices on SEHK	Share Price (HK\$)	Premium
Last transacted price of the Shares on SEHK on 26 May 2020 (being the Latest Practicable Date)	17.30	4.45%
Last transacted price of the Shares on SEHK on 24 March 2020 (being the Last Trading Day)	10.60	70.47%
Average closing price on SEHK for the one-month period up to and including the Last Trading Day	12.66	42.74%
Average closing price on SEHK for the three-month period up to and including the Last Trading Day	12.85	40.63%

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## LETTER FROM GF SECURITIES

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<b>Share Prices on SEHK</b>	<b>Share Price (HK\$)</b>	<b>Premium</b>
Average closing price on SEHK for the six-month period up to and including the Last Trading Day	12.27	47.32%
Average closing price on SEHK for the one-year period up to and including the Last Trading Day	11.54	56.64%
<b>Share Prices on SGX-ST</b>	<b>Share Price (US\$)</b>	<b>Premium</b>
Last transacted price of the Shares on SGX-ST on 26 May 2020 (being the Latest Practicable Date)	2.16	7.87%
Last transacted price of the Shares on SGX-ST on 24 March 2020 (being the Last Trading Day)	1.17	99.15%
VWAP on SGX-ST for the one-month period up to and including the Last Trading Day	1.42	64.08%
VWAP on SGX-ST for the three-month period up to and including the Last Trading Day	1.59	46.34%
VWAP on SGX-ST for the six-month period up to and including the Last Trading Day	1.54	51.60%
VWAP on SGX-ST for the one-year period up to and including the Last Trading Day	1.48	57.76%

The Offer Price (applying the 3 April Exchange Rate) before deduction of the Final Dividend is approximately equal to E&E's consolidated net asset value per Share of US\$2.33 as at 31 December 2019.

During the Relevant Period: (i) the highest closing price of the Shares was HK\$17.60 as quoted on SEHK on 6 May 2020 and US\$2.17 as quoted on SGX-ST on 15 April 2020; and (ii) the lowest closing price of the Shares was HK\$10.60 as quoted on SEHK on 24 March 2020 and US\$1.12 as quoted on SGX-ST on 23 March 2020.

### **Value of the Offer and Financial Resources Available to the Offeror**

Based on the Offer Price (before deduction of the Final Dividend) of HK\$18.07 (equivalent to US\$2.33 applying the 3 April Exchange Rate) per Share, on the assumption that the Offer is accepted in full by the holders of the Offer Shares and on the basis that there will be 49,289,543 Offer Shares, the aggregate value of the Offer is approximately HK\$891 million (equivalent to approximately US\$115 million, applying the 3 April Exchange Rate).

Based on the net consideration of HK\$17.76 (equivalent to US\$2.29 applying the 3 April Exchange Rate) per Share to be received by Shareholders for accepting the Offer (i.e. the Offer Price after deduction of the Final Dividend), on the assumption that the Offer is accepted in

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## LETTER FROM GF SECURITIES

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full by the holders of the Offer Shares, and on the basis that there will be 49,289,543 Offer Shares, the aggregate value of the Offer is approximately HK\$875 million (equivalent to approximately US\$113 million, applying the 3 April Exchange Rate).

The Offeror intends to finance the consideration payable by the Offeror under the Offer using internal cash resources and external loan facilities, if necessary, of Kingboard Holdings. GF Capital, the financial adviser to the Offeror, is satisfied that sufficient financial resources are, and will remain, available to the Offeror to satisfy full acceptance of the Offer under the Hong Kong Takeovers Code. ZICO Capital Pte. Ltd. has confirmed that the Offeror has sufficient financial resources to satisfy full acceptance of the Offer by holders of the Offer Shares at the Offer Price under the Singapore Take-over Code.

### **Procedures for Acceptance**

#### *Hong Kong Shareholders*

To accept the Offer, Hong Kong Shareholders should duly complete and sign the accompanying Hong Kong Form of Acceptance in accordance with the instructions printed thereon, which instructions form part of the terms of the Offer.

Hong Kong Shareholders should deliver the duly completed and signed Hong Kong Form of Acceptance, together with the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of the number of Offer Shares tendered for acceptance, by post or by hand, to the Hong Kong Registrar, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, marked "Elec & Eltek International Company Limited–Offer" on the envelope so as to reach the Hong Kong Registrar as soon as possible but in any event by no later than 4:00 p.m. on the First Closing Date or such later time(s) and/or date(s) as the Offeror may determine and announce in accordance with the Hong Kong Takeovers Code and the Singapore Take-over Code.

No acknowledgment of receipt of any Hong Kong Form of Acceptance and/or share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of the Offer Shares tendered for acceptance will be given.

Your attention is drawn to the further details regarding the procedures for acceptance and settlement and acceptance period as set out in "Appendix I–Procedures for Acceptance and Settlement of the Offer for Hong Kong Shareholders" to this Composite Document and the accompanying Hong Kong Form of Acceptance.

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## LETTER FROM GF SECURITIES

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### *Singapore Shareholders*

To accept the Offer, Singapore Shareholders should duly complete and sign the accompanying Singapore Form of Acceptance in accordance with the instructions printed thereon, which instructions form part of the terms of the Offer. Your attention is drawn to the further details regarding the procedures for acceptance and settlement and acceptance period as set out in “Appendix II–Procedures for Acceptance and Settlement of the Offer for Singapore Shareholders” to this Composite Document and the accompanying Singapore Form of Acceptance.

CPFIS Investors and SRS Investors should receive further information on how to accept the Offer from their respective CPF Agent Banks and SRS Agent Banks. CPFIS Investors and SRS Investors are advised to consult their respective CPF Agent Banks and SRS Agent Banks should they require further information, and if they are in any doubt as to the action they should take, CPFIS Investors and SRS Investors should seek independent professional advice. CPFIS Investors and SRS Investors who wish to accept the Offer are to reply to their respective CPF Agent Banks and SRS Agent Banks by the deadline stated in the letter from their respective CPF Agent Banks and SRS Agent Banks, which may be earlier than the Closing Date.

### **Effect of Accepting the Offer**

By accepting the Offer, the Shareholders will sell their Shares to the Offeror (and will be deemed to have given a warranty to the Offeror that such Shares are) free from all Encumbrances and together with all rights attaching or accruing thereto, including all rights to receive any dividend or other distribution declared, made or paid on or after the date on which the Offer is made, being the date of despatch of this Composite Document.

### **Settlement of the Offer**

Payment in cash in respect of acceptances of the Offer will be made as soon as possible but in any event not later than the later of (i) seven Hong Kong Business Days or seven Singapore Business Days (whichever is earlier) after the date on which the Offer has become or is declared unconditional; and (ii) seven Hong Kong Business Days or seven Singapore Business Days (whichever is earlier) after the date on which the relevant documents of title are received by the Offeror or its agent to render each such acceptance complete and valid.

### **Duration of the Offer**

The Offer is open for acceptance by Shareholders for at least 28 days from the date of despatch of this Composite Document, unless the Offer is withdrawn with the consent of the Executive and the SIC and the Offeror is released from any obligation incurred thereunder.

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## LETTER FROM GF SECURITIES

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### *Extension of the Offer*

The Offeror is not obliged to extend the Offer. However, if the Offer is extended and:

- (a) is not unconditional as to acceptances as at the date of such extension, the announcement of the extension must state the next Closing Date which must be one within the time period that complies with the Hong Kong Takeovers Code and the Singapore Take-over Code; or
- (b) is unconditional as to acceptances as at the date of such extension, the announcement of the extension need not state the next Closing Date but may state that the Offer will remain open until further notice. In such a case, the Offeror must give Shareholders, as the case may be, who have not accepted the Offer at least 14 days' prior notice in writing before it may close the Offer.

If the Closing Date is extended, any reference in this Composite Document and in the accompanying Forms of Acceptance to the Closing Date shall, except where the context otherwise requires, be deemed to refer to the subsequent Closing Date.

### *Offer to remain open after becoming or being declared unconditional*

In order to give Shareholders who have not accepted the Offer the opportunity to accept the Offer after the date on which Offer has become or is declared unconditional as to acceptances, the Offer will remain open for a period as set out below.

Pursuant to Rule 15.3 of the Hong Kong Takeovers Code, the Offer must remain open for not less than 14 days after the Offer has become or is declared unconditional as to acceptances or in all respects.

Pursuant to Rule 22.6 of the Singapore Take-over Code, after the Offer has become or is declared unconditional as to acceptances, the Offer must remain open for a period (the “**Rule 22.6 Period**”) of not less than 14 days after the date on which it would otherwise have closed. This requirement does not apply if, before the Offer becomes or is declared unconditional as to acceptances, the Offeror has given notice in writing to the Shareholders at least 14 days before the specified Closing Date that the Offer will not be open for acceptance beyond such date. If a declaration that the Offer is unconditional as to acceptances is confirmed in accordance with the announcement requirement set out in the section headed “Announcements” below, the Rule 22.6 Period will run from the date of such confirmation, or the date on which the Offer would otherwise have closed, whichever is later.

Since the Offer is subject to the provisions of both the Hong Kong Takeovers Code and the Singapore Take-over Code, after the date on which Offer has become or is declared unconditional as to acceptances, the Offer must remain open for the longer period as provided for under the Hong Kong Takeovers Code and the Singapore Take-over Code.

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## LETTER FROM GF SECURITIES

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### *Final day rule*

The Offer (whether revised or not) will not be capable:

- (a) under the Singapore Take-over Code:
  - (i) of becoming or being declared unconditional as to acceptances after 5:30 p.m. on the 60th day after the date of despatch of this Composite Document; or
  - (ii) of being kept open after such 60-day period unless the Offer has previously become or been declared to be unconditional as to acceptances; and
- (b) under the Hong Kong Takeovers Code, of becoming or being declared unconditional as to acceptances after 7.00 p.m. on the 60th day after the date of despatch of this Composite Document,

unless the Offeror has obtained prior consent of the Executive and the SIC (“**Final Day Rule**”).

Since the Offer is subject to the provisions of both the Hong Kong Takeovers Code and the Singapore Take-over Code, the Offer (whether revised or not) will not be capable of becoming or declared unconditional after the earlier time as provided for under the Hong Kong Takeovers Code and the Singapore Take-over Code (i.e. 5:30 p.m. on the 60th day after the date of dispatch of this Composite Document).

### **Revision of the Offer**

The Offeror may introduce new conditions to be attached to any revision to the terms of the Offer, or any subsequent revision thereof, but only to the extent necessary to implement the revised Offer and subject to the consent of the Executive and the SIC.

### **Announcements**

An announcement will be made when the Offer becomes or is declared unconditional.

Pursuant to Rule 19.1 of the Hong Kong Takeovers Code, by 6:00 p.m. on the Closing Date (or such later time(s) and/or date(s) as the Executive may in exceptional circumstances permit), the Offeror must inform the Executive and SEHK of its decision in relation to the revision, extension, expiry, or unconditionality of the Offer. The Offeror must publish an announcement in accordance with the SEHK Listing Rules by 7:00 p.m. on the Closing Date stating the results of the Offer and whether the Offer has been revised, extended, expired, or have become or been declared unconditional.

Pursuant to Rule 28.1 of the Singapore Take-over Code, by 8.00 a.m. on the Market Day immediately after the day on which the Offer is due to expire, or the Offer becomes or is declared to be unconditional as to acceptances, or the Offer is revised or extended (the “**Relevant Day**”), the Offeror will announce and simultaneously inform SGX-ST of the results of the Offer (as nearly as practicable).

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## LETTER FROM GF SECURITIES

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Accordingly, announcement(s) in relation to the results of the Offer will be made where required under either the Hong Kong Takeovers Code or the Singapore Take-over Code. The announcement(s) will state the following:

- (a) the total number of Offer Shares for which acceptances of the Offer has been received;
- (b) the total number of Shares held, controlled, or directed by the Offeror and parties acting in concert with it before the offer period;
- (c) the total number of Shares acquired or agreed to be acquired during the offer period by the Offeror and parties acting in concert with it; and
- (d) details of any relevant securities (as defined in Note 4 to Rule 22 of the Hong Kong Takeovers Code) in E&E which the Offeror and any of the parties acting in concert with it have borrowed or lent, save for any borrowed Shares which have been either on-lent or sold.

The announcement(s) will specify the percentages of the relevant classes of issued shares, and the percentages of voting rights, represented by these numbers of Offer Shares.

If any of the Offeror, the parties acting in concert with it, or their respective advisers makes any statement during the offer period about the level of acceptances or the number or percentage of accepting Shareholders, the Offeror must make an immediate announcement in compliance with the Hong Kong Takeovers Code and the Singapore Take-over Code.

If the Offeror is unable, within the time limit, to comply with any of the requirements in this section, the SIC will consider requesting that the trading of the Shares be suspended on SGX-ST until the relevant information is given.

All announcements in relation to the Offer will be made in accordance with the applicable requirements of the Hong Kong Takeovers Code, the Singapore Take-over Code, the SEHK Listing Rules, and the SGX-ST Listing Manual.

### **Right of Withdrawal of Acceptances**

Except as expressly provided in this Composite Document, acceptances of the Offer shall be irrevocable.

A Shareholder who has tendered acceptances under the Offer may withdraw its acceptances pursuant to either the Hong Kong Takeovers Code or the Singapore Take-over Code.

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## LETTER FROM GF SECURITIES

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In particular, under the Singapore Take-over Code, a Shareholder may:

- (a) withdraw his acceptance immediately if the Offer has become or been declared to be unconditional as to acceptances but the Offeror fails to comply with any of the requirements set out in Rule 28.1 of the Singapore Take-over Code as referred to in the section headed “Announcements” above or other requirements set out in the section headed “Announcements” above by 3:30 p.m. on the Relevant Day. Subject to Rule 22.9 of the Singapore Take-over Code in relation to the Final Day Rule, the Offeror may terminate this right of withdrawal not less than eight days after the Relevant Day by confirming (if that be the case) that the Offer is still unconditional as to acceptances and by complying with Rule 28.1 of the Singapore Take-over Code and the requirements set out in the section headed “Announcements” above;
- (b) withdraw his acceptance after 14 days from the First Closing Date, if the Offer has not by then become unconditional as to acceptances. Such entitlement to withdraw will be exercisable until the Offer becomes or is declared to be unconditional as to acceptances; or
- (c) withdraw his acceptance immediately if a competing offer for the Shares becomes or is declared to be unconditional as to acceptances. This right of withdrawal also applies in the converse situation: if the Offer becomes or is declared to be unconditional as to acceptances, a Shareholder who has accepted a competing offer may likewise withdraw his acceptance for such other offer immediately.

Under Rule 17 of the Hong Kong Takeovers Code, an acceptor shall be entitled to withdraw his acceptance after 21 days from the First Closing Date if the Offer has not by then become unconditional as to acceptances. Under Rule 19.2 of the Hong Kong Takeovers Code, the Executive may require that acceptors be granted a right of withdrawal, on terms acceptable to the Executive, until the requirements under Rule 19 of the Hong Kong Takeovers Code, including those set out in the section headed “Announcements” above, can be met.

Both the Hong Kong Takeovers Code and the Singapore Take-over Code provide for an acceptor’s right to withdraw his acceptance if the Offer has not become unconditional as to acceptances after the expiry of a period following the First Closing Date. Given that such period is shorter under the Singapore Take-over Code, the requirement under the Singapore Take-over Code would apply and in general, an acceptor would be entitled to withdraw his Offer after 14 days from the First Closing Date, if the Offer has not by then become unconditional as to acceptances.

### **WARNING**

**Shareholders and investors of Kingboard Holdings and E&E should be aware that the Offer is subject to the satisfaction of the Condition. Accordingly, the Offer may or may not become unconditional. Shareholders and investors are advised to exercise caution when dealing in the Shares or other rights in respect of them, and to refrain from taking any action which may be prejudicial to their interests. Persons who are in doubt as to the action they should take should consult their stockbroker, bank manager, solicitor, accountant, or other professional advisers.**

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## LETTER FROM GF SECURITIES

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### POSSIBLE COMPULSORY ACQUISITION AND WITHDRAWAL OF LISTING

#### Conditions for Compulsory Acquisition

Pursuant to Section 215(1) of the Singapore Companies Act, in the event that the Offeror receives valid acceptances pursuant to the Offer (or otherwise acquires Shares during the period that the Offer is open for acceptance) in respect of not less than 90% of the Disinterested Shares, the Offeror will be entitled to compulsorily acquire all the remaining Offer Shares from Shareholders who have not accepted the Offer on the same terms as those offered under the Offer.

Pursuant to Rule 2.11 of the Hong Kong Takeovers Code, except with the consent of the Executive, where any person seeks to acquire or privatise a company by means of an offer and the use of compulsory acquisition rights, such rights may only be exercised if, in addition to satisfying any requirements imposed by law, acceptances of the offer and purchases (in each case of the shares other than those which are owned by the offeror or persons acting in concert with it) made by the offeror and persons acting in concert with it during the period of four months after the posting of the initial offer document total 90% of the shares other than those which are owned by the offeror or persons acting in concert with it.

#### Intention of the Offeror to Privatise E&E

Subject to the satisfaction of the above requirements under the Singapore Companies Act and the Hong Kong Takeovers Code, the Offeror intends to privatise E&E by exercising its right to compulsorily acquire those Offer Shares not acquired by the Offeror under the Offer. If the Offeror decides to exercise such right and completes the compulsory acquisition, E&E will become a direct wholly-owned subsidiary of the Offeror and an application will be made for the withdrawal of the Shares from SEHK pursuant to Rule 6.15(1) of the SEHK Listing Rules and from SGX-ST pursuant to the SGX-ST Listing Manual.

#### Compulsory Acquisition under the Singapore Companies Act

If the Offeror exercises its right of compulsory acquisition under the Singapore Companies Act, the Offeror shall, in the prescribed manner under the Singapore Companies Act, deliver a notice (the “**Notice of Compulsory Acquisition**”) to the Shareholders who do not accept the Offer (the “**Non-accepting Shareholders**”) informing them of the Offeror’s intention to acquire the Offer Shares under its right of compulsory acquisition at any time within 2 months from the date the level of acceptances of the Offer reaches the prescribed level under the Singapore Companies Act required for compulsory acquisition.

Pursuant to the exercise of the right of compulsory acquisition by the Offeror under the Singapore Companies Act, the Offer Shares held by the Non-accepting Shareholders not acquired by the Offeror under the Offer will be compulsorily acquired by the Offeror at the same net consideration of HK\$17.76 (equivalent to US\$2.29 applying the 3 April Exchange

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## LETTER FROM GF SECURITIES

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Rate) per Share (subject to the decision made by the Singapore court in the event a Non-accepting Shareholder makes an application to object the compulsory acquisition as described below), on the later of:

- after the expiry of 1 month commencing from the date the Offeror gives the Notice of Compulsory Acquisition;
- in the event a Non-accepting Shareholder requests for a list of Non-accepting Shareholders as described below, then 14 days from the date the list of Non-accepting Shareholders is provided; or
- in the event a Non-accepting Shareholder makes an application to the Singapore court as described below to object to such compulsory acquisition, then until after that application has been disposed of by the Singapore court as heard by registrars or judges in chambers or in open court.

If the Offeror exercises its right of compulsory acquisition under the Singapore Companies Act by serving the Notice of Compulsory Acquisition, a Non-accepting Shareholder is entitled to:

- *request for a list of Non-accepting Shareholders:*

A Non-accepting Shareholder is entitled to require E&E by a demand in writing served on E&E, within 1 month from the date on which the Notice of Compulsory Acquisition is given, to supply the Non-accepting Shareholder with a statement in writing of the names and addresses of all other Non-accepting Shareholders as shown in the register of members of E&E, and the Offeror shall not be entitled or bound to acquire the Offer Shares of the Non-accepting Shareholders until 14 days after the list of Non-accepting Shareholders is provided or until after the court application (if any) as described below has been disposed of by the Singapore court (whichever is later); and/or

- *make an application to the Singapore court:*

A Non-accepting Shareholder is entitled to make an application to the Singapore court by way of originating summons supported by affidavits filed in accordance with the rules of court objecting to such compulsory acquisition and such application shall be made by such Non-accepting Shareholder within 1 month from the date on which the Notice of Compulsory Acquisition is given or 14 days from the date on which the list of Non-accepting Shareholders is provided as aforesaid (whichever is later), and in such a case, the Offeror shall not acquire the Offer Shares held by any of the Non-accepting Shareholders (whether or not such Non-accepting Shareholder makes an application to the Singapore court to object such compulsory acquisition) until after that application has been disposed of by the Singapore court, as heard by registrars or judges in chambers or in open court. In making any such application to the Singapore court, the Non-accepting Shareholder is required to set out its substantive grounds for seeking relief and has the burden of proof to satisfy the court of the merits of its objection.

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## LETTER FROM GF SECURITIES

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The Singapore court has full discretion under the Singapore Companies Act in determining whether to grant relief in any such application as well as the type of relief to be granted. In assessing any such application as well as relief to be granted (if any), the Singapore court would take into account, amongst others, the compulsory acquisition being made pursuant to the Offer which is subject to the Singapore Take-over Code and the Hong Kong Takeovers Code, the opinions of the Independent Financial Advisers, and potential prejudice and legal implications to the Offeror arising from any relief granted (including restrictions pertaining to any acquisition at above the Offer Price subsequent to the close of the Offer under the said codes).

### Warning

**In view of the foregoing, in the case of the exercise by the Offeror of its right of compulsory acquisition under the Singapore Companies Act, whether or not any Non-accepting Shareholders requests for a list of Non-accepting Shareholders or makes an application to the Singapore court to object such compulsory acquisition, it will take a longer time for the Non-accepting Shareholders to receive the net consideration as compared to the time required for the Shareholders to receive the net consideration after their acceptance of the Offer and the Offer having become unconditional.**

**Shareholders who are in doubt of their position under the Singapore Companies Act are advised to seek their own independent legal advice.**

### Other Information

**If the level of acceptances of the Offer reaches the prescribed level under the Singapore Companies Act required for compulsory acquisition and the requirements of Rule 2.11 of the Hong Kong Takeovers Code are satisfied on the Closing Date, dealings in the Shares will be suspended on SEHK from the Closing Date up to the withdrawal of listing of the Shares from SEHK pursuant to Rule 6.15 of the SEHK Listing Rules. Additionally, pursuant to Rule 1303(1) of the SGX-ST Listing Manual, if the Offeror succeeds in garnering acceptances exceeding 90% of E&E's total number of issued Shares (excluding treasury Shares), resulting in the Singapore Free Float Requirement (as defined below) not being met by E&E, SGX-ST will suspend trading of the Shares on SGX-ST from the Closing Date. The trading of the Shares may be subject to prolonged suspension by SGX-ST if E&E does not meet the Singapore Free Float Requirement but the requisite conditions for delisting from SGX-ST are also not met.**

While it is the intention of the Offeror to privatise E&E, the Offeror's ability to exercise the rights of compulsory acquisition in respect of the Offer Shares is dependent on the level of acceptances of the Offer reaching the prescribed level under the Singapore Companies Act and on the requirements of Rule 2.11 of the Hong Kong Takeovers Code being satisfied.

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## LETTER FROM GF SECURITIES

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### **PUBLIC FLOAT**

SEHK has stated that if, at the close of the Offer, less than the minimum prescribed percentage applicable to E&E, being 25% of the issued Shares, are held by the public, or if SEHK believes that (i) a false market exists or may exist in the trading of the Shares; or (ii) that there are insufficient Shares in public hands to maintain an orderly market, then it will consider exercising its discretion to suspend dealings in the Shares. The Offeror intends to privatise E&E. The directors of the Offeror have jointly and severally undertaken, and any new directors to be appointed to the board of directors of E&E (if applicable) will jointly and severally undertake, to SEHK to take appropriate steps to ensure sufficient public float exists in the Shares, if the Offeror is not entitled to exercise, or decides not to exercise, the compulsory acquisition rights as referred to in this Composite Document.

Rule 723 of the SGX-ST Listing Manual requires E&E to ensure that at least 10% of the total number of issued Shares (excluding treasury Shares) is at all times held by the public (“**Singapore Free Float Requirement**”). In addition, Rule 724 of the SGX-ST Listing Manual states that if the Singapore Free Float Requirement is not met, E&E must, as soon as practicable, announce that fact and SGX-ST may suspend trading of the Shares. SGX-ST may allow E&E a period of three months, or such longer period as SGX-ST may agree, to raise the percentage of Shares in public hands to at least 10%, failing which E&E may be delisted from SGX-ST.

Additionally, Shareholders should note that pursuant to Rule 1303(1) of the SGX-ST Listing Manual, if the Offeror succeeds in garnering acceptances exceeding 90% of E&E’s total number of issued Shares (excluding treasury Shares), resulting in the Singapore Free Float Requirement not being met by E&E, SGX-ST will suspend trading of the Shares on SGX-ST from the Closing Date. The trading of the Shares may be subject to prolonged suspension by SGX-ST if E&E does not meet the Singapore Free Float Requirement but the requisite conditions for delisting from SGX-ST are also not met.

### **OVERSEAS SHAREHOLDERS**

The availability of the Offer to any Overseas Shareholders may be affected by the applicable laws and regulations of their relevant jurisdictions of residence. Overseas Shareholders should observe any applicable legal and regulatory requirements and, where necessary, consult their own professional advisers. It is the responsibility of the Overseas Shareholders who wish to accept the Offer to satisfy themselves as to the full observance of the laws and regulations of the relevant jurisdictions in connection with the acceptance of the Offer (including the obtaining of any governmental or other consent which may be required or the compliance with other necessary formalities and the payment of any transfer or other taxes due by such Overseas Shareholders in respect of such jurisdictions).

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## LETTER FROM GF SECURITIES

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**Any acceptance by any Overseas Shareholders will be deemed to constitute a representation and warranty from the respective Overseas Shareholders to the Offeror that the local laws and requirements have been complied with. The Overseas Shareholders should consult their professional advisers if in doubt.**

### **TAXATION ADVICE**

Shareholders are recommended to consult their own professional advisers if they have any doubt as to the taxation implications of accepting or rejecting the Offer. None of the Offeror, the members of the Kingboard Group, E&E, GF Capital, GF Securities, or their respective ultimate beneficial owners, directors, officers, advisers, agents, or associates or any other person involved in the Offer, accepts responsibility for any taxation effects on, or liabilities of, any persons as a result of their acceptance or rejection of the Offer.

### **HONG KONG STAMP DUTY**

For Hong Kong Shareholders, seller's ad valorem stamp duty at a rate of 0.1% of the market value of the Offer Shares (as determined by the Collector of Stamp Revenue under the Stamp Duty Ordinance) or consideration payable by the Offeror in respect of the relevant acceptances of the Offer, whichever is higher (rounded up to the nearest HK\$1), will be deducted from the amount payable to the relevant Shareholder on acceptance of the Offer. The Offeror will arrange for payment of the seller's ad valorem stamp duty on behalf of accepting Shareholders in connection with the acceptance of such Offer Shares and the transfer of the Offer Shares in accordance with the Stamp Duty Ordinance.

### **INFORMATION OF THE E&E GROUP**

E&E 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 printed circuit boards. The shares of E&E are listed on SEHK and SGX-ST.

Details of the information of the E&E Group are set out in the "Letter from the Board of Directors of E&E" in this Composite Document. Financial and general information of the E&E Group is set out in Appendices III and VII, respectively.

### **Shareholding Structure of E&E**

As at the Latest Practicable Date, E&E had 186,919,962 Shares in issue. Other than the Shares, there was no other class of shares or relevant securities (as defined under the Hong Kong Takeovers Code) of E&E in issue.

## LETTER FROM GF SECURITIES

The following table sets out the shareholding structure of E&E (i) as at the Latest Practicable Date; and (ii) immediately upon the completion of the Offer assuming that the Offeror has exercised its right to compulsorily acquire all the Offer Shares in accordance with the Singapore Companies Act and the Hong Kong Takeovers Code:

Shareholders	(I) As at the Latest Practicable Date		(II) Immediately upon the completion of the Offer	
	Number of Shares held	Approximate shareholding % to total Shares	Number of Shares held	Approximate shareholding % to total Shares
<b>Offeror</b>	90,741,550	48.55%	140,031,093	74.92%
<b>Kingboard Holdings and its wholly-owned subsidiaries:</b>				
– Elitelink Holdings Limited	34,321,615	18.36%	34,321,615	18.36%
– Kingboard Investments Limited	10,928,254	5.85%	10,928,254	5.85%
– Kingboard Holdings	1,639,000	0.88%	1,639,000	0.88%
<b><i>Sub-total of the Kingboard Group</i></b>	<b><i>137,630,419</i></b>	<b><i>73.63%</i></b>	<b><i>186,919,962</i></b>	<b><i>100.00%</i></b>
<b>Directors of Kingboard Holdings and its subsidiaries (to whom the Offer will be extended):</b>				
– Mr. Cheung Kwok Wing*†	1,547,200	0.83%	–	–
– Mr. Cheung Kwok Wa#	706,200	0.38%	–	–
– Mr. Cheung Kwok Ping*#	520,000	0.28%	–	–
– Mr. Chang Wing Yiu*†‡	486,600	0.26%	–	–
– Mr. Ho Yin Sang†	486,600	0.26%	–	–
– Mr. Lam Ka Po#	486,600	0.26%	–	–
<b><i>Sub-total of the Kingboard Group and parties acting in concert with the Offeror</i></b>	<b><i>141,863,619</i></b>	<b><i>75.90%</i></b>	<b><i>186,919,962</i></b>	<b><i>100.00%</i></b>
<b>Other public Shareholders</b>	45,056,343	24.10%	–	–
<b><i>Sub-total of Offer Shares</i></b>	<b><i>49,289,543</i></b>	<b><i>26.37%</i></b>	<b><i>N/A</i></b>	<b><i>N/A</i></b>
<b>Total number of Shares as at the Latest Practicable Date</b>	<b><u>186,919,962</u></b>	<b><u>100.00%</u></b>	<b><u>186,919,962</u></b>	<b><u>100.00%</u></b>

\* Director of the Offeror

† Executive director of Kingboard Holdings

‡ Executive director of E&E

# Executive director of Kingboard Laminates Holdings Limited, a non-wholly owned subsidiary of Kingboard Holdings and the shares of which are listed on SEHK

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## LETTER FROM GF SECURITIES

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### INFORMATION OF THE OFFEROR

The Offeror is an investment holding company incorporated in Bermuda with limited liability on 21 April 1989. The entire issued share capital of the Offeror is indirectly owned by Kingboard Holdings.

Kingboard Holdings is an investment holding company and the shares of which are listed on SEHK. The Kingboard Group is principally engaged in the manufacture and sale of laminates, copper foil, glass fabric, glass yarn, bleached kraft paper, packing cartons, printed circuit boards, chemicals and magnetic products, as well as property development and investment.

### REASONS FOR AND BENEFITS OF THE OFFER

The Offeror takes the view that the trading price and trading volume of the Shares have not been satisfactory. As set out in the section headed “The Offer-Comparison of the Offer Price” above, during the period beginning on 3 October 2019 (being six months preceding the commencement of the offer period) up to and including the Last Trading Day: (i) the highest closing price of the Shares was HK\$13.20 as quoted on SEHK and US\$1.79 as quoted on SGX-ST; and (ii) the lowest closing price of the Shares was HK\$10.60 as quoted on SEHK and US\$1.12 as quoted on SGX-ST. The average daily aggregate trading volume of the Shares on SEHK and SGX-ST for the 6-month period, 12-month period, and 24-month period up to and including the Last Trading Day were approximately 34,692 Shares, 36,790 Shares, and 31,749 Shares per day, representing only approximately 0.02%, 0.02%, and 0.02% respectively of the issued Shares as at the Last Trading Day. The low trading liquidity of the Shares could make it difficult for Shareholders to divest scalable on-market disposals without adversely affecting the price of the Shares.

As such, the Offer presents an immediate opportunity for holders of the Offer Shares to realise their investments in the Offer Shares for cash and redeploy the cash received from accepting the Offer into other investment opportunities. On the other hand, the Offer allows the Kingboard Group to increase its stake in E&E for better synergy within the Kingboard Group.

The Offer Price was determined after taking into account the recent trading prices of the Shares on SEHK and SGX-ST and the net asset value per Share of E&E as at 31 December 2019.

### INTENTIONS OF THE OFFEROR IN RELATION TO THE E&E GROUP

The Offeror intends to continue the existing businesses of the E&E Group upon the completion of the Offer, and to develop deeper synergies with the other businesses within the Kingboard Group, explore new development opportunities, and implement long-term growth strategies. The Offeror may also from time to time, based on market situation, consider introducing significant changes to the existing operations of the E&E Group following the review of its strategic options relating to the business, structure, and/or direction of the E&E

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## LETTER FROM GF SECURITIES

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Group. The Offeror may continue to explore the possibility of re-aligning or re-deploying the assets of the E&E Group and assess suitable opportunities to enhance the financial flexibility of the E&E Group. It is also the intention of the Offeror that the employment of the existing employees of the E&E Group should be continued following the completion of the Offer, except for changes which may occur in the ordinary course of business. As at the Latest Practicable Date, the Offeror did not intend to introduce any major change in the business of E&E, including the redeployment of the fixed assets of E&E.

If the Offeror is not entitled to exercise the compulsory acquisition rights set out in the section headed “Possible Compulsory Acquisition” above, the Offer will not become unconditional and will lapse, unless otherwise revised or extended in accordance with the Hong Kong Takeovers Code and the Singapore Take-over Code. As at the Latest Practicable Date, in the event of such circumstances, the Offeror intended to continue the listing of E&E immediately after the lapse of the Offer but would evaluate plans to delist the Shares from SEHK and/or SGX-ST in the future as and when appropriate, taking into account factors including but not limited to the prevailing market conditions and legal and regulatory requirements. Any such plans may or may not materialise as contemplated or at all.

### CHANGES TO THE BOARD COMPOSITION

As at the Latest Practicable Date, the Offeror had not decided on the future composition of the board of directors of E&E. Any changes to the board of directors of E&E will be made in compliance with the Hong Kong Takeovers Code, the Singapore Take-over Code, the SEHK Listing Rules, the SGX-ST Listing Manual, the Singapore Companies Act, and the articles of association of E&E and further announcement will be made by E&E as and when appropriate.

### GENERAL

To ensure equality of treatment of all Shareholders, those Shareholders who hold the Offer Shares as nominees for more than one beneficial owner should, as far as practicable, treat the holding of each beneficial owner separately. In order for the beneficial owners of the Offer Shares whose investments are registered in nominee names to accept the Offer, it is essential that they provide instructions of their intentions with regard to the Offer to their nominees.

All documents and cheques for payment to the Shareholders will be sent to them by ordinary post at their own risk to their addresses as they appear in the register of members of E&E or, in the case of joint Shareholders, to the Shareholders whose name appears first in the register of members of E&E, as applicable. None of the Offeror, E&E, GF Capital, GF Securities, or any of their respective directors or any other person involved in the Offer will be responsible for any loss or delay in transmission or any other liabilities that may arise as a result thereof.

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## LETTER FROM GF SECURITIES

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### ADDITIONAL INFORMATION

Your attention is drawn to the additional information regarding the Offer set out in the appendices to this Composite Document and the accompanying Forms of Acceptance, which form part of this Composite Document. In addition, your attention is also drawn to the “Letter from the Board of Directors of E&E”, the “Letter from the Independent Board Committee”, and the letters of advice and recommendation by the Independent Financial Advisers to the Independent Board Committee and the holders of Offer Shares as set out in the “Letter from the Hong Kong Independent Financial Adviser” and the “Letter from the Singapore Independent Financial Adviser” contained in this Composite Document.

Yours faithfully,  
For and on behalf of  
**GF Securities (Hong Kong) Brokerage Limited**  
**Danny Wan**  
*Managing Director*



**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: 01151)**  
**(Singapore Stock Code: E16.SI)**

***Executive Directors:***

Stephanie Cheung Wai Lin  
Chang Wing Yiu

***Registered office:***

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

***Independent Non-Executive Directors:***

Stanley Chung Wai Cheong  
Ong Shen Chieh  
Kong Tze Wing

***Headquarters and principal  
place of business:***

23/F, Delta House,  
3 On Yiu Street,  
Shek Mun, Shatin,  
New Territories, Hong Kong

29 May 2020

*To the holders of Offer Shares*

Dear Sir or Madam,

**PROPOSED PRIVATISATION OF  
ELEC & ELTEK INTERNATIONAL COMPANY LIMITED BY WAY OF  
VOLUNTARY CONDITIONAL CASH OFFER BY  
GF SECURITIES (HONG KONG) BROKERAGE LIMITED  
ON BEHALF OF  
ELEC & ELTEK INTERNATIONAL HOLDINGS LIMITED**

**1. INTRODUCTION**

Reference is made to the joint announcement dated 3 April 2020 issued by Kingboard Holdings, the Offeror, and E&E announcing that GF Securities, on behalf of the Offeror, intended to make a voluntary conditional cash offer to acquire all of the Offer Shares.

The purpose of this Composite Document (of which this letter forms part) is to provide you with, among other things: (i) information relating to the E&E Group, the Offeror, and the Offer; (ii) a letter from GF Securities containing, among other things, details of the Offer; (iii)

\* *For identification purpose only*

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## LETTER FROM THE BOARD OF DIRECTORS OF E&E

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a letter from the Independent Board Committee containing its recommendations to the holders of Offer Shares in relation to the Offer; and (iv) the letters from the Independent Financial Advisers containing their advice and recommendations to the Independent Board Committee in relation to the Offer.

### **2. INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISERS**

The board of directors of E&E has established the Independent Board Committee, comprising the three independent non-executive directors of E&E, being Mr. Stanley Chung Wai Cheong, Mr. Ong Shen Chieh, and Mr. Kong Tze Wing, to make a recommendation to the holders of the Offer Shares as to whether the Offer is fair and reasonable and as to its acceptance.

Pursuant to Rule 2.8 of the Hong Kong Takeovers Code, members of the Independent Board Committee are all non-executive directors of E&E who have no direct or indirect interest in the Offer.

Soochow Securities International Capital Limited and SooChow CSSD Capital Markets (Asia) Pte. Ltd., with the approval of the Independent Board Committee, have been appointed by E&E as its Independent Financial Advisers to advise the Independent Board Committee in respect of the Offer and as to whether the terms of the Offer are fair and reasonable and as to its acceptance.

### **3. THE OFFER**

As disclosed in the “Letter from GF Securities” in this Composite Document, GF Securities is making the Offer on behalf of the Offeror. Shareholders accepting the Offer will receive net consideration of HK\$17.76 (equivalent to US\$2.29 applying the 3 April Exchange Rate) per Share in cash, being the Offer Price of HK\$18.07 (equivalent to US\$2.33 applying the 3 April Exchange Rate) after deduction of the Final Dividend of US\$0.04 (applying the 8 May Exchange Rate).

The Offer is being extended to all Shareholders except: (i) the Offeror (being a wholly-owned subsidiary of Kingboard Holdings); (ii) Kingboard Holdings; and (iii) the other wholly-owned subsidiaries of Kingboard Holdings.

Further details of the Offer can be found in the “Letter from GF Securities”, “Appendix I – Procedures for Acceptance and Settlement of the Offer for Hong Kong Shareholders”, and “Appendix II – Procedures for Acceptance and Settlement of the Offer for Singapore Shareholders” to this Composite Document and the accompanying Forms of Acceptance, which together set out the terms and conditions of the Offer and certain related information.

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## LETTER FROM THE BOARD OF DIRECTORS OF E&E

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### 4. CONDITION OF THE OFFER

Your attention is drawn to the section headed “Condition of the Offer” in the “Letter from GF Securities” in this Composite Document which sets out the Condition of the Offer.

### 5. POSSIBLE COMPULSORY ACQUISITION AND WITHDRAWAL OF LISTING

#### Conditions for Compulsory Acquisition

Pursuant to Section 215(1) of the Singapore Companies Act, in the event that the Offeror receives valid acceptances pursuant to the Offer (or otherwise acquires Shares during the period that the Offer is open for acceptance) in respect of not less than 90% of the Disinterested Shares, the Offeror will be entitled to compulsorily acquire all the remaining Offer Shares from Shareholders who have not accepted the Offer on the same terms as those offered under the Offer.

Pursuant to Rule 2.11 of the Hong Kong Takeovers Code, except with the consent of the Executive, where any person seeks to acquire or privatise a company by means of an offer and the use of compulsory acquisition rights, such rights may only be exercised if, in addition to satisfying any requirements imposed by law, acceptances of the offer and purchases (in each case of the shares other than those which are owned by the offeror or persons acting in concert with it) made by the offeror and persons acting in concert with it during the period of four months after the posting of the initial offer document total 90% of the shares other than those which are owned by the offeror or persons acting in concert with it.

#### Intention of the Offeror to Privatise E&E

Subject to the satisfaction of the above requirements under the Singapore Companies Act and the Hong Kong Takeovers Code, the Offeror intends to privatise E&E by exercising its right to compulsorily acquire those Offer Shares not acquired by the Offeror under the Offer. If the Offeror decides to exercise such right and completes the compulsory acquisition, E&E will become a direct wholly-owned subsidiary of the Offeror and an application will be made for the withdrawal of the Shares from SEHK pursuant to Rule 6.15(1) of the SEHK Listing Rules and from SGX-ST pursuant to the SGX-ST Listing Manual.

#### Compulsory Acquisition under the Singapore Companies Act

If the Offeror exercises its right of compulsory acquisition under the Singapore Companies Act, the Offeror shall, in the prescribed manner under the Singapore Companies Act, deliver the Notice of Compulsory Acquisition to the Non-accepting Shareholders who do not accept the Offer informing them of the Offeror’s intention to acquire the Offer Shares under its right of compulsory acquisition at any time within 2 months from the date the level of acceptances of the Offer reaches the prescribed level under the Singapore Companies Act required for compulsory acquisition.

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## LETTER FROM THE BOARD OF DIRECTORS OF E&E

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Pursuant to the exercise of the right of compulsory acquisition by the Offeror under the Singapore Companies Act, the Offer Shares held by the Non-accepting Shareholders not acquired by the Offeror under the Offer will be compulsorily acquired by the Offeror at the same net consideration of HK\$17.76 (equivalent to US\$2.29 applying the 3 April Exchange Rate) per Share (subject to the decision made by the Singapore court in the event a Non-accepting Shareholder makes an application to object the compulsory acquisition as described below), on the later of:

- after the expiry of 1 month commencing from the date the Offeror gives the Notice of Compulsory Acquisition;
- in the event a Non-accepting Shareholder requests for a list of Non-accepting Shareholders as described below, then 14 days from the date the list of Non-accepting Shareholders is provided; or
- in the event a Non-accepting Shareholder makes an application to the Singapore court as described below to object to such compulsory acquisition, then until after that application has been disposed of by the Singapore court as heard by registrars or judges in chambers or in open court.

If the Offeror exercises its right of compulsory acquisition under the Singapore Companies Act by serving the Notice of Compulsory Acquisition, a Non-accepting Shareholder is entitled to:

- *request for a list of Non-accepting Shareholders:*

A Non-accepting Shareholder is entitled to require E&E by a demand in writing served on E&E, within 1 month from the date on which the Notice of Compulsory Acquisition is given, to supply the Non-accepting Shareholder with a statement in writing of the names and addresses of all other Non-accepting Shareholders as shown in the register of members of E&E, and the Offeror shall not be entitled or bound to acquire the Offer Shares of the Non-accepting Shareholders until 14 days after the list of Non-accepting Shareholders is provided or until after the court application (if any) as described below has been disposed of by the Singapore court (whichever is later); and/or

- *make an application to the Singapore court:*

A Non-accepting Shareholder is entitled to make an application to the Singapore court by way of originating summons supported by affidavits filed in accordance with the rules of court objecting to such compulsory acquisition and such application shall be made by such Non-accepting Shareholder within 1 month from the date on which the Notice of Compulsory Acquisition is given or 14 days from the date on which the list of Non-accepting Shareholders is provided as aforesaid (whichever is later), and in such a case, the Offeror shall not acquire the Offer Shares held by any of the Non-accepting Shareholders (whether or not such Non-accepting Shareholder makes an application to the

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## LETTER FROM THE BOARD OF DIRECTORS OF E&E

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Singapore court to object such compulsory acquisition) until after that application has been disposed of by the Singapore court, as heard by registrars or judges in chambers or in open court. In making any such application to the Singapore court, the Non-accepting Shareholder is required to set out its substantive grounds for seeking relief and has the burden of proof to satisfy the court of the merits of its objection.

The Singapore court has full discretion under the Singapore Companies Act in determining whether to grant relief in any such application as well as the type of relief to be granted. In assessing any such application as well as relief to be granted (if any), the Singapore court would take into account, amongst others, the compulsory acquisition being made pursuant to the Offer which is subject to the Singapore Take-over Code and the Hong Kong Takeovers Code, the opinions of the Independent Financial Advisers, and potential prejudice and legal implications to the Offeror arising from any relief granted (including restrictions pertaining to any acquisition at above the Offer Price subsequent to the close of the Offer under the said codes).

### **Warning**

**In view of the foregoing, in the case of the exercise by the Offeror of its right of compulsory acquisition under the Singapore Companies Act, whether or not any Non-accepting Shareholders requests for a list of Non-accepting Shareholders or makes an application to the Singapore court to object such compulsory acquisition, it will take a longer time for the Non-accepting Shareholders to receive the net consideration as compared to the time required for the Shareholders to receive the net consideration after their acceptance of the Offer and the Offer having become unconditional.**

**Shareholders who are in doubt of their position under the Singapore Companies Act are advised to seek their own independent legal advice.**

### **Other Information**

**If the level of acceptances of the Offer reaches the prescribed level under the Singapore Companies Act required for compulsory acquisition and the requirements of Rule 2.11 of the Hong Kong Takeovers Code are satisfied on the Closing Date, dealings in the Shares will be suspended on SEHK from the Closing Date up to the withdrawal of listing of the Shares from SEHK pursuant to Rule 6.15 of the SEHK Listing Rules. Additionally, pursuant to Rule 1303(1) of the SGX-ST Listing Manual, if the Offeror succeeds in garnering acceptances exceeding 90% of E&E's total number of issued Shares (excluding treasury Shares), resulting in the Singapore Free Float Requirement not being met by E&E, SGX-ST will suspend trading of the Shares on SGX-ST from the Closing Date. The trading of the Shares may be subject to prolonged suspension by SGX-ST if E&E does not meet the Singapore Free Float Requirement but the requisite conditions for delisting from SGX-ST are also not met.**

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## LETTER FROM THE BOARD OF DIRECTORS OF E&E

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While it is the intention of the Offeror to privatise E&E, the Offeror's ability to exercise the rights of compulsory acquisition in respect of the Offer Shares is dependent on the level of acceptances of the Offer reaching the prescribed level under the Singapore Companies Act and on the requirements of Rule 2.11 of the Hong Kong Takeovers Code being satisfied.

### **6. INTENTIONS OF THE OFFEROR IN RELATION TO THE E&E GROUP**

Your attention is drawn to the section headed "Intentions of the Offeror in relation to the E&E Group" in the "Letter from GF Securities" in this Composite Document which sets out the intentions of the Offeror regarding the E&E Group. The board of directors of E&E has noted such intentions. The board of directors of E&E is of the view that the Offeror's intentions in relation to the E&E Group and its employees would not have a material impact on the existing businesses of the E&E Group.

### **7. REASONS FOR AND BENEFITS OF THE OFFER**

Your attention is drawn to the section headed "Reasons for and Benefits of the Offer" in the "Letter from GF Securities" in this Composite Document which sets out the reasons for and benefits of the Offer to the holders of the Offer Shares, E&E, the Offeror, and the shareholders of the Offeror.

### **8. INFORMATION ON THE OFFEROR**

Your attention is drawn to the section headed "Information on the Offeror" in the "Letter from GF Securities" and the general information of the Offeror set out in "Appendix VI – General Information of the Offeror" in this Composite Document for information on the Offeror.

### **9. INFORMATION ON E&E**

E&E 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 printed circuit boards. The shares of E&E are listed on SEHK and SGX-ST. Your attention is drawn to the section headed "Information on E&E" in the "Letter from GF Securities" in this Composite Document for further information on E&E.

Your attention is also drawn to the financial information of the E&E Group set out in "Appendix III – Financial Information of the E&E Group", the property valuations of the E&E Group set out in "Appendix V – Property Valuation Report" and the general information of E&E set out in "Appendix VII – General Information of E&E" to this Composite Document.

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## LETTER FROM THE BOARD OF DIRECTORS OF E&E

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### 10. ADDITIONAL INFORMATION

You are advised to read the “Letter from GF Securities”, “Appendix I – Procedures for Acceptance and Settlement of the Offer for Hong Kong Shareholders”, and “Appendix II – Procedures for Acceptance and Settlement of the Offer for Singapore Shareholders” to this Composite Document and the accompanying Forms of Acceptance for information relating to the Offer and the acceptance and settlement procedures of the Offer. Your attention is also drawn to the additional information contained in the appendices to this Composite Document.

### 11. ABSTENTION FROM VOTING AND MAKING RECOMMENDATIONS BY DIRECTORS OF E&E

Mr. Chang Wing Yiu, an executive director of E&E, by virtue of him being a director of the Offeror and executive director of Kingboard Holdings and being (and/or his associates being) directly or indirectly interested in certain shares in Kingboard Holdings, is deemed to be interested in the Offer.

Ms. Stephanie Cheung Wai Lin, an executive director of E&E, by virtue of her being an executive director of Kingboard Holdings and being (and/or her associates being) directly or indirectly interested in certain shares in Kingboard Holdings, is deemed to be interested in the Offer.

By virtue of the above, and in compliance with the articles of association of E&E, each of Mr. Chang Wing Yiu and Ms. Cheung Wai Lin, Stephanie (collectively, the “**Abstaining Directors**”) has abstained and will continue to abstain from voting on any board resolution of E&E relating to the Offer. Accordingly, the Abstaining Directors have also not joined with the remainder of the board of directors in the expression of their views on the Offer.

### 12. RECOMMENDATIONS

Each of the Hong Kong Independent Financial Adviser and the Singapore Independent Financial Adviser has advised the Independent Board Committee that it considers the terms of the Offer to be fair and reasonable so far as the holders of the Offer Shares are concerned, and accordingly each of them recommends the Independent Board Committee to recommend the holders of the Offer Shares to accept the Offer.

The Independent Board Committee, having been so advised, considers the terms of the Offer to be fair and reasonable so far as the holders of the Offer Shares are concerned, and accordingly, recommends the holders of the Offer Shares to accept the Offer.

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## LETTER FROM THE BOARD OF DIRECTORS OF E&E

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The full text of the letter from the Independent Board Committee addressed to the holders of the Offer Shares is set out on pages 36 to 37 of this Composite Document. The full text of the letter from the Hong Kong Independent Financial Adviser addressed to the holders of the Offer Shares is set out on pages 38 to 71 of this Composite Document. The full text of the letter from the Singapore Independent Financial Adviser addressed to the holders of the Offer Shares is set out on pages 72 to 126 of this Composite Document. You are advised to read all three letters and the other information contained in this Composite Document carefully before taking any action in respect of the Offer.

The holders of the Offer Shares are recommended to consult their own professional advisers as to the tax implications that may arise from accepting the Offer.

Yours faithfully,  
For and on behalf of  
the board of directors of  
**ELEC & ELTEK INTERNATIONAL  
COMPANY LIMITED**  
**Stanley Chung Wai Cheong**  
*Independent Non-executive Director*



**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: 01151)**  
**(Singapore Stock Code: E16.SI)**

29 May 2020

*To the holders of Offer Shares*

Dear Sir or Madam,

**PROPOSED PRIVATISATION OF  
ELEC & ELTEK INTERNATIONAL COMPANY LIMITED BY WAY OF  
VOLUNTARY CONDITIONAL CASH OFFER BY  
GF SECURITIES (HONG KONG) BROKERAGE LIMITED  
ON BEHALF OF  
ELEC & ELTEK INTERNATIONAL HOLDINGS LIMITED**

**1. INTRODUCTION**

We refer to the composite document dated 29 May 2020 (the “**Composite Document**”) jointly issued by the Offeror and E&E of which this letter forms part. Unless the context requires otherwise, terms used in this letter shall have the same meaning as those defined in the Composite Document.

We have been appointed by the board of directors of E&E to form the Independent Board Committee to make recommendations to you as to whether, in our opinion, the terms and conditions of the Offer are fair and reasonable so far as the holders of Offer Shares are concerned and as to acceptance of the Offer.

We, being the members of the Independent Board Committee, have declared that we are independent and do not have any conflict of interest in respect of the Offer and are therefore able to consider the terms of the Offer and to make recommendations to the holders of Offer Shares.

\* *For identification purpose only*

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## LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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Soochow Securities International Capital Limited and SooChow CSSD Capital Markets (Asia) Pte. Ltd. have been appointed, with our approval, as E&E's Independent Financial Advisers to advise and make recommendations to us as to the terms and conditions of the Offer and as to acceptance of the Offer. The details of their advice and recommendations and the principal factors taken into consideration in arriving at their recommendations are set out in the "Letter from the Hong Kong Independent Financial Adviser" and the "Letter from the Singapore Independent Financial Adviser" set out in the Composite Document.

We also wish to draw your attention to the "Letter from GF Securities", the "Letter from the Board of Directors of E&E", and the additional information set out in the Composite Document, including the appendices to the Composite Document and the accompanying Forms of Acceptance.

### 2. RECOMMENDATIONS

Having taken into account the advice and recommendations of the Independent Financial Advisers, in particular the factors, reasons, and recommendations as set out in the "Letter from the Hong Kong Independent Financial Adviser" and the "Letter from the Singapore Independent Financial Adviser", we concur with the view of the Independent Financial Advisers and consider that the terms of the Offer are fair and reasonable so far as the holders of Offer Shares are concerned, and recommend the holders of Offer Shares to accept the Offer.

Holders of Offer Shares who wish to realise their investments in E&E may also choose to sell their Offer Shares in the open market if the net proceeds obtained from such sale of the Offer Shares (after deducting transaction costs) would be higher than the net proceeds from accepting the Offer.

Notwithstanding our recommendations, the holders of Offer Shares are strongly advised that their decision to realise or to hold their investment in E&E depends on their own individual circumstances and investment objectives. If in any doubt, the holders of Offer Shares should consult their own professional advisers for professional advice.

Yours faithfully,

**The Independent Board Committee of  
Elec & Eltek International Company Limited**

Ong Shen Chieh

Stanley Chung Wai Cheong

Kong Tze Wing

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## LETTER FROM THE HONG KONG INDEPENDENT FINANCIAL ADVISER

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*Set out below is the text of a letter of advice from Soochow Securities International Capital Limited, the independent financial adviser to the Independent Board Committee and the Independent Shareholders for the purpose of inclusion in this Composite Document.*



Soochow Securities International Capital Limited  
Level 17, Three Pacific Place, 1 Queen's Road East  
Hong Kong

29 May 2020

*To the Independent Board Committee and Independent Shareholders*

Dear Sirs,

**PROPOSED PRIVATISATION OF  
ELEC & ELTEK INTERNATIONAL COMPANY LIMITED  
BY WAY OF VOLUNTARY CONDITIONAL  
CASH OFFER BY  
GF SECURITIES (HONG KONG) BROKERAGE LIMITED  
ON BEHALF OF  
ELEC & ELTEK INTERNATIONAL HOLDINGS LIMITED**

### INTRODUCTION

We refer to our appointment as the independent financial adviser to the Independent Board Committee and the Independent Shareholders (as defined below) in relation to the proposed privatisation by way of voluntary conditional cash offer (the “**Offer**”), details of which are set out in the letter from GF Securities (“**Letter from GF Securities**”) contained in the Composite Document jointly issued by or on behalf of the Offeror and E&E dated 29 May 2020, of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as those defined in the Composite Document unless the context requires otherwise.

On behalf of the Offeror, a subsidiary of the Kingboard Group and the direct holding company of E&E, GF Securities is making a voluntary conditional cash offer to acquire all the Offer Shares of E&E. As at the Latest Practicable Date, E&E had in total 186,919,962 Shares in issue, of which the Kingboard Group held an aggregate of 137,630,419 Shares, representing approximately 73.63% of the total number of Shares, while the remaining 49,289,543 Shares, being the Offer Shares and representing approximately 26.37% of the total number of Shares, will be subject to the Offer. Further, the Offer Shares comprise (i) 4,233,200 Shares held by the directors of Kingboard Holdings and its subsidiaries (who are presumed to be parties acting

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## LETTER FROM THE HONG KONG INDEPENDENT FINANCIAL ADVISER

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in concert with the Offeror), representing approximately 2.27% of the total number of Shares; and (ii) 45,056,343 Shares held by other public shareholders (“**Independent Shareholders**”), representing approximately 24.10% of the total number of Shares.

According to Rule 2.1 of the Hong Kong Takeovers Code, in relation to the Offer, an independent committee of the board of E&E must be established in the interests of the Shareholders, while an independent financial adviser must be appointed to advise such independent committee in connection with the Offer and in particular as to whether the Offer is fair and reasonable and as to acceptance and voting. In this regard, the Independent Board Committee, comprising Mr. Ong Shen Chieh, Mr. Stanley Chung Wai Cheong and Mr. Kong Tze Wing, being all the independent non-executive Directors of E&E, has been established and we have been appointed as the Hong Kong Independent Financial Adviser by E&E to advise the Independent Board Committee and the Independent Shareholders.

This Letter is issued for the purpose of compliance with the requirements of the Hong Kong Takeovers Code (and not the requirements of the Singapore Take-over Code). The requirements of the Singapore Take-over Code may differ from the requirements of the Hong Kong Takeovers Code and the practices in relation to the issuance of independent financial adviser’s opinions in Singapore may differ from those in Hong Kong. Accordingly, this letter is meant for use by the Independent Board Committee in relation to the Offer in Hong Kong (and not in relation to the Offer in Singapore) and we do not purport to opine on fairness or reasonableness of the Offer in Singapore or for the purpose of the Singapore Take-over Code.

We are not associated or connected with E&E, the Offeror or their respective controlling shareholders or any party acting, or presumed to be acting, in concert with any of them. No other business relationship existed between E&E or its associated companies and us in the past two years save for the fact that SooChow CSSD Capital Markets (Asia) Pte. Ltd., a subsidiary of our ultimate holding company, Soochow Securities Co., Ltd, (i) has been appointed by E&E to act as the Singapore Independent Financial Adviser to advise the Independent Board Committee in respect of the Offer; and (ii) was appointed by Kingboard Copper Foil Holdings Limited (“**KCF**”), a company previously listed on the SGX-ST until its delisting on 10 June 2019 and a subsidiary of Kingboard Laminates Holdings Limited (“**Kingboard Laminates**”, SEHK stock code: 01888, a fellow subsidiary of the Offeror), to act as its independent financial adviser in respect of a voluntary unconditional cash offer made by Excel First Investments Limited (a subsidiary of Kingboard Laminates), details of which were set out in the offeree document of KCF dated 2 May 2019. Apart from normal professional fees payable to us by E&E in connection with this appointment, no arrangement exists whereby we will receive any fees or benefits from E&E or its controlling shareholder or any party acting, or presumed to be acting, in concert with any of them. Accordingly, we are considered eligible to give independent advice on the Offer, and we are not aware of any relationship or interest between us and E&E or other parties that would be reasonably considered to affect our independence to act as an independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Offer.

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## LETTER FROM THE HONG KONG INDEPENDENT FINANCIAL ADVISER

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### BASIS OF OUR OPINION

In formulating our opinion, we have relied upon the information, facts and representations contained in the Composite Document and those supplied or made available to us by E&E, the directors and representatives of E&E for which they are solely and wholly responsible, and to their information and knowledge, being true, accurate and complete in all respects at the time they were given or made and continue to be true, accurate and valid as at the Latest Practicable Date and can be relied upon. We have assumed that all statements and information supplied, and the opinions and representations made or provided to us by E&E, the directors and representatives of E&E and those contained in the Composite Document have been reasonably made after due and careful enquiry.

The directors of Kingboard Holdings and the Offeror have jointly and severally accepted full responsibility for the accuracy of the information contained in this Composite Document (other than that relating to the E&E Group) and confirmed, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in the Composite Document (other than those opinions expressed by E&E or the directors of E&E) have been arrived at after due and careful consideration and there are no other facts not contained in the Composite Document, the omission of which would make any statement in the Composite Document misleading. The board of directors of E&E has jointly and severally accepted full responsibility for the accuracy of the information contained in the Composite Document (other than any information relating to the Offeror and parties acting in concert with it excluding, for the avoidance of doubt, the E&E Group for this purpose), and confirmed, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this Composite Document (other than those expressed by the Offeror or the directors of the Offeror) have been arrived at after due and careful consideration and there are no other facts not contained in this Composite Document, the omission of which would make any statement in this Composite Document misleading.

We consider that we have reviewed all available information and documents which are made available to us to enable us to reach an informed view and to justify our reliance on the information provided so as to provide a reasonable basis for our opinion. We have no reason to doubt the truth, accuracy and completeness of the statements, information, opinions and representations provided to us by E&E, the directors and representatives of E&E, or to believe that any material facts have been omitted or withheld. We have, however, not conducted any independent investigation into the business and/or affairs of E&E, the Offeror or their respective controlling shareholders or any party acting, or presumed to be acting, in concert with any of them, nor have we carried out any independent verification of the information supplied to us. We have assumed that all representations contained or referred to in the Composite Document were true at the time they were made and continue to be true until the Latest Practicable Date. In the event we become aware of any material change to the information, facts or representations supplied or made available to us by E&E which leads to any change in our opinion from the despatch of the Composite Document up to the closing date of the Offer or the date on which the Offer lapses (whichever is later), we will inform the Independent Board Committee and the Independent Shareholders accordingly as soon as possible.

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## LETTER FROM THE HONG KONG INDEPENDENT FINANCIAL ADVISER

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We have not considered the tax and regulatory implications on the Shareholders of their acceptance or non-acceptance of the Offer since these are particular to their own individual circumstances. It is emphasized that we will not accept any responsibility for any tax effect on, or liability of, any person resulting from his or her acceptance or non-acceptance of the Offer. In particular, the Shareholders who are residents outside of Hong Kong or subject to overseas taxation or Hong Kong taxation on securities dealings should consider their own tax positions with regard to the Offer and, if in any doubt, should consult their own professional advisers.

Unless otherwise specified, where exchange rate is applicable in our analysis, the following exchange rates as at 3 April 2020 obtained from Bloomberg were adopted:

US\$1 : HK\$7.752 (being the 3 April Exchange Rate as defined in the Composite Document)

US\$1 : RMB7.091

### PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion and recommendation, we have considered the principal factors and reasons set out below:

#### 1. Principal terms of the Offer

##### 1.1 *The Offer Price*

GF Securities is making a voluntary conditional cash offer on behalf of the Offeror to acquire all the Offer Shares. According to the Offer Announcement jointly issued by Kingboard Holdings, the Offeror and E&E in relation to the Offer dated 3 April 2020, under the Offer, Shareholders accepting the Offer will receive the Offer Price of HK\$18.07 (equivalent to US\$2.33 applying the 3 April Exchange Rate) per Share in cash.

As set out in the paragraph headed “The Offer” in the Letter from GF Securities, in the event that the relevant Offer Shares are acquired by the Offeror on or after 7 May 2020 from Hong Kong Shareholders and on or after 6 May 2020 from Singapore Shareholders, the Shareholders whose names appear on the register of members of E&E on 8 May 2020 will be entitled to the Final Dividend in respect of such Offer Shares. The Offer Price after deducting the net dividend of US\$0.04 will constitute the consideration for each Offer Share for such Shareholders. All the Offer Shares will be acquired by the Offeror after 7 May 2020 and accordingly, all the Shareholders accepting the Offer will receive (subject to the Condition) the Offer Price of HK\$18.07 (equivalent to US\$2.33 applying the 3 April Exchange Rate) per Share in cash subject to the deduction of the Final Dividend of US\$0.04. Applying the 8 May Exchange Rate, the net consideration received by Shareholders for accepting the Offer will be HK\$17.76 (equivalent to US\$2.29 applying the 3 April Exchange Rate) per Share (being the original Offer Price of HK\$18.07, net of the Final Dividend of approximately HK\$0.31

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## LETTER FROM THE HONG KONG INDEPENDENT FINANCIAL ADVISER

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(equivalent to US\$0.04, applying the 8 May Exchange Rate of US\$1 to HK\$7.751) (“**Adjusted Offer Price**”). In this regard, for the purpose of assessing the fairness and reasonableness of the Offer, the Adjusted Offer Price will be used when we conduct our analysis in this letter.

On the assumption that the Offer is accepted in full by the holders of the Offer Shares and on the basis that there will be 49,289,543 Offer Shares and the Adjusted Offer Price of HK\$17.76, the value of the Offer is approximately HK\$875 million (equivalent to approximately US\$113 million applying the 3 April Exchange Rate).

As stated in the Letter from GF Securities, the cash payable in respect of the consideration under the Offer will be denominated in Hong Kong dollars, save that Shareholders accepting the Offer with Offer Shares which are registered in the Depository Register will receive cash consideration denominated in Singapore dollars based upon the Settlement Exchange Rate.

### *1.2. Condition of the Offer*

Shareholders are advised to read the paragraphs headed “Condition of the Offer” and “Possible Compulsory Acquisition and Withdrawal of Listing” in the Letter from GF Securities for the details of the conditions of the Offer.

Pursuant to Rule 2.11 of the Hong Kong Takeovers Code, except with the consent of the Executive, the Offeror may only exercise its compulsory acquisition rights to privatise E&E if, in addition to satisfying any requirements imposed by law, acceptances of the Offer and purchases (in each case of the shares other than those which are owned by the Offeror or persons acting in concert with it) made by the Offeror and persons acting in concert with it during the period of four months after the posting of the Composite Document account for 90% of the Offer Shares other than those which are owned by the Offeror or the persons acting in concert with it.

Pursuant to Section 215(1) of the Singapore Companies Act, in the event that the Offeror receives valid acceptances pursuant to the Offer (or otherwise acquires Shares during the period that the Offer is open for acceptance) in respect of not less than 90% of the Disinterested Shares, the Offeror will be entitled to compulsorily acquire all the remaining Offer Shares from Shareholders who have not accepted the Offer on the same terms as those offered under the Offer.

Subject to the satisfaction of the above requirements under the Hong Kong Takeovers Code and the Singapore Companies Act, the Offeror intends to privatise E&E by exercising its right to compulsorily acquire those Offer Shares not acquired by the Offeror under the Offer. If the Offeror decides to exercise such right and completes the compulsory acquisition, E&E will become a direct wholly-owned subsidiary of the Offeror and an application will be made for the withdrawal of the Shares from SEHK pursuant to Rule 6.15(1) of the SEHK Listing Rules and from SGX-ST pursuant to the SGX-ST Listing Manual.

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## LETTER FROM THE HONG KONG INDEPENDENT FINANCIAL ADVISER

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As set out in the paragraphs headed “Possible Compulsory Acquisition and Withdrawal of Listing – Compulsory Acquisition under the Singapore Companies Act” in the Letter from GF Securities, if the Offeror exercises its right of compulsory acquisition under the Singapore Companies Act, the Offeror shall, in the prescribed manner under the Singapore Companies Act, deliver a notice (the “**Notice of Compulsory Acquisition**”) to the Shareholders who do not accept the Offer (the “**Non-accepting Shareholders**”) informing them of the Offeror’s intention to acquire the Offer Shares under its right of compulsory acquisition at any time within two months from the date the level of acceptances of the Offer reaches the prescribed level under the Singapore Companies Act required for compulsory acquisition. Pursuant to the exercise of the right of compulsory acquisition by the Offeror under the Singapore Companies Act, the Offer Shares held by the Non-accepting Shareholders not acquired by the Offeror under the Offer will be compulsorily acquired by the Offeror at the same net consideration of HK\$17.76 (equivalent to US\$2.29 applying the 3 April Exchange Rate) per Share (subject to the decision made by the Singapore court in the event a Non-accepting Shareholder makes an application to object the compulsory acquisition as described below), on the later of:

- after the expiry of one month commencing from the date the Offeror gives the Notice of Compulsory Acquisition;
- in the event a Non-accepting Shareholder requests for a list of Non-accepting Shareholders as described below, then 14 days from the date the list of Non-accepting Shareholders is provided; or
- in the event a Non-accepting Shareholder makes an application to the Singapore court as described below to object to such compulsory acquisition, then until after that application has been disposed of by the Singapore court as heard by registrars or judges in chambers or in open court.

If the Offeror exercises its right of compulsory acquisition under the Singapore Companies Act by serving the Notice of Compulsory Acquisition, a Non-accepting Shareholder is entitled to:

- *request for a list of Non-accepting Shareholders:*

A Non-accepting Shareholder is entitled to require E&E by a demand in writing served on E&E, within one month from the date on which the Notice of Compulsory Acquisition is given, to supply the Non-accepting Shareholder with a statement in writing of the names and addresses of all other Non-accepting Shareholders as shown in the register of members of E&E, and the Offeror shall not be entitled or bound to acquire the Offer Shares of the Non-accepting Shareholders until 14 days after the list of Non-accepting Shareholders is provided or until after the court application (if any) as described below has been disposed of by the Singapore court (whichever is later); and/or

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## LETTER FROM THE HONG KONG INDEPENDENT FINANCIAL ADVISER

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- *make an application to the Singapore court:*

A Non-accepting Shareholder is entitled to make an application to the Singapore court by way of originating summons supported by affidavits filed in accordance with the rules of court objecting to such compulsory acquisition and such application shall be made by such Non-accepting Shareholder within one month from the date on which the Notice of Compulsory Acquisition is given or 14 days from the date on which the list of Non-accepting Shareholders is provided as aforesaid (whichever is later), and in such a case, the Offeror shall not acquire the Offer Shares held by any of the Non-accepting Shareholders (whether or not such Non-accepting Shareholder makes an application to the Singapore court to object such compulsory acquisition) until after that application has been disposed of by the Singapore court, as heard by registrars or judges in chambers or in open court. In making any such application to the Singapore court, the Non-accepting Shareholder is required to set out its substantive grounds for seeking relief and has the burden of proof to satisfy the court of the merits of its objection.

The Singapore court has full discretion under the Singapore Companies Act in determining whether to grant relief in any such application as well as the type of relief to be granted. In assessing any such application as well as relief to be granted (if any), the Singapore court would take into account, amongst others, the compulsory acquisition being made pursuant to the Offer which is subject to the Singapore Take-over Code and the Hong Kong Takeovers Code, the opinions of the Independent Financial Advisers, and potential prejudice and legal implications to the Offeror arising from any relief granted (including restrictions pertaining to any acquisition at above the Offer Price subsequent to the close of the Offer under the said codes).

In view of the foregoing, in the case of compulsory acquisition under the Singapore Companies Act, whether or not any Non-accepting Shareholders requests for a list of Non-accepting Shareholders or makes an application to the Singapore court to object such compulsory acquisition, it will take a longer time for the Non-accepting Shareholders to receive the net consideration as compared to the time required for the Shareholders to receive the net consideration after their acceptance of the Offer and the Offer having become unconditional.

Shareholders who are in doubt of their position under the Singapore Companies Act are advised to seek their own independent legal advice.

Further, Shareholders should note that if the level of acceptances of the Offer reaches the prescribed level under the Singapore Companies Act required for compulsory acquisition and the requirements of Rule 2.11 of the Hong Kong Takeovers Code are satisfied on the Closing Date, dealings in the Shares will be suspended from the Closing Date up to the withdrawal of listing of the Shares from the SEHK pursuant to Rule 6.15 of the SEHK Listing Rules. Additionally, pursuant to Rule 1303(1) of the SGX-ST Listing Manual, if the Offeror succeeds in garnering acceptances exceeding 90% of E&E's total number of issued Shares (excluding treasury Shares), resulting in the Singapore Free Float Requirement (i.e. at least 10% of the

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## LETTER FROM THE HONG KONG INDEPENDENT FINANCIAL ADVISER

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total number of issued Shares (excluding treasury Shares) is at all times held by the public) not being met by E&E, SGX-ST will suspend trading of the Shares on SGX-ST from the Closing Date. The trading of the Shares may be subject to prolonged suspension by SGX-ST if E&E does not meet the Singapore Free Float Requirement but the requisite conditions for delisting from SGX-ST are also not met.

On the other hand, if the level of acceptances of the Offer does not reach the prescribed level under the Singapore Companies Act required for compulsory acquisition and the requirements of Rule 2.11 of the Hong Kong Takeovers Code are not satisfied on the Closing Date, the Offer will not become unconditional and will lapse, unless otherwise revised or extended in accordance with the Hong Kong Takeovers Code and the Singapore Take-over Code.

### 2. Information of the E&E Group

E&E 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 printed circuit boards (“PCB”). Other sources of revenue of the E&E Group include (i) sales of laminates and other products; and (ii) rental income. The Shares of E&E are dual-listed on the SEHK and SGX-ST.

#### 2.1 Financial performance of the E&E Group

We set out below a summary of the financial performance of the E&E Group for the three years ended 31 December 2017 (“FY2017”), 31 December 2018 (“FY2018”) and 31 December 2019 (“FY2019”) as extracted from E&E’s annual report for the year ended 31 December 2018 (“2018 Annual Report”) and its annual report for the year ended 31 December 2019 (“2019 Annual Report”).

	For the year ended 31 December		
	2017	2018	2019
	US\$'000	US\$'000	US\$'000
<b>Revenue</b>	<b>500,388</b>	<b>602,634</b>	<b>616,508</b>
<i>Revenue contribution by product type</i>			
PCB	433,991	503,862	505,954
Laminates and others	59,556	90,628	102,143
Rental income	6,841	8,144	8,411
<b>Gross profit</b>	<b>70,684</b>	<b>64,585</b>	<b>72,241</b>
<i>Gross profit margin</i>	14.1%	10.7%	11.7%
<b>Profit for the year</b>	<b>36,785</b>	<b>24,915</b>	<b>31,256</b>
<b>Profit attributable to owners of E&amp;E</b>	<b>36,161</b>	<b>24,299</b>	<b>30,381</b>

*FY2017 versus FY2018*

The E&E Group's revenue increased by approximately US\$102.2 million, or by approximately 20.4%, from approximately US\$500.4 million for FY2017 to approximately US\$602.6 million for FY2018, which was mainly attributable to the overall steady growth of orders. In terms of product type, the sales of PCB increased by approximately US\$69.9 million, or 16.1%, for FY2018 as compared to that for FY2017, whilst the sales of laminates and others increased by approximately US\$31.1 million, or 52.2%, during the same period. As disclosed in the 2018 Annual Report, the stronger percentage growth of sales of laminates and others was in line with E&E's strategy for its laminates business to focus on production and sales of thin laminates, with the hope of bringing continuing growth momentum to the E&E Group. The E&E Group's rental income increased by approximately US\$1.3 million, or 19.0%, in FY2018. It was noted that the revenue contribution from sales of PCB as a percentage of the total revenue decreased from approximately 86.7% in FY2017 to approximately 83.6% in FY2018, whilst that from sales of laminates and others increased from approximately 11.9% in FY2017 to approximately 15.0% in FY2018, which was in line with the stronger growth rate of the sales of laminates and others compared to that of PCB. The revenue contribution from rental income remained stable and represented approximately 1.4% of the total revenue for FY2018. In terms of geographical distribution, revenue derived from China (including Hong Kong) recorded an increase by approximately US\$65.3 million for FY2018 as compared to that for FY2017.

Despite the growth in revenue, the gross profit of the E&E Group decreased by approximately US\$6.1 million, or by approximately 8.6%, from approximately US\$70.7 million for FY2017 to approximately US\$64.6 million for FY2018, which was mainly attributable to (i) the slight drop of sales prices of laminates in FY2018 as compared to that in FY2017, leading to a decrease in the gross profit derived from laminates products for FY2018; (ii) the increase in inventory provision of approximately US\$0.8 million for FY2018 as compared to that for FY2017. Such provision was made for inventories identified as obsolete and slow-moving in accordance with E&E's accounting policies as set out in the 2018 Annual Report; and (iii) the increase in depreciation of property, plant and equipment of approximately US\$4.3 million for FY2018 as compared to that for FY2017, which was in line with the addition of properties, plant and equipment during the year.

The net profit of the E&E Group decreased by approximately US\$11.9 million, or by approximately 32.3%, from approximately US\$36.8 million for FY2017 to approximately US\$24.9 million for FY2018, which was mainly attributable to (i) the decrease in the gross profit as discussed above; (ii) the recognition of bad trade debts written off of approximately US\$4.7 million during FY2018, net of the decrease in allowance for expected credit losses of approximately US\$1.1 million from FY2017 to FY2018. According to the management of E&E, a majority of the aforesaid bad trade debts written off was an one-off event which was related to one previous customer no longer in business; and (iii) the increase in income tax expense of approximately US\$1.8 million for FY2018 as compared to that for FY2017.

*FY2018 versus FY2019*

The E&E Group's revenue increased by approximately US\$13.9 million, or by approximately 2.3%, from approximately US\$602.6 million for FY2018 to approximately US\$616.5 million for FY2019, which was mainly driven by the sales growth of laminates and other products. In terms of product type, the sales of PCB increased by approximately US\$2.1 million, or 0.4% for FY2019 as compared to that for FY2018, whilst sales of laminates and others increased by approximately US\$11.5 million, or 12.7% during the same period. The E&E Group's rental income increased slightly by approximately US\$0.3 million in FY2019. The revenue contribution from sales of PCB as a percentage of total revenue decreased slightly from approximately 83.6% in FY2018 to approximately 82.1% in FY2019, whilst that from sales of laminates and others increased to approximately 16.5% in FY2019, which was in line with the stronger sales growth rate of laminates and others compared to that of PCB. The revenue contribution from rental income remained stable and represented approximately 1.4% of the total revenue for FY2019. In terms of geographical distribution, revenue derived from China (including Hong Kong) increased by approximately US\$12.2 million for FY2019 as compared to that for FY2018.

The gross profit of the E&E Group increased by approximately US\$7.7 million, or by approximately 11.9%, from approximately US\$64.6 million for FY2018 to approximately US\$72.2 million for FY2019. According to 2019 Annual Report, the E&E Group experienced an increase in equipment utilisation in terms of production capacity coupled with increased percentage of production of higher layers PCB in FY2019. As advised by the management of E&E, the aforesaid improved utilisation of equipment led to an increase of production output while incurring comparable direct production costs, and the higher layers PCB products generally had higher profit margin as compared to other products of E&E, which together contributed to the increase of gross profit for FY2019.

The net profit of the E&E Group increased by approximately US\$6.3 million, or by approximately 25.5%, from approximately US\$24.9 million for FY2018 to approximately US\$31.3 million for FY2019. The net profit growth was mainly attributable to (i) the increase in the gross profit as discussed above; and (ii) the decrease in income tax expense of approximately US\$1.6 million for FY2019 as compared to FY2018, which was mainly due to the decrease in deferred tax liabilities for undistributed earnings of approximately US\$1.3 million charged to profit or loss for FY2019 as compared to FY2018.

In summary, we note that the turnover of the E&E Group has been continuously growing from FY2017 to FY2019 as supported by steady increase of orders. Although the E&E Group experienced a drop in profitability in FY2018 as compared to FY2017, it managed to recover in FY2019 with a slight improvement in overall gross profit margin.

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## LETTER FROM THE HONG KONG INDEPENDENT FINANCIAL ADVISER

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### 2.2 Financial position of the E&E Group

We set out below a summary of the financial position of the E&E Group as at 31 December 2018 and 31 December 2019 as extracted from the 2019 Annual Report.

	As at 31 December	
	2018	2019
	US\$'000	US\$'000
<b>Current assets</b>	266,026	280,061
<b>Non-current assets</b>	460,499	473,421
<b>Current liabilities</b>	258,163	260,355
<b>Non-current liabilities</b>	58,415	57,557
<b>Net asset</b>	409,947	435,570
<b>Net asset attributable to owners of E&amp;E</b>	397,989	422,737

As at 31 December 2019, the current assets of the E&E Group mainly comprised trade receivables of approximately US\$198.4 million and inventories of approximately US\$44.6 million, representing approximately 70.8% and 15.9% of the total current assets respectively. The current assets of the E&E Group increased by approximately US\$14.0 million from approximately US\$266.0 million as at the end of FY2018 to approximately US\$280.0 million as at the end of FY2019, which was mainly attributable to the increase in trade receivables of approximately US\$11.9 million and the increase in inventories of approximately US\$4.9 million which were in line with the increase in revenue and sales orders, during FY2019.

Meanwhile, the E&E Group's non-current assets as at 31 December 2019 mainly comprised property, plant and equipment of approximately US\$321.0 million and investment properties of approximately US\$138.3 million, representing approximately 67.8% and 29.2% of the total non-current assets respectively. The non-current assets of the E&E Group increased by approximately US\$12.9 million from approximately US\$460.5 million as at the end of FY2018 to approximately US\$473.4 million as at the end of FY2019, which was mainly due to (i) the addition of property, plant and equipment of approximately US\$56.7 million for FY2019, principally comprising the improvements in production facilities in Kaiping, as well as an owner-occupied property in Guangzhou (which was subsequently transferred to investment properties during the year), (ii) the revaluation gain of approximately US\$3.1 million of the aforesaid property in Guangzhou on the date of its transfer from property, plant and equipment to investment properties, net of (iii) the depreciation of property, plant and equipment of approximately US\$42.3 million charged for FY2019.

The current liabilities of the E&E Group as at 31 December 2019 mainly comprised trade payables of approximately US\$157.7 million and bank loans due within one year of approximately US\$69.2 million, representing approximately 60.6% and 26.6% of the total current liabilities respectively. The current liabilities of the E&E Group increased slightly by approximately US\$2.2 million from approximately US\$258.2 million as at the end of FY2018

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## LETTER FROM THE HONG KONG INDEPENDENT FINANCIAL ADVISER

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to approximately US\$260.4 million as at the end of FY2019, which was mainly due to (i) the net increase in bank loans due within one year of approximately US\$13.9 million comprising newly drawn loans with on-demand repayment term and certain loans due in more than one year as at the end of FY2018 became repayable within one year as at the end of FY2019; net of (ii) the decrease in other payables of approximately US\$10.4 million during FY2019 upon the settlement of accrued expense in connection with the construction of the property in Guangzhou as mentioned above.

The non-current liabilities of the E&E Group as at 31 December 2019 mainly comprised bank loans due more than one year of approximately US\$48.2 million, representing approximately 83.7% of the total non-current liabilities. The non-current liabilities of the E&E Group decreased slightly by approximately US\$0.9 million from approximately US\$58.4 million as at the end of FY2018 to approximately US\$57.6 million as at the end of FY2019 mainly due to the combined effect of (i) the decrease in bank loans of approximately US\$5.7 million during FY2019 because certain loans due in more than one year as at the end of FY2018 became repayable within one year as at the end of FY2019; (ii) the recognition of deferred income of approximately US\$3.8 million in relation to the government grant (mostly related to the incentives for acquisition of certain plant and equipment) received by the E&E Group from various PRC government authorities during FY2019 which is subject to amortisation over the estimated useful life of the relevant plant and equipment; and (iii) the increase in deferred tax liabilities of approximately US\$1.1 million related to the E&E Group's undistributed earnings during FY2019.

As a result of the above, the net asset of the E&E Group increased by approximately US\$25.6 million, or 6.3%, from approximately US\$409.9 million as at the end of FY2018 to approximately US\$435.6 million as at the end of FY2019.

### *2.3 Valuation of the E&E Group's property interests and adjusted net asset value*

We noted from the 2019 Annual Report that a significant part of the assets of the E&E Group as at 31 December 2019 were related to property interests, comprising (i) freehold land, freehold buildings, leasehold land and buildings and leasehold improvements under property, plant and equipment; (ii) right-of-use assets; and (iii) investment properties (altogether "**Property Interests**"). Such Property Interests in aggregate amounted to approximately US\$276.2 million and represented approximately 36.7% of the total assets as at 31 December 2019, which, according to Rule 11.1(f) of the Hong Kong Takeovers Code, constituted significant property interests of the E&E Group. Pursuant to the disclosure requirement of the Composite Document under the Hong Kong Takeovers Code and Singapore Take-over Code, valuation has been conducted on the Property Interests of the E&E Group as at 31 March 2020 and we have reviewed the relevant property valuation reports as set out in Appendix V to the Composite Document (the "**Property Valuation Reports**").

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## LETTER FROM THE HONG KONG INDEPENDENT FINANCIAL ADVISER

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In relying on the Property Valuation Reports, we have considered the fairness, reasonableness and completeness of the assumptions made by Ravia Global Appraisal Advisory Limited, the independent property valuer appointed by E&E (“**Independent Property Valuer**”), in the Property Valuation Reports. With respect to the Property Valuation Reports, we have reviewed the terms of engagement and scope of work of the Independent Property Valuer. The Property Valuation Reports have been prepared pursuant to the “HKIS Valuation Standards on Properties” published by The Hong Kong Institute of Surveyors, and hence we are not aware of any limitations that might undermine the level of assurance given regarding the Property Valuation Reports. Further, we have also interviewed the Independent Property Valuer to understand (i) its expertise and independence; (ii) the bases and assumptions considered; (iii) the methodology adopted; and (iv) its work performed in preparation of the Property Valuation Reports.

We have been advised by the Independent Property Valuer that the principal valuer of the Property Valuation Reports has over 15 years’ of industry experience and is a member of the Hong Kong Institute of Surveyors, and hence is qualified in conducting property valuation exercises. We have also discussed with the Independent Property Valuer in respect of the methodology it adopted to perform the valuation and noted (i) the Independent Property Valuer principally adopted the market comparison approach in its valuation mainly with reference to market evidence of recent transaction prices/market askings for similar properties for the respective locations and types of properties; and (ii) due to the lack of market comparables for certain buildings and structures of the E&E Group in the PRC recognised under its property, plant and equipment and right-of-use assets, the Independent Property Valuer adopted the depreciated replacement cost approach, whereby the assessed values were based on an estimate of the market value for the existing use of the land, plus the current cost of replacement of the existing structures and less deductions for physical deterioration and all relevant forms of obsolescence and optimisation, which according to the Independent Property Valuer is in practice a substitute to the market comparison approach when the market comparables are not available. Based on the above, we are not aware of any matters that would cause us to doubt the Independent Property Valuer’s independence and expertise in relation to the engagement as well as the valuation approach it has taken in the valuation.

## LETTER FROM THE HONG KONG INDEPENDENT FINANCIAL ADVISER

According to the Property Valuation Reports and the 2019 Annual Report, we set out below a summary of the market value of the Property Interests as at 31 March 2020 in comparison with their book value as at 31 December 2019.

	<b>Book value as at 31 December 2019 US\$'000</b>	<b>Market value as at 31 March 2020 US\$'000</b>	<b>Revaluation surplus/ (deficit) US\$'000</b>
<b>Property interests</b>			
Properties under property, plant and equipment and right-of-use assets	137,817	139,583 <i>(Note 1)</i>	1,892
Investment properties	138,348	137,359	(989) <i>(Note 2)</i>
<b>Total</b>	<b>276,165</b>	<b>277,130</b>	<b>903</b>
<b>Property Interests attributable to the owners of E&amp;E <i>(Note 3)</i></b>	<b>271,601</b>	<b>272,141</b>	<b>540</b>

*Notes:*

1. According to the Property Valuation Reports, it is noted that the following items are not included in the market value provided by the Independent Property Valuer: (i) certain properties interests for which the E&E Group does not have proper title certificates; and (ii) the leasehold improvement of certain properties. For reference purposes, the Independent Property Valuer set out the valuation of the above items (i) and (ii) as at 31 March 2020 in the notes to the corresponding valuation certificates, which in aggregate amounted to RMB50.1 million (equivalent to approximately US\$7.1 million) and RMB354.8 million (equivalent to approximately US\$50.0 million) respectively. For our illustrative purpose, such valuation of the aforementioned items is included in the aggregate market value of the Property Interests above.
2. According to the Property Valuation Reports and the breakdown of valuation of the E&E Group's investment properties as at 31 December 2019 provided to us by the management of E&E in the presentation currencies (i.e. HK\$ and RMB) same as those used in the Property Valuation Reports, there is no difference between the valuation in the original currencies as at 31 December 2019 and as at 31 March 2020. The revaluation deficit was due to the difference between the exchange rates adopted by E&E as at 31 December 2019 and the exchange rates adopted in this letter.
3. Certain Properties Interests are held under non-wholly owned subsidiaries of E&E, for details please refer to the Property Valuation Reports set out in Appendix V to the Composite Document. For illustrative purpose, the portion of value attributable to the non-controlling interest for each applicable property has been deducted based on the percentage of equity interest held by the non-controlling shareholders in the relevant subsidiaries of E&E holding the respective property.
4. According to the Property Valuation Reports, the currencies used in the valuation were not US\$. For the purpose of converting the market value of the properties as at 31 March 2020 to US\$, the following exchange rates as at 3 April 2020 obtained from Bloomberg were adopted: US\$1 : HK\$7.752; US\$1 : RMB7.091; US\$1 : THB(Thai Baht)33.005.

As shown in the above table, there was a total surplus of approximately US\$540,000 in the valuation of the Property Interests attributable to the owners of E&E as at 31 March 2020 compared to their book value as at 31 December 2019.

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## LETTER FROM THE HONG KONG INDEPENDENT FINANCIAL ADVISER

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According to the 2019 Annual Report, the net asset value per Share of E&E as at 31 December 2019 amounted to approximately US\$2.33. For the purpose of our analysis on the Offer and to assess the fairness and reasonableness of the Offer Price, in addition to the consideration of important metrics set out in the paragraphs headed “5. Analysis on the Offer Price” in this letter, we have used (i) the E&E Group’s adjusted net asset value attributable to the owners of E&E as at 31 December 2019 (“**Ex-dividend NAV**”) by adjusting the net asset attributable to the owners of E&E for the Final Dividend of US\$0.04 per Share; and (ii) the unaudited adjusted tangible net asset value attributable to the owners of E&E as at 31 December 2019 (“**Adjusted Tangible NAV**”) by further adjusting the Ex-dividend NAV for the total market valuation of E&E Group’s Property Interests attributable to the owners of E&E less the book value of the Property Interests attributable to the owners of E&E as at 31 December 2019.

The calculation of the Ex-dividend NAV is set out as follows:

	<i>US\$’000</i>
Net asset attributable to owners of E&E as at 31 December 2019	422,737
Less: Final Dividend declared by E&E for FY2019 ( <i>Note</i> )	<u>7,477</u>
Ex-dividend NAV	415,260
<b>Ex-dividend NAV per Share (<i>Note</i>)</b>	<b>US\$2.22</b>

*Note:* based on the total number of Shares of 186,919,962 as at 31 December 2019 and up to the Latest Practicable Date and the Final Dividend of US\$0.04 per Share.

The Ex-dividend NAV per Share is therefore approximately US\$2.22 (based on Shares in issue as at the Latest Practicable Date). The Adjusted Offer Price of HK\$17.76 (equivalent to US\$2.29) per Offer Share accordingly represents a premium of approximately 3.15% to the Ex-dividend NAV per Share.

The calculation of the Adjusted Tangible NAV is set out as follows:

	<i>US\$’000</i>
Ex-dividend NAV	415,260
Add: total market valuation of Property Interests attributable to the owners of E&E as at 31 March 2020	272,141
Less: carrying value of Property Interests attributable to the owners of E&E as at 31 December 2019	<u>271,601</u>
Adjusted Tangible NAV	415,800
<b>Adjusted Tangible NAV per Share (<i>Note 1</i>)</b>	<b>US\$2.22</b>

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## LETTER FROM THE HONG KONG INDEPENDENT FINANCIAL ADVISER

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*Notes:*

1. based on the total number of Shares of 186,919,962 as at 31 December 2019 and up to the Latest Practicable Date.
2. According to the Property Valuation Report, as confirmed by E&E as at the dates of valuation, E&E has no intention to sell the property yet and therefore there is no likelihood of any tax liability crystallising.

The Adjusted Tangible NAV per Share is therefore approximately US\$2.22 (based on Shares in issue as at the Latest Practicable Date). The Adjusted Offer Price of HK\$17.76 (equivalent to US\$2.29) per Offer Share accordingly represents a premium of approximately 3.15% to the Adjusted Tangible NAV per Share.

### ***2.4 Prospect of the E&E Group***

According to the 2019 Annual Report, the slowdown in global economic growth in FY2019 together with the recent outbreak of novel coronavirus (COVID-19) has brought about uncertainties for global economy. The E&E Group will continue to focus on product quality and cost control and strictly control capital expenditure in order to continuously maintain its competitiveness. In addition, the E&E Group has begun to receive rental in respect of a newly completed industrial building in Guangzhou (classified as investment properties of the E&E Group), which is expected to bring stable rental income. As further disclosed in the paragraph headed “Financial Information of the E&E Group – 4. Material Changes” in Appendix III to the Composite Document, after the commencement of the outbreak of COVID-19 in early 2020, a series of precautionary and control measures have been and continued to be implemented across the countries and regions in which the E&E Group operates. Demand for the products of the E&E Group decreased slightly in the first quarter of 2020 as compared to the corresponding period in 2019. As a result, after the commencement of the outbreak of COVID-19, the E&E Group recorded a slight decrease in revenue for the three months ended 31 March 2020 when compared with the corresponding period in 2019. The E&E Group will continue to pay close attention to the development of and the disruption to its business activities caused by the COVID-19 and will continue to evaluate its impact on the financial position, cash flows, and operating results of the E&E Group.

Further, in respect of E&E’s PCB business, we were advised by the management of E&E that the E&E Group has commenced producing and selling PCBs to customers in the 5G sector in 2019 by providing PCB product samples and small batch production at the request of its customers which engage in 5G base station equipment design and manufacturing, and the revenue contribution by this business was insignificant for FY2019. The management of E&E is of the view that the PCB business continues to be challenging while E&E is at the early stages of selling PCBs to customers participating in the 5G infrastructure and equipment market and exploring business opportunities amid the commercial launch of 5G network. E&E intends to invest in more equipment in its PCB manufacturing catered for use in 5G equipment in 2020, such as upgrading some of the existing production machineries to fulfil the more advanced technical requirements of PCBs for the 5G sector. While E&E still benefits from projects in the 5G sector it has attained from existing customer base, it has also made progress towards achieving qualification for other new projects from existing or new customers. Save for the aforesaid, the directors of E&E confirm that, as at the Latest Practicable Date, there

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## LETTER FROM THE HONG KONG INDEPENDENT FINANCIAL ADVISER

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were no material changes in the financial or trading position or outlook of the E&E Group since 31 December 2019, the date to which the latest published audited consolidated financial statements of the E&E Group were made up.

In respect of the recent development of the E&E Group set out above, we had a discussion with the E&E's management and were advised that the COVID-19 outbreak did not bring any material adverse impact on the E&E Group's raw material supply, or led to major disruption of its production activities. We have also reviewed the unaudited consolidated management account of the E&E Group for the three months ended 31 March 2020 in comparison with its announced financial results for the three months ended 31 March 2019 and we noted that save for the slight decrease in revenue, the financial performance of the E&E Group did not have material fluctuation for the three months ended 31 March 2020 as compared to that for the three months ended 31 March 2019. As advised by the management of E&E, the sales of PCBs for use in 5G equipment is the E&E Group's normal course of upgrading its product mix in light of the business development of its existing communication and networking customers, and the E&E Group will continue to do so to maintain its competitiveness amongst players in the PCB market amidst the general market trend of 5G telecommunications. Meanwhile, E&E Group's business focus will continue to be supplying PCB and laminate products to global leaders in the communication and networking, automotive industries, computer and computer peripherals, and consumer electronics sectors. Further, E&E has confirmed that the business development of selling PCBs to customers in the 5G sector as mentioned above would not materially change the overall capital expenditure of the E&E Group as compared to the past, or induce cannibalisation to the E&E Group's existing products, and revenue generated from sales of PCBs to the 5G sector is expected to remain insignificant for year 2020. Further, its management does not have any plans under contemplation which may introduce significant changes to or have adverse impact on the existing operations of the E&E Group at the moment. In this regard, the sales of PCBs to customers in the 5G sector are not expected to bring material change to the overall business prospect of the E&E Group.

In order to assess the market's view of the near-term impacts of the COVID-19 outbreak to the supply chain of electronics market in which E&E participates, we have also obtained and made reference to various articles available in public domain on such topic. According to our searches, we noted that Electronic Components Industry Association ("ECIA")<sup>1</sup>, has conducted periodic surveys among manufacturers and distributors in relation to the impact of COVID-19 on the electronics industry. In ECIA's survey conducted from 13 April 2020 to 20 April 2020 and published on 20 April 2020<sup>2</sup>, the respondents expressed growing pessimism in

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<sup>1</sup> ECIA is an organisation made up of more than 300 member companies globally, including leading electronic component manufacturers, their manufacturer representatives and authorised distributors and advocating for the electrical component industry. Through its Electronic Industries Alliance ("EIA") Standards Committee, the ECIA also sets industry standards (namely the "EIA Standards") to drive the manufacture, application and use of electronic component products and systems on a global basis, while such standards are developed in accordance with, and accredited by, the American National Standards Institute, an organisation established in the United States since 1918 and comprising government agencies, organisations, companies, academic and international bodies as well as individuals.

<sup>2</sup> Source: ECIA website (<https://www.ecianow.org/assets/docs/Stats/IndustryIssues/Synopsis%20-%20Coronavirus%20Survey%20Results%20Apr%202020.pdf>)

respect of supply chain impacts and end-market destruction due to COVID-19, which is broad-based across component categories, market segments and stages of the supply chain. The number of respondents seeing a serious or severe impact on the electronics components production and end-market losses jumped by 12% and 11% respectively as compared to the previous survey conducted by ECIA from 30 March 2020 to 6 April 2020. In its updated survey conducted from 28 April 2020 to 5 May 2020 and published on 6 May 2020<sup>3</sup>, being the latest survey conducted by ECIA available online as at the Latest Practicable Date, there was a notable improvement in respondents' reports about the health in the supply chain, with improvement in every stage except raw materials supply, while respondents in many areas showed a slightly increasing concern regarding the end market demand. In addition, based on another survey conducted in April 2020 and published on 28 April 2020<sup>4</sup> by IPC International Inc. ("IPC")<sup>5</sup>, many electronic component manufacturers have noted disruptions to their operations as well as financial positions. Approximately 70% of respondents to the IPC's survey reported that they had to apply for a payroll protection program loan, while in respect of work force, approximately 70% of survey respondents did not expect their work-from-home arrangements to end until June 2020 and approximately 6% would continue to allow employees to work-from-home indefinitely. Having considered the aforementioned findings from different public sources, we believe it is a market consensus that the COVID-19 pandemic may temporarily impact on the supply chain as well as the demand of electronic products globally, and if materialised may bring uncertainties on the business prospects of E&E in the near future.

### 2.5 Dividend Policy

As set out in "Appendix III – Financial Information of the E&E Group" to the Composite Document, E&E had declared final dividend of US\$0.08, US\$0.04 and US\$0.04 for the years ended 31 December 2017, 2018 and 2019, respectively. Notwithstanding the past dividend declared by E&E, according to the 2019 Annual Report, in deciding whether to declare any dividend, the Board will take into account a number of factors, including the financial results, the distributable reserves, the operations and liquidity requirements, and the current and future development plans of the E&E Group. We also understand from E&E's management that there is no fixed dividend payout ratio set by E&E. Therefore, Shareholders should note that previous dividends distributed by E&E do not constitute an indicator or a guarantee of continuous dividend payment by E&E in the future.

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<sup>3</sup> Source: ECIA website (<https://www.ecianow.org/assets/docs/Stats/IndustryIssues/Synopsis%20-%20Coronavirus%20Survey%20Results%20May%205.pdf>)

<sup>4</sup> Source: IPC website (<http://www.ipc.org/emails/gr/42820corona-virus-report.pdf>)

<sup>5</sup> IPC is a global trade association established since 1957 for printed circuit boards and electronics manufacturing service companies. With more than 5,800 member-company sites, IPC represents all facets of the industry including design, printed board manufacturing, electronics assembly and test. IPC has offices in the United States, Belgium, Russia, India and China, and also sets industry standards (namely the "IPC Standards") to drive the standardisation of the manufacturing process of the electronics manufacturing industry, including manufacturing, assembly and quality control, among other aspects.

### **3. Information and intention of the Offeror**

The Offeror is an investment holding company incorporated in Bermuda with limited liability on 21 April 1989. The entire issued share capital of the Offeror is indirectly owned by Kingboard Holdings.

Kingboard Holdings is an investment holding company and the shares of which are listed on the SEHK (stock code: 00148). The Kingboard Group is principally engaged in the manufacture and sale of laminates, copper foil, glass fabric, glass yarn, bleached kraft paper, packing cartons, printed circuit boards, chemicals, liquid crystal displays and magnetic products, as well as property development and investment.

As mentioned under the paragraphs headed “Intention of the Offeror in relation to the E&E Group” in the Letter from GF Securities, upon the completion of the Offer, the Offeror intends to continue the existing businesses of the E&E Group, develop deeper synergies with other businesses within the Kingboard Group, explore new development opportunities, and implement long-term growth strategies. The Offeror may also from time to time, based on market situation, consider introducing significant changes to the existing operations of the E&E Group following the review of its strategic options relating to the business, structure, and/or direction of the E&E Group. The Offeror may continue to explore the possibility of re-aligning or re-deploying the assets of the E&E Group and assess suitable opportunities to enhance the financial flexibility of the E&E Group. Notwithstanding the above, as stated in the Letter from GF Securities, the Offeror did not intend to introduce any major change in the business of E&E, including the redeployment of the fixed assets of E&E, as at the Latest Practicable Date. If the Offeror is not entitled to exercise the compulsory acquisition rights as discussed in the paragraphs headed “Possible Compulsory Acquisition and Withdrawal of Listing” in the Letter from GF Securities, the Offer will not become unconditional and will lapse, unless otherwise revised or extended in accordance with the Hong Kong Takeovers Code and the Singapore Takeover Code. As at the Latest Practicable Date, in the event of such circumstances, the Offeror intended to continue the listing of E&E immediately after the lapse of the Offer but would evaluate plans to delist the Shares from SEHK and/or SGX-ST in the future as and when appropriate, taking into account factors including but not limited to the prevailing market conditions and legal and regulatory requirements. Any such plans may or may not materialise as contemplated or at all. As advised by E&E’s management, given the Offeror does not have any plans under contemplation which may introduce major changes to E&E business at the moment, the board of directors of E&E is of the view that the Offeror’s intentions would not bring material impact on the existing operations of the E&E Group.

Notwithstanding the above, considering the current dual listing status of E&E on the SEHK and SGX-ST, significant changes to the operations of the E&E Group, or re-alignment or re-deployment of the assets of the E&E Group by the Offeror, being the controlling shareholder of E&E, may constitute notifiable transactions and/or connected transactions subject to notification, publication and shareholders’ approval requirements under the SEHK Listing Rules and/or SGX-ST Listing Manual, which may result in significant lead time to completion. In this regard, we concur that from the Offeror and E&E’s perspective, the

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## LETTER FROM THE HONG KONG INDEPENDENT FINANCIAL ADVISER

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privatisation of E&E and delisting its Shares from the SEHK and the SGX-ST would relieve E&E from its obligation to strictly comply with the SEHK Listing Rules and/or SGX-ST Listing Manual, and hence provide more flexibility and convenience for the undertaking of the aforementioned activities.

#### 4. Analysis on the liquidity of the Shares

As set out in the paragraphs headed “Reasons for and Benefits of the Offer” in the Letter from GF Securities, the Offeror takes the view that the trading price and trading volume of the Shares have not been satisfactory, and the Offer presents an immediate opportunity for holders of the Offer Shares to realise their investments in the Offer Shares for cash and redeploy the cash received from accepting the Offer into other investment opportunities. As E&E is dual-listed on the SEHK and the SGX-ST, Shareholders can trade their Shares in both markets as an alternative exit option other than accepting the Offer. In this regard, we set out below an analysis on the liquidity of the Shares in each market from the first trading day in April 2018 up to the Last Trading Day (“**Liquidity Review Period**”), which covers a period of approximately two years, and from 3 April 2020, the date of the Offer Announcement (“**Announcement Date**”), up to the Latest Practicable Date.

##### 4.1 Liquidity on the SEHK

The table below sets forth the total number and the average daily number of Shares traded per month on the SEHK, and the respective percentage of such monthly average daily trading volume as compared to the total number of issued Shares and the total number of Shares held by the Independent Shareholders during the Liquidity Review Period.

Month	Total monthly trading volume  (shares)	Average daily volume  (shares)	% of average daily trading volume to total number of Shares in issue (Note 1)	% of average daily trading volume to total number of Shares held by the Independent Shareholders (Note 2)
<b>2018</b>				
April	140,000	7,368	Below 0.01%	0.02%
May	5,500	262	Below 0.01%	Below 0.01%
June	57,500	2,875	Below 0.01%	0.01%
July	0	0	nil	nil
August	59,500	2,587	Below 0.01%	0.01%
September	0	0	nil	nil
October	0	0	nil	nil
November	56,500	2,568	Below 0.01%	Below 0.01%
December	10,000	526	Below 0.01%	Below 0.01%

**LETTER FROM THE HONG KONG INDEPENDENT FINANCIAL ADVISER**

<b>Month</b>	<b>Total monthly trading volume</b> <i>(shares)</i>	<b>Average daily volume</b> <i>(shares)</i>	<b>% of average daily trading volume to total number of Shares in issue</b> <i>(Note 1)</i>	<b>% of average daily trading volume to total number of Shares held by the Independent Shareholders</b> <i>(Note 2)</i>
<b>2019</b>				
January	32,500	1,477	Below 0.01%	Below 0.01%
February	32,000	1,882	Below 0.01%	Below 0.01%
March	1,000	48	Below 0.01%	Below 0.01%
April	21,000	1,105	Below 0.01%	Below 0.01%
May	0	0	nil	nil
June	12,500	658	Below 0.01%	Below 0.01%
July	24,500	1,114	Below 0.01%	Below 0.01%
August	37,500	1,705	Below 0.01%	Below 0.01%
September	24,500	1,167	Below 0.01%	Below 0.01%
October	17,500	833	Below 0.01%	Below 0.01%
November	54,500	2,595	Below 0.01%	Below 0.01%
December	6,000	300	Below 0.01%	Below 0.01%
<b>2020</b>				
January	56,500	2,825	Below 0.01%	0.01%
February	0	0	nil	nil
March (1 March to the Last Trading Day)	15,000	882	Below 0.01%	Below 0.01%
April (Announcement Date to 30 April)	505,000	29,706	0.02%	0.07%
May (1 May to the Latest Practicable Date)	260,500	15,324	Below 0.01%	0.03%

*Source: Bloomberg*

*Notes:*

1. Calculated based on the total number of Shares in issue as at the respective month end date.
2. Calculated based on the number of Shares held by the Independent Shareholders as at the Latest Practicable Date.

As illustrated above, the monthly average daily trading volume of the Shares on the SEHK was relatively thin during the Liquidity Review Period, which fell below 0.01% of the total number of the Shares in issue, and was not more than 0.02% of the Shares held by the Independent Shareholders as at the respective month end date from April 2018 to March 2020. Subsequent to the Announcement Date, the average daily trading volume for April 2020

## LETTER FROM THE HONG KONG INDEPENDENT FINANCIAL ADVISER

increased to 0.02% of the total number of the Shares in issue and 0.07% of the Shares held by the Independent Shareholders. Within 488 active trading days (a trading day which the trading of Shares was not suspended) on the SEHK during the Liquidity Review Period (“**Total HK Active Trading Days**”), there were (i) 414 trading days with no Shares being traded, representing approximately 84.84% of the Total HK Active Trading Days, (ii) 446 trading days with less than 5,000 Shares being traded, representing approximately 91.39% of Total HK Active Trading Days; and (iii) 464 trading days with less than 10,000 Shares being traded, representing approximately 95.08% of the Total HK Active Trading Days. The above statistics illustrate that the trading of the Shares on the SEHK during the Liquidity Review Period was not active.

### 4.2 Liquidity on the SGX-ST

The table below sets forth the total number and the average daily number of Shares traded per month on the SGX-ST, and the respective percentage of such monthly average daily trading volume as compared to the total number of issued Shares and the total number of Shares held by the Independent Shareholders during the Liquidity Review Period.

Month	Total monthly trading volume  (shares)	Average daily volume  (shares)	% of average daily trading volume to total number of Shares in issue  (Note 1)	% of average daily trading volume to total number of Shares held by the Independent Shareholders  (Note 2)
<b>2018</b>				
April	486,700	24,335	0.01%	0.05%
May	526,100	29,228	0.02%	0.06%
June	354,100	20,829	0.01%	0.05%
July	214,000	12,588	0.01%	0.03%
August	640,400	37,671	0.02%	0.08%
September	215,600	21,560	0.01%	0.05%
October	141,500	8,844	Below 0.01%	0.02%
November	621,900	36,582	0.02%	0.08%
December	442,700	34,054	0.02%	0.08%

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**LETTER FROM THE HONG KONG INDEPENDENT FINANCIAL ADVISER**

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<b>Month</b>	<b>Total monthly trading volume</b>  <i>(shares)</i>	<b>Average daily volume</b>  <i>(shares)</i>	<b>% of average daily trading volume to total number of Shares in issue</b>  <i>(Note 1)</i>	<b>% of average daily trading volume to total number of Shares held by the Independent Shareholders</b>  <i>(Note 2)</i>
<b>2019</b>				
January	301,500	21,536	0.01%	0.05%
February	405,000	33,750	0.02%	0.07%
March	314,800	19,675	0.01%	0.04%
April	302,600	27,509	0.01%	0.06%
May	614,500	36,147	0.02%	0.08%
June	393,800	21,878	0.01%	0.05%
July	400,800	25,050	0.01%	0.06%
August	1,621,300	85,332	0.05%	0.19%
September	568,500	31,583	0.02%	0.07%
October	880,600	44,030	0.02%	0.10%
November	574,900	35,931	0.02%	0.08%
December	634,200	37,306	0.02%	0.08%
<b>2020</b>				
January	460,500	25,583	0.01%	0.06%
February	543,600	30,200	0.02%	0.07%
March (1 March to the Last Trading Day)	182,800	14,062	0.01%	0.03%
April (Announcement Date to 30 April)	3,413,100	179,637	0.10%	0.40%
May (1 May to the Latest Practicable Date)	1,116,500	74,433	0.04%	0.17%

*Source: Bloomberg*

*Notes:*

1. Calculated based on the total number of Shares in issue as at the respective month end date.
2. Calculated based on the number of Shares held by the Independent Shareholders as at the Latest Practicable Date.

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## LETTER FROM THE HONG KONG INDEPENDENT FINANCIAL ADVISER

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As illustrated above, the monthly average daily trading volume of the Shares on SGX-ST was relatively thin during the Liquidity Review Period, which ranged from below 0.01% to 0.05% of the total number of the Shares in issue and approximately from 0.02% to 0.19% of the Shares held by Independent Shareholders as at the respective month end date. Subsequent to the Announcement Date, the average daily trading volume for April 2020 increased to 0.10% of the total number of the Shares in issue and 0.40% of the Shares held by the Independent Shareholders. Within 388 active trading days (a trading day which the trading of Shares was not suspended) on the SGX-ST during the Liquidity Review Period (“**Total SG Active Trading Days**”), there were (i) 120 trading days with less than 10,000 Shares traded, representing approximately 30.93% of the Total SG Active Trading Days, (ii) 326 trading days with less than 50,000 Shares traded, representing approximately 84.02% of Total SG Active Trading Days; and (iii) 363 trading days with less than 100,000 Shares traded, representing approximately 93.56% of Total SG Active Trading Days. The above statistics illustrate that the trading of the Shares on SGX-ST during the Liquidity Review Period was also not active.

Based on the above analysis, it is noted that the liquidity of the Shares on both the SEHK and SGX-ST was relatively low during the Liquidity Review Period. Therefore, it is uncertain as to whether there would be sufficient liquidity in the Shares for the Independent Shareholders to dispose of a considerable amount of their Shares in the open markets without compromising the price level of the Shares. Accordingly, the market trading price of the Shares may not necessarily reflect the proceeds that the Independent Shareholders would be able to receive by the disposal of their Shares in the open markets. In addition, we believe that the higher level of trading volume subsequent to the Announcement Date and up to the Latest Practicable Date was stimulated by the Offer Announcement and it may not be sustained if the Offer lapses. Therefore, we concur with the Offeror that the Offer provides an opportunity for the Independent Shareholders, in particular those holding a considerable amount of Shares, to dispose of their Shares at the Adjusted Offer Price if they wish to.

### 5. Analysis on the Offer Price

As discussed in the paragraph headed “1.1 The Offer Price” in this letter, under the Offer, Shareholders accepting the Offer will receive net consideration equivalent to the Adjusted Offer Price of HK\$17.76 (equivalent to approximately US\$2.29 applying the 3 April Exchange Rate) per Share in cash.

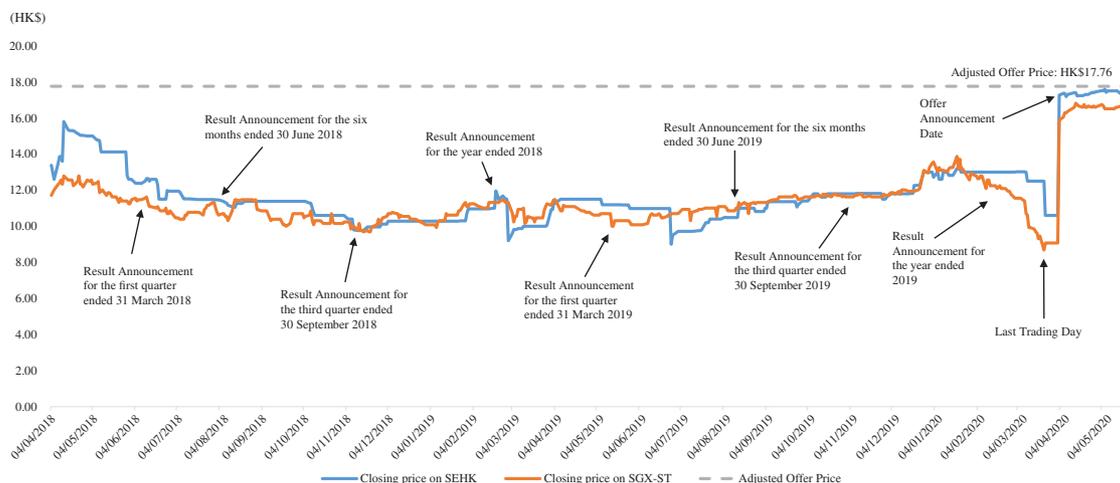
The following paragraphs set out our analysis on the Adjusted Offer Price in comparison with (i) the historical price of the Shares; (ii) the offer prices of privatisation precedents in Hong Kong; and (iii) the valuation of market comparables.

#### 5.1 Comparison with historical price of the Shares

The following chart depicts the daily closing prices of the Shares listed on both the SEHK and the SGX-ST in comparison with the Adjusted Offer Price from 3 April 2018 (two years prior to the Announcement Date) up to the Latest Practicable Date (the “**Price Review**”).

## LETTER FROM THE HONG KONG INDEPENDENT FINANCIAL ADVISER

Period”), which covers a period of more than two years. For easier reference, the Share prices on the SGX-ST shown under this section (including the chart below) have all been converted to Hong Kong dollar by applying the 3 April Exchange Rate.



Source: Bloomberg

From the commencement of the Price Review Period, being 3 April 2018, and up to 13 April 2018, the closing price of the Shares on the SEHK increased to approximately HK\$15.80, possibly attributable to the continuous effect from the publication of E&E’s annual results for FY2017 on 1 March 2018, which indicated a significant growth of its net profit as compared to that of previous year. On the other hand, the closing price of the Shares on SGX-ST did not experience the same increase. Afterwards, the closing price of the Shares on both the SEHK and the SGX-ST showed a downward trend for the rest of 2018, with a period low of HK\$9.76 recorded on 12 November 2018 for Shares traded on the SEHK, and a period low of US\$1.25 recorded on 16 November 2018 for Shares traded on the SGX-ST. During this period, E&E announced its financial results for the first quarter ended 31 March 2018, the six months ended 30 June 2018 and the third quarter ended 30 September 2018, all of which recorded a period-on-period decrease of net profit as compared to the corresponding periods in 2017.

The closing price of the Shares on both the SEHK and the SGX-ST had been recovering in January and February 2019, until 1 March 2019 when E&E announced its 2018 annual results with a deteriorating net profit for FY2018. The closing price of the Shares for the SEHK and the SGX-ST remained stagnant between March 2019 and June 2019 and hit the low point at approximately HK\$9.00 on the SEHK on 27 June 2019 and approximately US\$1.29 on the SGX-ST on 15 May 2019. Since then, despite the daily fluctuations, the closing price of the Shares had been gradually picking up over the remaining period of 2019 with a range between approximately HK\$9.72 (as recorded on 2 July 2019) to approximately HK\$13.00 (as recorded on 27 December 2019) on the SEHK and a range from approximately US\$1.33 (as recorded on 11 July 2019) to US\$1.71 (as recorded on 31 December 2019) on the SGX-ST. According to the financial results announced by E&E for the first quarter ended 31 March 2019, the six months ended 30 June 2019 and the nine months ended 30 September 2019, the decrease in the cumulative net profit as compared to that for the corresponding periods in 2018 had been narrowing down, while the gross profit margin and EBITDA margin had been improving over the same period.

## LETTER FROM THE HONG KONG INDEPENDENT FINANCIAL ADVISER

Notwithstanding the improved annual financial performance for FY2019 as announced on 28 February 2020, the closing price of the Shares on the SGX-ST still depicted a decreasing trend since January 2020 amid the sharp decline of global stock market due to the impact of COVID-19 outbreak and oil price collapse, and eventually reached the low point at US\$1.17 on the Last Trading Day, when E&E announced the trading halt. While the closing price of the Share on the SEHK remained relatively stable over the same period, it dropped to a low point of HK\$10.60 on the Last Trading Day.

The Offer Announcement was published on 3 April 2020 and trading in Shares resumed on the same day, when the Share prices on the SEHK and the SGX-ST closed at HK\$17.26 (equivalent to approximately US\$2.23) and US\$2.05 respectively, representing surges by approximately 62.83% and 75.21% as compared to those at HK\$10.60 (equivalent to approximately US\$1.37) and US\$1.17 on the Last Trading Day respectively. The closing prices of the Shares on both the SEHK and SGX-ST remained relatively stable subsequent to 3 April 2020 and up to the Latest Practicable Date.

In summary, throughout the Price Review Period, the Share closing price on the SEHK fell within a range between HK\$9.00 and HK\$17.60, and the Share closing price on the SGX-ST fell within a range between US\$1.12 to US\$2.17. The Share price throughout the Price Review Period had been closed below the Adjusted Offer Price of HK\$17.76 (equivalent to approximately US\$2.29).

To provide the Independent Shareholders with a more concise comparison, we set out below in tabular format the premiums represented by the Adjusted Offer Price compared to the historical prices on both the SEHK and the SGX-ST.

<b>SEHK</b>	<b>Share price HK\$</b>	<b>Adjusted Offer Price (in HK\$) Premium</b>
Closing price on the Latest Practicable Date	17.30	2.66%
Closing price on the Last Trading Day	10.60	67.55%
Average closing price based on the daily closing prices over the 5 trading days up to and including the Last Trading Day	12.12	46.53%
Average closing price based on the daily closing prices over the 30 trading days up to and including the Last Trading Day	12.77	39.04%
Average closing price based on the daily closing prices over the 60 trading days up to and including the Last Trading Day	12.86	38.10%
Average closing price based on the daily closing prices over the 90 trading days up to and including the Last Trading Day	12.51	41.91%
Average closing price based on the daily closing prices over the 180 trading days up to and including the Last Trading Day	11.77	50.83%

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**LETTER FROM THE HONG KONG INDEPENDENT FINANCIAL ADVISER**

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<b>SGX-ST</b>	<b>Share price US\$</b>	<b>Adjusted Offer Price (in US\$) Premium</b>
Closing price on the Latest Practicable Date	2.16	6.02%
Closing price on the Last Trading Day	1.17	95.73%
Average closing price based on the daily closing prices over the 5 trading days up to and including the Last Trading Day	1.19	92.44%
Average closing price based on the daily closing prices over the 30 trading days up to and including the Last Trading Day	1.46	56.85%
Average closing price based on the daily closing prices over the 60 trading days up to and including the Last Trading Day	1.56	46.79%
Average closing price based on the daily closing prices over the 90 trading days up to and including the Last Trading Day	1.54	48.70%
Average closing price based on the daily closing prices over the 180 trading days up to and including the Last Trading Day	1.48	54.73%

Taking into account the historical Share price of E&E over the Price Review Period, we consider the Adjusted Offer Price to be fair and reasonable and in the interests of the Independent Shareholders. However, Independent Shareholders should note that although the Adjusted Offer Price represents premium over the closing prices of the Shares throughout the Price Review Period, there is no guarantee that the trading price of the Shares will persistently remain below the Adjusted Offer Price subsequent to the publication of the Composite Document. The Independent Shareholders are therefore reminded to closely monitor the market price of the Shares subsequent to the publication of the Composite Document.

## ***5.2 Comparison with the privatisation precedents in Hong Kong***

We have compared the Offer with the proposed privatisation of other companies listed on the SEHK announced since 1 April 2018 and up to the Latest Practicable Date, which were approved and completed but excluding proposals without an offer price or cancellation price (“**Privatisation Precedents**”). The Privatisation Precedents represent an exhaustive list of privatisation proposals we were able to identify from the SEHK’s website satisfying the aforementioned criteria, whilst the two-year selection period is appropriate to reduce the influence of short term change of market conditions and investor sentiments in our comparison. Although the business nature and scale of each of the Privatisation Precedents may not be comparable to the E&E Group and some aspects of pricing may be industry-specific, these Privatisation Precedents can still provide a general reference for the Independent Shareholders as they can reflect market trend in terms of transactions involving privatisation of companies

## LETTER FROM THE HONG KONG INDEPENDENT FINANCIAL ADVISER

listed on the SEHK, and we consider the Privatisation Precedents set out below provide a fair comparison between the offer price or cancellation price and the then prevailing market prices as well as net asset value per share of successful privatisation proposals.

The table below indicates the premiums or discounts represented by the offer price or cancellation price over or to (i) the latest net asset value per share; (ii) the closing price for the last trading day; and (iii) the average closing price over the last 5, 30, 60 and 90 trading days (up to and including the last trading days) for each of the Privatisation Precedents.

Date of initial announcement	Company (stock code)	Premium/(discount) over/(to) net asset value per share (Note 1) (Note 2) %	Premium/(discount) of offer/cancellation price over/(to)				
			Closing price on the last trading day %	Average closing price for the last 5 trading days up to and including the last trading day %	Average closing price for the last 30 trading days up to and including the last trading day %	Average closing price for the last 60 trading days up to and including the last trading day %	Average closing price for the last 90 trading days up to and including the last trading day %
29-January-2020	Kingsley Edugroup Limited (8105)	240.31	12.50	8.43	4.31	5.81	5.41
12-Dec-2019	Joyce Boutique Group Limited (647)	19.92	91.78	91.26	82.17	62.70	50.47
27-Nov-2019	China Agri-Industries Holdings Limited (606)	-23.52	34.07	35.61	53.17	64.73	72.49
2-Oct-2019	AVIC International Holdings Limited (161)	-28.87	29.12	43.82	81.31	88.63	100.17
1-Nov-19	Springland International Holdings Limited (1700)	-16.98	63.12	67.88	56.82	55.39	53.22
20-Oct-19	DAH Chong Hong Holdings Limited (1828)	-28.21	37.55	37.34	54.85	55.93	54.22
3-Oct-19	Huaneng Renewables Corporation Limited (958)	2.05	18.73	18.37	29.62	40.39	43.10
12-Aug-19	TPV Technology Limited (903)	-25.10	41.39	46.77	54.50	75.04	87.41
27-Jun-19	Asia Satellite Telecommunications Holdings Ltd. (1135)	10.04	23.43	31.46	44.44	50.44	56.52
18-Jun-19	C.P. Lotus Corporation (121)	62.71	10.00	10.22	29.36	30.33	26.50
14-Jun-19	China Automation Group Limited (569)	33.09	23.97	27.33	47.78	47.44	46.63
4-Apr-19	China Hengshi Foundation Company Ltd. (1197)	52.03	10.62	14.57	17.50	19.03	24.39
28-Mar-19	China Power Clean Energy Development Company Ltd. (735)	-30.25	41.93	54.92	78.36	94.07	101.76
5-Dec-18	Hopewell Holdings Limited (54)	-35.56	46.69	48.83	55.52	54.09	49.62
30-Oct-18	Advanced Semiconductor Manufacturing Corporation Limited (3355)	89.18	66.67	85.64	99.29	93.38	90.19

## LETTER FROM THE HONG KONG INDEPENDENT FINANCIAL ADVISER

Date of initial announcement	Company (stock code)	Premium/(discount) over/(to) net asset value per share (Note 1) (Note 2) %	Premium/(discount) of offer/cancellation price over/(to)				
			Closing price on the last trading day (%)	Average closing price for the last 5 trading days up to and including the last trading day (%)	Average closing price for the last 30 trading days up to and including the last trading day (%)	Average closing price for the last 60 trading days up to and including the last trading day (%)	Average closing price for the last 90 trading days up to and including the last trading day (%)
27-Sep-18	Sinotrans Shipping Ltd. (368)	-24.31	50.00	54.82	43.11	37.43	32.64
10-Jun-18	Hong Kong Aircraft Engineering Company Limited (44)	99.26	63.20	63.24	62.44	60.24	56.96
7-Jun-18	Portico International Holdings Ltd. (589)	0.93	50.18	51.63	49.18	45.18	45.82
	<b>Average</b>	<b>21.94</b>	<b>39.72</b>	<b>44.01</b>	<b>52.43</b>	<b>54.46</b>	<b>55.42</b>
	<b>Maximum</b>	<b>240.31</b>	<b>91.78</b>	<b>91.26</b>	<b>99.29</b>	<b>94.07</b>	<b>101.76</b>
	<b>Minimum</b>	<b>-35.56</b>	<b>10.00</b>	<b>8.43</b>	<b>4.31</b>	<b>5.81</b>	<b>5.41</b>
<b>Adjusted Offer Price</b>		<b>3.15</b>	<b>67.55</b>	<b>46.53</b>	<b>39.04</b>	<b>38.10</b>	<b>41.91</b>
		(based on the Ex-dividend NAV per Share)					

Source: Bloomberg and the SEHK website

Notes:

- It represents the premium/(discount) of offer or cancellation price over or to the net asset value per share attributable to the owners of the company. The net asset value per share attributable to the owners of the company is calculated based on the net asset value attributable to the owners of the company as recorded in the then latest available financial results published by the company as at the date of the offer document and the number of shares in issue as at the latest practicable date specified in the offer document.
- As the reporting currencies of certain companies are not dominated in HK\$, the following exchange rates as at 3 April 2020 obtained from Bloomberg were adopted, where applicable, for the purpose of converting the net asset value to Hong Kong dollars: MYR(Malaysian Ringgit)1 : HK\$1.780; RMB1 : HK\$1.093; US\$1 : HK\$7.752.

According to the above table, we noted that the premiums of the Privatisation Precedents over their respective last trading day, 5, 30, 60 and 90 trading days average share prices (up to and including the last trading day) ranged from approximately 10.00% to 91.78%, 8.43% to 91.26%, 4.31% to 99.29%, 5.81% to 94.07% and 5.41% to 101.76% respectively, with average premiums of approximately 39.72%, 44.01%, 52.43%, 54.46% and 55.42% respectively. In comparison, as shown under this section above, the Adjusted Offer Price represented premiums over the last trading day, 5, 30, 60 and 90 trading days average share closing prices on the SEHK (up to and including the last trading day) of approximately 67.55%, 46.53%, 39.04%, 38.10% and 41.91% respectively. Such premiums (i) exceeded the average of premiums of the Privatisation Precedents over the last trading day and 5 trading days average share prices; (ii) fell within the range while below the average premiums of the Privatisation Precedents over the 30, 60 and 90 trading days average share prices.

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## LETTER FROM THE HONG KONG INDEPENDENT FINANCIAL ADVISER

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On the other hand, the premium or discount of the Privatisation Precedents over or to their respective latest NAV per Share ranged from a discount of 35.56% to a premium of 240.31% with an average premium of approximately 21.94%. As discussed under the paragraphs headed “2.3 Valuation of the E&E Group’s property interests and adjusted net asset value” in this letter, the Adjusted Offer Price represents a premium of approximately 3.15% to the Ex-dividend NAV per Share of US\$2.22, which falls within the range of the Privatisation Precedents.

### *5.3 Comparison with market comparables*

As discussed under the paragraphs headed “2. Information of the E&E Group” in this letter, E&E primarily engages in the design, development, manufacture and distribution of PCB. In order to assess the fairness and reasonableness of the Offer Price from a market valuation point of view, we selected a list of companies listed in Hong Kong that conduct similar businesses (“**Comparables**”) to analyse the Adjusted Offer Price with reference to the Comparables’ price-to-earnings ratio (“**PE Ratio(s)**”) and price-to-book ratio (“**PB Ratio(s)**”), which are both common valuation methods. These Comparables are selected based on the following criteria: (i) the companies are listed on the Main Board of the SEHK; (ii) the companies principally engage in the manufacture and sale of PCB or other components and parts for use in electronics sectors, and revenue from such business accounted for majority (over 50%) of their total revenue recorded in the latest published financial results; and (iii) the companies recorded net profit for the latest financial year according to their latest published financial results. Shareholders should note that each of the Comparables may not be entirely comparable to the E&E Group in terms of geographical spread of activities, scale of operations, asset base, cash position, capital structure, minority interest, risk profile, brand profile, target customers, track record, composition of business activities, product mix, future prospects and other relevant criteria. All these factors may affect the valuation of a company as indicated by the varied range of result in our comparison.

Notwithstanding the fact that the market capitalisations of the Comparables as at the Latest Practicable Date varied from approximately HK\$176.0 million to approximately HK\$1,855.0 million and were all lower than the market capitalisation of E&E of approximately HK\$3,319.7 million based on the Adjusted Offer Price, we consider companies fulfilling the above selection criteria should provide a general reference of the market valuation on the PCB sector and the Comparables represent an exhaustive list of companies which satisfied such criteria, and the analysis on the Comparables still provides a meaningful reference to the Independent Shareholders as the Comparables are principally involved in the similar business and industry to the E&E Group (i.e. being electronic component suppliers for manufacturers of communication and networking, computer and peripherals, consumer electronics, and industrial related products), and hence can provide a general overview on their market valuation with respect to their respective profitability and book value for comparison purpose.

## LETTER FROM THE HONG KONG INDEPENDENT FINANCIAL ADVISER

The table below sets forth the PE ratios and PB ratios of the Comparables as compared to those of E&E calculated with the Adjusted Offer Price.

Company name	Stock code	Principal business	Market capitalisation as at the Latest Practicable Date	Net profit attributable to owners of the company for the latest financial year 'million per reporting currency (HK\$ equivalent)	Net assets attributable to owners of the company as at the latest financial year end 'million	PE ratio as at the Latest Practicable Date (Note 1)	PB ratio at the Latest Practicable Date (Note 2)
Confidence Intelligence Holdings Limited	1967	Assembling and production of PCB assemblies	HK\$1,855.0	RMB27.7 (equivalent to approximately HK\$30.3)	RMB278.7 (equivalent to approximately HK\$304.6)	Not used (Note 3)	Not used (Note 3)
AKM Industrial Company Limited	1639	Manufacture and sales of flexible printed circuits and other electronic products	HK\$1,507.5	HK\$117.7	HK\$1,267.2	12.81	1.19
China Electronics Huada Technology Company Limited	85	Design and sale of integrated circuit chips	HK\$1,420.9	HK\$155.2	HK\$2,036.7	9.16	0.70
Yan Tat Group Holdings Limited	1480	Manufacture and sale of PCB	HK\$456.0	HK\$55.9	HK\$534.9	8.16	0.85
Eternity Technology Holdings Limited	1725	Assembling and production of PCB assemblies and fully-assembled electronic products	HK\$399.0	RMB25.5 (equivalent to approximately HK\$27.8)	RMB236.2 (equivalent to approximately HK\$258.1)	14.34	1.55
Trio Industrial Electronics Group Limited	1710	Manufacture and distribution of customised industrial electronic components and products	HK\$189.0	HK\$22.4	HK\$352.5	8.45	0.54
Datronix Holdings Limited	889	Manufacture and trading of electronic components	HK\$176.0	HK\$17.6	HK\$864.1	9.98	0.20
					<b>Average</b>	10.48	0.84
					<b>Minimum</b>	8.16	0.20
					<b>Maximum</b>	14.34	1.55
E&E	1151	design, development, manufacture and distribution of PCB	HK\$3,319.7 (based on Adjusted Offer Price)	US\$30.4 (equivalent to approximately HK\$235.5)	US\$415.3 (equivalent to approximately HK\$3,219.1) (Ex-dividend NAV)	14.09 (based on Adjusted Offer Price) (Note 4)	1.03 (based on Adjusted Offer Price and Ex-dividend NAV) (Note 5)

Source: the SEHK website

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## LETTER FROM THE HONG KONG INDEPENDENT FINANCIAL ADVISER

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### Notes:

1. The PE ratios of the Comparables are calculated by dividing their market capitalisations as at the Latest Practicable Date by their net profit attributable to owners of the company based on their latest published annual reports.
2. The PB ratios of the Comparables are calculated by dividing their market capitalizations as at the Latest Practicable Date by their net assets attributable to owners of the company based on their latest published annual reports.
3. Amongst the Comparables, Confidence Intelligence Holdings Limited (Stock Code: 01967, “CIH”) had a PE Ratio of 61.25 times and a PB Ratio of 6.09 times (based on closing share price of HK\$7.42 as at the Latest Practicable Date), both significantly above those of other Comparables selected. As disclosed in CIH’s announcement dated 18 March 2020, there was a high concentration of shareholding of its shares and its prevailing share price of HK\$7.42 as of 17 March 2020 has increased by 271% from the initial offer price of HK\$2.00 per share when it was listed on the SEHK on 18 October 2019. CIH’s board of directors also warned its shareholders that the price of CIH’s Shares could fluctuate substantially even with a small number of shares traded. Since the announcement date up till the Latest Practicable Date, the closing price of CIH’s shares has fluctuated significantly with a low of HK\$5.4 (recorded on 8 April 2020) and a high of HK\$8.15 (recorded on 6 May 2020). In light of the above, we excluded CIH the calculation of the average PE Ratio and average PB Ratios of the Comparables despite the fact that it fulfills our selection criteria of Comparables.
4. The implied PE ratio (the “**Implied PE Ratio**”) of E&E is calculated by dividing the hypothetical value of the Offer of (the “Hypothetical Offer Value”) approximately HK\$2,444.3 million (being the hypothetical value of the offer for acquiring 100% of the total number of issued Shares, based on 186,919,962 Shares in issue multiplied by the Adjusted Offer Price of HK\$17.76) by the net profit attributable to the owners of E&E for FY2019 of approximately US\$30.4 million (equivalent to approximately HK\$235.5 million) as extracted from the 2019 Annual Report.
5. The implied price-to-book ratio (the “**Implied PB Ratio**”) of E&E is calculated by dividing the Hypothetical Offer Value of approximately HK\$2,444.3 million by the Ex-dividend NAV of E&E as at 31 December 2019 of approximately US\$415.3 million (equivalent to approximately HK\$3,219.3 million).
6. As the reporting currencies of certain companies are not dominated in HK\$, the following exchange rates as at 3 April 2020 obtained from Bloomberg were adopted, where applicable, for the purpose of converting the net profit and net asset value to Hong Kong dollars: RMB1 : HK\$1.093; US\$1 : HK\$7.752.

As illustrated by the table above, the PE Ratios of the Comparables range from 8.16 to 14.34 times with an average of 10.48 times, while the Implied PE Ratio of E&E is 14.09 times, which falls within the range of PE ratios of the Comparables and above the average PE ratio of the Comparables. Meanwhile, the PB Ratios of the Comparables range from 0.20 to 1.55 times with an average of 0.84 times, while the Implied PB Ratio of E&E is 1.03 times, which falls within the range of PB ratios of the Comparables and above the average PB ratio of the Comparables.

### RECOMMENDATION

Having considered that principal factors and reasons as discussed above, in particular the following (which should be read in conjunction with and interpreted in the full context of this letter):

- (i) despite the fact that there were no material changes in the financial or trading position or outlook of the E&E Group since 31 December 2019 and up to the Latest Practicable Date, we believe it is a market consensus that the COVID-19 pandemic may temporarily impact on the supply chain as well as the demand of electronic products globally and if materialised, may bring uncertainties on the business prospects of E&E in the near future;

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## LETTER FROM THE HONG KONG INDEPENDENT FINANCIAL ADVISER

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- (ii) although the E&E Group has commenced producing and selling PCBs to customers in the 5G sector since 2019, this contributed insignificant revenue for FY2019 and is not expected to bring material impact on the overall business prospect of the E&E Group;
- (iii) the Adjusted Offer Price represents premium to the historical Share price of E&E since 3 April 2018 and up to the Last Trading Day, and a slight premium to the Ex-dividend NAV per Share and Adjusted Tangible NAV per Share as at 31 March 2020; and
- (iv) the liquidity of the Shares in both the Hong Kong and Singapore markets was relatively low and it is uncertain as to whether there would be sufficient liquidity in the Shares for the Independent Shareholders to dispose of a considerable amount of their Shares in the open market without compromising the Share price. The Offer provides an opportunity for the Independent Shareholders to realise their investment at the Offer Price without exerting a downward pressure on the Share price;

we are of the view that the terms of the Offer are fair and reasonable so far as the Independent Shareholders are concerned.

As discussed above, E&E does not have a fixed dividend pay-out ratio and the Shares had been traded below the level of the Adjusted Offer Price during the Price Review Period and maintained at a slight discount to the Adjusted Offer Price after the publication of the Offer Announcement. The Offer provides an alternative exit opportunity to the Independent Shareholders to realise their investment in E&E at a premium over the historical price of the Shares over the Price Review Period. In contrast, in view of the relatively low trading volume of the Shares in the past, we believe that Shareholders may find it difficult to dispose of a considerable amount of their Shares in the open market without exerting downward pressure on the prevailing price of the Shares, if they elect to hold on the Shares and not accept the Offer. In addition, the Adjusted Offer Price represents a premium which falls within the range of those of the Privatisation Precedents, and represents an implied PE Ratio of E&E which falls within the range of PE ratios of the Comparables and above the average PE ratio of the Comparables, and an implied PB ratio that falls within the range of PB ratios of the Comparables and above the average PB ratio of the Comparables. Therefore, we would advise the Independent Board Committee to recommend the Independent Shareholders to accept the Offer.

Nevertheless, Independent Shareholders who wish to realise all or part of their investment in the Shares should monitor the Share price performance on the SEHK and SGX-ST during the period of the Offer. In the event that the market price of the Shares exceeds the Adjusted Offer Price and the net proceeds from the sale of Shares in the open market after deducting all related costs exceed the amount receivable from the Offer, Independent Shareholders should consider selling their Shares in the open market rather than accepting the Offer. In any event, Independent Shareholders should note that there is no certainty that the current trading volume and/or current trading price level of the Shares will be sustainable during and after the period

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## LETTER FROM THE HONG KONG INDEPENDENT FINANCIAL ADVISER

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for the acceptance of the Offer. Furthermore, should the Independent Shareholders consider selling their Shares on the SGX-ST instead of the SEHK, they should carefully review the Letter from the Singapore Independent Financial Adviser which forms part of the Composite Document.

Independent Shareholders should also note that the Offer is subject to the satisfaction of the Condition by the Closing Date. Accordingly, the Offer may or may not become unconditional. If the Offer becomes unconditional, the Offeror intends to exercise its right of compulsory acquisition in accordance with Rule 2.11 of the Hong Kong Takeovers Code or Section 215(1) of the Singapore Companies Act, after which E&E will become a direct wholly-owned subsidiary of the Offeror and an application will be made for the withdrawal of the Shares from the SEHK and SGX-ST pursuant to the SEHK Listing Rules and the SGX-ST Listing Manual. Independent Shareholders are reminded that if they do not accept the Offer and the Offeror exercises its aforesaid right to compulsorily acquire the Offer Shares not acquired by the Offeror under the Offer, the Offer Shares held by such Non-accepting Shareholders will be compulsorily acquired by the Offeror as permissible under the Hong Kong Takeovers Code and Singapore Companies Act.

Independent Shareholders who wish to accept the Offer should read carefully the procedures for accepting the Offer as detailed in the Composite Document.

Yours faithfully,  
For and on behalf of  
**Soochow Securities International Capital Limited**

**Chan Ying Wai Freddy**  
*Co-head of Corporate Finance*

*Mr. Chan Ying Wai Freddy is a licensed person registered with the Securities and Future Commission of Hong Kong and a responsible officer of Soochow Securities International Brokerage Limited and Soochow Securities International Capital Limited to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO, respectively. Mr. Chan has worked in corporate finance industry for over ten years and has acted as financial adviser or independent financial adviser in various corporate finance advisory transactions.*



**SOOCHOW CSSD CAPITAL MARKETS (ASIA) PTE. LTD.**

(Company Registration Number: 201726618K)  
(Incorporated in the Republic of Singapore)

80 Raffles Place #43-01 UOB Plaza 1  
Singapore 048624

29 May 2020

To: The Independent Board Committee  
of Elec and Eltek International Company Limited (the “**Company**”)

Mr. Stanley Chung Wai Cheong (Independent Non-Executive Director)  
Mr. Ong Shen Chieh (Independent Non-Executive Director)  
Mr. Kong Tze Wing (Independent Non-Executive Director)

Dear Sirs,

**PROPOSED PRIVATISATION BY WAY OF VOLUNTARY CONDITIONAL CASH  
OFFER BY ELEC & ELTEK INTERNATIONAL HOLDINGS LIMITED**

*Unless otherwise defined or the context otherwise requires, all terms used herein have the same meanings as defined in the Composite Offer and Response Document to the shareholders (the “**Shareholders**”) of Elec & Eltek International Company Limited dated 29 May 2020 (the “**Composite Document**”). For the purpose of our letter, where applicable, we have used the currency exchange rate of US\$ to HK\$ as at 3 April 2020, being US\$1 to HK\$7.752 from Bloomberg L.P. (the “**3 April Exchange Rate**”).*

**1. INTRODUCTION**

On 3 April 2020 (the “**Offer Announcement Date**”), Elec & Eltek International Holdings Limited (the “**Offeror**”) announced (the “**Offer Announcement**”) that the Offeror intends to make a voluntary conditional cash offer (the “**Offer**”) for 49,289,543 Shares (as defined below) (the “**Offer Shares**”), being all the shares in the share capital of the Company (“**Shares**”) other than those Shares already owned by or agreed to be acquired by (i) the Offeror (being a wholly-owned subsidiary of Kingboard Holdings Limited (“**Kingboard Holdings**”)); (ii) Kingboard Holdings; and (iii) the other wholly-owned subsidiaries of Kingboard Holdings. Subject to the satisfaction of Section 215 (1) of the Companies Act, Chapter 50 of Singapore (the “**Singapore Companies Act**”) and Rule 2.11 of the Code on Takeovers and Mergers of Hong Kong (the “**Hong Kong Takeovers Code**”), the Offeror intends to privatise the Company by exercising its right to compulsorily acquire those Offer Shares not acquired by the Offeror under the Offer. If the Offeror exercises such right and completes the compulsory acquisition, the Company will be delisted from the Main board of Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) and the Main Board of The Stock Exchange of Hong Kong Limited (the “**SEHK**”).

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## LETTER FROM THE SINGAPORE INDEPENDENT FINANCIAL ADVISER

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The Offer is made in accordance with Section 139 of the Securities and Futures Act, Chapter 289 of Singapore, the Singapore Code on Take-overs and Mergers (the “**Singapore Take-over Code**”) and the Hong Kong Takeovers Code.

The Offeror is an investment holding company incorporated in Bermuda with limited liability on 21 April 1989. The entire issued share capital of the Offeror is indirectly owned by Kingboard Holdings. Kingboard Holdings is an investment holding company and the shares of which are listed on the SEHK. Kingboard Holdings and its subsidiaries (the “**Kingboard Group**”) are principally engaged in the manufacture and sale of laminates, copper foil, glass fabric, glass yarn, bleached kraft paper, packing cartons, printed circuit boards, chemicals, liquid crystal displays and magnetic products, as well as property development and investment.

As at the Offer Announcement Date, the Offeror and its Concert Parties hold in aggregate 141,863,619 Shares, representing 75.90% of the total number of issued Shares of 186,919,962 Shares, none of which is held in treasury.

The Offer is to be made at the offer price of **HK\$18.07** (equivalent to **US\$2.33** applying the 3 April Exchange Rate) in cash for each Offer Share (the “**Offer Price**”).

As disclosed in the Offer Announcement, in the event that the relevant Offer Shares are acquired by the Offeror on or after 7 May 2020 from Hong Kong Shareholders and on or after 6 May 2020 from Singapore Shareholders, the Shareholders whose names appear on the register of members of the Company on 8 May 2020 will be entitled to the net final dividend for the year ended 31 December 2019 (the “**Final Dividend**”) as approved by the Shareholders at the Company’s annual general meeting held on 28 April 2020 in respect of such Offer Shares. The Offer Price after deducting the net dividend (i.e. US\$0.04, applying the prevailing exchange of US\$1 to HK\$7.751 from Bloomberg L.P. on 8 May 2020 (the “**8 May Exchange Rate**”), being the record date in connection with the payment of the Final Dividend) will constitute the consideration for each Offer Share for such Shareholders.

All the Offer Shares will be acquired by the Offeror after 7 May 2020; accordingly, all the Shareholders accepting the Offer will receive (subject to the Condition set out below) the Offer Price of HK\$18.07 per Share (equivalent to US\$2.33 per Share applying the 3 April Exchange Rate) in cash after deducting the Final Dividend of US\$0.04. Applying the 8 May Exchange Rate, the net consideration (the “**Adjusted Offer Price**”) received by Shareholders for accepting the Offer will be HK\$17.76 (equivalent to US\$2.29 applying the 3 April Exchange Rate) per Share.

Based on the net consideration of HK\$17.76 (equivalent to US\$2.29 applying the 3 April Exchange Rate) per Share, on the assumption that the Offer is accepted in full by the holders of the Offer Shares, and on the basis that there will be 49,289,543 Offer Shares, the aggregate value of the Offer is approximately HK\$875 million (equivalent to approximately US\$113 million, applying the 3 April Exchange Rate).

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## LETTER FROM THE SINGAPORE INDEPENDENT FINANCIAL ADVISER

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The cash payable in respect of the consideration under the Offer will be denominated in Hong Kong dollars, save that Shareholders accepting the Offer with Offer Shares which are registered in the Depository Register will receive cash consideration denominated in Singapore dollars based upon the applicable US\$ to S\$ exchange rate (the “**Settlement Exchange Rate**”) to be advised by the paying bank of the Offeror, which will be determined on the date falling four Business Days prior to each settlement of Offer Shares via CDP and to be announced by the Offeror and/or the Company on SGXNET one Business Day prior to each settlement of Offer Shares via CDP.

The Offer is subject to the only condition (the “**Condition**”) that valid acceptances of the Offer have been received (and not, where permitted, withdrawn) by 4:00 p.m. on the 26 June 2020, being the first closing date of the Offer (the “**Closing Date**”), subject to the rules of the Hong Kong Takeovers Code and the Singapore Take-over Code in respect of such number of shares which would, pursuant to the Singapore Companies Act and the Hong Kong Takeovers Code, entitle the Offeror to compulsorily acquire all the remaining Offer Shares from Shareholders who have not accepted the Offer. The Condition is not waivable. Further information on the requirements under the Singapore Companies Act and the Hong Kong Takeovers Code in respect of compulsory acquisition are set out in the Composite Document.

On 29 May 2020, the Offeror announced that the Composite Document setting out, inter alia, the terms and conditions of the Offer has been despatched to Shareholders on the same day.

The board of directors of the Company comprised (i) two executive directors, namely Ms. Stephanie Cheung Wai Lin and Mr. Chang Wing Yiu; and (ii) three independent non-executive directors, namely Mr. Stanley Chung Wai Cheong, Mr. Ong Shen Chieh and Mr. Kong Tze Wing.

The three non-executive directors of the Company, being Mr. Stanley Chung Wai Cheong, Mr. Ong Shen Chieh, and Mr. Kong Tze Wing, who have no direct or indirect interest in the Offer, formed an independent committee (the “**Independent Board Committee**”) pursuant to the Singapore Take-over Code and the Hong Kong Takeovers Code to give recommendations to the holders of the Offer Shares as to whether the terms and conditions of the Offer are fair and reasonable and as to acceptance of the Offer.

Mr. Chang Wing Yiu, an executive director of the Company, by virtue of his being a director of the Offeror and executive director of Kingboard Holdings and being (and/or his associates being) directly or indirectly interested in certain shares in Kingboard Holdings, is deemed to be interested in the Offer.

Ms. Stephanie Cheung Wai Lin, an executive director of the Company, by virtue of her being an executive director of Kingboard Holdings and being (and/or her associates being) directly or indirectly interested in certain shares in Kingboard Holdings, is deemed to be interested in the Offer.

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## LETTER FROM THE SINGAPORE INDEPENDENT FINANCIAL ADVISER

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By virtue of the above, and in compliance with the articles of association of the Company, each of Mr. Chang Wing Yiu and Ms. Stephanie Cheung Wai Lin (collectively, the “**Abstaining Directors**”) have abstained and will continue to abstain from voting on any board resolution of the Company relating to the Offer. Accordingly, the Abstaining Directors have also not joined with the members of the Independent Board Committee in the expression of its views on the Offer.

In connection with the Offer, the Company has appointed Soochow CSSD Capital Markets (Asia) Pte. Ltd. (“**SCCM**”) as the Singapore independent financial adviser (the “**Singapore IFA**”) to advise the Independent Board Committee, for the purpose of making its recommendation in connection with the Offer pursuant to the Singapore Take-over Code.

This letter (the “**Letter**”) is therefore addressed to the Independent Board Committee and sets out, inter alia, our evaluation and advice on the financial terms of the Offer and our recommendation on the Offer. This Letter forms part of the Composite Document which provides, inter alia, the details of the Offer and the recommendation of the Independent Board Committee on the Offer.

Shareholders should also note that the Company has appointed Soochow Securities International Capital Limited (“**SCSIC**”), which is a subsidiary of Soochow CSSD Co., Ltd. (the parent company of SCCM), as the Hong Kong independent financial adviser (the “**HK IFA**”) to advise the Independent Board Committee, for the purpose of making its recommendation in connection with the Offer pursuant to the Hong Kong Takeovers Code, through the HK IFA Letter in the Composite Document.

## 2. TERMS OF REFERENCE

SCCM has been appointed as the Singapore IFA to advise the Independent Board Committee in respect of its recommendation to the Shareholders in relation to the Offer.

SCCM is a holder of a capital markets services licence issued pursuant to the SFA for the regulated activities of advising on corporate finance and dealing in capital markets products (and is not licensed by the SFC to carry out Type 6 (advising on corporate finance) regulated activity under the SFO). This Letter is issued for the purpose of compliance with the requirements of the Singapore Take-over Code (and not the requirements of the Hong Kong Takeovers Code). The requirements of the Singapore Take-over Code may differ from the requirements of the Hong Kong Takeovers Code and the practices in relation to the issuance of independent financial adviser’s opinions in Singapore may differ from those in Hong Kong. Accordingly, this Letter is meant for use by the Independent Board Committee in relation to the Offer in Singapore (and not in relation to the Offer in Hong Kong) and SCCM does not purport to opine on fairness or reasonableness of the Offer in Hong Kong or for the purpose of the Hong Kong Takeovers Code.

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## LETTER FROM THE SINGAPORE INDEPENDENT FINANCIAL ADVISER

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We have confined our evaluation and assessment to the financial terms of the Offer, and have not taken into account the commercial risks or commercial merits of the Offer. In addition, we have not been requested, and we do not express any advice or give any opinion on the merits of the Offer relative to any other alternative transaction. We were not involved in the negotiations pertaining to the Offer nor were we involved in the deliberations leading up to the decision to put forth the Offer to the Shareholders.

The scope of our appointment does not require us to express, and we do not express, any view on the future growth prospects, financial position or earnings potential of the Company and its subsidiaries (together with the Company, the “**Group**”). Such evaluation or comments remain the responsibility of the Directors although we may draw upon their views or make such comments in respect thereof (to the extent deemed necessary or appropriate by us) in arriving at our opinion. The opinion set forth herein is based solely on publicly available information, as well as information provided by the Directors, and is predicated upon the economic and market conditions prevailing as at 26 May 2020, being the Latest Practicable Date as referred to in the Composite Document. This Letter therefore does not reflect any projections on the future financial performance of the Group and we do not express any views as to the prices at which the Shares may trade after the close of the Offer.

We have not been requested or authorised to solicit, and we have not solicited, any indications of interest from any third party with respect to the Shares. In this regard, we have not addressed the relative merits of the Offer in comparison with any alternative transaction that the Company may consider in the future. Therefore, we do not express any views in these areas in arriving at our recommendation.

In formulating our opinion and recommendation, we have held discussions with the Directors and the management of the Group (the “**Management**”) and have relied to a considerable extent on the information set out in the Composite Document, other public information collated by us and the information, representations, opinions, facts and statements provided to us, whether written or verbal, by the Company and its other professional advisers. Whilst care has been exercised in reviewing the information we have relied upon, we have not independently verified the information (both written and verbal) and, accordingly, cannot and do not make any representation or warranty, expressly or impliedly, in respect of, and do not accept any responsibility for, the accuracy, completeness or adequacy of such information. Nonetheless, we have made reasonable enquires and exercised our judgement on the reasonable use of such information and nothing has come to our attention in the course of our engagement that would cause us to believe that such information is false or inaccurate.

The Directors have confirmed, having made all reasonable inquiries and to the best of their respective knowledge, information and belief, all material information in connection with the Offer, the Company and/or the Group have been disclosed to us, that such information is true, complete and accurate in all material respects and that there is no other material information or fact, the omission of which would cause any information disclosed to us or the facts of or in relation to the Company and/or the Group stated in the Composite Document to be inaccurate, incomplete or misleading in any material respect. The Directors have jointly and

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## LETTER FROM THE SINGAPORE INDEPENDENT FINANCIAL ADVISER

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severally accepted full responsibility for such information described herein. Accordingly, no representation or warranty, expressed or implied, is made and no responsibility is accepted by us concerning the accuracy, completeness or adequacy of such information.

We have not made any independent evaluation or appraisal of the assets or liabilities of the Company or the Group (including without limitation, investment properties and property, plant and equipment (“**PPE**”). However, we have been provided with two property valuation reports dated 29 May 2020 (the “**Property Valuation Reports**”) from Ravia Global Appraisal Advisory Limited (“**Ravia**” or the “**Valuer**”), an independent valuer appointed by the Company to carry out an independent valuation of the properties held by the Group (the “**Appraised Properties**”). As part of the Property Valuation Reports, the Valuer had issued the valuation certificates (the “**Valuation Certificates**”) for the Appraised Properties as of 31 March 2020. Copies of the Valuation Certificates dated 31 March 2020 are referred to pages V-10 to V-25 and pages V-36 to V-53 under Appendix V Property Valuation Report of the Composite Document.

We are not experts in the evaluation or appraisal of the assets concerned and we have placed sole reliance on the independent valuation by the Valuer for such asset appraisal and have not made any independent verification of the contents thereof. In particular, we do not assume any responsibility to enquire about the bases of the valuations contained in the Valuation Certificates or if the contents thereof have been prepared and/or included in the Composite Document in accordance with all applicable regulatory requirements, including the Singapore Take-over Code.

The information which we have relied on in the assessment of the Offer were based on market, economic, industry, monetary and other conditions prevailing as at the Latest Practicable Date, which may change significantly over a relatively short period of time. We assume no responsibility to update, revise or reaffirm our opinion or assumptions in light of any subsequent development after the Latest Practicable Date that may affect our opinion or assumptions contained herein. Shareholders should take note of any announcements relevant to their consideration of the Offer, as the case may be, which may be released after the Latest Practicable Date.

The Company has been separately advised by its own professional advisers in the preparation of the Composite Document. We have had no role or involvement and have not and will not provide any advice (financial or otherwise) in the preparation, review or verification of the Composite Document (other than this Letter). Accordingly, we take no responsibility for and express no view, whether expressed or implied, on the contents of the Composite Document (other than this Letter).

Whilst a copy of this Letter may be reproduced in the Composite Document, neither the Company nor the Directors may reproduce, disseminate or quote this Letter (or any part thereof) for any other purposes at any time and in any manner, other than for the purpose of the Offer, without the prior written consent of SCCM in each specific case.

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## LETTER FROM THE SINGAPORE INDEPENDENT FINANCIAL ADVISER

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This Letter has been prepared and issued in English. It is contemplated that a Chinese translation of this Letter may be included in the Chinese version of the Composite Document. SCCM does not take any responsibility for the translation of this Letter into Chinese. In the event of any inconsistency between the Chinese translation and this Letter in English, the English original version shall prevail.

### 3. THE OFFER

The detailed terms of the Offer are set out in the Composite Document dated 29 May 2020. The key terms of the Offer are set out below for your reference.

#### 3.1 Condition of the Offer

The Offer is subject to the only Condition that valid acceptances of the Offer have been received (and not, where permitted, withdrawn) by 4:00 p.m. on the Closing Date (or such later time or date as the Offeror may decide, subject to the rules of the Hong Kong Takeovers Code and the Singapore Take-over Code) in respect of such number of Shares which would, pursuant to Section 215(1) of the Singapore Companies Act and the Rule 2.11 of the Hong Kong Takeovers Code, entitle the Offeror to compulsorily acquire all the remaining Offer Shares from Shareholders who have not accepted the Offer.

The Condition is not waivable. The Offer will lapse in the event that the level of acceptances of the Offer fall short of the prescribed level under the Singapore Companies Act required for compulsory acquisition and the requirements of Rule 2.11 of the Hong Kong Takeovers Code are not satisfied on the Closing Date, unless otherwise revised or extended in accordance with the Singapore Take-over Code and the Hong Kong Takeovers Code.

#### 3.2 Offer Price

The Offer will be made at **HK\$18.07** (equivalent to **US\$2.33** applying the 3 April Exchange Rate) **in cash** for each Offer Share.

For the avoidance of doubt, the net consideration received by Shareholders for accepting the Offer will be the Adjusted Offer Price of HK\$17.76 (equivalent to US\$2.29 applying the 3 April Exchange Rate) per Share, being the Offer Price after deduction of the Final Dividend.

#### 3.3 Offer Shares

As at the Latest Practicable Date, the Company had 186,919,962 Shares in issue.

The Offer is made, on the same terms and conditions, to 49,289,543 Offer Shares, being all the Shares in issue except than those 137,630,419 Shares already owned by or agreed to be acquired by (i) the Offeror (being a wholly-owned subsidiary of Kingboard Holdings); (ii) Kingboard Holdings; and (iii) the other wholly-owned subsidiaries of Kingboard Holdings which own shares, namely Elitelink Holdings Limited and Kingboard Investments Limited.

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## LETTER FROM THE SINGAPORE INDEPENDENT FINANCIAL ADVISER

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The Offer Shares comprise 4,233,200 Shares held by the directors of Kingboard Holdings and its subsidiaries, representing 2.27% of the total Shares in issue, and 45,056,343 Shares held by other public shareholders, representing to 24.10% of the total Shares in issue.

The Offeror and the parties acting or deems to be acting in concert with it (the “**Concert Parties**”), being (i) Kingboard Holdings; (ii) the other wholly-owned subsidiaries of Kingboard Holdings which own Shares; and (iii) the directors of Kingboard Holdings and its subsidiaries, held in aggregate 141,863,619 Shares, representing 75.90% of the total Shares in issue. Please refer to Section 4 for details of the Offeror and the Concert Parties.

The Company does not hold any treasury Shares as at the Latest Practicable Date.

### 3.4 Rights and Encumbrances

The Offer Shares will be acquired:

- (a) fully paid;
- (b) free from any claims, charges, pledges, mortgages, liens, options, equity, power of sale, declarations of trust, hypothecation, retention of title, rights of pre-emption, rights of first refusal, moratorium or other third party rights or security interests of any kind or an agreement, arrangement or obligation to create any of the foregoing (each, an “**Encumbrance**”); and
- (c) together with all rights, benefits and entitlements attached thereto as at the Offer Announcement Date and hereafter attaching thereto, including but not limited to the right to receive and retain all dividends, rights, other distributions and/or return of capital declared, paid or made by the Company in respect of the Offer Shares on or after the Offer Announcement Date.

### 3.5 Warranty

By accepting the Offer, the Shareholders will sell their Shares to the Offeror (and will be deemed to have given a warranty to the Offeror that such Shares are) free from all encumbrances and together with all rights attaching or accruing thereto, including all rights to receive any dividend or other distribution declared, made or paid on or after the date on which the Offer is made, being the date of the despatch of the Composite Document.

### 3.6 Duration of the Offer

The Offer will close at 4:00 p.m. (Singapore and Hong Kong time) on 26 June 2020 (or such other date(s) as may be announced by or on behalf of the Offeror from time to time), being the Closing Date. Further information on the duration of the Offer is set out in the Composite Document.

### **3.7 Further details of the Offer**

Further details of the Offer, including details on (a) the settlement of the consideration for the Offer; (b) the requirements relating to the announcements of the level of acceptances of the Offer; (c) the right of withdrawal of acceptances of the Offer; and (d) procedures for acceptance of the Offer are set out in the Composite Document.

## **4. INFORMATION ON THE OFFEROR AND ITS CONCERT PARTIES**

As disclosed in the Offer Announcement and the Composite Document, the Offeror is incorporated in Bermuda with limited liability on 21 April 1989. Its principal activity is that of investment holding. As at the Latest Practicable Date, the entire issued share capital of the Offeror is indirectly owned by Kingboard Holdings.

As at the Offer Announcement Date, the market capitalisations of Kingboard Holdings and the Company were HK\$19,574.5 million (US\$2,524.9 million) and HK\$2,970.7 million (US\$383.2 million) respectively.

The Offeror's Concert Parties comprise (i) Kingboard Holdings; (ii) the other wholly-owned subsidiaries of Kingboard Holdings which own Shares; and (iii) the directors of Kingboard Holdings and its subsidiaries, namely Mr. Cheung Kwok Wing, Mr. Cheung Kwok Wa, Mr. Cheung Kwok Ping, Mr. Chang Wing Yiu, Mr. Ho Yin Sang, and Mr. Lam Ka Po.

Mr Cheung Kwok Wing, who is the director of the Offeror, is also the executive director of Kingboard Holdings.

Mr Cheung Kwok Wa is the executive director of Kingboard Laminates Holdings Limited ("**Kingboard Laminates**"), a non-wholly owned subsidiary of Kingboard Holdings and the shares of which are listed on the SEHK.

Mr Cheung Kwok Ping, who is the director of the Offeror, is also the executive director of Kingboard Laminates.

Mr Chang Wing Yiu, who is the director of the Offeror, is also the executive director of the Company and the executive director of Kingboard Holdings.

Mr Ho Yin Sang is the executive director of Kingboard Holdings.

Mr Lam Ka Po is the executive director of Kingboard Laminates.

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**LETTER FROM THE SINGAPORE INDEPENDENT FINANCIAL ADVISER**

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The following table illustrates the Offeror and the Concert Parties' shareholding structure as at the Latest Practicable Date:

<b>Shareholders</b>	<b>Number of Shares held</b>	<b>Approximate shareholding % to total Shares</b>
<b>Offeror</b>	<b>90,741,550</b>	<b>48.55%</b>
<b>Concert Parties</b>		
Kingboard Holdings and its wholly-owned subsidiaries	46,888,869	25.08%
Directors of Kingboard Group (to whom the Offer will be extended) <sup>(1)</sup>	4,233,200	2.27%
<b>Sub-total of Concert Parties</b>	<b>51,122,069</b>	<b>27.35%</b>
<b>Sub-total of the Offeror and Concert Parties</b>	<b>141,863,619</b>	<b>75.90%</b>
<b>Other public Shareholders<sup>(1)</sup></b>	<b>45,056,343</b>	<b>24.10%</b>
<b>Total number of Shares as at the Latest Practicable Date</b>	<b>186,919,962</b>	<b>100.00%</b>
<b>Offer Shares<sup>(1)</sup></b>	<b>49,289,543</b>	<b>26.37%</b>

*Note:*

(1) Offer Shares comprise the Shares held by the directors of Kingboard Group and other public Shareholders.

Further details relating to the Offeror and the Kingboard Group are set out in the Composite Document.

## **5. INFORMATION ON THE COMPANY AND THE GROUP**

The Company was incorporated in Singapore with its principal activity of investment holding. The Company was listed on the Mainboard of the SGX-ST in 1994 and achieved dual-listed status on the Main Board of the SEHK in 2011.

The Company is one of the global leading manufacturers of conventional (as well as technology advanced) high density interconnects (“**HDI**”) and backplane printed circuit boards (“**PCB**”) of up to 50-layers, and has made Quick Turn Around (“**QTA**”) service available, which offers shorter delivery load time.

## **LETTER FROM THE SINGAPORE INDEPENDENT FINANCIAL ADVISER**

The Company currently operates four laminate production sites in Kaiping, Guangzhou, Yangzhou and Thailand. With its own laminate production facilities, the Company has a competitive edge over its competitors in terms of cost control and raw material supply through vertical integration of its supply chain.

The Company is dedicated to provide high quality PCBs to its customers, who are global leaders in various electronics sectors, mainly Communication & Networking, Automotive Industries, Computer & Computer Peripherals and Consumer Electronics.

As at the Latest Practicable Date, the Company has issued and paid-up share capital of S\$172.0 million comprising 186,919,962 Shares and does not hold any treasury shares, or have any outstanding instruments convertible into, rights to subscribe for, or options in respect of, shares or securities which carry voting rights in the Company. Additionally, the Company had not issued any shares since 31 December 2019.

Based on the Offer Price of HK\$18.07 (equivalent to US\$2.33 applying the 3 April Exchange Rate) and the number of issued Shares as at the Latest Practicable Date, the implied market capitalisation of the Company is HK\$3,378 million (equivalent to US\$436 million).

Additional information on the Company is set out in the Composite Document.

### **6. RATIONALE FOR THE OFFER AND THE OFFEROR'S INTENTIONS FOR THE COMPANY**

The rationale for the Offer and the Offeror's intentions for the Company has been extracted from the Composite Document and is reproduced in italics below. All terms and expressions used in the extract below shall bear the same meanings as attributed to them in the Composite Document unless otherwise stated.

#### ***“REASONS FOR AND BENEFITS OF THE OFFER***

*The Offeror takes the view that the trading price and trading volume of the Shares have not been satisfactory. As set out in the section headed “The Offer – Comparison of the Offer Price” above, during the period beginning on 3 October 2019 (being six months preceding the commencement of the offer period) up to and including the Last Trading Day: (i) the highest closing price of the Shares was HK\$13.20 as quoted on SEHK and US\$1.79 as quoted on SGX-ST; and (ii) the lowest closing price of the Shares was HK\$10.60 as quoted on SEHK and US\$1.12 as quoted on SGX-ST. The average daily aggregate trading volume of the Shares on SEHK and SGX-ST for the 6-month period, 12-month period, and 24-month period up to and including the Last Trading Day were approximately 34,692 Shares, 36,790 Shares, and 31,749 Shares per day, representing only approximately 0.02%, 0.02%, and 0.02% respectively of the issued Shares as at the Last Trading Day. The low trading liquidity of the Shares could make it difficult for Shareholders to divest scalable on-market disposals without adversely affecting the price of the Shares.*

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## LETTER FROM THE SINGAPORE INDEPENDENT FINANCIAL ADVISER

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*As such, the Offer presents an immediate opportunity for holders of the Offer Shares to realise their investments in the Offer Shares for cash and redeploy the cash received from accepting the Offer into other investment opportunities. On the other hand, the Offer allows the Kingboard Group to increase its stake in E&E for better synergy within the Kingboard Group.*

*The Offer Price was determined after taking into account the recent trading prices of the Shares on SEHK and SGX-ST and the net asset value per Share of E&E as at 31 December 2019.*

### **INTENTIONS OF THE OFFEROR IN RELATION TO THE E&E GROUP**

*The Offeror intends to continue the existing businesses of the E&E Group upon the completion of the Offer, and to develop deeper synergies with the other businesses within the Kingboard Group, explore new development opportunities, and implement long-term growth strategies. The Offeror may also from time to time, based on market situation, consider introducing significant changes to the existing operations of the E&E Group following the review of its strategic options relating to the business, structure, and/or direction of the E&E Group. The Offeror may continue to explore the possibility of re-aligning or re-deploying the assets of the E&E Group and assess suitable opportunities to enhance the financial flexibility of the E&E Group. It is also the intention of the Offeror that the employment of the existing employees of the E&E Group should be continued following the completion of the Offer, except for changes which may occur in the ordinary course of business. As at the Latest Practicable Date, the Offeror did not intend to introduce any major change in the business of E&E, including the redeployment of the fixed assets of E&E.*

*If the Offeror is not entitled to exercise the compulsory acquisition rights set out in the section headed “Possible Compulsory Acquisition” above, the Offer will not become unconditional and will lapse, unless otherwise revised or extended in accordance with the Hong Kong Takeovers Code and the Singapore Take-over Code. As at the Latest Practicable Date, in the event of such circumstances, the Offeror intended to continue the listing of E&E immediately after the lapse of the Offer but would evaluate plans to delist the Shares from SEHK and/or SGX-ST in the future as and when appropriate, taking into account factors including but not limited to the prevailing market conditions and legal and regulatory requirements. Any such plans may or may not materialise as contemplated or at all.*

### **POSSIBLE COMPULSORY ACQUISITION AND WITHDRAWAL OF LISTING**

#### **Conditions for Compulsory Acquisition**

*Pursuant to Section 215(1) of the Singapore Companies Act, in the event that the Offeror receives valid acceptances pursuant to the Offer (or otherwise acquires Shares during the period that the Offer is open for acceptance) in respect of not less than 90% of the Disinterested Shares, the Offeror will be entitled to compulsorily acquire all the remaining Offer Shares from Shareholders who have not accepted the Offer on the same terms as those offered under the Offer. Pursuant to Rule 2.11 of the Hong Kong Takeovers Code, except with*

*the consent of the Executive, where any person seeks to acquire or privatise a company by means of an offer and the use of compulsory acquisition rights, such rights may only be exercised if, in addition to satisfying any requirements imposed by law, acceptances of the offer and purchases (in each case of the shares other than those which are owned by the offeror or persons acting in concert with it) made by the offeror and persons acting in concert with it during the period of four months after the posting of the initial offer document total 90% of the shares other than those which are owned by the offeror or persons acting in concert with it.*

***Intention of the Offeror to Privatise E&E***

*Subject to the satisfaction of the above requirements under the Singapore Companies Act and the Hong Kong Takeovers Code, the Offeror intends to privatise E&E by exercising its right to compulsorily acquire those Offer Shares not acquired by the Offeror under the Offer. If the Offeror decides to exercise such right and completes the compulsory acquisition, E&E will become a direct wholly-owned subsidiary of the Offeror and an application will be made for the withdrawal of the Shares from SEHK pursuant to Rule 6.15(1) of the SEHK Listing Rules and from SGX-ST pursuant to the SGX-ST Listing Manual.*

***Compulsory Acquisition under the Singapore Companies Act***

*If the Offeror exercises its right of compulsory acquisition under the Singapore Companies Act, the Offeror shall, in the prescribed manner under the Singapore Companies Act, deliver a notice (the “**Notice of Compulsory Acquisition**”) to the Shareholders who do not accept the Offer (the “**Non-accepting Shareholders**”) informing them of the Offeror’s intention to acquire the Offer Shares under its right of compulsory acquisition at any time within 2 months from the date the level of acceptances of the Offer reaches the prescribed level under the Singapore Companies Act required for compulsory acquisition. Pursuant to the exercise of the right of compulsory acquisition by the Offeror under the Singapore Companies Act, the Offer Shares held by the Non-accepting Shareholders not acquired by the Offeror under the Offer will be compulsorily acquired by the Offeror at the same net consideration of HK\$17.76 (equivalent to US\$2.29 applying the 3 April Exchange Rate) per Share (subject to the decision made by the Singapore court in the event a Non-accepting Shareholder makes an application to object the compulsory acquisition as described below), on the later of:*

- after the expiry of 1 month commencing from the date the Offeror gives the Notice of Compulsory Acquisition;*
- in the event a Non-accepting Shareholder requests for a list of Non-accepting Shareholders as described below, then 14 days from the date the list of Non-accepting Shareholders is provided; or*

## LETTER FROM THE SINGAPORE INDEPENDENT FINANCIAL ADVISER

- *in the event a Non-accepting Shareholder makes an application to the Singapore court as described below to object to such compulsory acquisition, then until after that application has been disposed of by the Singapore court as heard by registrars or judges in chambers or in open court.*

*If the Offeror exercises its right of compulsory acquisition under the Singapore Companies Act by serving the Notice of Compulsory Acquisition, a Non-accepting Shareholder is entitled to:*

- *request for a list of Non-accepting Shareholders:*

*A Non-accepting Shareholder is entitled to require E&E by a demand in writing served on E&E, within 1 month from the date on which the Notice of Compulsory Acquisition is given, to supply the Non-accepting Shareholder with a statement in writing of the names and addresses of all other Non-accepting Shareholders as shown in the register of members of E&E, and the Offeror shall not be entitled or bound to acquire the Offer Shares of the Non-accepting Shareholders until 14 days after the list of Non-accepting Shareholders is provided or until after the court application (if any) as described below has been disposed of by the Singapore court (whichever is later); and/or*

- *make an application to the Singapore court:*

*A Non-accepting Shareholder is entitled to make an application to the Singapore court by way of originating summons supported by affidavits filed in accordance with the rules of court objecting to such compulsory acquisition and such application shall be made by such Non-accepting Shareholder within 1 month from the date on which the Notice of Compulsory Acquisition is given or 14 days from the date on which the list of Non-accepting Shareholders is provided as aforesaid (whichever is later), and in such a case, the Offeror shall not acquire the Offer Shares held by any of the Non-accepting Shareholders (whether or not such Non-accepting Shareholder makes an application to the Singapore court to object such compulsory acquisition) until after that application has been disposed of by the Singapore court, as heard by registrars or judges in chambers or in open court. In making any such application to the Singapore court, the Non-accepting Shareholder is required to set out its substantive grounds for seeking relief and has the burden of proof to satisfy the court of the merits of its objection.*

*The Singapore court has full discretion under the Singapore Companies Act in determining whether to grant relief in any such application as well as the type of relief to be granted. In assessing any such application as well as relief to be granted (if any), the Singapore court would take into account, amongst others, the compulsory acquisition being made pursuant to the Offer which is subject to the Singapore Take-over Code and the Hong Kong Takeovers Code, the opinions of the Independent Financial Advisers, and potential prejudice and legal implications to the Offeror arising from any relief granted (including restrictions pertaining to any acquisition at above the Offer Price subsequent to the close of the Offer under the said codes).*

**Warning**

*In view of the foregoing, in the case of the exercise by the Offeror of its right of compulsory acquisition under the Singapore Companies Act, whether or not any Non-accepting Shareholders requests for a list of Non-accepting Shareholders or makes an application to the Singapore court to object such compulsory acquisition, it will take a longer time for the Non-accepting Shareholders to receive the net consideration as compared to the time required for the Shareholders to receive the net consideration after their acceptance of the Offer and the Offer having become unconditional.*

*Shareholders who are in doubt of their position under the Singapore Companies Act are advised to seek their own independent legal advice.*

**Other Information**

*If the level of acceptances of the Offer reaches the prescribed level under the Singapore Companies Act required for compulsory acquisition and the requirements of Rule 2.11 of the Hong Kong Takeovers Code are satisfied on the Closing Date, dealings in the Shares will be suspended on SEHK from the Closing Date up to the withdrawal of listing of the Shares from SEHK pursuant to Rule 6.15 of the SEHK Listing Rules. Additionally, pursuant to Rule 1303(1) of the SGX-ST Listing Manual, if the Offeror succeeds in garnering acceptances exceeding 90% of E&E's total number of issued Shares (excluding treasury Shares), resulting in the Singapore Free Float Requirement not being met by E&E, SGX-ST will suspend trading of the Shares on SGX-ST from the Closing Date. The trading of the Shares may be subject to prolonged suspension by SGX-ST if E&E does not meet the Singapore Free Float Requirement but the requisite conditions for delisting from SGX-ST are also not met.*

*While it is the intention of the Offeror to privatise E&E, the Offeror's ability to exercise the rights of compulsory acquisition in respect of the Offer Shares is dependent on the level of acceptances of the Offer reaching the prescribed level under the Singapore Companies Act and on the requirements of Rule 2.11 of the Hong Kong Takeovers Code being satisfied.*

**PUBLIC FLOAT**

*SEHK has stated that if, at the close of the Offer, less than the minimum prescribed percentage applicable E&E, being 25% of the issued Shares, are held by the public or if SEHK believes that (i) a false market exists or may exist in the trading of the Shares; or (ii) that there are insufficient Shares in public hands to maintain an orderly market, then it will consider exercising its discretion to suspend dealings in the Shares. The directors of the Offeror have undertaken the SEHK to take appropriate steps to ensure sufficient public float exists in the Shares, if the Offeror is not entitled to exercise, or decides not to exercise, the compulsory acquisition rights as referred to in this Composite Document.*

## LETTER FROM THE SINGAPORE INDEPENDENT FINANCIAL ADVISER

*Rule 723 of the SGX-ST Listing Manual requires E&E to ensure that at least 10% of the total number of issued Shares (excluding treasury Shares) is at all times held by the public (“Singapore Free Float Requirement”). In addition, Rule 724 of the SGX-ST Listing Manual states that if the Singapore Free Float Requirement is not met, E&E must, as soon as practicable, announce that fact and SGX-ST may suspend trading of the Shares. SGX-ST may allow E&E a period of three months, or such longer period as SGX-ST may agree, to raise the percentage of Shares in public hands to at least 10%, failing which E&E may be delisted from SGX-ST.*

*Additionally, Shareholders should note that pursuant to Rule 1303(1) of the SGX-ST Listing Manual, if the Offeror succeeds in garnering acceptances exceeding 90% of E&E’s total number of issued shares excluding treasury shares, resulting in the Singapore Free Float Requirement not being met by E&E, the SGX-ST will suspend trading of the Shares on SGX-ST from the Closing Date. The trading of the Shares may be subject to prolonged suspension by SGX-ST if E&E does not meet the Singapore Free Float Requirement but the requisite conditions for delisting from SGX-ST are also not met.*

### 7. ASSESSMENT OF THE FINANCIAL TERMS OF THE OFFER

In evaluating and assessing the financial terms of the Offer, we have taken into account the factors set out below which we consider to have a significant bearing on our assessment:

- (a) Share price performance and trading activity of the Shares on the SGX-ST and the SEHK;
- (b) financial performance of the Group;
- (c) financial position of the Group;
- (d) comparison with recently completed privatisations of companies listed on the SGX-ST;
- (e) comparison of valuation ratios of selected listed companies on the SGX-ST and the SEHK which are broadly comparable with the Group;
- (f) dividend track record of the Company; and
- (g) other relevant considerations in relation to the Offer which may have a significant bearing on our assessment.

**7.1 Share price performance and trading activity of the Shares on the SGX-ST and the SEHK**

In the evaluation of whether the financial terms of the Offer are fair and reasonable, we have taken into consideration the historical share price performance of the Company between 25 March 2019 and the Latest Practicable Date (the “**Period Under Review**”).

We have compared the Offer Price to the daily closing price and trading volume of the Shares trading on the SGX-ST and the SEHK respectively for the 1-year period between 25 March 2019 and 24 March 2020 (the “**Last Trading Day**”), being the last trading day prior to the Offer Announcement Date. We have also marked certain dates in the 1-year period where significant events occurred.

**Daily closing prices and daily trading volumes of the Shares on the SGX-ST for 1-year period up to and including the Last Trading Day**



## LETTER FROM THE SINGAPORE INDEPENDENT FINANCIAL ADVISER

### Daily closing prices and daily trading volumes of the shares on the SEHK for 1-year period up to and including the Last Trading Day



### Earnings and other significant announcements for 1-year period up to and including the Last Trading Day:

Ref no.	Date	Event
1	03 Apr 2020	(i) Announcement of the Offer; and (ii) resumption of trading from suspension
2	25 Mar 2020	(i) Announcement of full year results for the year ended 31 December 2019; (ii) announcement of the Final Dividend of US\$0.04 per share for the financial year ended 31 December 2019; and (iii) request of trading suspension
3	08 Nov 2019	Announcement of the results for the third quarter ended 30 September 2019
4	08 Aug 2019	Announcement of second quarter and half year results for the first half of the financial year ended 30 June 2019
5	10 May 2019	Announcement of the results for the first quarter ended 31 March 2019



**Daily closing price and daily trading volume of the Shares on the SEHK from the Offer Announcement Date up to the Latest Practicable Date**



During the period from the Offer Announcement Date and up to the Latest Practicable Date, the market prices of the Shares on the SGX-ST had closed between US\$2.05 and US\$2.17, representing a discount between 10.5% and 5.2% to the Adjusted Offer Price.

During the period from the Offer Announcement Date and up to the Latest Practicable Date, the market prices of the Shares on the SEHK had closed between HK\$17.18 and HK\$17.60, representing a discount between 0.9% to 3.3% to the Adjusted Offer Price. We note that, although there was an intraday spike of Share price on first trading day after the Offer Announcement Date that went above the Adjusted Offer Price to a high of HK\$19.60, the Adjusted Offer Price of HK\$17.76 has been consistently above the closing price.

We have set out below the premia implied by the Adjusted Offer Price over that historical volume-weighted average prices (“VWAPs<sup>(1)</sup>”) for the Period Under Review.

*Note:*

- (1) The VWAP for the respective periods are calculated based on the daily turnover divided by volume as extracted from Bloomberg L.P. Turnover is computed based on the aggregate daily turnover value of the Shares and volume is computed based on the aggregate daily trading volume of the Shares for the respective periods. Off market transactions are excluded from the calculation.

## LETTER FROM THE SINGAPORE INDEPENDENT FINANCIAL ADVISER

### Premia implied by the Adjusted Offer Price over VWAP for the Shares on the SGX-ST

Reference Period	Highest traded price (US\$)	Lowest traded price (US\$)	VWAP (US\$)	Premium/ (Discount) to Adjusted Offer Price over/(to) VWAP (%)	Number of traded days <sup>(1)</sup>	Average daily trading volume <sup>(2)</sup> ( '000)	Average daily trading volume as a percentage of free float <sup>(3)</sup> (%)
<b><u>Prior to the trading halt and the release of the Offer Announcement</u></b>							
Last 1 year	1.79	1.12	1.48	55.06	248	29.4	0.06
Last 6 months	1.79	1.12	1.54	48.35	124	28.4	0.06
Last 3 months	1.70	1.12	1.59	43.83	61	25.1	0.05
Last 1 month	1.56	1.12	1.43	61.27	22	18.4	0.04
24 March 2020 (last trading day prior to the trading halt for the Offer Announcement)	1.17	1.17	1.19	92.95	1	41.3	0.08
<b><u>After the Announcement Date to the Latest Practicable Date</u></b>							
3 April 2020 to the Latest Practicable Date	2.17	2.05	2.12	7.95	34	135.2	0.27
Latest Practicable Date, being 26 May 2020	2.16	2.16	2.15	6.51	1	30.1	0.06

## LETTER FROM THE SINGAPORE INDEPENDENT FINANCIAL ADVISER

### Premia implied by the Adjusted Offer Price over VWAP for the Shares trading on the SEHK

Reference Period	Highest traded price (HK\$)	Lowest traded price (HK\$)	VWAP (HK\$)	Premium/ (Discount) to Adjusted Offer Price over/(to) VWAP (%)	Number of traded days <sup>(1)</sup>	Average daily trading volume <sup>(2)</sup> (’000)	Average daily trading volume as a percentage of free float <sup>(3)</sup> (%)
<b><u>Prior to the trading halt and the release of the Offer Announcement</u></b>							
Last 1 year	13.20	9.00	11.42	55.45	248	1.1	<0.01
Last 6 months	13.20	10.60	12.06	47.27	124	1.3	<0.01
Last 3 months	13.20	10.60	12.60	40.96	61	1.3	<0.01
Last 1 month	13.02	10.60	12.00	48.03	22	0.7	<0.01
24 March 2020 (last trading day prior to the trading halt for the Offer Announcement)	10.60	10.60	10.85	63.64	1	6.0	0.01
<b><u>After the Announcement Date to the Latest Practicable Date</u></b>							
3 April 2020 to the Latest Practicable Date	17.60	17.18	17.21	3.18	34	35.9	0.07
Latest Practicable Date, being 26 May 2020	17.30	17.30	17.30	2.66	1	–	–

Source: Bloomberg L.P.

Notes:

- (1) Traded days refer to the number of days on which the Shares were traded on the SGX-ST or SEHK during the period;
- (2) The average daily trading volume of the Shares is computed based on the total volume of Shares traded on the SGX-ST or the SEHK (excluding off market transactions) during the relevant periods, divided by the number of days when the SGX-ST or the SEHK was open for trading (excluding days with full day trading halts on the Shares) during that period; and
- (3) Free float refers to the Shares other than those directly and deemed held by the Directors and substantial Shareholders of the Company. For the purpose of computing the average daily trading volume as a percentage of free float, we have used the free float of approximately 45.06 million Shares held by the public Shareholders as disclosed in the Composite Document.

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## LETTER FROM THE SINGAPORE INDEPENDENT FINANCIAL ADVISER

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Based on the above, we note the following for the Shares on the SGX-ST:

- (a) the daily closing prices of the Shares over the 1-year period prior to and including the Last Trading Day were between a low of US\$1.12 and a high of US\$1.79, and the Adjusted Offer Price represents a premium of 55.06%, 48.35%, 43.83% and 61.27% over the VWAPs of the Shares for the 1-year, 6-month, 3-month and 1-month periods prior to and including the Last Trading Day respectively;
- (b) the Adjusted Offer Price represents a premium of 92.95% over the VWAP of the Shares of US\$1.19 on the Last Trading Day;
- (c) the Adjusted Offer Price represents a premium of 7.95% over the VWAP of the Shares of US\$2.12 for the period from the Offer Announcement Date to the Latest Practicable Date;
- (d) the Adjusted Offer Price represents a premium of 6.51% over the VWAP of the Shares of US\$2.15 on the Latest Practicable Date;
- (e) during the 1-year period prior to and including the Last Trading Day, the average daily trading volumes of the Shares ranged from 18,400 Shares to 29,351 Shares, representing approximately 0.06%, 0.06%, 0.05% and 0.04% of the Company's free float over each of the 1-year, 6-month, 3-month and 1-month periods respectively. The Shares were regularly traded during this period;
- (f) the trading volume of Shares amounted to 41,300 Shares on the Last Trading Day, representing approximately 0.08% of the Company's free float; and
- (g) during the period from the Offer Announcement Date to the Latest Practicable Date, the Shares were traded at an average daily trading volume of approximately 135,226 Shares, representing approximately 0.27% of the Company's free float.

For the Shares trading on the SEHK, we note:

- (a) the Adjusted Offer Price represents premium of 55.45%, 47.27%, 40.96%, and 48.03% over the VWAP of the Shares for the 1-year, 6-month, 3-month and 1-month periods prior to and including the Last Trading Day;
- (b) the Adjusted Offer Price represents a premium of 63.64% over the VWAP of the Shares of HK\$10.85 on the Last Trading Day;
- (c) the Adjusted Offer Price represents a premium of 3.18% over VWAP of the Shares of HK\$17.21 for the period from the Offer Announcement Date to the Latest Practicable Date;

- (d) the average daily traded volume is an insignificant proportion of the Company's free float, representing approximately 0.01% of the Company's free float during the 1-year period prior to and including the Last Trading Day; and
- (e) during the period from the Offer Announcement Date to the Latest Practicable Date, the Shares were traded at an average daily trading volume of approximately 34,941 Shares, representing approximately 0.07% of the Company's free float.

**Based on the above observations, it would appear that:**

- (a) **the market prices of the Shares after the Last Trading Day may be supported by the Offer. Shareholders should note that in the event that the Condition of the Offer is not fulfilled, the Offer will lapse. There is no assurance that the market prices of the Shares may be maintained at the prevailing level as at the Latest Practicable Date. Shareholders should note that the past trading performance of the Shares should not in any way be relied upon as an indication or a promise to its future trading performance; and**
- (b) **the trading liquidity of the Shares is low and, accordingly, it may be difficult for Shareholders to divest scalable on-market disposals without adversely affecting the price of the Shares.**

We wish to highlight that the market valuation of the shares of a company traded on a securities exchange may be affected by, *inter alia*, the prevailing economic conditions, economic outlook, stock market conditions and sentiment, the corporate activities of the company, its relative liquidity, the size of its free float, the extent of research coverage, the investor interest it attracts and the general market sentiment at a given point in time.

## **7.2 Historical financial performance of the Group**

For the purpose of evaluating the financial terms of the Offer, we have considered the audited consolidated financial statements of the Group for the financial years ended 31 December 2017 (“FY2017”), 31 December 2018 (“FY2018”) and 31 December 2019 (“FY2019”). The following summary of financial information should be read in conjunction with the full text of the Group's published financial statements for FY2017, FY2018 and FY2019, including the notes thereto.

## LETTER FROM THE SINGAPORE INDEPENDENT FINANCIAL ADVISER

### 7.2.1 Consolidated statement of comprehensive income

US\$'000	Audited		
	FY2019	FY2018	FY2017
Revenue	616,508	602,634	500,388
Cost of sales	(544,267)	(538,049)	(429,704)
Gross profit	72,241	64,585	70,684
Other operating income and gains	4,813	6,653	4,806
Distribution and selling costs	(10,558)	(10,096)	(10,401)
Administrative expenses	(25,762)	(26,107)	(19,240)
Other operating expenses and losses	(312)	(414)	(1,876)
Finance costs	(2,995)	(1,951)	(1,230)
<b>Profit before taxation</b>	<b>37,427</b>	<b>32,670</b>	<b>42,743</b>
Income tax expense	(6,171)	(7,755)	(5,958)
<b>Profit for the year</b>	<b>31,256</b>	<b>24,915</b>	<b>36,785</b>
Profit attributable to:			
Owners of the Company	30,381	24,299	36,161
Non-controlling interests	875	616	624
	<b>31,256</b>	<b>24,915</b>	<b>36,785</b>
Gain on revaluation of property, plant and equipment upon transfer to investment properties	3,104	–	–
Exchange gains (losses)	(1,260)	(1,382)	(875)
Total comprehensive income attributable to:			
Owners of the Company	32,225	22,917	35,286
Non-controlling interests	875	616	624
	<b>33,100</b>	<b>23,533</b>	<b>35,910</b>
Dividends paid by the Company	7,477	14,954	11,215

Source: The Company's annual reports for FY2018 and FY2019

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## LETTER FROM THE SINGAPORE INDEPENDENT FINANCIAL ADVISER

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### *FY2018 vs FY2017*

In FY2018, the Group maintained steady growth in terms of orders and gradually increased its revenue. The Group recorded an increase in revenue of US\$102.2 million (or 20.4%), from US\$500.4 million in FY2017 to US\$602.6 million in FY2018. Sales to communication & networking products (including mobile phones) accounted for approximately 47.1% (FY2017: 48.8%) of the Group's sales, while revenue from sales to automotive products accounted for about 22.0% (FY2017: 21.5%) of the Group's sales. Sales to other products (including computer & peripherals, consumer electronics and industrial related products) accounted for 30.9% (FY2017: 29.7%) of the Group's sales. HDI PCB accounted for approximately 25.4% (FY2017: 27.3%) of the Group's sales.

However, the gross profit margin was dragged by the drop of the sale price of laminates in FY2018 after it reached high level in FY2017. At the same time, the Group recorded allowance for expected credit losses for trade receivables and bad debts written off of US\$5.0 million (FY2017: US\$1.4 million) and inventory provision of US\$3.4 million (FY2017: US\$2.6 million) for FY2018. The Group's depreciation of PPE increased by 11.9% as compared with that of FY2017 to US\$40.0 million (FY2017: US\$35.7 million), attributing to the increase of additions to plant and equipment. As result, the Group's gross profit decreased by US\$6.1 million (or 8.6%) to US\$64.6 million in FY2018 as compared with that of FY2017 and accordingly, the gross profit margin lowered from 14.1% in FY2017 to 10.7% in FY2018.

Other operating income was US\$6.7 million, US\$1.8 million (or 38.4%) higher than that of US\$4.8 million in FY2017, comprising the gain on fair value changes of investment properties of US\$3.7 million, and the government research and development grant of US\$1.1 million.

The total comprehensive income for FY2018 attributable to the owners of the Group decreased by US\$12.4 million (or 35.1%) from US\$35.3 million in FY2017 to US\$22.9 million in FY2018.

### *FY2019 vs FY2018*

In FY2019, the Group continued to steadily grow its order volume and production capacity. At the same time, the Group tilted the production mix to higher layers PCB products. The Group's revenue for FY2019 increased slightly by US\$13.9 million (or 2.3%) as compared with that of FY2018 to approximately US\$616.5 million (FY2018: US\$602.6 million). Sales to communication & networking products (including mobile phones) accounted for approximately 43.8% (FY2018: 47.1%) of the Group's sales and sales to automotive accounted for about 23.1% (FY2018: 22.0%) of the Group's sales. Sales to other products (including computer & peripherals, consumer electronics and industrial related products) accounted for 33.1% (FY2018: 30.9%) of the Group's sales. HDI PCB accounted for approximately 26.7% (FY2018: 25.4%) of the Group's sales.

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**LETTER FROM THE SINGAPORE INDEPENDENT FINANCIAL ADVISER**

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Supported by larger order volume and higher equipment utilisation, the Group's gross profit increased US\$7.7 million (or 11.9%) to US\$72.2 million as compared with that of FY2018 (FY2018: US\$64.6 million) and accordingly, gross margin increased to 11.7% as compared with that of FY2018 (FY2018: 10.7%).

Other operating income was US\$4.8 million in FY2019, US\$1.8 million (or 27.7%) lower than that of FY2018 of US\$6.7 million.

The total comprehensive income for FY2019 attributable to the owners of the Group increased by US\$9.3 million (or 40.6%) from US\$22.9 million in FY2018 to US\$32.2 million in FY2019.

### ***7.2.2 Consolidated statement of cash flow***

US\$'000	Audited		
	FY2019	FY2018	FY2017
Net cash flows used in operating activities	43,475	65,491	71,566
Net cash flows used in investing activities	(45,875)	(83,716)	(70,285)
Net cash flows generated from financing activities	669	21,122	6,831
Net increase/(decrease) in cash and cash equivalents	(1,731)	2,897	8,112
Cash and cash equivalents at the end of year	20,980	25,077	25,985

In FY2019, the Group recorded net cash inflow from operating activities of US\$43.5 million, pared by net cash outflow in working capital of US\$33.5 million. The Group recorded net cash outflow from investment activities of US\$45.9 million due to acquisition of PPE of US\$43.8 million and the deposits paid for the aforementioned acquisition of US\$8 million. The cash flow from financial activities is an inflow of US\$0.7 million from proceeds from bank borrowings offset by dividend paid during the year.

### ***7.2.3 Price-Earnings Ratio ("PER") implied by the Adjusted Offer Price***

PER illustrates the valuation ratio of the current market value of a company's shares relative to its consolidated basic earnings per share as stated in its financial statements. The PER is affected by, inter alia, the capital structure of a company, its tax position, as well as its accounting policies relating to depreciation and intangible assets. The PER is commonly used for the purpose of illustrating the profitability and hence the valuation of a company as a going concern.

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## LETTER FROM THE SINGAPORE INDEPENDENT FINANCIAL ADVISER

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We note that the Group had reported profits in the last three financial years while the net profit margin (profit for the year as a percentage of revenue) of the Group was highest in FY2017 at 7.4% and subsequently dropped to 4.1% in FY2018 and 5.1% in FY2019.

The Group's audited total comprehensive income attributable to owners of the Company for FY2019 was US\$33.1 million. The market capitalisation of the Company implied by the Adjusted Offer Price and based on the number of issued shares as at the Latest Practicable Date was US\$428.0 million. The PER of the Group as implied by the Adjusted Offer Price values the Company at a historical PER of 12.9 times.

### 7.3 Historical financial position of the Group

Based on the Group's latest audited financial results for FY2019, the financial position of the Group as at 31 December 2019 is set out below:

<b>US\$'000</b>	<b>Audited 31 December 2019</b>
<u>Current assets</u>	
Cash and cash equivalents	20,980
Trade receivables	198,356
Bills receivables	525
Other receivables	15,624
Inventories	44,576
	<hr/>
<b>Total current assets</b>	<b>280,061</b>
<u>Non-current assets</u>	
Property, plant and equipment	320,973
Rights-of-use assets	10,598
Deposits for acquisition of plant and equipment	3,502
Investment properties	138,348
	<hr/>
<b>Total non-current assets</b>	<b>473,421</b>
<b>Total assets</b>	<b>753,482</b>
<u>Current liabilities</u>	
Bank Loans	69,205
Trade payables	157,684
Bill payables	5,237
Other payables	21,051
Contract liabilities	1,690
Provision for taxation	5,488
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<b>Total current liabilities</b>	<b>260,355</b>

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**LETTER FROM THE SINGAPORE INDEPENDENT FINANCIAL ADVISER**

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<b>US\$'000</b>	<b>Audited 31 December 2019</b>
<u>Non-current liabilities</u>	
Bank Loans	48,157
Deferred tax liabilities	4,464
Deferred income	4,936
	<hr/>
<b>Total non-current liabilities</b>	<b>57,557</b>
<b>Total liabilities</b>	<b>317,912</b>
<u>Equity</u>	
Share capital	113,880
Reserves	308,857
	<hr/>
<b>Equity attributable to owners of the Company</b>	<b>422,737</b>
Non-controlling interests	12,833
	<hr/>
<b>Total equity</b>	<b>435,570</b>
<b>Total liabilities and equity</b>	<b>753,482</b>
<b>Net Asset Value (“NAV”) of the Group (US\$'000)</b>	<b>435,570</b>
<b>Number of Shares</b>	<b>186,919,962</b>
<b>NAV per Share<sup>(1)</sup> (US\$)</b>	<b>2.33</b>
Final Dividend payable for the year ended 31 December 2019	0.04
<b>Adjusted NAV per Share<sup>(2)</sup> (US\$) (as defined below)</b>	<b>2.29</b>

Source: The Company's annual report for FY2019

Notes:

- (1) NAV per Share was based on net assets attributable to both the Company and the minority interests. If excluding net assets attributable to minority interests, NAV per Share will equal to US\$2.26; and
- (2) Adjusted NAV per Share was based on net assets attributable to both the Company and the minority interests. If excluding net assets attributable to minority interests, Adjusted NAV per Share will equal to US\$2.22.

### **7.3.1 Analysis of the financial position of the Group**

#### *Assets*

Total assets of the Group comprised current assets of US\$280.1 million (37.2% of total assets) and non-current assets of US\$473.4 million (62.8% of total assets) and, accordingly, the current ratio was 1.08 times.

The current assets included trade receivables of US\$198.4 million (70.8% of total current assets) and inventories of US\$44.6 million (15.9% of total current assets), cash and bank balances of US\$21.0 million, and other current assets of US\$16.1 million.

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## LETTER FROM THE SINGAPORE INDEPENDENT FINANCIAL ADVISER

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Included in the trade receivables, US\$190.2 million were due from third party clients, who operated in diverse industries and geographical locations, and the remaining US\$17.7 million trade receivables were owed by related companies within the Kingboard Group, offset by allowance for expected credit losses of US\$9.6 million.

The non-current assets mainly related to PPE of US\$321.0 million and the Investment Properties of US\$138.3 million, together representing 97.0% of the total non-current assets.

The Group's PPE included plant and equipment of US\$168.0 million, and land and buildings located in Thailand and mainland China of US\$108.6 million, representing 52.3% and 33.8% of total PPE respectively. The remaining PPE related to construction-in-progress of US\$24.6 million and leasehold improvement of US\$18.6 million.

The Group's Investment Properties were revalued as at 31 December 2019 in accordance with the accounting policy of the Group at US\$138.3 million. The Group's Investment Properties were located in Hong Kong and mainland China.

The rest of the non-current assets related to right-of-use assets of US\$10.6 million, which were land use rights in relation to the rights over the state-owned land in the PRC where some of the Group's leasehold properties and investment property reside. These land use rights are recorded at cost less accumulated amortisation over the period of 50 years.

The Group does not have any intangible assets.

### *Liabilities and Equity*

The Group has current liabilities in relation to trade payables of US\$157.7 million, bank loans of US\$69.2 million and other payables of US\$21.0 million. Non-current liabilities largely related to US\$48.2 million bank loans due longer than one year.

Trade payables principally comprised outstanding amount of trade purchases and ongoing costs, of which US\$96.6 million was owed by third parties providers and the remaining US\$61.0 million was owed to related companies within the Kingboard Group.

The Group had three bank loans standing at US\$117.4 million as at 31 December 2019. All bank loans are covered by corporate guarantee and arranged at floating rates. The weighted average effective interest rate in FY2019 was 2.85% p.a. As at 31 December 2019, the proportion of short-term and long-term bank borrowings stood at 59%: 41% and the Group's net gearing ratio (which is the ratio of interest bearing borrowings net of cash and cash equivalents to total equity) as at 31 December 2019 was approximately 22.1%.

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## LETTER FROM THE SINGAPORE INDEPENDENT FINANCIAL ADVISER

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In FY2019, the total equity of the Group was US\$435.6 million. Equity attributable to owners of the Company was comprised of paid-up share capital of US\$113.9 million and reserves of US\$308.8 million.

### *7.3.2 NAV and NTA per Share of the Group*

The Net Asset Value (“NAV”) of a group refers to the aggregate value of all the assets in their existing condition, net of all liabilities of a group. The NAV approach may provide an estimate of the value of a group assuming the hypothetical sale of all of its assets over a reasonable period of time, the proceeds of which would be first used to settle liabilities of that group with the balance available for distribution to its shareholders. Therefore, the net assets of a group are perceived as providing support for the value of shareholders’ equity.

Notwithstanding the foregoing, Shareholders should note that an analysis based on the NAV of the Group provides an estimate of the value of the Group based on a hypothetical scenario, and such hypothetical scenario is assumed without considering factors such as, inter alia, time value of money, market conditions, legal and professional fees, liquidation costs, taxes contractual obligations, regulatory requirements and availability of potential buyers, which would theoretically lower the NAV that can be realised. While the asset base of the Group can be a basis for valuation, such a valuation does not necessarily imply a realisable market value as the market value of the assets and liabilities may vary depending on prevailing market and economic conditions.

Based on its latest audited financial statement as at 31 December 2019, the NAV of the Group amounted to US\$437.6 million or US\$2.33 per Share (based on 186,919,962 Shares in issue) and accordingly, after deducting the Final Dividend of US\$0.04 per Share, the NAV of the Group amounted to US\$428.0 million (the “**Adjusted NAV**”) or US\$2.29 per Share (the “**Adjusted NAV per Share**”).

The Group does not have any intangible assets. Accordingly, the Group’s Net Tangible Asset Value (“NTA”) is equal to the Group’s NAV.

### *7.3.3 Revalued NAV (“RNAV”) of the Group*

In connection with the Offer, the Company had commissioned Ravia, the Valuer, to issue the Valuation Certificates dated 31 March 2020 in respect of the properties held by the Group for investment purpose (the “**Investment Properties**”) and the properties held by the Group for operating purpose (the “**Operating Properties**”, together the Appraised Properties). Copies of the Valuation Certificates for the Appraised Properties dated 31 March 2020 are referred to pages V-10 to V-25 and pages V-36 to V-53 under Appendix V Property Valuation Report of the Composite Document.

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**LETTER FROM THE SINGAPORE INDEPENDENT FINANCIAL ADVISER**

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The Valuation Certificates covers the following Appraised Properties:

<b>Ref No.</b>	<b>Address of the Appraised Properties held by the Group</b>	<b>Market value as at 31 March 2020 (USD millions)<sup>(1), (2)</sup></b>
<b>Investment Properties in Hong Kong</b>		
1	Unit B9 on 10th Floor, Merit Industrial Centre, No. 94 To Kwa Wan Road, Kowloon, Hong Kong	2.3
2	Unit B9 on 3rd Floor, Merit Industrial Centre, No. 94 To Kwa Wan Road, Kowloon, Hong Kong	2.5
3	Unit A10 on 3rd Floor, Merit Industrial Centre, No. 94 To Kwa Wan Road, Kowloon, Hong Kong	1.7
4	Units A1, B5 and B6 on 1st Floor, whole of 2nd Floor and whole of 4th Floor, Merit Industrial Centre, No. 94 To Kwa Wan Road, Kowloon, Hong Kong	56.8
<b>Investment Properties in the PRC (other than Hong Kong)</b>		
5	Workshop No. 1 within industrial complex situated at No. 388 Lianyun Road, East area, Development district, Guangzhou City, Guangdong Province, the PRC	13.1
6	Workshop No. 2 within industrial complex situated at No. 388 Lianyun Road, East area, Development district, Guangzhou City, Guangdong Province, the PRC	13.1
7	An industrial complex situated at No. 388 Lianyun Road, East area, Development district, Guangzhou City, Guangdong Province, The PRC	15.5
8	An industrial complex situated at No. 388 Lianyun Road, East area, Development district, Guangzhou City, Guangdong Province. the PRC	4.8
9	An industrial complex situated at No. 388 Lianyun Road, East area, Development district, Guangzhou City, Guangdong Province, the PRC	25.8
10	Unit 1305, Jin Lan Court, Hong Yuan Garden, Nancheng District, Dongguan City, Guangdong Province, the PRC	0.1
11	Unit 1306, Jin Lan Court, Hong Yuan Garden, Nancheng District, Dongguan City, Guangdong Province, the PRC	0.1
12	Unit 1403, Jin Lan Court, Hong Yuan Garden, Nancheng District, Dongguan City, Guangdong Province, the PRC	0.1
13	Unit 1405, Jin Lan Court, Hong Yuan Garden, Nancheng District, Dongguan City, Guangdong Province, the PRC	0.1
14	Unit 1602, Jin Lan Court, Hong Yuan Garden, Nancheng District, Dongguan City, Guangdong Province, the PRC	0.1
15	Unit 1605, Jin Lan Court, Hong Yuan Garden, Nancheng District, Dongguan City, Guangdong Province, the PRC	0.1

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**LETTER FROM THE SINGAPORE INDEPENDENT FINANCIAL ADVISER**

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<b>Ref</b>	<b>Address of the Appraised Properties held by the Group</b>	<b>Market value as at 31 March 2020 (USD millions)<sup>(1), (2)</sup></b>
16	An industrial complex situated at No. 3 Hengtong Avenue, Nanjing Economic & Technological Development Zone, Qixia District, Nanjing City, Jiangsu Province, the PRC	2.4
<b>Operating Properties in the PRC (other than Hong Kong)</b>		
17	An industrial development located at No. 318 Siqin West Road, Shuikou Village, Kaiping City, Jiangmen City, Guangdong Province, the PRC	13.0
18	8 Residential Units of Block A, No. 1 and 8 Woodsheds of Level 1, No. 11, Yinxi Garden, Changshaguangming Road, Sanbu District, Kaiping City, Jiangmen City, Guangdong Province, the PRC	0.4
19	6 Residential Units and 6 Utility Rooms, No. 103 Changshaguangming Road, Sanbu District, Kaiping City, Jiangmen City, Guangdong Province, the PRC	0.3
20	Unit 704, No. 11 Changshadongjiaonanquyi Lane and Utility Room No. 4, Mezzanine Floor, Block 2, No. 6 Dongjiao Road, Sanbu District, Kaiping City, Jiangmen City, Guangdong Province, the PRC	0.1
21	Unit 503 and Utility Room No. 4 of Level 1, No. 29 Changshaxing Road, Sanbu District, Kaiping City, Jiangmen City, Guangdong Province, the PRC	0.1
22	A parcel of land located at opposite of Xinmei Village Committee Shagang Power Station, Shuikou Village, Kaiping City, Jiangmen City, Guangdong Province, the PRC	1.6
23	An industrial development located at Block 5, No. 318 Siqin West Road, Shuikou Village, Kaiping City, Jiangmen City, Guangdong Province, the PRC	19.5
24	An industrial development located at Block 8, 53, 69 & 70, No. 318 Siqin West Road, Shuikou Village, Kaiping City, Jiangmen City, Guangdong Province, the PRC	18.3
25	A parcel of land located at south of Kai Ping Elec & Eltek Company Limited, Shagang Street Office, Kaiping City, Jiangmen City, Guangdong Province, the PRC	3.6
26	An industrial development located at No. 1 Shida Main Road, Yizheng Economic Development Zone, Yangzhou City, Jiangsu Province, the PRC	42.5
27	An industrial development located at No. 3 Linjian Road, Guangzhou Economic and Technology Development Zone, Guangzhou City, Guangdong Province, the PRC	30.3

## LETTER FROM THE SINGAPORE INDEPENDENT FINANCIAL ADVISER

Ref No.	Address of the Appraised Properties held by the Group	Market value as at 31 March 2020 (USD millions) <sup>(1), (2)</sup>
28	12 Residential Units, No. 44 Zhicheng Main Road, Guangzhou Development Zone, Guangzhou City, Guangdong Province, the PRC	0.9
29	Unit 905, No. 4 Jinyou Street, Guangzhou Economic and Technology Development Zone, Guangzhou City, Guangdong Province, the PRC	0.1
30	An industrial development located at Majialong Industrial Road, Nanshan District, Shenzhen City, Guangdong Province, the PRC	1.0
31	Units 401-402, Block 7, Lane 2, Chiwei Village, Huaqiangnan Road, Shenzhen City, Guangdong Province, the PRC	0.3 <sup>(3)</sup>
32	An industrial development located at Nanhai Main Road West and Yuquan Road North, Nanshan District, Shenzhen City, Guangdong Province, the PRC	0.1 <sup>(3)</sup>
<b>Operating Properties in Thailand</b>		
33	134 Moo 2 Tambol Bangkayang, Amphur Muang Pathumthani, Pathumthani Province, 12000 Thailand	8.0
<b>Sub total market value of the Investment Properties</b>		<b>138.3</b>
<b>Sub total market value of the Operating Properties</b>		<b>140.0</b>
<b>Total market value of the Appraised Properties</b>		<b>278.3</b>

*Source: The Valuation Certificates issued by the Valuer*

*Notes:*

- (1) Converted at CNY/USD: 0.1435; USD/HKD: 0.1284; and USD/THB: 0.031;
- (2) The market value of the Operating Properties as at 31 December 2019 includes the carrying value of leasehold improvements and right-of-use assets disclosed in the Group's annual report for FY2019;
- (3) Properties held by the Group without proper title certificates and for reference purpose, the market value of such properties was provided in the note form in the valuation certificates. For illustrative purpose, the market value of the aforementioned properties is included in the above table; and
- (4) Certain Properties Interests are held under non-wholly owned subsidiaries of the Company, for details please refer to the Valuation Certificates set out in **Appendix A**.

We note the Valuer had prepared its valuation opinion based on the market value as intended to mean “the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion”.

## LETTER FROM THE SINGAPORE INDEPENDENT FINANCIAL ADVISER

The approaches used by the Valuer for the Appraised Properties are summarised below:

- (a) for the valuation of the Investment Properties, the valuation methodology taken by the Valuer was to reference to market evidence of recent transaction prices for similar properties for the respective locations and types of properties; and
- (b) for valuation of the Operating Properties, the valuation methodology adopted by the Valuer was principally to reference market evidence of recent transaction prices for similar properties for the respective locations and types of properties, save for the specialised properties in the PRC, for which there were no readily identifiable market comparables due to the specific purpose for which most of the buildings and structures of the property have been constructed. For properties in the PRC without identifiable market comparables, the Valuer had valued the buildings and structures on the basis of their depreciated replacement costs instead of direct comparison method. The depreciated replacement cost approach was based on an estimate of the market value for the existing use of the land, plus the current cost of replacement of the existing structures less deductions for physical deterioration and all relevant forms of obsolescence and optimization.

We set out below a summary of the market value of the appraised properties as at 31 March 2020 in comparison with their book value as at 31 December 2019.

	<b>Net book value as at 31 December 2019 (US\$ millions)</b>	<b>Market value as at 31 March 2020 (US\$ millions)</b>	<b>Revaluation surplus (US\$ millions)</b>
Investment Properties	138.3	138.3	–
Operating Properties and Right-of-use assets <sup>(1)</sup>	137.8	140.0	2.2
<b>Total</b>	<b>276.1</b>	<b>278.3</b>	<b>2.2</b>

*Source: The Company and the Valuation Certificates*

*Note:*

- (1) The net book value of the Operating Properties and Right-of-use assets equals sum of the carrying value of the freehold land, freehold buildings, leasehold buildings, leasehold improvements and right-of-use assets as at 31 December 2019

After taking into account the market value of the Appraised Properties, the Group's RNAV is approximately US\$437.8 million and RNAV per Share is approximately US\$2.34 as compared to the Group's NAV of US\$435.6 million and NAV per Share of US\$2.33.

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## LETTER FROM THE SINGAPORE INDEPENDENT FINANCIAL ADVISER

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Accordingly, after deducting the Final Dividend of US\$0.04 per Share, the RNAV of the Group amounted to US\$430.3 million (the “**Adjusted RNAV**”) or US\$2.30 per Share (the “**Adjusted RNAV per Share**”).

The Appraised Properties in aggregate accounted for approximately 58.3% and 36.6% of the Group’s non-current assets and total assets respectively as at 31 December 2019.

While the RNAV per share is a relevant basis for comparison, it should be noted it is not necessarily a realisable value as the market value of the Appraised Properties and any tax liabilities arising from the sale of the Appraised Properties may vary depending on, inter alia, prevailing market, tax rates and economic conditions prevailing at the time of sale. We wish to highlight that the Group’s RNAV shown above include the revaluation surplus arising from the hypothetical sale of the Appraised Properties. Shareholders should note that the Group has not realized the surplus on such assets as at the Latest Practicable Date, and that there is no assurance that the revaluation surplus or deficit eventually recorded by the Group on the Appraised Properties (in the event they are disposed) will be the same as indicated above.

The above computations and analysis are meant as an illustration and it does not necessary mean or imply that the net realisable value of the Group is as stated above. It also does not imply that the assets or properties of the Group can be disposed of at the estimated values indicated above and that after payment of all liabilities and obligations, the values or amounts as indicated is realisable or distributable to Shareholders.

### ***7.3.4 Price-to-NAV (“P/NAV”) and Price-to-RNAV (“P/RNAV”) ratios of the Group implied by the Adjusted Offer Price***

The net asset backing of the Group is measured by its NAV, NTA, revalued NAV, or revalued NTA value. The NAV based valuation approach shows the extent to which the value of each Share is backed by both the Group’s tangible and intangible assets. NTA is derived by deducting intangible assets from the NAV and the NTA based valuation approach shows the extent to which the value of each Share is backed by its NTA.

Management has confirmed that the Group does not have any intangible assets. Accordingly, the Group’s NTA is equal to its NAV, its corresponding P/NTA is equal to its P/NAV, and its P/RNTA is equal to its P/RNAV.

As at 31 December 2019, the Group’s Adjusted NAV is approximately US\$428.0 million and its Adjusted NAV per share is approximately US\$2.29. The Adjusted Offer Price of US\$2.29 is equivalent to the Group’s Adjusted NAV per share, and implies a P/NAV multiple of approximately 1.0 times.

As at 31 December 2019, the Group’s Adjusted RNAV is approximately US\$430.38 million and its Adjusted RNAV per share is approximately US\$2.30. The Adjusted Offer Price of US\$2.29 represents a slight discount of approximately 0.43% from the Group’s Adjusted RNAV per share, and implies a P/RNAV multiple of approximately 1.0 times.

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## LETTER FROM THE SINGAPORE INDEPENDENT FINANCIAL ADVISER

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Besides the valuation of the Valuation Properties, in our evaluation of the financial terms of the Offer, we have also considered whether there is any other asset which should be valued at an amount that is materially different from that which was recorded in the statement of financial position of the Group as at 31 December 2019, and whether there are factors which have not been otherwise disclosed in the financial statements of the Group that are likely to impact the NAV as at 31 December 2019.

In respect of the above, we have sought the following confirmation from the Board of Directors and the Management, and they have confirmed to us that as at the Latest Practicable Date, to the best of their knowledge and belief:

- (a) there are no material differences between the realisable values of the Group's assets and their respective book values as at 31 December 2019 which would have a material impact on the NAV of the Group;
- (b) other than that already provided for or disclosed in the Group's financial statements as at 31 December 2019, there are no other contingent liabilities, bad or doubtful debts or material events which are likely to have a material impact on the NAV of the Group as at the Latest Practicable Date;
- (c) there is no litigation, claim or proceeding pending or threatened against the Company or any of its subsidiaries or of any fact likely to give rise to any proceeding which might materially and adversely affect the financial position of the Group taken as a whole; and
- (d) there is no material acquisition or disposal of assets, conversion of the use of any of the Company's material assets or material change in the nature of the Group's business by the Group between 31 December 2019 and the Latest Practicable Date nor does the Group have any plans for any such impending material acquisition or disposal of assets, conversion of the use of any of its material assets or material change in the nature of the Group's business.

For the avoidance of doubt, we have not made any independent evaluation or appraisal of the assets and liabilities of the Company or the Group. We are not experts in the evaluation or appraisal of the assets concerned and we have placed sole reliance on the Valuer's independent valuations for such asset appraisal and have not made any independent verification of the contents thereof.

We do not assume any responsibility to inquire about the basis of such valuations or if the contents thereof have been prepared and/or included in the Composite Document in accordance with all applicable regulatory requirements, including Rule 26 of the Singapore Take-over Code.

### 7.3.5 Historical trailing P/NAV ratios of the Shares

We have compared the P/NAV of the Shares as implied by the Adjusted Offer Price and the Adjusted NAV of 1.0 times against the historical trailing P/NAV of the Shares (based on the daily closing prices of the Shares on the SGX-ST and the Group's trailing announced NAV per Share) for the 1-year period from 25 March 2019 up to and including the Last Trading Day.

#### **Historical trailing P/NAV ratio<sup>(1)</sup> from 25 Mar 2019 up to and including the Last Trading Day**



Source: Bloomberg L.P. and the Company's announcements on the SGXNET and annual reports

Note:

- (1) Trailing P/NAV of the Shares based on the corresponding quarterly NAV per Share as reported by the Company and daily closing prices on the SGX-ST.

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**LETTER FROM THE SINGAPORE INDEPENDENT FINANCIAL ADVISER**

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The average, the low and the high of the historical trailing P/NAV of the Shares on the SGX-ST between 25 March 2019 and the Latest Practicable Date are set out below:

	<b>Historical trailing P/NAV (times)</b>		
	<b>High</b>	<b>Average</b>	<b>Low</b>
<b>Periods up to and including the Last Full Trading Day</b>			
1-year	0.8	0.7	0.5
6-month	0.8	0.7	0.5
3-month	0.8	0.7	0.5
1-month	0.7	0.6	0.5
<b>Period from the Offer Announcement Date to the Latest Practicable Date</b>			
Period from the Offer Announcement			
Date to the Latest Practicable Date	0.9	0.9	0.9

Based on above, we note that the P/NAV implied by the Adjusted Offer Price and the Adjusted NAV of approximately 1.0 times is (i) above the high end of the range of the historical trailing P/NAV of the Shares for the 1-year, 6-month, 3-month, 1-month periods prior to and including the Last Full Trading Day; and (ii) above the high end of the range of the historical trailing P/NAV of the Shares for the period from the Offer Announcement Date to the Latest Practicable Date.

#### **7.4 Comparison of valuation ratios of selected listed companies which are broadly comparable with the Group (the “Peer Comparable Companies”)**

For the purpose of assessing the Adjusted Offer Price, we have had discussions with the Management to identify other listed companies that are in the similar business as the Group, that is, in the manufacture and trading of PCB and related products.

We have had discussions with the Management about the suitability and reasonableness of the Peer Comparable Companies acting as a basis for comparison with the Group. Relevant information has been extracted from Bloomberg L.P., publicly available annual reports and/or public announcements of the Peer Comparable Companies. We make no representations or warranties, expressed or implied, as to the accuracy or completeness of such information. The Peer Comparable Companies’ accounting policies with respect to the values for which the assets or the revenue and cost are recorded may differ from that of the Group.

We wish to highlight that the selected Peer Comparable Companies are not exhaustive and it should be noted that there may not be any listed company that is directly comparable to the Group in terms of location, business activities, customer base, size of operations, asset base, geographical spread of activities, geographical markets, track record, financial performance, operating and financial leverage, future prospects, liquidity, quality of earnings, accounting policies, risk profile and other relevant criteria. As such, any comparison made herein is necessarily limited and it may be difficult to place reliance on the comparison of valuation statistics for the Peer Comparable Companies. Therefore, any comparison made serves only as an illustrative guide.

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## LETTER FROM THE SINGAPORE INDEPENDENT FINANCIAL ADVISER

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A brief description of the Peer Comparable Companies, as extracted from Bloomberg L.P. is set out below:

<b>Ref. no</b>	<b>Company name</b>	<b>Stock Exchange</b>	<b>Principal business</b>
1	Kingboard Holdings Ltd	SEHK	Kingboard Holdings is the parent company of the Offeror and the Company. Kingboard Holdings operates diversified businesses, including manufactures chemicals, laminates, printed circuit boards, copper foils, glass fabrics, glass yarns and bleached kraft paper, etc.
2	AKM Industrial Co Ltd	SEHK	The company manufactures and sells flexible printed circuit, which is used in communication, consumer electrical and electronic appliances, such as mobile phones, laptop computers and cameras.
3	China Electronics Huada Technology Co Ltd	SEHK	The company manufactures circuits, electric chips, smart card, wireless local area networks, and other products for social security, fuel, telecommunication, electric, transportation, and wireless networking cards.
4	Multi-Chem Ltd	SGX-ST	The company provides PCB manufacturing services, mainly precision drilling services to PCB fabricators. The Company also distributes specialty chemicals and other related products and equipment to PCB fabricators.
5	CEI Ltd	SGX-ST	The company manufactures electrical components, offering materials management, circuit layout, prototype and development engineering, metal stamping, cable harnessing, and precision machined components.
6	Yan Tat Group Holdings Ltd	SEHK	The company is an original equipment manufacturer (“OEM”) provider of PCBs. The company is headquartered in Hong Kong and its facilities are located in Shenzhen.
7	Avi-Tech Electronics Ltd	SGX-ST	The company manufactures semiconductor products, including prints circuit board assembling products, as well as provides static burn-in, test during burn-in, and high power burn-in services for semiconductor manufacturers.

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## LETTER FROM THE SINGAPORE INDEPENDENT FINANCIAL ADVISER

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Ref. no	Company name	Stock Exchange	Principal business
8	Karin Technology Holdings Ltd	SGX-ST	The company provides electronic components, integrated circuit software, and information technology infrastructure solutions, distributes components from various suppliers, and provides integrated circuit application design, and information technology infrastructure to customers in Hong Kong and the PRC.

*Source: Bloomberg L.P.*

For the purpose of our evaluation and for illustration, we have made comparison between the Group and the Peer Comparable Companies using the following bases:

### *Historical PER*

PER illustrates the valuation ratio of the current market value of a company's shares relative to its consolidated basic earnings per share as stated in its financial statements. The PER is affected by, inter alia, the capital structure of a company, its tax position as well as its accounting policies relating to depreciation and intangible assets. The historical PER is commonly used for the purpose of illustrating the profitability and hence the valuation of a company as a going concern.

### *EV/EBITDA*

The enterprise value ("EV") is the sum of the company's market capitalisation, preferred equity, minority interests, short and long term debt (inclusive of operating lease liabilities) less its cash and cash equivalents. "EBITDA" stands for the historical earnings before interest, tax, depreciation and amortisation expense, inclusive of the share of associates' and joint ventures' income and excluding exceptional items. The EV/EBITDA ratio illustrates the market value of a company's business relative to its historical pre-tax operating cash flow performance, without regard to the company's capital structure.

### *P/NAV*

The P/NAV ratio approach is used to show the extent the value of each share is backed by all assets. The NAV approach of valuing a group of companies is based on the aggregate value of all the assets of the group in their existing condition, after deducting the sum of all liabilities of the group. Comparisons of companies using their book NAVs are affected by differences in their respective accounting policies, including their depreciation and asset valuation policies.

## LETTER FROM THE SINGAPORE INDEPENDENT FINANCIAL ADVISER

### Valuation statistics for the Peer Comparable Companies based on their last transacted share prices as at the Latest Practicable Date

Ref No.	Company name	Last financial year end	Market capitalisation as at Latest Practicable Date (US\$ million)	PER (times) <sup>(1)</sup>	EV/ EBITDA (times) <sup>(2)</sup>	P/NAV ratio (times) <sup>(3)</sup>
1	Kingboard Holdings Ltd	31 Dec 2019	2,827.2	7.2	6.4	0.4
2	AKM Industrial Co Ltd	31 Dec 2019	194.5	12.9	5.9	1.2
3	China Electronics Huada Technology Co Ltd	31 Dec 2019	183.3	9.3	15.2	0.7
4	Yan Tat Group Holdings Ltd	31 Dec 2019	58.8	8.2	4.3	0.9
5	Multi-Chem Ltd	31 Dec 2019	54.0	9.4	2.6	0.6
6	CEI Ltd	31 Dec 2019	52.5	10.0	6.8	1.8
7	Karin Technology Holdings Ltd	30 Jun 2019	48.4	11.8	8.2	0.8
8	Avi-Tech Electronics Ltd	30 Jun 2019	47.0	13.8	4.5	1.3
	High			13.8	15.2	1.8
	Low			7.2	2.6	0.4
	Mean			10.3	6.7	1.0
	Median			9.7	6.1	0.8
	<b>The Company<sup>(4)</sup></b> (implied by the Adjusted Offer Price)	<b>31 Dec 19</b>	<b>428.0<sup>(4)</sup></b>	<b>12.9<sup>(4)</sup></b>	<b>6.6<sup>(4)</sup></b>	<b>1.0<sup>(5)</sup></b>

Source: Bloomberg L.P., annual reports and latest publicly available financial information on the Peer Comparable Companies

Notes:

- (1) the PERs of the Peer Comparable Companies are computed based on their respective latest published full year earnings or trailing twelve months earnings, where applicable, available as at the Latest Practicable Date;
- (2) market capitalisation of the Comparable Companies after adjusting for the EV components of the respective Peer Comparable Companies' most recently announced financial statements;
- (3) based on the NAV per share obtained from Bloomberg L.P. and/or the respective Peer Comparable Companies' most recently announced financial statements;
- (4) based on the Adjusted Offer Price and the total number of issued Shares of 186,919,962 Shares as at the Latest Practicable Date; and
- (5) based on Adjusted Offer Price and Adjusted RNAV per Share.

Based on the above, we note that:

- (a) the PER of 12.9 times implied by the Adjusted Offer Price is within the range of the PER of the Peer Comparable Companies, and higher than the corresponding mean of 10.3 times and median of 9.7 times of the Peer Comparable Companies;
- (b) the EV/EBITDA ratio of 6.6 times implied by the Adjusted Offer Price is within the range of the EV/EBITDA ratio of the Peer Comparable Companies, and slightly below the corresponding mean of 6.7 times, and higher than the corresponding medium of 6.1 times of the Peer Comparable Companies; and
- (c) the P/NAV and P/RNAV multiples of 1.0 times implied by the Adjusted Offer Price, the Adjusted NAV and the Adjusted RNAV is within the range of the P/NAV ratios of the Peer Comparable Companies, and equal to the corresponding mean of 1.0 times, and higher than the corresponding median of 0.8 times of the Peer Comparable Companies.

#### **7.5 Comparison with recently completed privatisations of companies listed on the SGX-ST**

We note that the intention of the Offeror is to delist the Company from the SGX-ST and the SEHK and, if and when entitled, to exercise its rights of compulsory acquisition under Section 215(1) of the Singapore Companies Act and Rule 2.11 of the Hong Kong Takeovers Code.

In assessing the reasonableness of the Adjusted Offer Price in light of the above stated intention of the Offeror, we have compared the financial terms of the Offer with those of selected successful privatisation transactions that were announced and completed since January 2018 and up to the Latest Practicable Date, which were carried out either by way of voluntary delisting exit offers under Rule 1307 of the SGX-ST Listing Manual, offers being made by way of a scheme of arrangement under Section 210 of the Singapore Companies Act or general takeover offers under the Singapore Take-over Code where the offeror had stated its intentions to delist the listed company from the SGX-ST (other than in respect of Weiye Holdings Limited for which the offeror stated that it intended for the company to remain listed on the SEHK) (the “**Precedent Privatisation Transactions**”).

This analysis serves as a general indication of the relevant premium/discount that the offerors had paid in order to acquire the target companies without having regard to their specific industry characteristics or other considerations, and the comparison sets out:

- (i) the premium or discount represented by each of the respective offer prices to the last transacted prices and VWAPs over the 1-month, 3-month and 6-month periods prior to the announcement of the Precedent Privatisation Transactions; and

## LETTER FROM THE SINGAPORE INDEPENDENT FINANCIAL ADVISER

- (ii) the premium or discount represented by each of the respective offer prices to the net asset value of the respective target companies. We note that certain transactions had undertaken revaluations and/or adjustments to their assets which may have a material impact on their latest announced book values. In this respect, we have compared the offer price with the revalued NAV, revalued NTA or adjusted NAV or NTA of the Precedent Privatisation Transactions, where applicable.

We wish to highlight that the target companies listed in the Precedent Privatisation Transactions as set out in the analysis below may not be directly comparable to the Group in terms of market capitalisation, size of operations, composition of business activities, asset base, geographical spread, track record, operating and financial leverage, risk profile, liquidity, accounting policies, future prospects and other relevant criteria. Each transaction must be judged on its own commercial and financial merits. The premium or discount that an offeror pays in any particular privatisation transaction varies in different specific circumstances depending on, inter alia, factors such as the potential synergy the offeror can gain by acquiring the target, the prevailing market conditions and sentiments, attractiveness and profitability of the target's business and assets, the possibility of a significant revaluation of the assets to be acquired, the availability of substantial cash reserves, the liquidity in the trading of the target company's shares, the presence or absence of competing bids for the target company, and the existing and desired level of control in the target company. The list of the Precedent Privatisation Transactions is by no means exhaustive and as such any comparison made only serves as an illustration. Conclusions drawn from the comparisons made may not necessarily reflect the perceived or implied market valuation of the Company.

Ref No.	Name of company	Announcement date	Premium/(Discount) of offer price over/(to) <sup>(1)</sup> :				offer price to NAV/NTA (times)
			Last transacted price (%)	1 month VWAP (%)	3 month VWAP (%)	6 month VWAP (%)	
1	Breadtalk Group Limited	24 Feb 2020	19.4	30.1	24.0	25.0	2.81 <sup>(2)</sup>
2	AVIC International Maritime Holdings Limited	11 Nov 2019	37.6	64.3	65.9	65.6	1.2 <sup>(3)</sup>
3	Citic Envirotech Ltd	6 Nov 2019	48.6	61.9	68.5	65.5	1.15 <sup>(5)</sup>
4	PACC Offshore Services Holdings Ltd	4 Nov 2019	69.3	99.4	93.0	70.2	0.96 <sup>(4)</sup>
5	Raffles United Holdings Ltd <sup>(6)</sup>	25 Oct 2019	(1.5)	–	10	15.9	0.28 <sup>(5)</sup>
6	San Teh Ltd	5 Sep 2019	81.8	90.5	83.0	84.2	0.40 <sup>(4)</sup>
7	PS Group Holdings Ltd	20 Aug 2019	195.0	266.7	267.5	267.5	0.62 <sup>(4)</sup>
8	Star Pharmaceutical Limited	5 Aug 2019	157.1	160.1	176.1	186.6	0.67 <sup>(4)</sup>
9	Delong Holdings Limited <sup>(7)</sup>	29 Jul 2019	1.9	8.0	17.9	37.2	0.60 <sup>(5)</sup>
10	Health Management International Ltd <sup>(8)</sup>	5 Jul 2019	14.1	23.9	27.8	29.7	5.60 <sup>(4)</sup>
11	Hupsteel Limited	28 Jun 2019	51.9	58.3	58.6	58.6	0.58 <sup>(4)</sup>

## LETTER FROM THE SINGAPORE INDEPENDENT FINANCIAL ADVISER

Ref No.	Name of company	Announcement date	Premium/(Discount) of offer price over/(to) <sup>(1)</sup> :				offer price to NAV/NTA (times)
			Last transacted price (%)	1 month VWAP (%)	3 month VWAP (%)	6 month VWAP (%)	
12	Boardroom Limited	15 May 2019	14.3	18.9	16.1	17.6	2.02 <sup>(9)</sup>
13	Memtech International Ltd	14 May 2019	23.9	31.5	31.6	35.6	1.09 <sup>(5)</sup>
14	800 Super Holdings Limited	6 May 2019	16.1	30.8	31.2	25.3	2.06 <sup>(4)</sup>
15	Kingboard Copper Foil Holdings Limited	4 Apr 2019	9.1	16.1	25.3	27.4	0.88 <sup>(4)</sup>
16	Courts Asia Limited	18 Jan 2019	34.9	35.8	34.0	23.5	0.56 <sup>(10)</sup>
17	Declout Limited <sup>(11)</sup>	7 Jan 2019	62.5	66.7	66.7	58.5	1.28 <sup>(10)</sup>
18	PCI Limited <sup>(12)</sup>	4 Jan 2019	27.9	44.0	47.2	50.9	1.97 <sup>(5)</sup>
19	Cityneon Holdings Limited	29 Oct 2018	3.2	6.9	11.9	15.7	4.50 <sup>(5)</sup>
20	M1 Limited	27 Sep 2018	25.2	29.9	29.1	21.8	3.85 <sup>(5)</sup>
21	Keppel Telecommunications & Transportation Ltd	27 Sep 2018	40.4	39.5	34.9	28.1	1.53 <sup>(13)</sup>
22	Wheelock Properties Singapore Ltd	19 Jul 2018	20.7	29.0	22.7	17.8	0.84 <sup>(4)</sup>
23	Lee Metal Group Ltd <sup>(14)</sup>	21 Feb 2018	9.1	14.1	21.4	26.5	0.98 <sup>(4)</sup>
24	LTC Corp Ltd <sup>(15)</sup>	07 Sep 2018	44.5	46.1	45.4	44.1	0.53 <sup>(4)</sup>
25	Tat Hong Holdings Ltd <sup>(16)</sup>	11 Jan 2018	42.9	47.5	49.1	40.3	0.71 <sup>(5)</sup>
	High		81.8	99.4	93.0	84.2	4.50
	Low		(1.5)	–	4.5	5.7	0.28
	Mean		29.4	37.6	38.6	37.4	0.67
	Median		26.3	31.5	31.6	29.7	0.72
	<b>The Company<sup>(19)</sup></b> (implied by the Adjusted Offer Price in US dollars)	<b>3 April 2020</b>	<b>93.0</b>	<b>61.3</b>	<b>43.8</b>	<b>48.4</b>	<b>1.0<sup>(20)</sup></b> (based on Adjusted RNAV per Share)

Source: SGX-ST announcements and circulars to shareholders in relation to the Precedent Privatisation Transactions

Notes:

- (1) Market premia/(discounts) calculated relative to the closing price of the respective target companies one day prior to the respective announcement dates and VWAP of the 1-month, 3-month and 6-month period prior to the respective announcement dates.
- (2) Based on the revalued NAV per share as published in the circular of Breadtalk Group Limited (“**Breadtalk**”). If based on the revalued NTA per share, P/RNTA would be 6.02 times.
- (3) Based on the NAV per share published in the circulars of AVIC International Maritime Holdings Limited (“**AIMHL**”). If based on the NTA per share, P/NTA would be 82.5 times.

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## LETTER FROM THE SINGAPORE INDEPENDENT FINANCIAL ADVISER

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- (4) Based on the revalued NAV or NTA per share (as the case may be), as published in the respective circulars of the target companies.
- (5) Based on the NTA or NAV per share (as the case may be), as published in the respective circulars of the target companies.
- (6) On 1 July 2019, a mandatory unconditional cash offer was made for the issued shares in Raffles United Holdings Ltd. and the shares were subsequently suspended from trading on 14 August 2019 as a result of the loss of free float following the offer. The market premia/(discount) in the table above were computed based on the share prices for the period(s) prior to the suspension of the trading of the shares on 14 August 2019 following the loss of free float.
- (7) On 27 September 2018, the voluntary conditional cash offer for the issued shares of Delong Holdings Limited was announced. On 11 October 2018, it was announced that the offer was withdrawn in accordance with Rule 4 of the Code. The market premia in the table above were computed based on the share prices for the period(s) up to and including 26 September 2018, being the last unaffected trading day.
- (8) On 17 June 2019, the directors of Health Management International Ltd (“**HMI**”) announced that it was in discussions with a third party regarding a possible transaction involving HMI. The market premia in the table above were computed based on the share prices for the periods(s) up to and including 14 June 2019, being the last undisturbed trading day.
- (9) Based on the adjusted NAV per share, as published in the relevant circular of Boardroom Limited.
- (10) Based on the pro forma NAV or NTA per share (as the case may be), as published in the respective circulars of the target companies.
- (11) Declout Limited had a significant stake in Procurri Corporation Limited (“**Procurri**”) and had treated and consolidated the results of Procurri as its subsidiary. On 7 September 2018, Procurri announced that it had received an unsolicited, non-binding indication of interest from a third party to acquire the shares in Procurri by way of a possible voluntary general offer subject to, amongst others, due diligence. The market premia in the table above were computed based on the share prices for the period(s) prior to and including 6 September 2018, being the last undisturbed trading date.
- (12) On 18 September 2018, PCI Limited (“**PCI**”) announced that its controlling shareholder, Chuan Hup Holdings Limited, had been approached by a third party in connection with a potential transaction in relation to the securities of PCI and that discussions were on-going. The market premia in the table above were computed based on the share prices for the period(s) prior to and including 17 September 2018, being the last undisturbed trading date.
- (13) The independent financial adviser to Keppel Telecommunications & Transportation Ltd had arrived at an aggregate valuation of the company on a sum-of-the-parts basis, which ranged from S\$1.25 per share to S\$1.33 per share. We have used S\$1.25 as the implied value for the computation of the P/NAV ratio in the table above.
- (14) On 11 November 2017, Lee Metal Group Ltd (“**Lee Metal**”) announced that it had been notified by certain shareholders that they had received an unsolicited approach in connection with a potential transaction which may or may not lead to an acquisition of the issued share capital of Lee Metal, and had, pursuant to such approach, entered into a binding memorandum of understanding with an unrelated third party. The market premia in the table above were computed based on the share prices for the period(s) up to and including 10 November 2017, being the last undisturbed trading date.
- (15) On 9 February 2018, Mountbatten Enterprises Pte. Ltd. announced its intention to undertake a voluntary conditional cash offer for the shares in LTC Corporation Limited. The market premia in the table above were computed based on the share prices for the period(s) prior to and including 8 February 2018, being the last trading day before the announcement of the voluntary conditional cash offer.
- (16) On 21 September 2017, Tat Hong Holdings Ltd (“**Tat Hong**”) announced that it had been approached by certain parties in connection with a potential transaction in relation to the shares of the Company and the discussions were then ongoing. On 10 November 2017, Tat Hong announced that it had received a

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## LETTER FROM THE SINGAPORE INDEPENDENT FINANCIAL ADVISER

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non-binding letter from Standard Chartered Private Equity (Singapore) Pte. Ltd. confirming the proposal to acquire the shares of Tat Hong at an offer price of S\$0.500 per share, subject to certain conditions. On 10 January 2018 and 9 March 2018, the pre-conditional voluntary conditional cash offer and the formal voluntary conditional cash offer for the issued shares in Tat Hong were announced respectively. On 26 April 2018, Tat Hong announced the revision of the offer price from S\$0.500 to S\$0.550. The market premia in the table above were computed based on the revised offer price of S\$0.550 per share and the share prices for the period(s) up to and including 20 September 2017, being the last undisturbed trading date.

- (17) Excluded PS Group Holdings Ltd. and Star Pharmaceutical Limited as statistical outliers in the computation of the mean and median premium/(discount) of the offer price over/(to) (i) the last transacted prices prior to the offer announcements; and (ii) the 1-month, 3-month and 6-month VWAPs prior to the offer announcements.
- (18) Excluded Breadtalk, AIMHL and HMI as a statistical outlier in the computation of the mean and median offer price to NTA or NAV ratios.
- (19) Based on the Adjusted Offer Price and the total number of issued Shares of 186,919,962 Shares as at the Latest Practicable Date.
- (20) Based on Adjusted Offer Price and Adjusted RNAV per Share.

Based on the above, we note that:

- (a) the premia implied by the Adjusted Offer Price over the last transacted price and VWAPs for 1-month period, 3-month period and 6-month prior to the Offer Announcement Date are within the range and higher than the mean and median of the corresponding premia of the Precedent Privatisation Transactions; and
- (b) the P/NAV and P/RNAV ratios of 1.0 times implied by the Adjusted Offer Price, the Adjusted NAV and the Adjusted RNAV are within the range and higher than the mean and median of the corresponding P/NAV or P/NTA ratios of the Precedent Privatisation Transactions.

Shareholders should note that the above comparisons with the Precedent Privatisation Transactions are for illustrative purposes only.

### **7.6 Dividend track record of the Company**

The Company does not have a fixed dividend policy but has been consistently paying out dividends during the past five financial years. The form, frequency and amount of dividends will depend on the financial results, the distribution reserves, the operations and liquidity requirements, and the current and future development plans of the Company and other factors as the Management may deem appropriate.

## LETTER FROM THE SINGAPORE INDEPENDENT FINANCIAL ADVISER

The historical dividend pay-out and the indicative dividend yield of the Company for the last five financial years before the Offer Announcement Date is as follows:

<b>Dividend Declared (US\$)</b>	<b>FY2015</b>	<b>FY2016</b>	<b>FY2017</b>	<b>FY2018</b>	<b>FY2019</b>
Final Dividend per share	0.03	0.06	0.08	0.04	0.04
Share price on the final cum-dividend date <sup>(1)</sup>	1.000	0.840	1.415	1.530	1.370
<b>Dividend yield<sup>(2)</sup> (%)</b>	<b>3.0%</b>	<b>7.1%</b>	<b>5.7%</b>	<b>2.6%</b>	<b>2.9%</b>

*Source: Bloomberg L.P. and the Company's announcements on the SGXNET*

*Note:*

- (1) The closing market price as at the final cum-dividend date for each respective financial year; and
- (2) Computed based on the share price on the final cum-dividend date.

The above dividend analysis of the Company is an illustrative guide and based on historical events and is not an indication of the Company's future dividend plan. As the Company does not have a fixed dividend policy, there is no assurance that the Company will continue to pay dividends in future and/or maintain the past level of dividend pay-out.

### **7.7 Other relevant considerations in relation to the Offer which may have a significant bearing on our assessment**

#### **7.7.1 Outlook of the Group**

We note the following disclosure in respect of the recent outbreak of novel coronavirus (COVID-19) and its impact on the Group's business set out in the Composite Document:

#### ***"Prospect of the E&E Group***

*Save as disclosed below, the directors of E&E confirm that, as at the Latest Practicable Date, there were no material changes in the financial or trading position or outlook of the E&E Group since 31 December 2019, the date to which the latest published audited consolidated financial statements of the E&E Group were made up.*

*After the commencement of the outbreak of COVID-19 in early 2020, a series of precautionary and control measures have been and continued to be implemented across the countries and regions in which the E&E Group operates. The demand for the products of the E&E Group slightly decreased in the first quarter of 2020 as compared to that of 2019. As a result, after the commencement of the outbreak of COVID-19, the E&E Group recorded a slight decrease in revenue for the three months ended 31 March 2020 when compared with the corresponding period in 2019. The E&E Group will continue to pay close attention to the development of and the disruption to its business activities caused by the COVID-19 and will evaluate its impact on the financial position, cash flows, and operating results of the E&E Group."*

We also note the following commentary made by the Company in respect of the Group's business as disclosed in the Company's annual report for FY2019:

***“Business Prospects***

*The slowdown in global economic growth in FY2019 together with the recent outbreak of novel coronavirus has brought about uncertainties for global economy. The Group will continue to focus on product quality and cost control and strictly control capital expenditure in order to continuously maintain the Group's competitiveness. In addition, the Group has begun to receive rental in respect of a newly completed industrial building in Guangzhou, which is expected to bring stable rental income to the Group.”*

**7.7.2 Likelihood of competing offer is remote**

The Directors have confirmed that, as at the Latest Practicable Date, apart from the Offer being made by the Offeror, no alternative offer or proposal from any third party has been received. We also note that there is no publicly available evidence of any alternative offer for the Shares from any third party.

The Offeror and its Concert Parties already owns or controls in aggregate 75.90% of the total number of issued Shares as at the Latest Practicable Date, the likelihood of a competing offer from any third party is remote.

**7.7.3 Statutory control over the Company**

As at the Latest Practicable Date, the Offeror and its Concert Parties already have statutory control of the Company, representing 75.90% of the total issued Shares (excluding treasury Shares), which entitles them to pass all ordinary resolutions on matters in which the Offeror and its Concert Parties do not have an interest, at general meetings of the Company.

**7.7.4 Intention of the Offeror regarding listing status and compulsory acquisition**

The Offeror intends to privatise the Company and, accordingly:

- (a) the Offeror, if entitled, intends to exercise its rights of compulsory acquisition under Section 215(1) of the Singapore Companies Act and Rule 2.11 of the Hong Kong Takeovers Code. In such a situation, Shareholders who did not accept the Offer will have their Shares compulsorily acquired. If the Offeror decides to exercise such right and completes the compulsory acquisition, the Company will become a direct wholly-owned subsidiary of the Offeror and an application will be made for the withdrawal of the Shares from SEHK and SGX-ST pursuant to the SEHK Listing Rules and the SGX-ST Listing Manual; and

- (b) in the event that the percentage of the total number of Shares held in public hands falls below 25%, the trading of the Shares on the SEHK will be suspended. If the percentage of total number of Shares held in public hands falls further below 10%, the trading of Shares on the SGX-ST will be suspended pursuant to Rule 724, Rule 1105 or Rule 1303(1) of the SGX-ST Listing Manual and the Company may be delisted from SGX-ST. The trading of the Shares may be subject to prolonged suspension by SGX-ST if the Company does not meet the Singapore Free Float Requirement but the requisite conditions for delisting are also not met. Under this scenario, Shareholders who continue to hold on to the Shares will not be able to trade their Shares in the open market.

While it is the intention of the Offeror to privatise the Company, the Offeror's ability to exercise the rights of compulsory acquisition in respect of the Offer Shares is dependent on the level of acceptances of the Offer reaching the prescribed level under the Singapore Companies Act and on the requirements of Rule 2.11 of the Hong Kong Takeovers Code being satisfied.

For more details on the compulsory acquisition and listing status, please refer to the Offer Document.

#### ***7.7.5 Transaction costs in connection with the disposal of the Shares***

The Offer presents an opportunity for Shareholders to dispose of their Shares for cash without any transaction costs as opposed to the sale of the Shares in the open market which will incur expenses such as brokerage or other trading costs.

### **8. HK IFA OPINION**

The Board has also appointed SCSIC as the HK IFA to advise the Independent Board Committee for the purposes of making the HK IFA's recommendation in connection with the Offer, pursuant to the Hong Kong Takeovers Code.

We have extracted the HK IFA's Opinion in respect of the Offer as set out in the Composite Document for your easy reference:

*"We are of view that the terms of the Offer are fair and reasonable so far as the Independent Shareholders are concerned.*

*As discussed above, E&E does not have a fixed dividend pay-out ratio and the Shares had been traded below the level of the Adjusted Offer Price during the Price Review Period and maintained at a slight discount to the Adjusted Offer Price after the publication of the Offer Announcement. The Offer provides an alternative exit opportunity to the Independent Shareholders to realise their investment in E&E at a premium over the historical price of the Shares over the Price Review Period. In contrast, in view of the relatively low trading volume of the Shares in the past, we believe that Shareholders may find it difficult to dispose of a considerable amount of their Shares in the open market without exerting downward pressure*

## LETTER FROM THE SINGAPORE INDEPENDENT FINANCIAL ADVISER

*on the prevailing price of the Shares, if they elect to hold on the Shares and not accept the Offer. In addition, the Adjusted Offer Price represents a premium which falls within the range of those of the Privatisation Precedents, and represents an implied PE Ratio of E&E which falls within the range of PE ratios of the Comparables, and above the average PE ratio of the Comparables, and an implied PB ratio that falls within the range of PB ratios of the Comparables and above the average PB ratio of the Comparables. Therefore, we would advise the Independent Board Committee to recommend the Independent Shareholders to accept the Offer.”*

Shareholders are advised to refer to the HK IFA Letter set out the Composite Document for further details of the analysis undertaken by the HK IFA.

### 9. OUR OPINION

**Having considered the various factors set out in the earlier sections of this letter and summarised below, we are of the opinion that the financial terms of the Offer are fair and reasonable.**

In determining whether the Offer is **fair**, we have taken into account, reviewed and deliberated on the following pertinent factors:

- (a) for Shares trading on SGX-ST, the Adjusted Offer Price represents (i) a premium of 55.06%, 48.35%, 43.83% and 61.27% over the VWAPs of the Shares trading for the 1-year, 6-month, 3-month and 1-month periods prior to and including the Last Trading Day respectively; (ii) a premium of 92.95% over the VWAP of the Shares of US\$1.19 on the Last trading day; (iii) a premium of 7.95% over the VWAP of the Shares of US\$2.12 for the period from the Offer Announcement Date to the Latest Practicable Date; and (iv) a premium of 6.51% over the VWAP of the Shares of US\$2.15 on the Latest Practicable Date;
- (b) for Shares trading on SEHK, the Adjusted Offer Price represents (i) a premium of 55.45%, 47.27%, 40.96% and 48.03% over the VWAPs of the Shares trading for the 1-year, 6-month, 3-month and 1-month periods prior to and including the Last Trading Day respectively; (ii) a premium of 63.64% over the VWAP of the Shares of HK\$10.85 on the Last Trading Day; and (iii) a premium of 3.18% over the VWAP of the Shares of HK\$17.21 for the period from the Offer Announcement Date to the Latest Practicable Date;
- (c) the Adjusted Offer Price of US\$2.29 is equivalent to the Adjusted NAV per Share of US\$2.29 as at 31 December 2019;
- (d) the Adjusted Offer Price of US\$2.29 represents a slight discount of 0.43% to the Adjusted RNAV per Share of US\$2.30 as at 31 March 2020;

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## LETTER FROM THE SINGAPORE INDEPENDENT FINANCIAL ADVISER

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- (e) the P/NAV implied by the Adjusted Offer Price and the Adjusted NAV of approximately 1.0 times is (i) above the high end of the range of the historical trailing P/NAV of the Shares for the 1-year, 6-month, 3-month, 1-month periods prior to and including the Last Trading Day; and (ii) above the high end of the range of the historical trailing P/NAV of the Shares for the period from the Offer Announcement Date to the Latest Practicable Date;
- (f) in respect of the Peer Comparable Companies:
  - (i) the PER of 12.9 times implied by the Adjusted Offer Price is within the range of the PER of the Peer Comparable Companies, and higher than the corresponding mean of 10.3 times and median of 9.7 times of the Peer Comparable Companies;
  - (ii) the EV/EBITDA ratio of 6.6 times implied by the Adjusted Offer Price is within the range of the EV/EBITDA ratios of the Peer Comparable Companies, and slightly below the corresponding mean of 6.7 times, and higher than the corresponding medium of 6.1 times of the Peer Comparable Companies; and
  - (iii) the P/NAV and P/RNAV multiples of 1.0 times implied by the Adjusted Offer Price, the Adjusted NAV and the Adjusted RNAV is within the range of the P/NAV ratios of the Peer Comparable Companies, and equal to the corresponding mean of 1.0 times, and higher than the corresponding median of 0.8 times of the Peer Comparable Companies;
- (g) in comparison with the Precedent Privatisations:
  - (i) the premium of 48.35%, 43.83%, 61.27%, and 92.95% over the 6-month, 3-month and 1-month VWAP of the Shares traded on SGX-ST and the last transacted price on the Last Trading Day of the Shares are above the mean and median premia of the Precedent Privatisation Transactions; and
  - (ii) the P/NAV and P/RNAV ratios of 1.0 times implied by the Adjusted Offer Price, the Adjusted NAV and the Adjusted RNAV is higher than the corresponding mean and median multiples of the Precedent Privatisation Transactions.

In determining whether the Offer is **reasonable**, we have taken into account, reviewed and deliberated on the following pertinent factors:

- (a) the average daily trading volume of the Shares on SGX-ST for the 1-year period, 6-month period, 3-month period, 1-month period up to and including the Last Trading Day accounted for only approximately 0.06%, 0.06%, 0.05% and 0.04% respectively of the Company's free float;

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## LETTER FROM THE SINGAPORE INDEPENDENT FINANCIAL ADVISER

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- (b) the trading volume of Shares on SGX-ST on the Last Trading Day accounted for approximately 0.08% of the Company's free float;
- (c) the average daily trading volume of the Shares on the SGX-ST for the period from the Offer Announcement Date to the Latest Practicable Date accounted for approximately 0.27% of the Company's free float;
- (d) the average daily traded volume of the Shares on the SEHK for the 1-year period prior to and including the Last Trading Day is an insignificant proportion of the Company's free float, representing approximately 0.01% of the Company's free float;
- (e) the average daily trading volume of the Shares on the SEHK for the period from the Offer Announcement Date to the Latest Practicable Date accounted for approximately 0.07% of the Company's free float;
- (f) the low trading liquidity of the Shares may make it difficult for Shareholders to divest scalable on-market disposals without adversely affecting the price of the Shares. The Offer represents a realistic opportunity for Shareholders to realise their entire investment in cash taking into account the low trading liquidity prior to the Offer Announcement Date;
- (g) between the last trading day and the Latest Practicable Date, the closing price of the Shares had trended upwards but has not closed above the Adjusted Offer Price, save for an intraday spike of Share price on the SEHK for the first trading day after the Offer Announcement. The Share price after the Offer Announcement Date is likely to be supported by the Offer and may not be sustained at current levels in the absence of the Offer;
- (h) the Company does not have a fixed dividend policy, and there is no assurance that the Company will continue to pay dividends in future and/or maintain the past level of dividend pay-out;
- (i) the disclosure made by the Company set out in Section 7.7.1 "Outlook of the Group" above;
- (j) the Management have confirmed that, as at the Latest Practicable Date, apart from the Offer being made by the Offeror, no alternative offer or proposal from any third party has been received and there is no publicly available evidence of any alternative offer for the Shares from any third party;
- (k) the Offeror and its Concert Parties already have statutory control of the Company, representing 75.90% of the total issued Shares which entitles them to pass all ordinary resolutions on matters in which the Offeror and its Concert Parties do not have an interest, at general meetings of the Company;

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## LETTER FROM THE SINGAPORE INDEPENDENT FINANCIAL ADVISER

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- (l) in the event that the Offeror becomes entitled to exercise its right of compulsory acquisition under Section 215(1) of the Singapore Companies Act and Rule 2.11 of the Hong Kong Takeovers Code, the Offeror intends to exercise such right. If the Company completes the compulsory acquisition, the Company will become a direct wholly-owned subsidiary of the Offeror and an application will be made for the withdrawal of the Shares from SEHK and SGX-ST pursuant to the SEHK Listing Rules and the SGX-ST Listing Manual;
- (m) in the event that the percentage of the total number of Shares held in public hands falls below 25%, the trading of the Shares on the SEHK will be suspended. If the percentage of total number of Shares held in public hands falls further below 10%, the trading of Shares on the SGX-ST will be suspended pursuant to Rule 724, Rule 1105 or Rule 1303(1) of the SGX-ST Listing Manual and the Company may be delisted from SGX-ST. Under this scenario, Shareholders who continue to hold on to the Shares will not be able to trade their Shares in the open market; and
- (n) the Offer presents an opportunity for Shareholders to dispose of their Shares for cash without any transaction costs as opposed to the sale of the Shares in the open market which will incur expenses such as brokerage or other trading costs.

### **10. OUR RECOMMENDATION TO THE INDEPENDENT BOARD COMMITTEE ON THE OFFER**

**We advise the Independent Board Committee to recommend Shareholders to ACCEPT the Offer.**

**Shareholders who wish to realise their investments in the Company can also choose to sell their Shares in the open market if they can obtain a price higher than the Adjusted Offer Price (after deducting transaction costs).**

**Our recommendation to the Independent Board Committee in relation to the Offer should be considered in the context of the entirety of this Letter and the Composite Document.**

In rendering the above advice, we have not given regard to any specific investment objectives, financial situation, tax position, risk profiles or particular needs and constraints of any individual shareholder. As each individual shareholder would have different investment objectives and profiles, we would advise the Independent Board Committee should recommend that any individual shareholder who may require specific advice in relation to his investment objectives or portfolio should consult his legal, financial, tax or other professional adviser immediately. The Independent Board Committee should also advise shareholders that the opinion and advice of SCCM should not be relied upon by any shareholder as the sole basis for deciding whether or not to accept the Offer, as the case may be.

Our recommendation is addressed to the Independent Board Committee for their benefit, in connection with and for the purposes of their consideration in connection with their recommendation to Shareholders in respect of the Offer, as the case may be, and may not be

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## **LETTER FROM THE SINGAPORE INDEPENDENT FINANCIAL ADVISER**

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used or relied on for any other purposes without the prior written consent of SCCM. The recommendation to be made by the Independent Board Committee to Shareholders in respect of the Offer, as the case may be, shall remain the responsibility of the Independent Board Committee.

This Letter 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

**SOOCHOW CSSD CAPITAL MARKETS (ASIA) PTE. LTD.**

Charles Chew Yeow Bian  
Director

**1. PROCEDURES FOR ACCEPTANCE**

To accept the Offer as a Hong Kong Shareholder, you should duly complete and sign the accompanying Hong Kong Form of Acceptance in accordance with the instructions printed thereon, which instructions form part of the terms of the Offer.

- (a) If the share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Offer Shares is/are in your name, and you wish to accept the Offer in respect of your Offer Shares (whether in full or in part), you must deliver the duly completed and signed Hong Kong Form of Acceptance together with the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of the number of Offer Shares for which you intend to accept the Offer, by post or by hand, to the Hong Kong Registrar, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, marked "Elec & Eltek International Company Limited – Offer" on the envelope so as to reach the Hong Kong Registrar as soon as possible but in any event by no later than 4:00 p.m. on the First Closing Date or such later time(s) and/or date(s) as the Offeror may determine and announce in accordance with the Hong Kong Takeovers Code and the Singapore Take-over Code.
- (b) If the share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Offer Shares is/are in the name of a nominee company or a name other than your own, and you wish to accept the Offer in respect of your Offer Shares (whether in full or in part), you must either:
  - (i) lodge your share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of the number of Offer Shares for which you intend to accept the Offer with the nominee company, or other nominee, and with instructions authorising it to accept the Offer on your behalf and requesting it to deliver the Hong Kong Form of Acceptance duly completed and signed together with the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Offer Shares to the Hong Kong Registrar on or before the deadline as set out in the above paragraph (a); or
  - (ii) arrange for the Offer Shares to be registered in your name by E&E through the Hong Kong Registrar, and deliver the duly completed and signed Hong Kong Form of Acceptance together with the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any

satisfactory indemnity or indemnities required in respect thereof) in respect of the number of Offer Shares for which you intend to accept the Offer to the Hong Kong Registrar on or before the deadline as set out in the above paragraph (a); or

- (iii) if your Offer Shares have been lodged with your licensed securities dealer/registered institution in securities/custodian bank through CCASS, instruct your licensed securities dealer/registered institution in securities/custodian bank to authorise HKSCC Nominees Limited to accept the Offer on your behalf on or before the deadline set by HKSCC Nominees Limited. In order to meet the deadline set by HKSCC Nominees Limited, you should check with your licensed securities dealer/registered institution in securities/custodian bank for the timing on the processing of your instruction, and submit your instruction to your licensed securities dealer/registered institution in securities/custodian bank as required and on or before the deadline set by them; or
  - (iv) if your Offer Shares have been lodged with your investor participant's account maintained with CCASS, give your instruction via the CCASS Phone System or the CCASS Internet System on or before the deadline set by HKSCC Nominees Limited.
- (c) If you have lodged a transfer of any of your Offer Shares for registration in your name, and you wish to accept the Offer in respect of those Offer Shares, you should nevertheless duly complete and sign the Hong Kong Form of Acceptance and deliver it to the Hong Kong Registrar together with the transfer receipt(s), if any, duly signed by yourself and/or other document(s) of title. Such action will constitute an irrevocable authority to the Offeror and/or GF Securities and/or their respective agent(s) to collect from E&E or the Hong Kong Registrar on your behalf the relevant share certificate(s) when issued and to deliver such share certificate(s) to the Hong Kong Registrar on your behalf and to authorise and instruct the Hong Kong Registrar to hold such share certificate(s), subject to the terms and conditions of the Offer, as if it was/they were delivered to the Hong Kong Registrar with the Hong Kong Form of Acceptance.
- (d) If the share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Offer Shares is/are not readily available and/or is/are lost, as the case may be, and you wish to accept the Offer in respect of any of your Offer Shares, the Hong Kong Form of Acceptance should nevertheless be duly completed and delivered to the Hong Kong Registrar together with a letter stating that you have lost one or more of your share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Offer Shares or that it is/they are not readily

available. If you find such document(s) or if it/they become(s) available, the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Offer Shares should be forwarded to the Hong Kong Registrar as soon as possible thereafter. If you have lost the share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Offer Shares, you should also write to the Hong Kong Registrar for a form of letter of indemnity which, when completed and signed in accordance with the instructions given, should be provided to the Hong Kong Registrar. The Offeror has absolute discretion to decide whether any Offer Shares in respect of which the share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title is/are not readily available and/or is/are lost will be taken up by the Offeror.

- (e) Acceptance of the Offer will be treated as valid only if the duly completed and signed Hong Kong Form of Acceptance is received by the Hong Kong Registrar on or before the latest time for acceptance of the Offer and the Hong Kong Registrar has recorded that the acceptance and any relevant documents required by Note 1 to Rule 30.2 of the Hong Kong Takeovers Code have been so received, and is:
  - (i) accompanied by the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of the number of Offer Shares for which you intend to accept the Offer and, if that/those share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) is/are not in your name, such other document(s) (e.g., a duly stamped transfer of the relevant Share(s) in blank or in favour of the acceptor executed by the registered holder) in order to establish your right to become the registered holder of the relevant Offer Shares; or
  - (ii) from a registered Shareholder or his/her personal representative (but only up to the amount of the registered holding and only to the extent that the acceptance relates to the Offer Shares which are not taken into account under another sub-paragraph of this paragraph (e)); or
  - (iii) certified by the Hong Kong Registrar or SEHK.
- (f) If the Hong Kong Form of Acceptance is executed by a person other than the registered Shareholder, appropriate documentary evidence of authority (e.g., grant of probate or certified copy of a power of attorney) to the satisfaction of the Hong Kong Registrar must be produced.

- (g) Seller's ad valorem stamp duty payable by the Shareholders who accept the Offer and calculated at a rate of 0.1% of the market value of the Offer Shares (as determined by the Collector of Stamp Revenue under the Stamp Duty Ordinance) or consideration payable by the Offeror in respect of the relevant acceptances of the Offer, whichever is the higher (rounded up to the nearest of HK\$1.00), will be deducted from the amount payable by the Offeror to the relevant Shareholders on acceptance of the Offer. The Offeror will arrange for payment of the seller's ad valorem stamp duty on behalf of the Shareholders who accept the Offer and will pay the buyer's ad valorem stamp duty in connection with the acceptance of the Offer and the transfer of the Offer Shares in accordance with the Stamp Duty Ordinance.
- (h) If the Offer is invalid, withdrawn, or lapses, the Offeror shall, as soon as possible but in any event within ten days thereof, return by ordinary post at your own risk the share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of the Offer Shares tendered for acceptance together with the duly cancelled Hong Kong Form of Acceptance to the relevant Shareholder(s).
- (i) No acknowledgement of receipt of any Hong Kong Form of Acceptance and/or share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Offer Shares tendered for acceptance will be given.

## **2. SETTLEMENT UNDER THE OFFER**

- (a) Subject to the Offer becoming or being declared unconditional in all respects and provided that a duly completed Hong Kong Form of Acceptance and the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of the relevant Offer Shares as required by Note 1 to Rule 30.2 of the Hong Kong Takeovers Code are complete and in good order in all respects and have been received by the Hong Kong Registrar before the close of the Offer, a cheque for the amount due to each of the Shareholders who accepts the Offer less seller's ad valorem stamp duty in respect of the Offer Shares tendered by him/her under the Offer will be despatched to such Shareholder by ordinary post at his/her own risk as soon as possible but in any event not later than the later of (i) seven Hong Kong Business Days or seven Singapore Business Days (whichever is earlier) after the date on which the Offer has become or is declared unconditional; and (ii) seven Hong Kong Business Days or seven Singapore Business Days (whichever is earlier) after the date on which the relevant documents of title are received by the Offeror or its agent to render each such acceptance complete and valid.

- (b) Settlement of the consideration to which any Shareholder is entitled to under the Offer will be implemented in full in accordance with its terms (save in respect of the payment of the seller's ad valorem stamp duty) without regard to any lien, right of set-off, counterclaim, or other analogous right to which the Offeror may otherwise be, or claim to be, entitled against such Shareholder.
- (c) No fraction of a cent will be payable and the amount of cash consideration payable to an Shareholder who accepts the Offer (if applicable) will be rounded up to the nearest cent.
- (d) Cheque(s) not presented for payment within six months from the date of issue of the relevant cheque(s) will not be honoured and be of no further effect, and in such circumstances chequeholder(s) should contact the Offeror for payment.

### 3. ACCEPTANCE AND REVISIONS

- (a) Unless the Offer is revised or extended with the consent of the Executive and/or the SIC in accordance with the Hong Kong Takeovers Code and/or the Singapore Take-over Code, to be valid, the Hong Kong Form of Acceptance must be received by the Hong Kong Registrar, in accordance with the instructions printed thereon and in this Composite Document by 4:00 p.m. on the First Closing Date.
- (b) If the Offer is revised or extended, the Offeror will issue an announcement in relation to any revision or extension of the Offer, which announcement will state either the next Closing Date or, if the Offer has become or been declared unconditional as to acceptances, include a statement that the Offer will remain open until further notice. In the latter case, at least 14 days' notice in writing must be given, before the Offer is closed, to those Shareholders who have not accepted the Offer. If, in the course of the Offer, the Offeror revises the terms of the Offer, all the Shareholders, whether or not they have already accepted the Offer, will be entitled to accept the revised Offer under the revised terms. Any revised offers must be kept open for at least 14 days following the date on which the revised offer document is posted. In any case where the Offer is revised, and the terms of the revised Offer is no less favourable than those in its original or any previously revised form(s), the benefit of such revised Offer will be made available as set out herein to acceptors of the Offer in its original or any previously revised form(s) (hereinafter called "**previous acceptor(s)**"). The execution by, or on behalf of, a previous acceptor of any Hong Kong Form of Acceptance shall be deemed to constitute acceptance of the Offer as so revised.

**4. NOMINEE REGISTRATION**

To ensure equality of treatment of all the Shareholders, those Shareholders who hold Offer Shares as nominee on behalf of more than one beneficial owner should, as far as practicable, treat the holding of each beneficial owner separately. It is essential for the beneficial owners of the Offer Shares whose investments are registered in the names of nominees to provide instructions to their nominees of their intentions with regard to the Offer. Acceptance of the Offer by any nominee will be deemed to constitute a warranty by such nominee to the Offeror that the number of Offer Shares it has indicated in the Hong Kong Form of Acceptance is the aggregate number of Offer Shares for which such nominee has received authorisations from the beneficial owners to accept the Offer on their behalf.

**5. HONG KONG STAMP DUTY**

Seller's ad valorem stamp duty at a rate of 0.1% of the market value of the Offer Shares (as determined by the Collector of Stamp Revenue under the Stamp Duty Ordinance) or consideration payable by the Offeror in respect of the relevant acceptances of the Offer, whichever is higher (rounded up to the nearest HK\$1), will be deducted from the amount payable to the relevant Shareholder on acceptance of the Offer. The Offeror will arrange for payment of the seller's ad valorem stamp duty on behalf of accepting Shareholders in connection with the acceptance of such Offer Shares and the transfer of the Offer Shares in accordance with the Stamp Duty Ordinance.

**6. GENERAL**

- (a) All communications, notices, Hong Kong Form of Acceptance, the relevant share certificate(s), transfer receipt(s), document(s) of title, and/or documentary evidence of authority (and/or any satisfactory indemnity or indemnities required in respect thereof) if delivered by or sent to or from the Hong Kong Shareholders or their designated agents by post, shall be posted at their own risk, and none of the Offeror, E&E, GF Capital, GF Securities, any of their respective directors, the Hong Kong Registrar, or other parties involved in the Offer and any of their respective agents accepts any liability for any loss or delay in postage or any other liabilities that may arise as a result thereof.
- (b) The provisions set out in the accompanying Hong Kong Form of Acceptance form part of the terms and conditions of the Offer.
- (c) The accidental omission to despatch this Composite Document and/or Hong Kong Form of Acceptance or any of them to any person to whom the Offer is made will not invalidate the Offer in any way.

- (d) All acceptances of the Offer by Hong Kong Shareholders will be governed by and construed in accordance with the laws of Hong Kong. Execution of a Hong Kong Form of Acceptance by or on behalf of any person will constitute the agreement of such person that the courts of Hong Kong shall have exclusive jurisdiction to settle any dispute which may arise in connection with the Offer.
- (e) Due execution of the Hong Kong Form of Acceptance will constitute an authority to the Offeror, GF Securities, or such person or persons as the Offeror may direct to complete, amend, and execute any document on behalf of the person or persons accepting the Offer and to do any other act that may be necessary or expedient for the purposes of vesting in the Offeror, or such person or persons as it may direct, the Offer Shares in respect of which such person or persons has/have accepted the Offer.
- (f) Subject to the Offer becoming or being declared unconditional, acceptance of the Offer by any person will be deemed to constitute a representation and warranty by such person or persons to the Offeror, E&E, and their respective advisers, including GF Capital, the financial adviser to the Offeror in respect of the Offer under the Hong Kong Takeovers Code, that if such Shareholder accepting the Offer is a citizen, resident, or national of a jurisdiction outside Hong Kong, he/she has observed and is permitted under all applicable laws and regulations to which such overseas Shareholder is subject to receive and accept the Offer and any revision thereof, and that he/she has obtained all requisite governmental, exchange control, or other consents and made all registrations or filings required in compliance with all necessary formalities and regulatory or legal requirements, and has paid all issue, transfer, or other taxes or other required payments payable by him/her in connection with such acceptance, surrender, and/or cancellation in any jurisdiction, and that he/she has not taken or omitted to take any action which will or may result in the Offeror, E&E, or their respective advisers, including GF Capital, the financial adviser to the Offeror in respect of the Offer under the Hong Kong Takeovers Code, or any other person acting in breach of the legal or regulatory requirements of any jurisdiction in connection with the Offer or his/her acceptance thereof and such acceptance, surrender, and/or cancellation shall be valid and binding in accordance with all applicable laws and regulations.
- (g) By accepting the Offer, the Shareholders will sell their Shares to the Offeror (and will be deemed to have given a warranty to the Offeror that such Shares are) free from all Encumbrances and together with all rights attaching or accruing thereto, including all rights to receive any dividend or other distribution declared, made or paid on or after the date on which the Offer is made, being the date of despatch of this Composite Document.
- (h) Reference to the Offer in this Composite Document and in the accompanying Hong Kong Form of Acceptance shall include any extension and/or revision thereof.

- (i) In making their decisions with regard to the Offer, the Shareholders should rely on their own examination of the Offeror, the E&E Group, and the terms of the Offer, including the merits and risks involved. The contents of this Composite Document, including any general advice or recommendation contained herein, together with the accompanying Hong Kong Form of Acceptance shall not be construed as any legal or business advice on the part of the Offeror, E&E, or their respective advisers including GF Capital, the financial adviser to the Offeror in respect of the Offer under the Hong Kong Takeovers Code. The Shareholders should consult their own professional advisers for professional advice.
  
- (j) The English texts of this Composite Document and the accompanying Hong Kong Form of Acceptance shall prevail over their respective Chinese texts for the purpose of interpretation.

## 1. THE OFFER

### 1.1 Depositors

#### *(a) Depositors whose Securities Accounts are credited with Offer Shares*

If you have Offer Shares standing to the credit of the “Free Balance” of your Securities Account, you should receive this Composite Document together with a FAA. If you do not receive a FAA, please contact CDP’s Customer Service Hotline at +65 6535 7511 during their operating hours or email CDP at [asksgx@sgx.com](mailto:asksgx@sgx.com). Electronic copies of the FAA may also be obtained on the website of SGX-ST at <https://www.sgx.com>.

**Acceptance.** If you wish to accept the Offer in respect of all or any of your Offer Shares, you should:

- (i) complete the FAA in accordance with this Composite Document and the instructions printed on the FAA. **In particular, you must state in Section C on page 1 of the FAA the number of Offer Shares already standing to the credit of the “Free Balance” of your Securities Account in respect of which you wish to accept the Offer.**

(A) If you:

- I. specify a number which exceeds the number of Offer Shares standing to the credit of the “Free Balance” of your Securities Account **as at the Date of Receipt or, in the case where the Date of Receipt is on the Closing Date, as at 4:00 p.m. on the Closing Date (provided always that the Date of Receipt falls on or before the Closing Date);** or
- II. do not specify such number,

you shall be deemed to have accepted the Offer in respect of all the Offer Shares already standing to the credit of the “Free Balance” of your Securities Account **as at the Date of Receipt, or, in the case where the Date of Receipt is on the Closing Date, as at 4:00 p.m. on the Closing Date (provided always that the Date of Receipt falls on or before the Closing Date);** and

- (B) if, at the time of verification by CDP of the FAA on the Date of Receipt, if sub-paragraph (i)(A)(I) above applies, and there are outstanding settlement instructions with CDP to receive further Offer Shares into the “Free Balance” of your Securities Account (the “**Unsettled Buy Position**”), and the Unsettled Buy Position settles such that the Offer Shares in the Unsettled Buy Position are transferred into the “Free Balance” of your Securities Account at any time during the period the Offer is open, up to 4:00 p.m. on the Closing Date (the

“Settled Shares”), you shall be deemed to have accepted the Offer in respect of the balance number of Offer Shares inserted in Section C of the FAA which have not yet been accepted pursuant to sub-paragraph (i)(A)(I) above, or the number of Settled Shares, whichever is less;

In respect of Section C on page 1 of the FAA:

- (AA) if a number of Offer Shares is inserted in the box provided in Section C of the FAA, you will be deemed to have accepted the Offer in respect of such number of Offer Shares inserted in the box provided in Section C of the FAA, subject to sub-paragraphs (i)(A)(I) and (i)(B) above;
  - (BB) if you have ticked both options in Section C of the FAA, but have not inserted a number in the box provided in Section C of the FAA, you will be deemed to have accepted the Offer in respect of all the Offer Shares already standing to the credit of the “Free Balance” of your Securities Account as at the Date of Receipt, or, in the case where the Date of Receipt is on the Closing Date, as at 4:00 p.m. on the Closing Date (provided always that the Date of Receipt falls on or before the Closing Date); or
  - (CC) if there is no number of Offer Shares indicated in Section A of the FAA, but you have chosen the option in Section C of the FAA to accept the Offer for all the Offer Shares indicated in Section A, you will be deemed to have accepted the Offer in respect of all the Offer Shares already standing to the credit of the “Free Balance” of your Securities Account as at the Date of Receipt, or, in the case where the Date of Receipt is on the Closing Date, as at 4:00 p.m. on the Closing Date (provided always that the Date of Receipt falls on or before the Closing Date).
- (ii) sign the FAA in accordance with Paragraph 1.1 of this Appendix II and the instructions printed on the FAA; and
  - (iii) deliver the completed and signed FAA by post, in the enclosed pre-addressed envelope at your own risk, to Elec & Eltek International Holdings Limited c/o The Central Depository (Pte) Limited at Robinson Road Post Office, P.O. Box 1984, Singapore 903934, so as to arrive **NOT LATER THAN 4:00 P.M. ON THE CLOSING DATE**. Please use the pre-addressed envelope which is enclosed with the FAA, which is pre-paid for posting in Singapore only. It is your responsibility to affix adequate postage on the said envelope if posting outside of Singapore. Proof of posting is not proof of receipt by the Offeror at the above address.

If you have sold or transferred all your Offer Shares held through CDP, you need not forward this Composite Document and the accompanying FAA to the purchaser or transferee, as CDP will arrange for a separate Composite Document and FAA to be sent to the purchaser or transferee. Purchasers of the Offer Shares should note that CDP will, for and on behalf of the Offeror, send a copy of this Composite Document and the FAA by ordinary post at the purchasers' or transferees' own risk to their respective addresses as they appear in the records of CDP.

If you are a Depository Agent, you may accept the Offer via Electronic Acceptance. Such Electronic Acceptance must be submitted **NOT LATER THAN 4:00 P.M. ON THE CLOSING DATE**. CDP has been authorised by the Offeror to receive Electronic Acceptances on its behalf. Electronic Acceptances submitted will be deemed irrevocable and subject to each of the terms and conditions contained in the FAA and this Composite Document as if the FAA had been completed and delivered to CDP.

*(b) Depositors whose Securities Accounts will be credited with Offer Shares*

If you have purchased Offer Shares on SGX-ST and such Offer Shares are in the process of being credited to the "Free Balance" of your Securities Account, you should also receive this Composite Document together with a FAA in respect of such Offer Shares bearing your name and Securities Account number from CDP. If you do not receive that FAA, please contact CDP's Customer Service Hotline at +65 6535 7511 during their operating hours or email CDP at asksgx@sgx.com. Electronic copies of the FAA may also be obtained on the website of SGX-ST at <https://www.sgx.com>.

**Acceptance.** If you wish to accept the Offer in respect of all or any of your Offer Shares, you should, after the "Free Balance" of your Securities Account has been credited with such number of Offer Shares purchased:

- (i) complete and sign the FAA in accordance with Paragraph 1.1 of this Appendix II and the instructions printed on the FAA; and
- (ii) deliver the completed and signed FAA by post, in the enclosed pre-addressed envelope at your own risk, to Elec & Eltek International Holdings Limited c/o The Central Depository (Pte) Limited at Robinson Road Post Office, P.O. Box 1984, Singapore 903934, so as to arrive **NOT LATER THAN 4:00 P.M. ON THE CLOSING DATE**. Please use the pre-addressed envelope which is enclosed with the FAA, which is pre-paid for posting in Singapore only. It is your responsibility to affix adequate postage on the said envelope if posting outside of Singapore. Proof of posting is not proof of receipt by the Offeror at the above address.

*(c) Depositors whose Securities Accounts are and will be credited with Offer Shares*

If you have Offer Shares credited to the “Free Balance” of your Securities Account, and have purchased additional Offer Shares on SGX-ST which are in the process of being credited to the “Free Balance” of your Securities Account, you may accept the Offer in respect of the Offer Shares standing to the credit of the “Free Balance” of your Securities Account and may accept the Offer in respect of the additional Offer Shares purchased which are in the process of being credited to the “Free Balance” of your Securities Account only after the “Free Balance” of your Securities Account has been credited with such additional number of Offer Shares purchased.

*(d) Rejection*

Your acceptance in respect of such Offer Shares is liable to be rejected if upon receipt by CDP, on behalf of the Offeror, of the FAA, it is established that such Offer Shares have not been or will not be credited to the “Free Balance” of your Securities Account (for example, where you sell or have sold such Offer Shares) on the Date of Receipt or, in the case where the Date of Receipt is on the Closing Date, as at 4:00 p.m. on the Closing Date (provided always that the Date of Receipt falls on or before the Closing Date), unless Paragraph 1.1(a)(i)(A)(I) read with Paragraph 1.1(a)(i)(B) above apply. If the Unsettled Buy Position does not settle by 4:00 p.m. on the Closing Date, your acceptance in respect of such Offer Shares will be rejected. **Neither CDP nor the Offeror accepts any responsibility or liability in relation to such rejections, including the consequences thereof.**

If you purchase Offer Shares on SGX-ST on a date close to the Closing Date, your acceptance in respect of such Offer Shares is liable to be rejected if the “Free Balance” of your Securities Account is not credited with such Offer Shares on the Date of Receipt or 4:00 p.m. on the Closing Date if the Date of Receipt is on the Closing Date (provided always that the Date of Receipt falls on or before the Closing Date). **Neither CDP nor the Offeror accepts any responsibility or liability in relation to such rejections, including the consequences thereof.**

*(e) General*

No acknowledgement will be given by CDP for submissions of the FAA. All communications, notices, documents, payments and remittances to be delivered or sent to you will be sent by ordinary post at your own risk to your address as it appears in the records of CDP. For reasons of confidentiality, CDP will not entertain telephone enquiries relating to the number of Offer Shares credited to your Securities Account. You can verify such number through CDP Online if you have registered for the CDP Internet Access Service, or through CDP Phone Service using SMS OTP, under the option “To check your securities balance”.

*(f) Blocked Balance*

Upon receipt by CDP, for and on behalf of the Offeror, of the duly completed and signed original of the FAA, CDP will take such measures as it may consider necessary or expedient to prevent any trading of the Offer Shares in respect of which you have accepted the Offer during the period commencing on the Date of Receipt and ending on the date of settlement of the Offer Price for such Offer Shares (including, without limitation, earmarking, blocking and/or transferring the relevant number of such Offer Shares from the “Free Balance” of your Securities Account to the “Blocked Balance” of your Securities Account).

*(g) Broker-linked Balance*

If you hold Offer Shares in a “Broker-linked Balance” and you wish to accept the Offer in respect of such Offer Shares, you must take the relevant steps to transfer such Offer Shares out of the “Broker-linked Balance” to the “Free Balance” of your Securities Account. The FAA may not be used to accept the Offer in respect of Offer Shares in a “Broker-linked Balance”.

*(h) Settlement*

Settlement of consideration under the Offer will be subject to the receipt of confirmation satisfactory to the Offeror that the Offer Shares to which the FAA relates are credited to the “Free Balance” of your Securities Account and such settlement cannot be made until all relevant documents have been properly completed and lodged by **post**, in the enclosed pre-addressed envelope **at your own risk**, with **Elec & Eltek International Holdings Limited, c/o The Central Depository (Pte) Limited at Robinson Road Post Office P.O. Box 1984, Singapore 903934**.

*(i) Notification*

In the event that you have accepted the Offer in accordance with the provisions contained in the FAA and in this Composite Document and the Offer becomes or is declared unconditional in all respects in accordance with its terms, upon the Offeror’s despatch of consideration for the Offer Shares in respect of which you have accepted the Offer, CDP will send you a notification letter stating the number of Offer Shares debited from your Securities Account together with payment of the net consideration per Offer Share (being the Offer Price per Offer Share less the Final Dividend) in the form of a S\$ crossed cheque for the appropriate amount based upon the Settlement Exchange Rate, or in such other manner as you may have agreed with CDP for payment of any cash distributions, as soon as practicable and in any event:

- (i) in respect of acceptances of the Offer which are complete and valid in all respects and are received **on or before** the date on which the Offer has become or is declared unconditional, within seven Hong Kong Business Days or seven Singapore Business Days (whichever is earlier) after that date; or

- (ii) in respect of acceptances of the Offer which are complete and valid in all respects and are received **after** the date on which the Offer has become or is declared unconditional, but on or before the Closing Date, within seven Hong Kong Business Days or seven Singapore Business Days (whichever is earlier) after the date of such receipt.

*(j) Return of Offer Shares*

In the event that the Offer does not become or is not declared to be unconditional in all respects in accordance with its terms, CDP will transfer the aggregate number of Offer Shares in respect of which you have accepted the Offer and tendered for acceptance under the Offer to the “Free Balance” of your Securities Account as soon as possible but, in any event, not later than 14 days from the withdrawal or lapse of the Offer.

*(k) No Securities Account*

If you do not have any existing Securities Account in your own name at the time of acceptance of the Offer, your acceptance as contained in the FAA will be rejected.

*(l) Acceptances received on Saturday, Sunday or public holiday*

For the avoidance of doubt, FAAs received by CDP on a Saturday, Sunday or public holiday will only be processed and validated on the next Singapore Business Day.

## 1.2 Holders of Offer Shares in Scrip Form

*(a) Singapore Shareholders whose Offer Shares are not deposited with CDP*

If you hold Offer Shares in scrip form, you should receive this Composite Document together with a FAT. If you do not receive a FAT, please contact the Singapore Registrar’s Customer Service Hotline at +65 6536 5355 during their operating hours or email the Singapore Registrar at [SRS\\_ClientServices@boardroomlimited.com](mailto:SRS_ClientServices@boardroomlimited.com).

*(b) Acceptance*

If you wish to accept the Offer in respect of all or any of your Offer Shares, you should:

- (i) complete page 1 of the FAT in accordance with this Composite Document and the instructions printed on the FAT. **In particular, you must state in Part A of the FAT the number of Offer Shares in respect of which you wish to accept the Offer and state in Part B of the FAT the share certificate number(s) of the relevant share certificate(s).** If you:

- (A) do not specify such number in **Part A** of the FAT; or

(B) specify a number in **Part A** of the FAT which exceeds the number of Offer Shares represented by the attached share certificate(s) accompanying the FAT,

you shall be deemed to have accepted the Offer in respect of the total number of Offer Shares represented by the share certificate(s) accompanying the FAT;

(ii) sign the FAT in accordance with Paragraph 1.2 of this Appendix II and the instructions printed on the FAT; and

(iii) deliver:

(A) the completed and signed FAT in its entirety (no part may be detached or otherwise mutilated);

(B) the share certificate(s), other document(s) of title and/or other relevant document(s) required by the Offeror and/or the Singapore Registrar relating to the Offer Shares in respect of which you wish to accept the Offer. If you are recorded in the register of members of E&E as holding Offer Shares but you do not have the relevant share certificate(s) relating to such Offer Shares, you, at your own risk, are required to procure E&E to issue such share certificate(s) in accordance with the Constitution of E&E and then deliver such share certificate(s) in accordance with the procedures set out in this Composite Document and the FAT;

(C) where such Offer Shares are not registered in your name, a transfer form, duly executed by the person in whose name such share certificate(s) is/are registered and stamped, with the particulars of the transferee left blank (to be completed by the Offeror, or any person nominated in writing by the Offeror or a person authorised by either); and

(D) any other relevant document(s),

by **post**, in the enclosed pre-addressed envelope **at your own risk**, to **Elec & Eltek International Holdings Limited c/o Boardroom Corporate & Advisory Services Pte. Ltd. at 50 Raffles Place #32-01 Singapore Land Tower Singapore 048623**, so as to arrive **NOT LATER THAN 4:00 P.M. ON THE CLOSING DATE**. Please use the pre-addressed envelope which is enclosed with the FAT. It is your responsibility to affix adequate postage on the said envelope. Settlement of the Offer Price for such Offer Shares cannot be made until all relevant documents have been properly completed and delivered. Proof of posting is not proof of receipt by the Offeror at the above address.

*(c) No Acknowledgements*

No acknowledgement of receipt of any FAT, share certificate(s), other document(s) of title, transfer form(s) and/or any other document(s) required will be given by the Offeror or the Singapore Registrar.

*(d) Risk of Posting*

All communications, certificates, notices, documents, payments and remittances to be delivered or sent to you (or your designated agent or, in the case of joint accepting Singapore Shareholders who have not designated any agent, to the one first-named in the register of members of E&E maintained by the Singapore Registrar, as the case may be) will be sent by ordinary post to your respective addresses as they appear in the records of the Singapore Registrar (or for the purposes of payments only, to such address as may be specified in the FAT) **at your own risk.**

*(e) Return of Offer Shares*

In the event that the Offer does not become or is not declared to be unconditional in all respects in accordance with its terms, the FAT, share certificate(s) and/or any other accompanying document(s) will be returned to you by ordinary post to your relevant address as it appears in the records of the Singapore Registrar (or in the case of joint Singapore Shareholders, to the joint accepting Singapore Shareholder first-named in the register of members of E&E maintained by the Singapore Registrar) at your own risk as soon as possible but, in any event, not later than 14 days from the withdrawal or lapse of the Offer.

*(f) Acceptances received on Saturday, Sunday or public holiday*

For the avoidance of doubt, FATs received by the Singapore Registrar on a Saturday, Sunday or public holiday will only be processed and validated on the next Singapore Business Day.

## 2. SETTLEMENT FOR THE OFFER

**When Settlement of the Offer Consideration is Due.** Subject to the Offer becoming or being declared unconditional in all respects in accordance with its terms and to the receipt by the Offeror from accepting Singapore Shareholders of valid acceptances and all relevant documents required by the Offeror which are complete in all respects and in accordance with such requirements as may be stated in this Composite Document and the relevant FAA or FAT (as the case may be) including, without limitation, (in the case of an accepting Singapore Shareholder holding Offer Shares in scrip form) the receipt by the Offeror of share certificate(s) relating to the Offer Shares tendered by such accepting Singapore Shareholder in acceptance of the Offer and (in the case of a Depositor) the receipt by the Offeror of a confirmation satisfactory to it that the relevant number of Offer Shares tendered by the

accepting Depositor in acceptance of the Offer are standing to the credit of the “Free Balance” of the Depositor’s Securities Account at the relevant time, then pursuant to Rule 30 of the Singapore Take-over Code, payments of the net consideration per Offer Share (being the Offer Price per Offer Share less the Final Dividend) in the form of a S\$ crossed cheque for the appropriate amount based upon the Settlement Exchange Rate will be despatched to the accepting Singapore Shareholders (or, in the case of accepting Singapore Shareholders holding Offer Shares tendered in acceptance in scrip form, their designated agents, or, in the case of joint accepting Singapore Shareholders who have not designated any agent, to the one first-named in the register of members of E&E maintained by the Singapore Registrar, as the case may be) by ordinary post, at the risk of the accepting Singapore Shareholders, or in such other manner as they may have agreed with CDP for payment of any cash distribution. The consideration under the Offer will be paid to Singapore Shareholders accepting the Offer (whether or not the relevant Offer Shares are held through CDP) as soon as practicable and in any case:

- (a) in respect of acceptances of the Offer which are complete and valid in all respects and are received on or before the date on which the Offer has become or is declared unconditional, within seven Hong Kong Business Days or seven Singapore Business Days (whichever is earlier) after that date; or
- (b) in respect of acceptances of the Offer which are complete and valid in all respects and are received after the Offer has become or is declared unconditional, but on or before the Closing Date, within seven Hong Kong Business Days or seven Singapore Business Days (whichever is earlier) after the date of such receipt.

### 3. PROCEDURES FOR WITHDRAWAL OF ACCEPTANCES

To withdraw his acceptance under the Offer:

- (a) a Singapore Shareholder holding Offer Shares **which are not deposited with CDP** must give written notice to the Offeror at **Elec & Eltek International Holdings Limited c/o Boardroom Corporate & Advisory Services Pte. Ltd. at 50 Raffles Place #32-01 Singapore Land Tower Singapore 048623**; and
- (b) a Singapore Shareholder holding Offer Shares **which are deposited with CDP** must give written notice to the Offeror at **Elec & Eltek International Holdings Limited c/o The Central Depository (Pte) Limited, Robinson Road Post Office P.O. Box 1984, Singapore 903934**.

In relation to the Offer, a notice of withdrawal shall be effective only if signed by the accepting Singapore Shareholder or his agent duly appointed in writing and evidence of whose appointment is produced in a form satisfactory to the Offeror within the same notice and when actually received by the Offeror.

## 4. GENERAL

### 4.1 Disclaimer and Discretion

The Offeror, CDP and/or the Singapore Registrar will be authorised and entitled, at their sole and absolute discretion, to reject or treat as valid any acceptance of the Offer through the FAA and/or FAT, as the case may be, which is not entirely in order or which does not comply with the terms of this Composite Document and the relevant Singapore Form of Acceptance or which is otherwise incomplete, incorrect, signed but not in its originality, unsigned or invalid in any respect. If you wish to accept the Offer, it is your responsibility to ensure that the relevant Singapore Form of Acceptance is properly completed and executed in all respects and submitted with original signature(s) and that all required documents (where applicable) are provided. Any decision to reject or treat as valid any acceptance of the Offer through the FAA and/or FAT, as the case may be, will be final and binding and none of the Offeror, CDP and/or the Singapore Registrar accepts any responsibility or liability for such a decision, including the consequences of such a decision. CDP takes no responsibility for any decision made by the Offeror.

The Offeror reserves the right to treat acceptances of the Offer as valid if received by or on behalf of it at any place or places determined by it otherwise than as stated in this Composite Document or in the FAA and FAT, as the case may be, or if made otherwise than in accordance with the provisions of this Composite Document and in the FAA and FAT, as the case may be. Any decision to reject or treat such acceptances as valid will be final and binding and none of the Offeror, CDP and/or the Singapore Registrar accepts any responsibility or liability for such a decision, including the consequences of such a decision.

### 4.2 Scripless and Scrip Offer Shares

If you hold some Offer Shares with CDP and others in scrip form, you should complete the FAA for the former and the FAT for the latter in accordance with the respective procedures set out in this **Appendix II** and the respective Singapore Form of Acceptance if you wish to accept the Offer in respect of such Offer Shares.

### 4.3 Deposit Time

If you hold the share certificate(s) of the Offer Shares beneficially owned by you and you wish to accept the Offer in respect of such Offer Shares, you should not deposit your share certificate(s) with CDP during the period commencing on the date of this Composite Document and ending on the Closing Date (both dates inclusive). If you deposit your share certificate(s) in respect of the Offer Shares beneficially owned by you with CDP during this period, you may not have your respective Securities Accounts credited with the relevant number of Offer Shares in time for you to accept the Offer. If you wish to accept the Offer in respect of such Offer Shares, you should complete the FAT and follow the procedures set out in Paragraph 1.2 of this **Appendix II**.

#### 4.4 Correspondences

All communications, certificates, notices, documents, payments and remittances to be delivered or sent to you (or, in the case of scrip holders, your designated agent or, in the case of joint accepting Singapore Shareholders who have not designated any agent, to the one first-named in the register of members of E&E maintained by the Singapore Registrar) will be sent by ordinary post to your respective addresses as they appear in the records of CDP or the Singapore Registrar, as the case may be, at the risk of the person entitled thereto (or, for the purposes of payments only, to such different name and addresses as may be specified by you in the FAT, at your own risk).

#### 4.5 Evidence of Title

Delivery of the duly completed and signed FAA and/or FAT, as the case may be, together with the relevant share certificate(s) and/or other document(s) of title and/or other relevant document(s) required by the Offeror, to the Offeror (or its nominee), CDP and/or the Singapore Registrar, shall be conclusive evidence in favour of the Offeror (or its nominee), CDP and/or the Singapore Registrar of the right and title of the person signing it to deal with the same and with the Offer Shares to which it relates.

#### 4.6 Loss in Transmission

The Offeror, CDP and/or the Singapore Registrar, as the case may be, shall not be liable for any loss in transmission of the FAA and/or the FAT.

#### 4.7 Acceptances Irrevocable

Your completion, execution and submission of the FAA and/or the FAT shall constitute your irrevocable acceptance of the Offer, on the terms and subject to the conditions contained in this Composite Document and the FAA and/or the FAT. Except as expressly provided in this Composite Document and the Singapore Take-over Code, the acceptance of the Offer made by you using the FAA and/or the FAT, as the case may be, shall be irrevocable and any instructions or subsequent FAA(s) and/or FAT(s) received by CDP and/or the Singapore Registrar, as the case may be, after the FAA and/or FAT, as the case may be, has been received shall be disregarded.

#### 4.8 Personal Data Privacy

By completing and delivering a FAA and/or FAT, each person (i) consents to the collection, use and disclosure of his personal data by the Singapore Registrar, CDP, the Offeror and E&E (the “**Relevant Persons**”) for the purpose of facilitating his acceptance of the Offer, and in order for the Relevant Persons to comply with any applicable laws, listing rules, regulations and/or guidelines, (ii) warrants that where he discloses the personal data of another person, such disclosure is in compliance with applicable law, and (iii) agrees that he will indemnify the Relevant Persons in respect of any penalties, liabilities, claims, demands, losses and damages as a result of his breach of warranty.

## 1. SUMMARY OF FINANCIAL INFORMATION OF THE E&amp;E GROUP

The following is a summary of the audited consolidated financial results of the E&E Group for FY2017, FY2018, and FY2019 (collectively, the “**Relevant Financial Periods**”) as extracted from the respective audited consolidated financial statements of the E&E Group as set forth in the published annual reports for the Relevant Financial Periods:

	<b>FY2019</b> <i>US\$'000</i>	<b>FY2018</b> <i>US\$'000</i>	<b>FY2017</b> <i>US\$'000</i>
<b>Revenue</b>	<b>616,508</b>	<b>602,634</b>	<b>500,388</b>
Cost of sales	(544,267)	(538,049)	(429,704)
<b>Gross profit</b>	<b>72,241</b>	<b>64,585</b>	<b>70,684</b>
Other operating income and gains	4,813	6,653	4,806
Distribution and selling costs	(10,558)	(10,096)	(10,401)
Administrative expenses	(25,762)	(26,107)	(19,240)
Other operating expenses and losses	(312)	(414)	(1,876)
Finance costs	(2,995)	(1,951)	(1,230)
<b>Profit before taxation</b>	<b>37,427</b>	<b>32,670</b>	<b>42,743</b>
Income tax expense	(6,171)	(7,755)	(5,958)
<b>Profit for the year</b>	<b>31,256</b>	<b>24,915</b>	<b>36,785</b>
<b>Profit attributable to:</b>			
Owners of E&E	30,381	24,299	36,161
Non-controlling interests	875	616	624
	<b>31,256</b>	<b>24,915</b>	<b>36,785</b>
<b>Total comprehensive income attributable to:</b>			
Owners of E&E	32,225	22,917	35,286
Non-controlling interests	875	616	624
	<b>33,100</b>	<b>23,533</b>	<b>35,910</b>
Dividends paid by E&E	7,477	14,954	11,215

	<i>US cents</i>	<i>US cents</i>	<i>US cents</i>
Basic and diluted earnings per Share	16.25	13.00	19.35
Full-year dividend per Share:			
Proposed final dividend per Share	4.00	4.00	8.00

Except as disclosed in the above summary of the audited consolidated financial results, there were no items of income or expense which are material in the consolidated financial statements of the E&E Group in any of the Relevant Financial Periods.

There was no modified opinion, emphasis of matter, or material uncertainty related to going concern contained in the auditors' report of the E&E Group for any of the Relevant Financial Periods.

There were no interim statements or preliminary announcements made since the last published audited accounts for FY2019.

## **2. INFORMATION INCORPORATED BY REFERENCE**

Additional financial information of the E&E Group as at 31 December 2019 and for FY2019 has been published in the reports as follows:

- (a) The statement of financial position of the E&E Group as at 31 December 2019 is shown in the annual report of E&E for FY2019 published on the website of E&E (<http://www.eleceltek.com/uploadfile/1585128755x168584347.pdf>), from page 64 onwards.
- (b) The consolidated statement of cash flows of the E&E Group for FY2019 is shown in the annual report of E&E for the year ended 31 December 2019 published on the website of E&E (<http://www.eleceltek.com/uploadfile/1585128755x168584347.pdf>), from page 69 onwards.
- (c) The statements of changes in equity of the E&E Group for FY2019 is shown in the annual report of E&E for the year ended 31 December 2019 published on the website of E&E (<http://www.eleceltek.com/uploadfile/1585128755x168584347.pdf>), from page 67 onwards.

### 3. INDEBTEDNESS, CONTINGENCIES, AND COMMITMENTS

The E&E Group's indebtedness as at the close of business on 31 March 2020, being the latest practicable date for the purpose of this indebtedness statement prior to the publication of this Composite Document, is set out as follows:

- **Borrowings:** As at the close of business on 31 March 2020 (being the latest practicable date for the purpose of this indebtedness statement), the E&E Group had outstanding borrowings of approximately US\$117,994,000, all covered by corporate guarantee from E&E.
- **Contingent liabilities:** As at the close of business on 31 March 2020 (being the latest practicable date for the purpose of this indebtedness statement), (i) E&E had given corporate guarantees to secure bank credit facilities granted to subsidiaries companies amounting to approximately US\$198,000,000; and (ii) E&E had given (unsecured) bank guarantees given to third parties amounting to approximately US\$546,000.
- **Capital commitments:** As at the close of business on 31 March 2020 (being the latest practicable date for the purpose of this indebtedness statement), the E&E Group had capital commitments amounting to approximately US\$24,894,000, which were commitments contracted for plant expansion.

Save as disclosed above or otherwise mentioned herein, and apart from intra-group liabilities and normal trade and other payables in the ordinary course of business, as at 31 March 2020 (being the latest practicable date for the purpose of this indebtedness statement), the E&E Group had no bank overdrafts or loans, or other similar indebtedness, mortgages, charges, or guarantees or other material contingent liabilities.

### 4. MATERIAL CHANGES

Save as disclosed below, the directors of E&E confirm that, as at the Latest Practicable Date, there were no material changes in the financial or trading position or outlook of the E&E Group since 31 December 2019, the date to which the latest published audited consolidated financial statements of the E&E Group were made up.

After the commencement of the outbreak of COVID-19 in early 2020, a series of precautionary and control measures have been and continued to be implemented across the countries and regions in which the E&E Group operates. Demand for the products of the E&E Group decreased slightly in the first quarter of 2020 as compared to the corresponding period in 2019. As a result, after the commencement of the outbreak of COVID-19, the E&E Group recorded a slight decrease in revenue for the three months ended 31 March 2020 when compared with the corresponding period in 2019. The E&E Group will continue to pay close

attention to the development of and the disruption to its business activities caused by COVID-19 and will continue to evaluate its impact on the financial position, cash flows, and operating results of the E&E Group.

## 5. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies (and accompanying notes) which are of major relevance for the interpretation of the financial statements of the E&E Group for FY2019 pertain to the following, *inter alia*:

- Basis of accounting;
- Basis of consolidation;
- Changes in E&E's ownership interests in existing subsidiaries;
- Business combinations;
- Financial instruments;
- Leases (Before 1 January 2019);
- Leases (From 1 January 2019);
- Inventories;
- Property, plant and equipment;
- Prepaid land use rights (Before 1 January 2019);
- Investment property;
- Impairment of non-financial assets;
- Provisions;
- Statutory reserve;
- Revenue recognition;
- Borrowing costs;
- Government grants;
- Retirement benefit obligations;

- Employee leave entitlement;
- Income tax;
- Foreign currency transactions and translation; and
- Cash and cash equivalents in the statement of cash flows,

as set out in detail from page 72 onwards in the annual report of E&E for FY2019 published on the website of E&E (<http://www.eleceltek.com/uploadfile/1585128755x168584347.pdf>).

## 6. CHANGES IN ACCOUNTING POLICY

Save as disclosed below, there was no change in the E&E Group's accounting policy during the Relevant Financial Periods which would result in the figures in its latest audited consolidated financial statements and set out in this Appendix III being not comparable to a material extent.

### 6.1 Adoption of a New Financial Reporting Framework

The E&E Group and E&E adopted the new financial reporting framework—Singapore Financial Reporting Standards (International) (“**SFRS(I)**”) for the first time for FY2018 and SFRS(I) 1 First-time Adoption of Singapore Financial Reporting Standards (International) has been applied in the first set of SFRS(I) financial statements. SFRS(I) is identical to the International Financial Reporting Standards (“**IFRS**”) as issued by the International Accounting Standards Board (IASB).

As a first-time adopter of SFRS(I), the E&E Group and E&E have applied retrospectively, accounting policies based on each SFRS(I) effective as at end of the first SFRS(I) reporting period (31 December 2018), except for areas of exceptions and optional exemptions set out in SFRS(I) 1.

### 6.2 SFRS(I) 16 “Leases”

On 1 January 2019, the E&E Group and E&E adopted all the new and revised SFRS(I) pronouncements that are relevant to their operations.

SFRS(I) 16 introduces new or amended requirements with respect to lease accounting. It introduces significant changes to lessee accounting by removing the distinction between operating and finance lease and requiring the recognition of a right-of-use asset and a lease liability at commencement for all leases, except for short-term leases and leases of low value assets when such recognition exemptions are adopted. In contrast to lessee accounting, the requirements for lessor accounting have remained largely unchanged. The impact of the adoption of SFRS(I) 16 on the E&E Group's consolidated financial statements is described below.

The date of initial application of SFRS(I) 16 for the E&E Group and E&E was 1 January 2019.

The E&E Group has applied SFRS(I) 16 using the cumulative catch-up approach which:

- requires the E&E Group to recognise the cumulative effect of initially applying SFRS(I) 16 as an adjustment to the opening balance of retained earnings at the date of initial application; and
- does not permit restatement of comparatives, which continue to be presented under SFRS(I) 1-17 “Leases” and SFRS(I) INT 4 “Determining whether an Arrangement contains a Lease”.

**(a) Impact of the new definition of a lease**

The E&E Group has made use of the practical expedient available on transition to SFRS(I) 16 not to reassess whether a contract is or contains a lease. Accordingly, the definition of a lease in accordance with SFRS(I) 1-17 and SFRS(I) INT 4 will continue to be applied to those leases entered or changed before 1 January 2019.

The change in definition of a lease mainly relates to the concept of control. SFRS(I) 16 determines whether a contract contains a lease on the basis of whether the customer has the right to control the use of an identified asset for a period of time in exchange for consideration. This is in contrast to the focus on ‘risks and rewards’ in SFRS(I) 1-17 and SFRS(I) INT 4.

The E&E Group applies the definition of a lease and related guidance set out in SFRS(I) 16 to all lease contracts entered into or modified on or after 1 January 2019 (whether it is a lessor or a lessee in the lease contract). The new definition in SFRS(I) 16 does not significantly change the scope of contracts that meet the definition of a lease for the E&E Group.

**(b) Impact on lessee accounting**

SFRS(I) 16 changes how the E&E Group accounts for leases previously classified as operating leases under SFRS(I) 1-17, which were off-balance-sheet.

Applying SFRS(I) 16, for all leases, the E&E Group:

- (i) recognises right-of-use assets and lease liabilities in the statements of financial position, initially measured at the present value of the remaining lease payments, with the right-of-use asset adjusted by the amount of any prepaid or accrued lease payments in accordance with SFRS(I) 16:C8(b)(ii);
- (ii) recognises depreciation of right-of-use assets and interest on lease liabilities in the consolidated statement of profit or loss; and

- (iii) separates the total amount of cash paid into a principal portion (presented within financing activities) and interest (presented within operating activities) in the consolidated statement of cash flows.

Lease incentives (e.g. free rent period) are recognised as part of the measurement of the right-of-use assets and lease liabilities whereas under SFRS(I) 1-17 they resulted in the recognition of a lease incentive liability, amortised as a reduction of rental expense on a straight-line basis.

Under SFRS(I) 16, right-of-use assets are tested for impairment in accordance with SFRS 1-36 “Impairment of Assets”.

For short-term leases (lease term of 12 months or less) and leases of low-value assets, the E&E Group has opted to recognise a lease expense on a straight-line basis as permitted by SFRS(I) 16. This expense is presented within “Administrative expenses” in the consolidated statement of profit or loss.

**(c) Impact on lessor accounting**

SFRS(I) 16 does not change substantially how a lessor accounts for leases. Under SFRS(I) 16, a lessor continues to classify leases as either finance leases or operating leases and account for those two types of leases differently.

However, SFRS(I) 16 has changed and expanded the disclosures required, in particular regarding how a lessor manages the risks arising from its residual interest in leased assets.

**(d) Financial impact of initial application of SFRS(I) 16**

There is no material impact arising from the initial application of SFRS(I) 16 on the financial statements of the E&E Group and E&E, apart from the reclassification of prepaid land use rights to right-of-use assets as disclosed in Notes 18 and 19 to the consolidated financial statements of the E&E Group included in E&E’s annual report for FY2019 respectively.

As a result, certain line items have been amended in the statement of financial position and the related notes to the financial statements as follows:

The items were reclassified as follows:

	<b>1 January 2019</b>	
	<b>Previously reported</b>	<b>After reclassification</b>
	<i>US\$’000</i>	<i>US\$’000</i>
<b>Statement of financial position:</b>		
Prepaid land use right	12,766	–
Right-of-use assets	–	12,766
	<u>                    </u>	<u>                    </u>

**1. SUMMARY OF FINANCIAL INFORMATION OF THE KINGBOARD GROUP**

The following is a summary of the audited consolidated financial results of the Kingboard Group for FY2017, FY2018, and FY2019 (collectively, the “**Relevant Financial Periods**”) as extracted from the respective audited consolidated financial statements of the Kingboard Group as set forth in the published annual reports/annual results announcement (as the case may be) for the Relevant Financial Periods.

The summary is extracted from, and should be read in conjunction with, the audited consolidated financial statements of Kingboard Holdings and its subsidiaries for the Relevant Financial Periods which are available at <http://www.kingboard.com>.

## 1.1 Consolidated Statement of Profit or Loss

The following is a summary of the consolidated statement of profit or loss for the Kingboard Group for FY2017, FY2018, and FY2019:

	FY2019 HK\$'000	FY2018 HK\$'000	FY2017 HK\$'000
<b>Revenue</b>	<b>41,160,851</b>	<b>45,994,419</b>	<b>43,371,270</b>
Cost of sales and services rendered	(32,146,545)	(35,691,963)	(33,243,202)
<b>Gross profit</b>	<b>9,014,306</b>	<b>10,302,456</b>	<b>10,128,068</b>
Other income, gains and losses	(93,519)	169,786	132,371
Distribution costs	(1,185,765)	(1,199,959)	(1,149,527)
Administrative costs	(1,965,741)	(1,959,820)	(1,706,910)
Gain/(loss) on fair value changes of equity instruments at fair value through profit or loss	40,920	(148,297)	–
Gain on disposal of debt instruments at fair value through other comprehensive income	142,140	3,578	–
Gain on fair value changes of investment properties	6,263	174,896	54,284
Gain on disposal of available-for-sale investments	–	–	1,153,015
Gain on disposal of a subsidiary	–	2,089,808	–
Share-based payments	(229,234)	–	(3,136)
Impairment loss recognised on available-for-sale investments	–	–	(34,152)
Finance costs	(752,001)	(589,222)	(311,919)
Share of results of joint ventures	93,867	86,515	–
Share of results of associates	51,677	192,169	103,267
<b>Profit before taxation</b>	<b>5,122,913</b>	<b>9,121,910</b>	<b>8,365,361</b>
Income tax expense	(1,353,933)	(2,051,710)	(1,531,177)
<b>Profit for the year</b>	<b>3,768,980</b>	<b>7,070,200</b>	<b>6,834,184</b>
<b>Profit attributable to:</b>			
Owners of Kingboard Holdings	3,094,421	6,075,760	5,593,434
Non-controlling interests	674,559	994,440	1,240,750
	<b>3,768,980</b>	<b>7,070,200</b>	<b>6,834,184</b>
Earnings per share:			
Basic	HK\$2.850	HK\$5.692	HK\$5.363
Diluted	HK\$2.849	HK\$5.655	HK\$5.314
Proposed full-year dividend per share	HK\$1.38	HK\$1.8	HK\$1.6

## 1.2 Consolidated Statement of Financial Position

The following is a summary of the consolidated statement of financial position for the Kingboard Group as at 31 December 2017, 2018, and 2019:

	As at 31 December		
	2019 HK\$'000	2018 HK\$'000	2017 HK\$'000
<b>Non-current assets</b>			
Investment properties	19,082,748	16,925,863	17,151,915
Properties, plant and equipment	14,800,958	14,879,768	14,529,533
Right-of-use assets	1,692,326	–	–
Prepaid lease payments	–	1,539,781	931,029
Other non-current assets	–	–	691,213
Goodwill	2,670,528	2,467,076	2,288,149
Intangible asset	60,840	27,000	–
Interests in an associate	397,950	540,681	504,090
Interests in joint ventures	2,536,434	2,466,504	–
Equity instruments at fair value through profit or loss	2,366,024	1,291,534	–
Equity instruments at fair value through other comprehensive income	162,918	164,124	–
Debt instruments at fair value through other comprehensive income	7,016,503	8,876,637	–
Loan receivable	600,000	–	–
Available-for-sale investments	–	–	5,746,584
Entrusted loans	465,859	605,789	788,860
Deposits paid for acquisition of properties, plant and equipment and investment properties	611,724	332,890	485,451
Deferred tax assets	2,539	3,653	3,768
	52,467,351	50,121,300	43,120,592
<b>Current assets</b>			
Inventories	2,962,386	2,956,116	2,115,557
Properties held for development	21,115,592	20,023,136	15,637,824
Trade and other receivables and prepayments	8,771,416	8,514,957	11,763,029
Bills receivables	4,085,752	4,545,599	5,036,119
Equity instruments at fair value through profit or loss	491,397	–	–
Debt instruments at fair value through other comprehensive income	866,041	78,195	–
Available-for-sale investments	–	–	778,986
Other current assets	–	659,429	–
Prepaid lease payments	–	38,410	24,363
Taxation recoverable	18,227	19,873	7,964
Bank balances and cash	6,256,964	7,473,324	8,113,756
	44,567,775	44,309,039	43,477,598
Assets classified as held for sale	–	–	1,696,193
	44,567,775	44,309,039	45,173,791

	As at 31 December		
	2019	2018	2017
	HK\$'000	HK\$'000	HK\$'000
<b>Current liabilities</b>			
Trade and other payables	5,841,173	6,424,456	9,569,089
Bills payables	359,920	512,566	691,834
Deposits received from pre-sale of residential units	–	–	3,551,562
Contract liabilities	6,374,105	3,448,068	–
Taxation payable	1,369,201	1,167,261	886,418
Bank borrowings			
amount due within one year	7,862,991	7,254,600	5,290,745
Lease liabilities	2,906	–	–
	<u>21,810,296</u>	<u>18,806,951</u>	<u>19,989,648</u>
<b>Net current assets</b>	<u>22,757,479</u>	<u>25,502,088</u>	<u>25,184,143</u>
<b>Total assets less current liabilities</b>	<u>75,224,830</u>	<u>75,623,388</u>	<u>68,304,735</u>
<b>Non-current liabilities</b>			
Deferred tax liabilities	697,954	731,036	783,418
Bank borrowings			
amount due after one year	16,546,918	20,259,081	13,797,597
Lease liabilities	10,308	–	–
	<u>17,255,180</u>	<u>20,990,117</u>	<u>14,581,015</u>
	<u>57,969,650</u>	<u>54,633,271</u>	<u>53,723,720</u>
<b>Capital and reserves</b>			
Share capital	110,576	108,315	106,645
Reserves	<u>50,077,989</u>	<u>47,224,670</u>	<u>45,932,874</u>
Equity attributable to owners of			
Kingboard Holdings	50,188,565	47,332,985	46,039,519
Non-controlling interests	<u>7,781,085</u>	<u>7,300,286</u>	<u>7,684,201</u>
<b>Total equity</b>	<u>57,969,650</u>	<u>54,633,271</u>	<u>53,723,720</u>

## 2. MATERIAL CHANGES

As at the Latest Practicable Date, save as disclosed below and for information on the Kingboard Group which was publicly available, there had not been, to the knowledge of Kingboard Holdings, any material change in the financial position or prospects of the Kingboard Group since 31 December 2019, being the date of the last audited consolidated financial statements of Kingboard Holdings laid before its shareholders in general meeting.

After the commencement of the outbreak of COVID-19 in early 2020, a series of precautionary and control measures have been and continued to be implemented across the countries and regions in which the Kingboard Group operates. The demand for the products of the Kingboard Group decreased in the first quarter of 2020 as compared to that of 2019. As a result, after the commencement of the outbreak of COVID-19, the Kingboard Group recorded a decrease in revenue for the three months ended 31 March 2020 when compared with the corresponding period in 2019. As mentioned in the 2019 annual report of Kingboard Holdings, currently, the Kingboard Group has resumed work at all its plants in the mainland China, most of which have returned to normal production. The Kingboard Group will continue to pay close attention to the development of and the disruption to its business activities caused by COVID-19 and will evaluate its impact on the financial position, cash flows, and operating results of the Kingboard Group.

As at the Latest Practicable Date, save as disclosed in this Composite Document and save for the information on E&E which was publicly available, there had not been, to the knowledge of the Offeror, any material change in the financial position or prospects of E&E since the date of the last audited consolidated financial statements of E&E laid before Shareholders in general meeting.

## 3. SIGNIFICANT ACCOUNTING POLICIES

The audited consolidated financial statements of the Kingboard Group have been prepared in accordance with Hong Kong Financial Reporting Standards. The significant accounting policies (and accompanying notes) which are of major relevance for the interpretation of the financial statements of the Kingboard Group for the year ended 31 December 2019 pertain to the following, *inter alia*:

- Basis of consolidation;
- Business combinations;
- Acquisition of a subsidiary not constituting a business;
- Goodwill;
- Investments in an associate and joint ventures;

- Revenue from contracts with customers;
- Leases;
- Leasehold land and building;
- Investment properties;
- Properties held for development;
- Properties, plant and equipment;
- Licensed properties, plant and equipment;
- Intangible assets;
- Inventories;
- Licensed inventories;
- Impairment on properties, plant and equipment, right-of-use assets and intangible assets other than goodwill;
- Foreign currencies;
- Borrowing costs;
- Government grants;
- Retirement benefit costs;
- Short-term employee benefits;
- Share-based payments;
- Taxation; and
- Financial instruments,

as set out in detail from page 94 onwards in the annual report of Kingboard Holdings for the year ended 31 December 2019 published on the website of Kingboard Holdings (<http://www.kingboard.com/UploadFiles/2020-04/admin/2020042017550042276.pdf>).

#### 4. CHANGES IN ACCOUNTING POLICIES

Save as disclosed below, there was no change in the Kingboard Group's accounting policy during the Relevant Financial Periods which would result in the figures in its latest audited consolidated financial statements and set out in this Appendix IV being not comparable to a material extent.

##### 4.1 HKFRS 15 "Revenue from Contracts with Customers"

The Kingboard Group has applied HKFRS 15 for the first time in the year ended 31 December 2018. HKFRS 15 superseded HKAS 18 "Revenue", HKAS 11 "Construction Contracts", and the related interpretations.

The Kingboard Group has applied HKFRS 15 retrospectively with the cumulative effect of initially applying this standard recognized at the date of initial application, 1 January 2018. Any difference at the date of initial application is recognised in the opening retained profits and comparative information has not been restated. Furthermore, in accordance with the transition provisions in HKFRS 15, the Kingboard Group has elected to apply the standard retrospectively only to contracts that are not completed at 1 January 2018. Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 18 "Revenue" and HKAS 11 "Construction Contracts" and the related interpretations.

The Kingboard Group recognises revenue from sales of laminates, printed circuit boards, chemicals, sales of properties and other service income which arises from contracts with customers.

Information about the Kingboard Group's performance obligations and the accounting policies resulting from application of HKFRS 15 are disclosed in notes 5 and 3 to the consolidated financial statements of the Kingboard Group included in the 2018 annual report of Kingboard Holdings respectively.

*(a) Summary of effects arising from initial application of HKFRS 15*

The following adjustments were made to the amounts recognised in the consolidated statement of financial position at 1 January 2018. Line items that were not affected by the changes have not been included.

*Impacts on assets (liabilities) as at 1 January 2018*

	<b>Carrying amounts previously reported at 31 December 2017</b>	<b>Adjustments</b>	<b>Carrying amounts under HKFRS 15 at 1 January 2018</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Trade and other payables ( <i>Note (i)</i> )	(9,569,089)	1,184,094	(8,384,995)
Deposits received from pre-sale of residential units ( <i>Note (i)</i> )	(3,551,562)	3,551,562	–
Properties held for development ( <i>Note (ii)</i> )	15,637,824	69,684	15,707,508
Contract liabilities ( <i>Notes (i) and (ii)</i> )	–	(4,805,340)	(4,805,340)

*Notes:*

- (i) Advances from customers of approximately HK\$3,551,562,000 and HK\$1,184,094,000 in respect of sales contracts signed with customers previously included in deposits received from pre-sale of residential unit and trade and other payables, respectively were reclassified to contract liabilities at the date of initial application of HKFRS 15.
- (ii) At the date of initial application of HKFRS 15, interest expenses of HK\$69,684,000 relating to the significant financing component has been adjusted to the contract liabilities and capitalised in the properties held for development, due to the effects of the time value of money of the deposits received from pre-sale of residential units, which provides the Kingboard Group with a significant benefit of financing the properties under development. These benefits implicitly exists in the contracts.

The application of HKFRS 15 has had no material impact on the Kingboard Group's retained profits as at 1 January 2018.

The following tables summarise the impacts of applying HKFRS 15 on the Kingboard Group's consolidated statement of cash flows for the year ended 31 December 2018, consolidated statement of profit or loss, and its consolidated statement of financial position as at 31 December 2018 for each of the line items affected. Line items that were not affected by the changes have not been included.

*Impacts on the consolidated statement of financial position as at 31 December 2018 and consolidated statement of profit or loss for the year ended 31 December 2018*

	<b>As reported</b>	<b>Adjustments</b>	<b>Amounts without application of HKFRS 15</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue ( <i>Note (i)</i> )	(45,994,419)	69,684	(45,924,735)
Cost of sales and services rendered ( <i>Note (i)</i> )	35,691,963	(69,684)	35,622,279
Properties held for development ( <i>Note (i)</i> )	20,023,136	(2,441)	20,020,695
Trade and other payables ( <i>Note (ii)</i> )	(6,424,456)	(1,311,056)	(7,735,512)
Deposits received from pre-sale of residential units ( <i>Note (ii)</i> )	–	(2,134,571)	(2,134,571)
Contract liabilities ( <i>Note (ii)</i> )	(3,448,068)	3,448,068	–

*Notes:*

- (i) This relates to interest capitalised upon application of HKFRS 15, due to the effects of the time value of money of the deposits received from pre-sale of residential units.
- (ii) This relates to the reclassification of advances from customers from deposits received from pre-sale of residential unit and trade and other payables to contract liabilities.

*Impacts on the consolidated statement of cash flows for the year ended 31 December 2018*

	<b>As reported</b>	<b>Adjustments</b>	<b>Amounts without application of HKFRS 15</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Operating activities			
Decrease in deposits received from pre-sale of residential units	–	1,093,436	1,093,436
Increase in properties held for development	(6,147,406)	67,243	(6,080,163)
Decrease in trade and other payables	(768,294)	580,307	(187,987)
Increase in contract liabilities	96,506	(95,506)	–

#### 4.2 HKFRS 9 “Financial Instruments” and the Related Amendments

In the year ended 31 December 2018, the Kingboard Group has applied HKFRS 9 “Financial Instruments”, and the related consequential amendments to other HKFRSs. HKFRS 9 introduces new requirements for (1) the classification and measurement of financial assets and financial liabilities; (2) expected credit losses (“ECL”) for financial assets; and (3) general hedge accounting.

The Kingboard Group has applied HKFRS 9 in accordance with the transition provisions set out in HKFRS 9, i.e. applied the classification and measurement requirements (including impairment under ECL model) retrospectively to instruments that have not been derecognised as at 1 January 2018 (date of initial application) and has not applied the requirements to instruments that have already been derecognised as at 1 January 2018. The difference between carrying amounts as at 31 December 2017 and the carrying amounts as at 1 January 2018 are recognised in the opening retained profits and other components of equity, without restating comparative information.

Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 39 “Financial Instruments: Recognition and Measurement”.

Accounting policies resulting from application of HKFRS 9 are disclosed in note 3 to the consolidated financial statements of the Kingboard Group included in the 2018 annual report of Kingboard Holdings.

##### (a) Summary of effects arising from initial application of HKFRS 15

The following adjustments were made to the amounts recognised in the consolidated statement of financial position at 1 January 2018. Line items that were not affected by the changes have not been included.

	AFS investments HK\$'000	Equity instruments at FVTPL required by HKAS 39/HKFRS9 HK\$'000	Equity instruments at FVTOCI HK\$'000	Debt instruments at FVTOCI HK\$'000	Investment revaluation reserve HK\$'000	Retained profits HK\$'000
Closing balance at 31 December 2017						
– HKAS 39	6,525,570	–	–	–	109,145	35,103,751
Effect arising from initial application of HKFRS 9 (Note (i))	(6,525,570)	1,550,830	8,124	4,966,616	(58,772)	58,772
Opening balance at 1 January 2018 (Restated)	–	1,550,830	8,124	4,966,616	50,373	35,162,523

Notes:

(i) Available-for-sale (“AFS”) investments

*Reclassification from AFS investments to equity instruments at fair value through profit or loss (“FVTPL”)*

At the date of initial application of HKFRS 9, the Kingboard Group’s equity investments of HK\$1,550,830,000 were reclassified from AFS investments to equity instruments at FVTPL. The fair value gains of HK\$58,772,000 relating to those investments previously carried at fair value were transferred from investment revaluation reserve to retained profits.

*Reclassification from AFS investments to equity instruments at fair value through other comprehensive income (“FVTOCI”)*

The Kingboard Group elected to present in other comprehensive income (“OCI”) for the fair value changes of all its unquoted equity investments previously classified as AFS investments and which was measured at cost less impairment under HKAS 39. These investments are not held for trading and not expected to be sold in the foreseeable future. At the date of initial application of HKFRS 9, HK\$8,124,000 were reclassified from AFS investments to equity instruments at FVTOCI.

*Reclassification from AFS investments to debt instruments at FVTOCI*

Listed bonds with a fair value of HK\$4,966,616,000 were reclassified from AFS investments to debt instruments at FVTOCI, as these investments are held within a business model whose objective is achieved by both collecting contractual cash flows and selling of these assets and the contractual cash flows of these investments are solely payments of principal and interest on the principal amount outstanding. Related fair value gains of HK\$50,373,000 continued to accumulate in the investment revaluation reserve as at 1 January 2018.

(ii) Impairment under ECL model

In relation to the impairment of financial assets, HKFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under HKAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

The Kingboard Group applies HKFRS 9 simplified approach to measure ECL which uses a lifetime ECL for all trade receivables that are within the scope of HKFRS 15. To measure the ECL, trade receivables have been assessed individually and/or grouped based on shared credit risk characteristics.

ECL for other financial assets at amortised cost, including other receivables, and bank balances are assessed on 12-month ECL (“12m ECL”) basis and there had been no significant increase in credit risk since initial recognition.

All of the Kingboard Group’s debt instruments at FVTOCI are listed bonds that are graded in the high credit rating among rating agencies. Therefore, these investments are considered to be low credit risk investments and the loss allowance is assessed on 12m ECL basis.

The directors of Kingboard Holdings considered the additional ECL allowance as at 1 January 2018 measured under ECL model is insignificant.

### 4.3 HKFRS 16 “Leases”

The Kingboard Group has applied HKFRS 16 for the first time in the year ended 31 December 2019. HKFRS 16 superseded HKAS 17 “Leases”, and the related interpretations.

#### (a) *Definition of a lease*

The Kingboard Group has elected the practical expedient to apply HKFRS 16 to contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC) – Int 4 “Determining whether an Arrangement contains a Lease” and not apply this standard to contracts that were not previously identified as containing a lease. Therefore, the Kingboard Group has not reassessed contracts which already existed prior to the date of initial application.

For contracts entered into or modified on or after 1 January 2019, the Kingboard Group applies the definition of a lease in accordance with the requirements set out in HKFRS 16 in assessing whether a contract contains a lease.

#### (b) *As a lessee*

The Kingboard Group has applied HKFRS 16 retrospectively with the cumulative effect recognised at the date of initial application, 1 January 2019.

As at 1 January 2019, the Kingboard Group recognised additional lease liabilities and right-of-use assets at amounts equal to the related lease liabilities adjusted by any prepaid lease payments by applying HKFRS 16.C8(b)(ii) transition. Any difference at the date of initial application is recognised in the opening retained profits and comparative information has not been restated.

When applying the modified retrospective approach under HKFRS 16 at transition, the Kingboard Group applied the practical expedient to leases previously classified as operating leases under HKAS 17, on lease-by-lease basis, to the extent relevant to the respective lease contracts that elected that not to recognise right-of-use assets and lease liabilities for leases with lease term ends within 12 months of the date of initial application.

On transition, the Kingboard Group has made the following adjustments upon application of HKFRS 16:

When recognising the lease liabilities for leases previously classified as operating leases, the Kingboard Group has applied incremental borrowing rates of the relevant group entities at the date of initial application. The weighted average incremental borrowing rates applied by the relevant group entities range from 2.56% to 4.75%.

	<b>At 1 January 2019</b> <i>HK\$'000</i>
Operating lease commitments disclosed as at 31 December 2018	17,771
Less: Recognition exemption – short-term lease	<u>(339)</u>
	<u>17,432</u>
Lease liabilities discounted at relevant incremental borrowing rates relating to operating leases recognized upon application of HKFRS 16 as at 1 January 2019	<u>12,386</u>
Analysed as	
Current	2,111
Non-current	<u>10,275</u>
	<u>12,386</u>

The carrying amount of right-of-use assets for own use as at 1 January 2019 comprises the following:

	<b>Right-of-use assets</b> <i>HK\$'000</i>
Right-of-use assets relating to operating leases recognised upon application of HKFRS 16	12,386
Reclassified from prepaid lease payments ( <i>Note</i> )	<u>1,578,191</u>
	<u>1,590,577</u>
By class:	
Leasehold land	1,578,191
Leased properties	9,588
Plant and machinery	<u>2,798</u>
	<u>1,590,577</u>

*Note:* Upfront payments for leasehold lands in the PRC for own used properties were classified as prepaid lease payments as at 31 December 2018. Upon application of HKFRS 16, the current and non-current prepaid lease payments amounting to HK\$38,410,000 and HK\$1,539,781,000 respectively were reclassified to right-of-use assets.

Effective from 1 January 2019, leasehold lands which were classified as properties held for development are measured under HKFRS 16 at cost less any accumulated depreciation and any impairment losses.

*(c) As a lessor*

In accordance with the transitional provisions in HKFRS 16, the Kingboard Group is not required to make any adjustment on transition for leases in which the Kingboard Group is a lessor but account for these leases in accordance with HKFRS 16 from the date of initial application and comparative information has not been restated.

- (i) Upon application of HKFRS 16, new lease contracts entered into but commence after the date of initial application relating to the same underlying assets under existing lease contracts are accounted as if the existing leases are modified as at 1 January 2019. The application has had no impact on the Kingboard Group's consolidated statement of financial position at 1 January 2019. However, effective from 1 January 2019, lease payments relating to the revised lease term after modification are recognised as income on straight-line basis over the extended lease term.
- (ii) Before application of HKFRS 16, refundable rental deposits received were considered as obligations under leases to which HKAS 17 applied under trade and other payables. Based on the definition of lease payments under HKFRS 16, such deposits are not payments relating to the right-of-use assets and were adjusted to reflect the discounting effect at transition. The discounting effect has no material impact on the consolidated financial statements of the Kingboard Group for the year ended 31 December 2018.

There is no impact of transition to HKFRS 16 on retained profits as at 1 January 2019.

The following adjustments were made to the amounts recognised in the consolidated statement of financial position at 1 January 2019. Line items that were not affected by the changes have not been included.

	<b>Carrying amounts previously reported at 31 December 2018 HK\$'000</b>	<b>Adjustments HK\$'000</b>	<b>Carrying amounts under HKFRS 16 at 1 January 2019 HK\$'000</b>
<b>Non-current assets</b>			
Prepaid lease payments	1,539,781	(1,539,781)	–
Right-of-use assets	–	1,590,577	1,590,577
<b>Current assets</b>			
Prepaid lease payments	38,410	(38,410)	–
<b>Current liabilities</b>			
Lease liabilities	–	2,111	2,111
<b>Non-current liabilities</b>			
Lease liabilities	–	10,275	10,275

29 May 2020

**Elec & Eltek International Company Limited**

23/F, Delta House,  
3 On Yiu Street,  
Shek Mun, Shatin,  
N.T., Hong Kong

Dear Sirs/Madams,

**Re: Property Valuation of Various Properties for investment purpose in Hong Kong and the People's Republic of China**

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In accordance with the instructions of Elec & Eltek International Company Limited (the "Company", and together with its subsidiaries, the "Group") to value the properties held by the Group in Hong Kong and the People's Republic of China (the "PRC"), we confirm that we have carried out inspections, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market values of the properties as at 31 March 2020 and 31 December 2019 (the "Dates of Valuation") for the purpose of incorporation in the Composite Document of the Company dated 29 May 2020.

**1. BASIS OF VALUATION**

Our valuations of properties are our opinion of the market values which we would define as intended to mean "the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion".

Market value is understood as the value of an asset or liability estimated without regard to costs of sale or purchase (or transaction) and without offset for any associated taxes or potential taxes.

**2. PROPERTY CATEGORIZATION**

In the course of our valuations, the properties held by the Group are categorized into the following groups:

Group I – Properties held by the Group for investment purpose in Hong Kong; and

Group II – Properties held by the Group for investment purpose in the PRC

**3. VALUATION METHODOLOGY**

We have valued the properties mainly with reference to market evidence of recent transaction prices for similar properties for the respective locations and types of properties.

**4. TITLE INVESTIGATION**

For the properties in Group I in Hong Kong, we have carried out land searches at the Land Registry. However, we have not scrutinized all the original documents to verify ownership or to ascertain the existence of any lease amendments which may not appear on the copies handed to us.

For the properties in Group II in the PRC, we have been provided with copies of extracts of title documents relating to such properties in the PRC. However, we have not inspected the original documents to verify the ownership or to verify any amendments which may not appear on the copies handed to us. We have relied on the legal opinion dated 29 May 2020 (the “PRC Legal Opinion”) given by the Group’s PRC legal adviser, Jian Da Law Firm (the “PRC Legal Adviser”), regarding the interests of the Group in such properties in the PRC and the validity of the title thereof. We have received, and relied on, the PRC Legal Opinion that the Group has valid and enforceable title to such properties in the PRC which are freely transferable, and has free and uninterrupted right to use the same, for the whole of the unexpired term granted subject to the payment of the requisite government rent/land use fee, as well as the confirmation given by the Group that all payable requisite land premium/purchase consideration and government rent/land use fee have been settled.

**5. VALUATION ASSUMPTIONS**

Our valuations have been made on the assumption that the owner sells the properties in the market in their existing states without the benefit of deferred term contracts, leasebacks, joint ventures, management agreements or any similar arrangements which would serve to affect the values of such properties.

In addition, no account has been taken of any option or right of pre-emption concerning or affecting the sale of the properties and no allowance has been made for the properties to be sold in one lot or to a single purchaser.

## **6. SOURCE OF INFORMATION**

In the course of our valuations, we have relied to a very considerable extent on the information provided by the Group and have accepted advice given to us on such matters as planning approvals or statutory notices, easements, tenure, identification of properties, particulars of occupation, site/floor areas, ages of buildings and all other relevant matters which can affect the values of the properties. All documents have been used for reference only.

We have no reason to doubt the truth and accuracy of the information provided to us. We have also been advised that no material facts have been omitted from the information supplied. We consider that we have been provided with sufficient information to reach an informed view, and have no reason to suspect that any material information has been withheld.

## **7. VALUATION CONSIDERATION**

We have inspected the exterior and, where possible, the interior of certain properties. No structural survey has been made in respect of the properties. However, in the course of our inspections, we did not note any serious defects. We are not, however, able to report that the properties are free from rot, infestation or any other structural defects. No tests were carried out on any of the building services.

We have not carried out on-site measurement to verify the site/floor areas of the properties under consideration but we have assumed that the site/floor areas shown on the documents handed to us are correct. Except as otherwise stated, all dimensions, measurements and areas included in the valuation certificates are based on information contained in the documents provided to us by the Group and are therefore approximations.

No allowance has been made in our valuations for any charges, mortgages or amounts owing on the properties nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the properties are free from encumbrances, restrictions and outgoings of an onerous nature which could affect their values.

In valuing the properties, we have complied with the requirements set out in Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, Rule 11 of the Hong Kong Codes on Takeovers and Mergers published by the Securities and Futures Commission and The HKIS Valuation Standards (2017 Edition) published by The Hong Kong Institute of Surveyors.

For the purpose of compliance with Rule 11.3 of the Hong Kong Codes on Takeovers and Mergers and as advised by the Company, the potential tax liabilities which may arise from the sale of the properties including the following clarification:

For properties in Group 1 & 2, as confirmed by the Company as at the Dates of Valuation, the Company has no intention to sell the property yet and therefore there is no likelihood of any tax liability crystallising.

As advised by the Group, the potential tax liabilities which would arise on the direct disposal of the property interests held by the Group in Group I at the amounts valued by us mainly comprise stamp duties at progressive rate from 1.5% to 8.5% on the amount/value of the consideration or value of the property whichever is higher.

As advised by the Group, the potential tax liabilities which would arise on the direct disposal of the property interests held by the Company in Group II at the amounts valued by us mainly comprise the following:

- Enterprise income tax at 25% on the gain
- Land appreciation tax at progressive rates from 30% to 60% on the appreciation of property value

## **8. REMARKS**

In accordance with our standard practice, we must state that this report is for the use only of the party to whom it is addressed and no responsibility is accepted to any third party for the whole or any part of its contents and neither the whole, nor any part of this report may be included in any published documents or statement nor published in any way without our prior written approval of the form and context in which it may appear.

Unless otherwise stated, all monetary amounts stated in our valuations are in Hong Kong Dollars (HK\$) and Renminbi (RMB).

Our Summary of Values and Valuation Certificates are attached herewith.

Yours faithfully,

For and on behalf of

**RAVIA GLOBAL APPRAISAL ADVISORY LIMITED**

**Dr. Alan Lee**

PhD(BA) MFin BCom(Property)

MHKIS RPS(GP) AAPI CPV CPV(Business)

**Director**

Dr. Alan W K Lee is a Registered Professional Surveyor (General Practice), a member of Hong Kong Institute of Surveyors and an Associate of Australian Property Institute. He has over 15 years' valuation experience in Hong Kong, Macau, the PRC, the Asia Pacific Region, European countries and American countries.

## SUMMARY OF VALUES

## Group I – Properties held by the Group for investment purpose in Hong Kong

<b>No. Property</b>	<b>Market Value in Existing State as at 31 March 2020</b>
1. Unit B9 on 10th Floor, Merit Industrial Centre, No. 94 To Kwa Wan Road, Kowloon, Hong Kong	HK\$17,600,000
2. Unit B9 on 3rd Floor, Merit Industrial Centre, No. 94 To Kwa Wan Road, Kowloon, Hong Kong	HK\$19,200,000
3. Unit A10 on 3rd Floor, Merit Industrial Centre, No. 94 To Kwa Wan Road, Kowloon, Hong Kong	HK\$13,100,000
4. Units A1, B5 and B6 on 1st Floor, whole of 2nd Floor and whole of 4th Floor, Merit Industrial Centre, No. 94 To Kwa Wan Road, Kowloon, Hong Kong	HK\$442,300,000
<b>Total:</b>	<b>HK\$492,200,000</b>

**Group II – Properties held by the Group for investment purpose in the PRC**

<b>No. Property</b>	<b>Market Value in Existing State as at 31 March 2020</b>
5. Workshop No. 1 within industrial complex situated at No. 388 Lianyun Road, East area, Development district, Guangzhou City, Guangdong Province, The PRC  中國廣州市開發區東區連雲路388號1號標準廠房	RMB91,200,000
6. Workshop No. 2 within industrial complex situated at No. 388 Lianyun Road, East area, Development district, Guangzhou City, Guangdong Province, The PRC  中國廣州市開發區東區連雲路388號2號標準廠房	RMB91,200,000
7. An industrial complex situated at No. 388 Lianyun Road, East area, Development district, Guangzhou City, Guangdong Province, The PRC  中國廣州市開發區東區連雲路388號一座標準廠房	RMB107,900,000

No.	Property	Market Value in Existing State as at 31 March 2020
8.	An industrial complex situated at No. 388 Lianyun Road, East area, Development district, Guangzhou City, Guangdong Province, The PRC  中國廣州市開發區東區連雲路388號一座標準廠房	RMB33,400,000
9.	An industrial complex situated at No. 388 Lianyun Road, East area, Development district, Guangzhou City, Guangdong Province, The PRC  中國廣州市開發區東區連雲路388號一座標準廠房	RMB179,900,000
10.	Unit 1305, Jin Lan Court, Hong Yuan Garden, Nancheng District, Dongguan City, Guangdong Province, The PRC  中國廣東省東莞市南城區宏遠花園金蘭閣1305房	RMB613,200
11.	Unit 1306, Jin Lan Court, Hong Yuan Garden, Nancheng District, Dongguan City, Guangdong Province, The PRC  中國廣東省東莞市南城區宏遠花園金蘭閣1306房	RMB613,200

No.	Property	Market Value in Existing State as at 31 March 2020
12.	Unit 1403, Jin Lan Court, Hong Yuan Garden, Nancheng District, Dongguan City, Guangdong Province, The PRC  中國廣東省東莞市南城區宏遠花園金蘭閣1403房	RMB613,200
13.	Unit 1405, Jin Lan Court, Hong Yuan Garden, Nancheng District, Dongguan City, Guangdong Province, The PRC  中國廣東省東莞市南城區宏遠花園金蘭閣1405房	RMB613,200
14.	Unit 1602, Jin Lan Court, Hong Yuan Garden, Nancheng District, Dongguan City, Guangdong Province, The PRC  中國廣東省東莞市南城區宏遠花園金蘭閣1602房	RMB613,200
15.	Unit 1605, Jin Lan Court, Hong Yuan Garden, Nancheng District, Dongguan City, Guangdong Province, The PRC  中國廣東省東莞市南城區宏遠花園金蘭閣1605房	RMB613,200

<b>No. Property</b>	<b>Market Value in Existing State as at 31 March 2020</b>
16. An industrial complex situated at No. 3 Hengtong Avenue, Nanjing Economic & Technological Development Zone, Qixia District, Nanjing City, Jiangsu Province, The PRC	RMB16,500,000
中國江蘇省棲霞區南京經濟技術開發區恒通大道3號廠房	<hr/>
<b>Total:</b>	<b>RMB523,779,200</b> <hr/> <hr/>

## VALUATION CERTIFICATE

## Group I – Properties held by the Group for investment purpose in Hong Kong

No.	Property	Description and Tenure	Particulars of Occupancy	Market Value in Existing State as at 31 March 2020
1.	Unit B9 on 10th Floor, Merit Industrial Centre, No. 94 To Kwa Wan Road, Kowloon, Hong Kong	The property comprises an industrial unit on 10th Floor of a 13-storey industrial building plus a level of basement carport known as Merit Industrial Centre which was completed in 1986.	As advised by the Group, portion of the property is subject to 2 tenancies with the latest expiry date on 30 June 2020 with a total monthly rental of HK\$20,852, both inclusive of Government Rates and management fees.	HK\$17,600,000.
	42/5,600th equal and undivided shares of and in the Remaining Portion of Kowloon Inland Lot No. 6393	The property has a gross floor area of approximately 5,358 sq.ft. (or about 498 sq.m.).  The property is held under the Government lease for a term of 75 years commencing on 5 October 1953.	The remaining portion of the property is vacant.	<b>Market Value in Existing State as at 31 December 2019</b>  HK\$17,600,000.

*Notes:*

1. The registered owner of the property is Elec & Eltek International Limited registered vide Memorial No. UB8366406 dated 31 January 2000.
2. We have been advised by the Company that Elec & Eltek International Limited has subsequently changed its company name to Elec & Eltek International (Hong Kong) Limited.
3. The site inspection was performed by Alan Lee, MHKIS in 2019.
4. Elec & Eltek International (Hong Kong) Limited is a wholly-owned subsidiary of the Company.

## VALUATION CERTIFICATE

No.	Property	Description and Tenure	Particulars of Occupancy	Market Value in Existing State as at 31 March 2020
2.	Unit B9 on 3rd Floor Merit Industrial Centre, No. 94 To Kwa Wan Road Kowloon, Hong Kong	The property comprises an industrial unit on 3rd Floor of a 13-storey industrial building plus a level of basement carport known as Merit Industrial Centre which was completed in 1986.	As advised by the Group, the property is subject to a tenancy for a term commencing on 1 December 2019 and expiring on 30 November 2020 at a monthly rental of HK\$55,584.5 inclusive of Government Rates and management fees.	HK\$19,200,000.
	46/5,600th equal and undivided shares of and in the Remaining Portion of Kowloon Inland Lot No. 6393	The property has a gross floor area of approximately 5,851 sq.ft. (or about 498 sq.m.).  The property is held under the Government lease for a term of 75 years commencing on 5 October 1953.		<b>Market Value in Existing State as at 31 December 2019</b>  HK\$19,200,000.

*Notes:*

1. The registered owner of the property is Elec & Eltek International Limited registered vide Memorial No. UB8366405 dated 31 January 2000.
2. We have been advised by the Company that Elec & Eltek International Limited has subsequently changed its company name to Elec & Eltek International (Hong Kong) Limited.
3. The site inspection was performed by Alan Lee, MHKIS in 2019.
4. Elec & Eltek International (Hong Kong) Limited is a wholly-owned subsidiary of the Company.

## VALUATION CERTIFICATE

No.	Property	Description and Tenure	Particulars of Occupancy	Market Value in Existing State as at 31 March 2020
3.	Unit A10 on 3rd Floor Merit Industrial Centre, No. 94 To Kwa Wan Road Kowloon, Hong Kong	The property comprises an industrial unit on 3rd Floor of a 13-storey industrial building plus a level of basement carport known as Merit Industrial Centre which was completed in 1986.	As advised by the Group, the property is subject to a tenancy for a term commencing on 15 March 2018 and expiring on 14 March 2020 at a monthly rental of HK\$43,000 exclusive of Government Rates and management fees, and is renewed on monthly basis.	HK\$13,100,000.
	31/5,600th equal and undivided shares of and in the Remaining Portion of Kowloon Inland Lot No. 6393	The property has a gross floor area of approximately 3,981 sq.ft. (or about 370 sq.m.).  The property is held under the Government lease for a term of 75 years commencing on 5 October 1953.		<b>Market Value in Existing State as at 31 December 2019</b>  HK\$13,100,000.

*Notes:*

1. The registered owner of the property is Elec & Eltek International Limited registered vide Memorial No. UB8366404 dated 31 January 2000.
2. We have been advised by the Company that Elec & Eltek International Limited has subsequently changed its company name to Elec & Eltek International (Hong Kong) Limited.
3. The site inspection was performed by Alan Lee, MHKIS in 2019.
4. Elec & Eltek International (Hong Kong) Limited is a wholly-owned subsidiary of the Company.

## VALUATION CERTIFICATE

No.	Property	Description and Tenure	Particulars of Occupancy	Market Value in Existing State as at 31 March 2020	Market Value in Existing State as at 31 December 2019
4.	Units A1, B5 and B6 on 1st Floor, whole of 2nd Floor (Please refer to Note 1) and whole of 4th Floor (Please refer to Note 2), Merit Industrial Centre, No. 94 To Kwa Wan Road, Kowloon, Hong Kong  1,036/5,600th equal and undivided shares of and in the Remaining Portion of Kowloon Inland Lot No. 6393	The property comprises three units on the 1st Floor, whole of 2nd Floor and whole of 4th Floor of a 13-storey industrial building plus a level of basement carport known as Merit Industrial Centre which was completed in 1986.  The property has a gross floor area of approximately 134,860 sq.ft. (or about 12,529 sq.m.).  The property is held under the Government lease for a term of 75 years commencing on 5 October 1953.	As advised by the Group, portion of the property is subject to 3 tenancies with the latest expiry date on 2 October 2022 with a total monthly rental of HK\$857,917.9, exclusive of Government Rates and management fees.  The remaining portion of the property is vacant.	HK\$442,300,000.	HK\$442,300,000.

*Notes:*

- The whole of 2nd Floor of the property includes Units A1 to A4, A6 to A12, B1 and B3 to B12 (A5 and B2 being omitted), the flat roof's appertaining to Units A7, A8 and B12, the Lift lobbies and the Corridors on 2nd Floor, and the Lift Shaft and Lift Serving the Basement to 2nd Floor of the Building.
- The whole of 4th Floor of the property includes Units A1 to A12 and B1 to B12, Lift lobbies and Corridors on 4th Floor.
- The registered owner of Units A1, B5 and B6 on 1st Floor, Units A1 to A4, A6, A9 with Flat Roof, A10, B1, B3 to B11 and B12 with Flat Roof on 2nd Floor, Units A1 to A12 and B1 to B12 on 4th Floor of the property is Elec & Eltek Multilayer PCB Limited vide Memorial Nos. UB8366398, UB8366399, UB8366400, 8366403 and UB8366407 dated 31 January 2000.
- The registered owner of Units A7 with Flat Roof, A8, A11 and A12 on 2nd Floor of the property is Elec & Eltek International Limited via Memorial No. UB8366401 dated 31 January 2000.
- The registered owner of the Lift Lobbies and the Corridors on 2nd Floor, the Lift Shaft and Lift Serving the Basement to 2nd Floor of the property is Elec & Eltek Multilayer PCB Limited via Memorial No. UB8366403 dated 31 January 2000.
- The registered owner of Lift Lobbies and Corridors on 4th Floor of the property is Elec & Eltek Multilayer PCB Limited via Memorial No. UB8366400 dated 31 January 2000.
- We have been advised by the Company that Elec & Eltek International Limited has subsequently changed its company name to Elec & Eltek International (Hong Kong) Limited.
- We have been advised by the Company that Elec & Eltek Multilayer PCB Limited and Elec & Eltek International (Hong Kong) Limited are wholly owned subsidiaries of the Company.
- The site inspection was performed by Alan Lee, MHKIS in 2019.

## VALUATION CERTIFICATE

## Group II – Properties held by the Group for investment purpose in the PRC

No.	Property	Description and Tenure	Particulars of Occupancy	Market Value in Existing State as at 31 March 2020
5.	Workshop No. 1 within industrial complex situated at No. 388 Lianyun Road, East area, Development district, Guangzhou City, Guangdong Province, The PRC  中國廣州市開發區東區連雲路388號1號標準廠房	The property is a 4-storey workshop which was completed in about 2008.  As per the layout plan attached to the Real Estate Title Certificate of the property, the gross floor area of the property is about 44,163 sq.m. (or about 475,371 sq.ft.).  The land use rights of the property have been granted for a term of 50 years commencing on 16 August 2000 for industrial use.	As advised by the Group, the property is subject to a tenancy for a term commencing on 1 August 2015 and expiring on 31 July 2025, at a monthly rental of RMB883,260 between 1 August 2015 and 31 July 2020 and a monthly rental of RMB971,586 between 1 August 2020 and 31 July 2025.	RMB91,200,000.  <b>Market Value in Existing State as at 31 December 2019</b>  RMB91,200,000.

## Notes:

1. Pursuant to a Real Estate Title Certificate, Yue (2019) Guangzhou Shi Bu Dong Chan Quan Di No. 06203400 (粵(2019)廣州市不動產權第03203400號), issued by Guangzhou City Land Resources and Housing Administration Bureau (廣州市國土資源和房屋管理局) dated 2 June 2019 and the layout plan attached to the title certificate, the property with a GFA of 44,163.1578 sq.m. is legally owned by Elec & Eltek (Guangzhou) Electronic Company Limited (依利安達(廣州)電子有限公司) as a workshop.
2. The site inspection was performed by Alan Lee, MHKIS in 2019.
3. Elec & Eltek (Guangzhou) Electronic Company Limited (依利安達(廣州)電子有限公司) is a 98%-owned subsidiary of the Company.
4. We have been provided with a PRC Legal Opinion on the property prepared by the Group's PRC Legal Adviser, which contains, inter alia, the following information:
  - a. Elec & Eltek (Guangzhou) Electronic Company Limited (依利安達(廣州)電子有限公司) is in possession of a proper legal title to the property and is entitled to transfer the property with its residual term of land use rights at no extra land premium or other onerous payment payable to the government;
  - b. The property is not subject to mortgage or any other material encumbrances;
  - c. The existing use of the property is in compliance with the local planning regulations and have been approved by the relevant authorities; and
  - d. Whether as a whole or on strata basis, the property can be freely transferred to local or overseas purchasers.

## VALUATION CERTIFICATE

No.	Property	Description and Tenure	Particulars of Occupancy	Market Value in Existing State as at 31 March 2020
6.	Workshop No. 2 within industrial complex situated at No. 388 Lianyun Road, East area, Development district, Guangzhou City, Guangdong Province, The PRC  中國廣州市開發區東區連雲路388號2號標準廠房	The property is a 4-storey workshop which was completed in about 2008.  As per the layout plan attached to the Real Estate Title Certificate of the property, the gross floor area of the property is about 44,182 sq.m. (or about 475,575 sq.ft.).  The land use rights of the property have been granted for a term of 50 years commencing on 16 August 2000 for industrial use.	As advised by the Group, the property is subject to a tenancy for a term commencing on 1 November 2017 and expiring on 31 October 2022, at a monthly rental of RMB1,249,528.	RMB91,200,000.  <b>Market Value in Existing State as at 31 December 2019</b>  RMB91,200,000.

*Notes:*

1. Pursuant to a Real Estate Title Certificate, Yue (2019) Guangzhou Shi Bu Dong Chan Quan Di No. 06203400 (粵(2019)廣州市不動產權第03203400號), issued by Guangzhou City Land Resources and Housing Administration Bureau (廣州市國土資源和房屋管理局) dated 2 June 2019 and the layout plan attached to the title certificate, the property with a GFA of 44,181.9652 sq.m. is legally owned by Elec & Eltek (Guangzhou) Electronic Company Limited (依利安達(廣州)電子有限公司) as a workshop.
2. The site inspection was performed by Alan Lee, MHKIS in 2019.
3. Elec & Eltek (Guangzhou) Electronic Company Limited (依利安達(廣州)電子有限公司) is a 98%-owned subsidiary of the Company.
4. We have been provided with a PRC Legal Opinion on the property prepared by the Group's PRC Legal Adviser, which contains, inter alia, the following information:
  - a. Elec & Eltek (Guangzhou) Electronic Company Limited (依利安達(廣州)電子有限公司) is in possession of a proper legal title to the property and is entitled to transfer the property with its residual term of land use rights at no extra land premium or other onerous payment payable to the government;
  - b. The property is not subject to mortgage or any other material encumbrances;
  - c. The existing use of the property is in compliance with the local planning regulations and have been approved by the relevant authorities; and
  - d. Whether as a whole or on strata basis, the property can be freely transferred to local or overseas purchasers.

## VALUATION CERTIFICATE

No.	Property	Description and Tenure	Particulars of Occupancy	Market Value in Existing State as at 31 March 2020
7.	An industrial complex situated at No. 388 Lianyun Road, East area, Development district, Guangzhou City, Guangdong Province, The PRC  中國廣州市開發區東區連雲路388號一座標準廠房	The property is a 4-storey workshop which was completed in about 2013.  As per the layout plan attached to the Real Estate Title Certificate of the property, the gross floor area of the property is about 52,264 sq.m. (or about 562,570 sq.ft.).  The land use rights of the property have been granted for a term of 50 years commencing on 16 August 2000 for industrial use.	As advised by the Group, the property is subject to a tenancy for a term commencing on 1 January 2015 and expiring on 31 December 2024, at a monthly rental of RMB836,224 during first to fifth year, RMB940,752 during sixth to eighth year, and RMB1,045,280 during ninth to tenth year.	RMB107,900,000.  <b>Market Value in Existing State as at 31 December 2019</b>  RMB107,900,000.

*Notes:*

1. Pursuant to a Real Estate Title Certificate, Yue (2019) Guangzhou Shi Bu Dong Chan Quan Di No. 06203400 (粵(2019)廣州市不動產權第03203400號), issued by Guangzhou City Land Resources and Housing Administration Bureau (廣州市國土資源和房屋管理局) dated 2 June 2019 and the layout plan attached to the title certificate, the property with a GFA of 52,264.3940 sq.m. is legally owned by Elec & Eltek (Guangzhou) Electronic Company Limited (依利安達(廣州)電子有限公司) as a workshop.
2. The site inspection was performed by Alan Lee, MHKIS in 2019.
3. Elec & Eltek (Guangzhou) Electronic Company Limited (依利安達(廣州)電子有限公司) is a 98%-owned subsidiary of the Company.
4. We have been provided with a PRC Legal Opinion on the property prepared by the Group's PRC Legal Adviser, which contains, inter alia, the following information:
  - a. Elec & Eltek (Guangzhou) Electronic Company Limited (依利安達(廣州)電子有限公司) is in possession of a proper legal title to the property and is entitled to transfer the property with its residual term of land use rights at no extra land premium or other onerous payment payable to the government;
  - b. The property is not subject to mortgage or any other material encumbrances;
  - c. The existing use of the property is in compliance with the local planning regulations and have been approved by the relevant authorities; and
  - d. Whether as a whole or on strata basis, the property can be freely transferred to local or overseas purchasers.

## VALUATION CERTIFICATE

No.	Property	Description and Tenure	Particulars of Occupancy	Market Value in Existing State as at 31 March 2020	Market Value in Existing State as at 31 December 2019
8.	An industrial complex situated at No. 388 Lianyun Road, East area, Development district, Guangzhou City, Guangdong Province, The PRC  中國廣州市開發區東區連雲路388號一座標準廠房	The property is a 9-storey workshop which was completed in about 2018.  As advised by the Group, the gross floor area of the property is about 13,379.20 sq.m. (or about 144,014 sq.ft.).  The land use rights of the property have been granted for a term of 50 years commencing on 16 August 2000 for industrial use.	As advised by the Group, portion of the property is subject to 3 tenancies with the latest expiry date on 31 August 2021 with a total monthly rental of RMB376,818.3.  The remaining portion of the property is occupied by the Group.	RMB33,400,000.	RMB33,400,000.

## Notes:

1. Pursuant to a Real Estate Title Certificate, Yue (2019) Guangzhou Shi Bu Dong Chan Quan Di No. 06203400 (粵(2019)廣州市不動產權第03203400號), issued by Guangzhou City Land Resources and Housing Administration Bureau (廣州市國土資源和房屋管理局) dated 2 June 2019 and the layout plan attached to the title certificate, the property with a GFA of 13,379.20 sq.m. is legally owned by Elec & Eltek (Guangzhou) Electronic Company Limited (依利安達(廣州)電子有限公司) as a workshop.
2. The site inspection was performed by Alan Lee, MHKIS in 2019.
3. Elec & Eltek (Guangzhou) Electronic Company Limited (依利安達(廣州)電子有限公司) is a 98%-owned subsidiary of the Company.
4. We have been provided with a PRC Legal Opinion on the property prepared by the Group's PRC Legal Adviser, which contains, inter alia, the following information:
  - a. Elec & Eltek (Guangzhou) Electronic Company Limited (依利安達(廣州)電子有限公司) is in possession of a proper legal title to the property and is entitled to transfer the property with its residual term of land use rights at no extra land premium or other onerous payment payable to the government;
  - b. The property is not subject to mortgage or any other material encumbrances;
  - c. The existing use of the property is in compliance with the local planning regulations and have been approved by the relevant authorities; and
  - d. Whether as a whole or on strata basis, the property can be freely transferred to local or overseas purchasers.

## VALUATION CERTIFICATE

No.	Property	Description and Tenure	Particulars of Occupancy	Market Value in Existing State as at 31 March 2020
9.	An industrial complex situated at No. 388 Lianyun Road, East area, Development district, Guangzhou City, Guangdong Province, The PRC  中國廣州市開發區東區連雲路388號一座標準廠房	The property is a 13-storey workshop together with a basement level which was completed in about March 2019.  As advised by the Group, the gross floor area of the property is about 71,946.40 sq.m. (or about 774,431 sq.ft.).  The land use rights of the property have been granted for a term of 50 years commencing on 16 August 2000 for industrial use.	As advised by the Group, the property is subject to a tenancy for a term commencing on 1 December 2019 and expiring on 30 November 2039.	RMB179,900,000.  <b>Market Value in Existing State as at 31 December 2019</b>  RMB179,900,000.

*Notes:*

1. Pursuant to a Real Estate Title Certificate, Yue (2019) Guangzhou Shi Bu Dong Chan Quan Di No. 06203400 (粵(2019)廣州市不動產權第03203400號), issued by Guangzhou City Land Resources and Housing Administration Bureau (廣州市國土資源和房屋管理局) dated 2 June, the property with a site area of 140,074 sq.m. is legally owned by Elec & Eltek (Guangzhou) Electronic Company Limited (依利安達(廣州)電子有限公司) for industrial use.
2. The site inspection was performed by Alan Lee, MHKIS in 2019.
3. Elec & Eltek (Guangzhou) Electronic Company Limited (依利安達(廣州)電子有限公司) is a 98%-owned subsidiary of the Company.
4. We have been provided with a PRC Legal Opinion on the property prepared by the Group's PRC Legal Adviser, which contains, inter alia, the following information:
  - a. Elec & Eltek (Guangzhou) Electronic Company Limited (依利安達(廣州)電子有限公司) is in possession of a proper legal title to the property and is entitled to transfer the property with its residual term of land use rights at no extra land premium or other onerous payment payable to the government;
  - b. The property is not subject to mortgage or any other material encumbrances;
  - c. The existing use of the property is in compliance with the local planning regulations and have been approved by the relevant authorities; and
  - d. Whether as a whole or on strata basis, the property can be freely transferred to local or overseas purchasers.

## VALUATION CERTIFICATE

No.	Property	Description and Tenure	Particulars of Occupancy	Market Value in Existing State as at 31 March 2020
10.	Unit 1305, Jin Lan Court, Hong Yuan Garden, Nancheng District, Dongguan City, Guangdong Province, The PRC  中國廣東省東莞市 南城區宏遠花園金 蘭閣1305房	The property comprises a residential unit on 13th floor of a high-rise building in a residential development known as Hong Yuan Garden which was completed in about 2003.  As advised by the group, the gross floor area of the property is about 84 sq.m. (or about 904 sq.ft.).  The land use rights of the property have been granted for a term of 70 years commencing on 30 April 1992 and expiring on 30 April 2062.	As advised by the Group, the property is vacant.	RMB613,200.  <b>Market Value in Existing State as at 31 December 2019</b>  RMB613,200.

*Notes:*

1. Pursuant to a Real Estate Title Certificate (房地產權證), Yue Fang Di Zheng Zi Di No. 1880054 issued by Guangzhou People's Republic Government dated 2 April 1999, the property with a GFA of 84 sq.m. is legally owned by Elec & Eltek (Guangzhou) Electronic Company Limited (依利安達(廣州)電子有限公司) for a term expiring on 30 April 2062.
2. The site inspection was performed by Alan Lee, MHKIS in 2019.
3. Elec & Eltek (Guangzhou) Electronic Company Limited (依利安達(廣州)電子有限公司) is a 98%-owned subsidiary of the Company.
4. We have been provided with a PRC Legal Opinion on the property prepared by the Group's PRC Legal Adviser, which contains, inter alia, the following information:
  - a. Elec & Eltek (Guangzhou) Electronic Company Limited (依利安達(廣州)電子有限公司) is in possession of a proper legal title to the property and is entitled to transfer the property with its residual term of land use rights at no extra land premium or other onerous payment payable to the government;
  - b. The property is not subject to mortgage or any other material encumbrances;
  - c. The existing use of the property is in compliance with the local planning regulations and have been approved by the relevant authorities; and
  - d. Whether as a whole or on strata basis, the property can be freely transferred to local or overseas purchasers.

## VALUATION CERTIFICATE

No.	Property	Description and Tenure	Particulars of Occupancy	Market Value in Existing State as at 31 March 2020
11.	Unit 1306, Jin Lan Court, Hong Yuan Garden, Nancheng District, Dongguan City, Guangdong Province, The PRC  中國廣東省東莞市 南城區宏遠花園金 蘭閣1306房	The property comprises a residential unit on 13th floor of a high-rise building in a residential development known as Hong Yuan Garden which was completed in about 2003.  As advised by the group, the gross floor area of the property is about 84 sq.m. (or about 904 sq.ft.).  The land use rights of the property have been granted for a term of 70 years commencing on 30 April 1992 and expiring on 30 April 2062.	As advised by the Group, the property is vacant.	RMB613,200.  <b>Market Value in Existing State as at 31 December 2019</b>  RMB613,200.

*Notes:*

1. Pursuant to a Real Estate Title Certificate (房地產權證), Yue Fang Di Zheng Zi Di No. 1880050 issued by Guangzhou People's Republic Government dated 2 April 1999, the property with a GFA of 84 sq.m. is legally owned by Elec & Eltek (Guangzhou) Electronic Company Limited (依利安達(廣州)電子有限公司) for a term expiring on 30 April 2062.
2. The site inspection was performed by Alan Lee, MHKIS in 2019.
3. Elec & Eltek (Guangzhou) Electronic Company Limited (依利安達(廣州)電子有限公司) is a 98%-owned subsidiary of the Company.
4. We have been provided with a PRC Legal Opinion on the property prepared by the Group's PRC Legal Adviser, which contains, inter alia, the following information:
  - a. Elec & Eltek (Guangzhou) Electronic Company Limited (依利安達(廣州)電子有限公司) is in possession of a proper legal title to the property and is entitled to transfer the property with its residual term of land use rights at no extra land premium or other onerous payment payable to the government;
  - b. The property is not subject to mortgage or any other material encumbrances;
  - c. The existing use of the property is in compliance with the local planning regulations and have been approved by the relevant authorities; and
  - d. Whether as a whole or on strata basis, the property can be freely transferred to local or overseas purchasers.

## VALUATION CERTIFICATE

No.	Property	Description and Tenure	Particulars of Occupancy	Market Value in Existing State as at 31 March 2020
12.	Unit 1403, Jin Lan Court, Hong Yuan Garden, Nancheng District, Dongguan City, Guangdong Province, The PRC  中國廣東省東莞市 南城區宏遠花園金 蘭閣1403房	The property comprises a residential unit on 14th floor of a high-rise building in a residential development known as Hong Yuan Garden which was completed in about 2003.  As advised by the group, the gross floor area of the property is about 84 sq.m. (or about 904 sq.ft.).  The land use rights of the property have been granted for a term of 70 years commencing on 30 April 1992 and expiring on 30 April 2062.	As advised by the Group, the property is vacant.	RMB613,200.  <b>Market Value in Existing State as at 31 December 2019</b>  RMB613,200.

*Notes:*

1. Pursuant to a Real Estate Title Certificate (房地產權證), Yue Fang Di Zheng Zi Di No. 1880052 issued by Guangzhou People's Republic Government dated 2 April 1999, the property with a GFA of 84 sq.m. is legally owned by Elec & Eltek (Guangzhou) Electronic Company Limited (依利安達(廣州)電子有限公司) for a term expiring on 30 April 2062.
2. The site inspection was performed by Alan Lee, MHKIS in 2019.
3. Elec & Eltek (Guangzhou) Electronic Company Limited (依利安達(廣州)電子有限公司) is a 98%-owned subsidiary of the Company.
4. We have been provided with a PRC Legal Opinion on the property prepared by the Group's PRC Legal Adviser, which contains, inter alia, the following information:
  - a. Elec & Eltek (Guangzhou) Electronic Company Limited (依利安達(廣州)電子有限公司) is in possession of a proper legal title to the property and is entitled to transfer the property with its residual term of land use rights at no extra land premium or other onerous payment payable to the government;
  - b. The property is not subject to mortgage or any other material encumbrances;
  - c. The existing use of the property is in compliance with the local planning regulations and have been approved by the relevant authorities; and
  - d. Whether as a whole or on strata basis, the property can be freely transferred to local or overseas purchasers.

## VALUATION CERTIFICATE

No.	Property	Description and Tenure	Particulars of Occupancy	Market Value in Existing State as at 31 March 2020
13.	Unit 1405, Jin Lan Court, Hong Yuan Garden, Nancheng District, Dongguan City, Guangdong Province, The PRC  中國廣東省東莞市 南城區宏遠花園金 蘭閣1405房	The property comprises a residential unit on 14th floor of a high-rise building in a residential development known as Hong Yuan Garden which was completed in about 2003.  As advised by the group, the gross floor area of the property is about 84 sq.m. (or about 904 sq.ft.).  The land use rights of the property have been granted for a term of 70 years commencing on 30 April 1992 and expiring on 30 April 2062.	As advised by the Group, the property is vacant.	RMB613,200.  <b>Market Value in Existing State as at 31 December 2019</b>  RMB613,200.

*Notes:*

1. Pursuant to a Real Estate Title Certificate (房地產權證), Yue Fang Di Zheng Zi Di No. 1880053 issued by Guangzhou People's Republic Government dated 2 April 1999, the property with a GFA of 84 sq.m. is legally owned by Elec & Eltek (Guangzhou) Electronic Company Limited (依利安達(廣州)電子有限公司) for a term expiring on 30 April 2062.
2. The site inspection was performed by Alan Lee, MHKIS in 2019.
3. Elec & Eltek (Guangzhou) Electronic Company Limited (依利安達(廣州)電子有限公司) is a 98%-owned subsidiary of the Company.
4. We have been provided with a PRC Legal Opinion on the property prepared by the Group's PRC Legal Adviser, which contains, inter alia, the following information:
  - a. Elec & Eltek (Guangzhou) Electronic Company Limited (依利安達(廣州)電子有限公司) is in possession of a proper legal title to the property and is entitled to transfer the property with its residual term of land use rights at no extra land premium or other onerous payment payable to the government;
  - b. The property is not subject to mortgage or any other material encumbrances;
  - c. The existing use of the property is in compliance with the local planning regulations and have been approved by the relevant authorities; and
  - d. Whether as a whole or on strata basis, the property can be freely transferred to local or overseas purchasers.

## VALUATION CERTIFICATE

No.	Property	Description and Tenure	Particulars of Occupancy	Market Value in Existing State as at 31 March 2020
14.	Unit 1602, Jin Lan Court, Hong Yuan Garden, Nancheng District, Dongguan City, Guangdong Province, The PRC  中國廣東省東莞市 南城區宏遠花園金 蘭閣1602房	The property comprises a residential unit on 16th floor of a high-rise building in a residential development known as Hong Yuan Garden which was completed in about 2003.  As advised by the group, the gross floor area of the property is about 84 sq.m. (or about 904 sq.ft.).  The land use rights of the property have been granted for a term of 70 years commencing on 30 April 1992 and expiring on 30 April 2062.	As advised by the Group, the property is vacant.	RMB613,200.  <b>Market Value in Existing State as at 31 December 2019</b>  RMB613,200.

*Notes:*

1. Pursuant to a Real Estate Title Certificate (房地產權證), Yue Fang Di Zheng Zi Di No. 1880046 issued by Guangzhou People's Republic Government dated 2 April 1999, the property with a GFA of 84 sq.m. is legally owned by Elec & Eltek (Guangzhou) Electronic Company Limited (依利安達(廣州)電子有限公司) for a term expiring on 30 April 2062.
2. The site inspection was performed by Alan Lee, MHKIS in 2019.
3. Elec & Eltek (Guangzhou) Electronic Company Limited (依利安達(廣州)電子有限公司) is a 98%-owned subsidiary of the Company.
4. We have been provided with a PRC Legal Opinion on the property prepared by the Group's PRC Legal Adviser, which contains, inter alia, the following information:
  - a. Elec & Eltek (Guangzhou) Electronic Company Limited (依利安達(廣州)電子有限公司) is in possession of a proper legal title to the property and is entitled to transfer the property with its residual term of land use rights at no extra land premium or other onerous payment payable to the government;
  - b. The property is not subject to mortgage or any other material encumbrances;
  - c. The existing use of the property is in compliance with the local planning regulations and have been approved by the relevant authorities; and
  - d. Whether as a whole or on strata basis, the property can be freely transferred to local or overseas purchasers.

## VALUATION CERTIFICATE

No.	Property	Description and Tenure	Particulars of Occupancy	Market Value in Existing State as at 31 March 2020
15.	Unit 1605, Jin Lan Court, Hong Yuan Garden, Nancheng District, Dongguan City, Guangdong Province, The PRC  中國廣東省東莞市 南城區宏遠花園金 蘭閣1605房	The property comprises a residential unit on 16th floor of a high-rise building in a residential development known as Hong Yuan Garden which was completed in about 2003.  As advised by the group, the gross floor area of the property is about 84 sq.m. (or about 904 sq.ft.).  The land use rights of the property have been granted for a term of 70 years commencing on 30 April 1992 and expiring on 30 April 2062.	As advised by the Group, the property is vacant.	RMB613,200.  <b>Market Value in Existing State as at 31 December 2019</b>  RMB613,200.

*Notes:*

1. Pursuant to a Real Estate Title Certificate (房地產權證), Yue Fang Di Zheng Zi Di No. 1880055 issued by Guangzhou People's Republic Government dated 2 April 1999, the property with a GFA of 84 sq.m. is legally owned by Elec & Eltek (Guangzhou) Electronic Company Limited (依利安達(廣州)電子有限公司) for a term expiring on 30 April 2062.
2. The site inspection was performed by Alan Lee, MHKIS in 2019.
3. Elec & Eltek (Guangzhou) Electronic Company Limited (依利安達(廣州)電子有限公司) is a 98%-owned subsidiary of the Company.
4. We have been provided with a PRC Legal Opinion on the property prepared by the Group's PRC Legal Adviser, which contains, inter alia, the following information:
  - a. Elec & Eltek (Guangzhou) Electronic Company Limited (依利安達(廣州)電子有限公司) is in possession of a proper legal title to the property and is entitled to transfer the property with its residual term of land use rights at no extra land premium or other onerous payment payable to the government;
  - b. The property is not subject to mortgage or any other material encumbrances;
  - c. The existing use of the property is in compliance with the local planning regulations and have been approved by the relevant authorities; and
  - d. Whether as a whole or on strata basis, the property can be freely transferred to local or overseas purchasers.

## VALUATION CERTIFICATE

No.	Property	Description and Tenure	Particulars of Occupancy	Market Value in Existing State as at 31 March 2020
16.	An industrial complex situated at No. 3 Hengtong Avenue, Nanjing Economic & Technological Development Zone, Qixia District, Nanjing City, Jiangsu Province, The PRC  中國江蘇省棲霞區 南京經濟技術開發區 恒通大道3號廠房	The property comprises a parcel of land with a site area of 13,661 sq.m. and various buildings and ancillary structures erected thereon, which were completed in about 2002 to 2008.  The property has a total gross floor area ("GFA") of approximately 5,505.12 sq.m. (or about 59,257 sq.ft.).  The land use rights of the property have been granted for a term expiring on 27 November 2050 for industrial use.	As advised by the Group, the property is subject to 5 tenancies with the latest expiry date on 24 June 2020 with a total annual rental of RMB2,019,800.	RMB16,500,000.  <b>Market Value in Existing State as at 31 December 2019</b>  RMB16,500,000.

## Notes:

1. Pursuant to a State-owned Land Use Rights Certificate (國有土地使用證), Ning Qi Guo Yong (2002) Zi Di No. 06917, the land use rights of the property with a site area of 13,661 sq.m. have been granted to Nanjing Elec & Eltek Electronic Company Limited (南京依利安達電子有限公司) for a term expiring on 27 November 2050 for industrial use.
2. Pursuant to a Real Estate Title Certificate (房屋所有權證), Ning Fang Quan Zheng Qi Chu Zi No. 203336, the property with a total GFA of 5,505.12 sq.m. is legally owned by Nanjing Elec & Eltek Electronic Company Limited (南京依利安達電子有限公司).
3. The site inspection was performed by Alan Lee, MHKIS in 2019.
4. Nanjing Elec & Eltek Electronic Company Limited (南京依利安達電子有限公司) is a wholly-owned subsidiary of the Company.
5. We have been provided with a PRC Legal Opinion on the property prepared by the Group's PRC Legal Adviser, which contains, inter alia, the following information:
  - a. Nanjing Elec & Eltek Electronic Company Limited (南京依利安達電子有限公司) is in possession of a proper legal title to the property and is entitled to transfer the property with its residual term of land use rights at no extra land premium or other onerous payment payable to the government;
  - b. The property is not subject to mortgage or any other material encumbrances;
  - c. The existing use of the property is in compliance with the local planning regulations and have been approved by the relevant authorities; and
  - d. Whether as a whole or on strata basis, the property can be freely transferred to local or overseas purchasers.

29 May 2020

**Elec & Eltek International Company Limited**

23/F, Delta House,  
3 On Yiu Street,  
Shek Mun, Shatin,  
N.T., Hong Kong

Dear Sirs/Madams,

**Re: Property Valuation of Various Properties other than those held for investment purpose in the People’s Republic of China and Thailand**

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In accordance with the instructions of Elec & Eltek International Company Limited (the “Company”, and together with its subsidiaries, the “Group”) to value the properties held by the Group in the People’s Republic of China (the “PRC”) and Thailand, we confirm that we have carried out inspections, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market values of the properties as at 31 March 2020 and 31 December 2019 (the “Dates of Valuation”) for the purpose of incorporation in the Composite Document of the Company dated 29 May 2020.

**1. BASIS OF VALUATION**

Our valuations of properties are our opinion of the market values which we would define as intended to mean “the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm’s-length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion”.

Market value is understood as the value of an asset or liability estimated without regard to costs of sale or purchase (or transaction) and without offset for any associated taxes or potential taxes.

**2. PROPERTY CATEGORIZATION**

In the course of our valuations, the properties held by the Group are categorized into the following groups:

Group I – Properties held by the Group for owner occupation in the PRC; and

Group II – Property held by the Group for owner occupation in Thailand

### **3. VALUATION METHODOLOGY**

We have valued the properties mainly with reference to market evidence of recent transaction prices for similar properties for the respective locations and types of properties.

For the properties in the PRC, due to the specific purpose for which most of the buildings and structures of the property have been constructed, there are no readily identifiable market comparables. Thus the buildings and structures have been valued on the basis of their depreciated replacement costs instead of direct comparison method. The depreciated replacement cost approach (“DRC”) is based on an estimate of the market value for the existing use of the land, plus the current cost of replacement of the existing structures less deductions for physical deterioration and all relevant forms of obsolescence and optimization. In practice, DRC approach may be used as a substitute for the market value of specialized property, due to the lack of market comparables available.

### **4. TITLE INVESTIGATION**

For the properties in Group I in the PRC, we have been provided with copies of extracts of title documents relating to such properties in the PRC. However, we have not inspected the original documents to verify the ownership or to verify any amendments which may not appear on the copies handed to us. We have relied on the legal opinion dated 29 May 2020 (the “PRC Legal Opinion”) given by the Group’s PRC legal adviser, Jian Da Law Firm (the “PRC Legal Adviser”), regarding the interests of the Group in such properties in the PRC and the validity of the title thereof. We have received, and relied on, the PRC Legal Opinion that the Group has valid and enforceable title to such properties in the PRC which are freely transferable, and has free and uninterrupted right to use the same, for the whole of the unexpired term granted subject to the payment of the requisite government rent/land use fee, as well as the confirmation given by the Group that all payable requisite land premium/purchase consideration and government rent/land use fee have been settled.

For the property in Group II in Thailand, we have been provided with copies of extracts of title documents relating to such property in Thailand. However, we have not inspected the original documents to verify the ownership or to verify any amendments which may not appear on the copies handed to us. We have relied on the legal opinion dated 29 May 2020 (the “Thailand Legal Opinion”) given by the Group’s Thailand legal adviser, Paiboonniti Company Limited (the “Thailand Legal Adviser”), regarding the interests of the Group in such property in Thailand and the validity of the title thereof. We have received, and relied on, the Thailand Legal Opinion that the Group has valid and enforceable title to such property in Thailand, as well as the confirmation given by the Group that all payable requisite land premium/purchase consideration and government rent/land use fee have been settled.

**5. VALUATION ASSUMPTIONS**

Our valuations have been made on the assumption that the owner sells the properties in the market in their existing states without the benefit of deferred term contracts, leasebacks, joint ventures, management agreements or any similar arrangements which would serve to affect the values of such properties.

In addition, no account has been taken of any option or right of pre-emption concerning or affecting the sale of the properties and no allowance has been made for the properties to be sold in one lot or to a single purchaser.

**6. SOURCE OF INFORMATION**

In the course of our valuations, we have relied to a very considerable extent on the information provided by the Group and have accepted advice given to us on such matters as planning approvals or statutory notices, easements, tenure, identification of properties, particulars of occupation, site/floor areas, ages of buildings and all other relevant matters which can affect the values of the properties. All documents have been used for reference only.

We have no reason to doubt the truth and accuracy of the information provided to us. We have also been advised that no material facts have been omitted from the information supplied. We consider that we have been provided with sufficient information to reach an informed view, and have no reason to suspect that any material information has been withheld.

**7. VALUATION CONSIDERATION**

We have inspected the exterior and, where possible, the interior of certain properties. No structural survey has been made in respect of the properties. However, in the course of our inspections, we did not note any serious defects. We are not, however, able to report that the properties are free from rot, infestation or any other structural defects. No tests were carried out on any of the building services.

We have not carried out on-site measurement to verify the site/floor areas of the properties under consideration but we have assumed that the site/floor areas shown on the documents handed to us are correct. Except as otherwise stated, all dimensions, measurements and areas included in the valuation certificates are based on information contained in the documents provided to us by the Group and are therefore approximations.

No allowance has been made in our valuations for any charges, mortgages or amounts owing on the properties nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the properties are free from encumbrances, restrictions and outgoings of an onerous nature which could affect their values.

In valuing the properties, we have complied with the requirements set out in Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, Rule 11 of the Hong Kong Codes on Takeovers and Mergers published by the Securities and Futures Commission and The HKIS Valuation Standards (2017 Edition) published by The Hong Kong Institute of Surveyors.

For the purpose of compliance with Rule 11.3 of the Hong Kong Codes on Takeovers and Mergers and as advised by the Company, the potential tax liabilities which may arise from the sale of the properties including the following clarification:

For properties in Group 1 & 2, as confirmed by the Company as at the Dates of Valuation, the Company has no intention to sell the property yet and therefore there is no likelihood of any tax liability crystallising.

As advised by the Group, the potential tax liabilities which would arise on the direct disposal of the property interests held by the Company in Group I at the amounts valued by us mainly comprise the following:

- Enterprise income tax at 25% on the gain
- Land appreciation tax at progressive rates from 30% to 60% on the appreciation of property value

As advised by the Group, the potential tax liabilities which would arise on the direct disposal of the property interest held by the Company in Group II at the amounts valued by us mainly comprise the following:

- Withholding tax at 1% of the appraised price or selling price whichever is higher
- Specific business tax at 3.3% of the appraised price or selling price whichever is higher
- Transfer fee at 2% of the appraised price

**8. REMARKS**

In accordance with our standard practice, we must state that this report is for the use only of the party to whom it is addressed and no responsibility is accepted to any third party for the whole or any part of its contents and neither the whole, nor any part of this report may be included in any published documents or statement nor published in any way without our prior written approval of the form and context in which it may appear.

Unless otherwise stated, all monetary amounts stated in our valuations are in Renminbi (RMB) and Thai Baht (THB).

Our Summary of Values and Valuation Certificates are attached herewith.

Yours faithfully,

For and on behalf of

**RAVIA GLOBAL APPRAISAL ADVISORY LIMITED**

**Dr. Alan Lee**

PhD(BA) MFin BCom(Property)

MHKIS RPS(GP) AAPI CPV CPV(Business)

**Director**

Dr. Alan W K Lee is a Registered Professional Surveyor (General Practice), a member of Hong Kong Institute of Surveyors and an Associate of Australian Property Institute. He has over 15 years' valuation experience in Hong Kong, Macau, the PRC, the Asia Pacific Region, European countries and American countries.

## SUMMARY OF VALUES

## Group I – Properties held by the Group for owner occupation in the PRC

No. Property	Market Value in Existing State as at 31 March 2020
<p>1. An industrial development located at No. 318 Siqin West Road, Shuikou Village, Kaiping City, Jiangmen City, Guangdong Province, the PRC</p> <p>中國廣東省江門市開平市水口鎮寺前西路318號之工業發展項目</p>	RMB61,200,000
<p>2. 8 Residential Units of Block A, No. 1 and 8 Woodsheds of Level 1, No. 11, Yinxi Garden, Changshaguangming Road, Sanbu District, Kaiping City, Jiangmen City, Guangdong Province, the PRC</p> <p>中國廣東省江門市開平市三埠區長沙光明路銀禧花園1號A棟之8個住宅單位及銀禧花園11號首層之8個柴房</p>	RMB3,100,000
<p>3. 6 Residential Units and 6 Utility Rooms, No. 103 Changshaguangming Road, Sanbu District, Kaiping City, Jiangmen City, Guangdong Province, the PRC</p> <p>中國廣東省江門市開平市三埠區長沙光明路103號之6個住宅單位及6個雜物房</p>	RMB2,000,000
<p>4. Unit 704, No. 11 Changshadongjiaonanquyi Lane and Utility Room No. 4, Mezzanine Floor, Block 2, No. 6 Dongjiao Road, Sanbu District, Kaiping City, Jiangmen City, Guangdong Province, the PRC</p> <p>中國廣東省江門市開平市三埠區長沙東郊南區一巷11號704房及東郊路6號2棟夾層4號雜物房</p>	RMB410,000

No. Property	Market Value in Existing State as at 31 March 2020
<p>5. Unit 503 and Utility Room No.4 of Level 1, No. 29 Changshaxing Road, Sanbu District, Kaiping City, Jiangmen City, Guangdong Province, the PRC</p> <p>中國廣東省江門市開平市三埠區長沙星路29號503房及首層4號雜物房</p>	RMB410,000
<p>6. A parcel of land located at opposite of Xinmei Village Committee Shagang Power Station, Shuikou Village, Kaiping City, Jiangmen City, Guangdong Province, the PRC</p> <p>中國廣東省江門市開平市水口鎮新美村委會沙岡供電所對面之一塊土地</p>	RMB11,100,000
<p>7. An industrial development located at Block 5, No.318 Siqin West Road, Shuikou Village, Kaiping City, Jiangmen City, Guangdong Province, the PRC</p> <p>中國廣東省江門市開平市水口鎮寺前西路318號5棟之工業發展項目</p>	RMB30,800,000
<p>8. An industrial development located at Block 8, 53, 69 &amp; 70, No. 318 Siqin West Road, Shuikou Village, Kaiping City, Jiangmen City, Guangdong Province, the PRC</p> <p>中國廣東省江門市開平市水口鎮寺前西路318號8, 53, 69及70棟之工業發展項目</p>	RMB107,300,000

No.	Property	Market Value in Existing State as at 31 March 2020
9.	A parcel of land located at south of Kai Ping Elec & Eltek Company Limited, Shagang Street Office, Kaiping City, Jiangmen City, Guangdong Province, the PRC  中國廣東省江門市開平市沙岡街道辦事處開平依利安達電子有限公司南面之一塊土地	RMB6,600,000
10.	An industrial development located at No. 1 Shida Main Road, Yizheng Economic Development Zone, Yangzhou City, Jiangsu Province, the PRC  中國江蘇省揚州市儀征經濟開發區時代大道1號之工業發展項目	RMB223,500,000
11.	An industrial development located at No. 3 Linjian Road, Guangzhou Economic and Technology Development Zone, Guangzhou City, Guangdong Province, the PRC  中國廣東省廣州市廣州經濟技術開發區臨江路3號之工業發展項目	RMB68,500,000
12.	12 Residential Units, No. 44 Zhicheng Main Road, Guangzhou Development Zone, Guangzhou City, Guangdong Province, the PRC  中國廣東省廣州市廣州開發區志誠大道44號之12個住宅單位	RMB6,290,000
13.	Unit 905, No. 4 Jinyou Street, Guangzhou Economic and Technology Development Zone, Guangzhou City, Guangdong Province, the PRC  中國廣東省廣州市廣州經濟技術開發區金友街4號905房	RMB580,000

No. Property	Market Value in Existing State as at 31 March 2020
14. An industrial development located at Majialong Industrial Road, Nanshan District, Shenzhen City, Guangdong Province, the PRC	RMB7,200,000
中國廣東省深圳市南山區馬家龍工業路之工業發展項目	
15. Units 401-402, Block 7, Lane 2, Chiwei Village, Huaqiangnan Road, Shenzhen City, Guangdong Province, the PRC	No commercial value
中國廣東省深圳市華強南路赤尾村2坊7棟401-402	
16. An industrial development located at Nanhai Main Road West and Yuquan Road North, Nanshan District, Shenzhen City, Guangdong Province, the PRC	No commercial value
中國廣東省深圳市南山區南海大道西、玉泉路北之工業發展項目	
<b>Total:</b>	<b>RMB528,990,000</b>

**Group II – Property held by the Group for owner occupation in Thailand**

<b>No. Property</b>	<b>Market Value in Existing State as at 31 March 2020</b>
17. 134 Moo 2 Tambol Bangkayang, Amphur Muang Pathumthani, Pathumthani Province, 12000 Thailand	THB260,300,000
<b>Total:</b>	<u>THB260,300,000</u>

## VALUATION CERTIFICATE

## Group I – Properties held by the Group for owner occupation in the PRC

No.	Property	Description and Tenure	Particulars of Occupancy	Market Value in Existing State as at 31 March 2020
1.	An industrial development located at No. 318 Siqin West Road, Shuikou Village, Kaiping City, Jiangmen City, Guangdong Province, the PRC	The property comprises an industrial development erected on a parcel of land with a site area of about 84,385.37 sq.m. (or about 908,324 sq.ft.), completed between 1993 and 2003.	As advised by the Group, the property is occupied by the Group.	RMB61,200,000. (Please refer to Note Nos. 3 & 4)
	中國廣東省江門市開平市水口鎮寺前西路318號之工業發展項目	As advised by the Group, the total gross floor area (“GFA”) of the property is about 52,883.96 sq.m. (or about 569,243 sq.ft.).		<b>Market Value in Existing State as at 31 December 2019</b> RMB61,700,000. (Please refer to Note Nos. 3 & 4)
		The land use rights of the property have been granted for a term of 50 years expiring on 30 July 2047 for industrial use.		

## Notes:

- Pursuant to a State Owned Land Use Rights Certificate, Kai Fu Guo Rong (2001) Di No. 01454 (開府國用(2001)第01454號), issued by The People’s Republic of China Land Resources Bureau (中華人民共和國土地資源部) dated 19 November 2001, the land parcel of the property with a site area of 84,385.37 sq.m. is legally owned by Kai Ping Elec & Eltek Company Limited (開平依利安達電子有限公司) for a term of 50 years expiring on 30 July 2047 for industrial use.
- Pursuant to 16 Real Estate Title Certificates, Yue Fang Di Zheng Zi Di Nos. C0568320, C0836940 to C0836945, C2170157 to C2170160, C2357493 and C2359817 to C2359820 (粵房地証字第C0568320, C0836940至C0836945, C2170157至C2170160, C2357493及C2359817至C2359820號), the property with a total GFA of 46,074.16 sq.m. is legally owned by Kai Ping Elec & Eltek Company Limited (開平依利安達電子有限公司).
- We have attributed no commercial value to the buildings and structures with a total GFA of 6,809.80 sq.m. which have not obtained any proper title certificate. However, for reference purpose, we are of the opinion that the depreciated replacement cost of the buildings and structures (excluding the land) as at 31 March 2020 and 31 December 2019 would be RMB6,100,000 and RMB6,200,000 respectively assuming all relevant title certificates have been obtained and the buildings could be freely transferred.
- We have attributed no commercial value to the leasehold improvements including decoration, ancillary fixtures and assets relating to the use of the property which have not obtained any proper title certificate. However, for reference purpose, we are of the opinion that their depreciated replacement cost as at 31 March 2020 and 31 December 2019 would be RMB24,400,000 and RMB25,200,000 respectively assuming they could be freely transferred.
- The site inspection was performed by Zhang Jinren, MHKIS & MCIREH in 2020. Zhang Jinren is a consultant to Ravia Global Appraisal Advisory Limited.
- Kai Ping Elec & Eltek Company Limited (開平依利安達電子有限公司) is a 95%-owned subsidiary of the Company.

7. We have been provided with a PRC Legal Opinion on the property prepared by the Group's PRC Legal Adviser, which contains, inter alia, the following information:
- a. Kai Ping Elec & Eltek Company Limited (開平依利安達電子有限公司) is in possession of a proper legal title to the property and is entitled to transfer the property with its residual term of land use rights at no extra land premium or other onerous payment payable to the government;
  - b. The property is not subject to mortgage or any other material encumbrances;
  - c. The existing use of the property is in compliance with the local planning regulations and have been approved by the relevant authorities;
  - d. Upon obtaining relevant Real Estate Title Certificates for the buildings mentioned in Note No.3, there is no legal obstacles to transfer or mortgage the property; and
  - e. Whether as a whole or on strata basis, the property can be freely transferred to local or overseas purchasers.

## VALUATION CERTIFICATE

No.	Property	Description and Tenure	Particulars of Occupancy	Market Value in Existing State as at 31 March 2020
2.	8 Residential Units of Block A, No. 1 and 8 Woodsheds of Level 1, No. 11, Yinxi Garden, Changshaguangming Road, Sanbu District, Kaiping City, Jiangmen City, Guangdong Province, the PRC	The property comprises 8 residential units located on Level 4 to 7 of Block A and 8 woodsheds located on First Floor of a residential development completed in about 1993.  As per the Real Estate Title Certificates, the total gross floor area of the property is about 892.08 sq.m. (or about 9,602 sq.ft.).	As advised by the Group, the property is occupied by the Group.	RMB3,100,000.  <b>Market Value in Existing State as at 31 December 2019</b>  RMB3,100,000.
	中國廣東省江門市開平市三埠區長沙光明路銀禧花園1號A棟之8個住宅單位及銀禧花園11號首層之8個柴房			

*Notes:*

1. Pursuant to 16 Real Estate Title Certificates, Yue Fang Di Zheng Zi Di Nos. 4317480 to 4317495 (粵房地証字第4317480至4317495號), the property with a total GFA of 892.08 sq.m. is legally owned by Kai Ping Elec & Eltek Company Limited (開平依利安達電子有限公司).
2. The site inspection was performed by Zhang Jinren, MHKIS & MCIREH in 2020. Zhang Jinren is a consultant to Ravia Global Appraisal Advisory Limited.
3. Kai Ping Elec & Eltek Company Limited (開平依利安達電子有限公司) is a 95%-owned subsidiary of the Company.
4. We have been provided with a PRC Legal Opinion on the property prepared by the Group's PRC Legal Adviser, which contains, inter alia, the following information:
  - a. Kai Ping Elec & Eltek Company Limited (開平依利安達電子有限公司) is in possession of a proper legal title to the property and is entitled to transfer the property with its residual term of land use rights at no extra land premium or other onerous payment payable to the government;
  - b. The property is not subject to mortgage or any other material encumbrances;
  - c. The existing use of the property is in compliance with the local planning regulations and have been approved by the relevant authorities; and
  - d. Whether as a whole or on strata basis, the property can be freely transferred to local or overseas purchasers.

## VALUATION CERTIFICATE

No.	Property	Description and Tenure	Particulars of Occupancy	Market Value in Existing State as at 31 March 2020
3.	6 Residential Units and 6 Utility Rooms, No. 103 Changshaguangming Road, Sanbu District, Kaiping City, Jiangmen City, Guangdong Province, the PRC	The property comprises 6 residential units located on Level 6 to 7 of Block A and 6 utility rooms of a residential development completed in about 1998.  As per the Real Estate Title Certificates, the total gross floor area of the property is about 591.43 sq.m. (or about 6,366 sq.ft.).	As advised by the Group, the property is occupied by the Group.	RMB2,000,000.  <b>Market Value in Existing State as at 31 December 2019</b>  RMB2,000,000.
	中國廣東省江門市開平市三埠區長沙光明路103號之6個住宅單位及6個雜物房			

*Notes:*

1. Pursuant to 12 Real Estate Title Certificates, Yue Fang Di Zheng Zi Di Nos. C0568602, C0568604, C0568606 to C0568612 and C0568614 to C0568616 (粵房地証字第C0568602, C0568604, C0568606至C0568612及C0568614至C0568616號), the property with a total GFA of 591.43 sq.m. is legally owned by Kai Ping Elec & Eltek Company Limited (開平依利安達電子有限公司).
2. The site inspection was performed by Zhang Jinren, MHKIS & MCIREH in 2020. Zhang Jinren is a consultant to Ravia Global Appraisal Advisory Limited.
3. Kai Ping Elec & Eltek Company Limited (開平依利安達電子有限公司) is a 95%-owned subsidiary of the Company.
4. We have been provided with a PRC Legal Opinion on the property prepared by the Group's PRC Legal Adviser, which contains, inter alia, the following information:
  - a. Kai Ping Elec & Eltek Company Limited (開平依利安達電子有限公司) is in possession of a proper legal title to the property and is entitled to transfer the property with its residual term of land use rights at no extra land premium or other onerous payment payable to the government;
  - b. All land premium and other costs of ancillary utility services has been settled in full;
  - c. The property is not subject to mortgage or any other material encumbrances;
  - d. The existing use of the property is in compliance with the local planning regulations and have been approved by the relevant authorities; and
  - e. Whether as a whole or on strata basis, the property can be freely transferred to local or overseas purchasers.

## VALUATION CERTIFICATE

No.	Property	Description and Tenure	Particulars of Occupancy	Market Value in Existing State as at 31 March 2020
4.	Unit 704, No. 11 Changshadong-jiaonanquyi Lane and Utility Room No.4, Mezzanine Floor, Block 2, No. 6 Dongjiao Road, Sanbu District, Kaiping City, Jiangmen City, Guangdong Province, the PRC	The property comprises a residential unit and a utility room of a residential development completed in between 1995 and 1997.  As per the Real Estate Title Certificates, the total gross floor area of the property is about 116.27 sq.m. (or about 1,252 sq.ft.).	As advised by the Group, the property is occupied by the Group.	RMB410,000.  <b>Market Value in Existing State as at 31 December 2019</b>  RMB410,000.
	中國廣東省江門市 開平市三埠區長沙 東郊南區一巷11號 704房及東郊路6號 2棟夾層4號雜物房			

*Notes:*

1. Pursuant to 2 Real Estate Title Certificates, Yue Fang Di Zheng Zi Di Nos. C1646984 and C1649693 (粵房地証字第C1646984及C1649693號), the property with a total GFA of 116.27 sq.m. is legally owned by Kai Ping Elec & Eltek Company Limited (開平依利安達電子有限公司).
2. The site inspection was performed by Zhang Jinren, MHKIS & MCIREH in 2020. Zhang Jinren is a consultant to Ravia Global Appraisal Advisory Limited.
3. Kai Ping Elec & Eltek Company Limited (開平依利安達電子有限公司) is a 95%-owned subsidiary of the Company.
4. We have been provided with a PRC Legal Opinion on the property prepared by the Group's PRC Legal Adviser, which contains, inter alia, the following information:
  - a. Kai Ping Elec & Eltek Company Limited (開平依利安達電子有限公司) is in possession of a proper legal title to the property and is entitled to transfer the property with its residual term of land use rights at no extra land premium or other onerous payment payable to the government;
  - b. All land premium and other costs of ancillary utility services has been settled in full;
  - c. The property is not subject to mortgage or any other material encumbrances;
  - d. The existing use of the property is in compliance with the local planning regulations and have been approved by the relevant authorities;
  - e. Unit 704 of the property can be freely transferred to local or overseas purchasers; and
  - f. The land use rights of the Utility room of the property are allocated to 開平依利安達電子有限公司 via allocation, whereby any transfer, sale, mortgage and/or lease of the land would be subject to the relevant government authorities' approval and payment of requisite land premium as determined by the relevant government authorities.

## VALUATION CERTIFICATE

No.	Property	Description and Tenure	Particulars of Occupancy	Market Value in Existing State as at 31 March 2020
5.	Unit 503 and Utility Room No. 4 of Level 1, No. 29 Changshaxing Road, Sanbu District, Kaiping City, Jiangmen City, Guangdong Province, the PRC	The property comprises a residential unit and a utility room of a residential development completed in about 1995.	As advised by the Group, the property is occupied by the Group.	RMB410,000.
	中國廣東省江門市開平市三埠區長沙星路29號503房及首層4號雜物房	As per the Real Estate Title Certificates, the total gross floor area of the property is about 114.51 sq.m. (or about 1,232.59 sq.ft.).		<b>Market Value in Existing State as at 31 December 2019</b> RMB410,000.

*Notes:*

1. Pursuant to 2 Real Estate Title Certificates, Yue Fang Di Zheng Zi Di Nos. C1646985 and C1646986 (粵房地証字第C1646985及C1646986號), the property with a total GFA of 114.51 sq.m. is legally owned by Kai Ping Elec & Eltek Company Limited (開平依利安達電子有限公司).
2. The site inspection was performed by Zhang Jinren, MHKIS & MCIREH in 2020. Zhang Jinren is a consultant to Ravia Global Appraisal Advisory Limited.
3. Kai Ping Elec & Eltek Company Limited (開平依利安達電子有限公司) is a 95%-owned subsidiary of the Company.
4. We have been provided with a PRC Legal Opinion on the property prepared by the Group's PRC Legal Adviser, which contains, inter alia, the following information:
  - a. Kai Ping Elec & Eltek Company Limited (開平依利安達電子有限公司) is in possession of a proper legal title to the property and is entitled to transfer the property with its residual term of land use rights at no extra land premium or other onerous payment payable to the government;
  - b. The property is not subject to mortgage or any other material encumbrances;
  - c. The existing use of the property is in compliance with the local planning regulations and have been approved by the relevant authorities; and
  - d. Whether as a whole or on strata basis, the property can be freely transferred to local or overseas purchasers.

## VALUATION CERTIFICATE

No.	Property	Description and Tenure	Particulars of Occupancy	Market Value in Existing State as at 31 March 2020
6.	A parcel of land located at opposite of Xinmei Village Committee Shagang Power Station, Shuikou Village, Kaiping City, Jiangmen City, Guangdong Province, the PRC	The property comprises a parcel of land with a site area of about 37,061.50 sq.m. (or about 398,930 sq.ft.).  The land use rights of the property have been granted for a term of 50 years expiring on 30 November 2056 for industrial use.	As advised by the Group, the property is occupied by the Group.	RMB11,100,000.  <b>Market Value in Existing State as at 31 December 2019</b>  RMB11,100,000.
	中國廣東省江門市 開平市水口鎮新美 村委會沙岡供電所 對面之一塊土地			

*Notes:*

1. Pursuant to a State Owned Land Use Rights Certificate, Kai Fu Guo Rong (2008) Di No. 02834 (開府國用(2008)第02834號), issued by Kaiping City People's Government (開平市人民政府) dated 23 July 2008, the land parcel of the property with a site area of 37,061.50 sq.m. is legally owned by Kai Ping Elec & Eltek Company Limited (開平依利安達電子有限公司) for a term of 50 years expiring on 30 November 2056 for industrial use.
2. The site inspection was performed by Zhang Jinren, MHKIS & MCIREH in 2020. Zhang Jinren is a consultant to Ravia Global Appraisal Advisory Limited.
3. Kai Ping Elec & Eltek Company Limited (開平依利安達電子有限公司) is a 95%-owned subsidiary of the Company.
4. We have been provided with a PRC Legal Opinion on the property prepared by the Group's PRC Legal Adviser, which contains, inter alia, the following information:
  - a. Kai Ping Elec & Eltek Company Limited (開平依利安達電子有限公司) is in possession of a proper legal title to the property and is entitled to transfer the property with its residual term of land use rights at no extra land premium or other onerous payment payable to the government;
  - b. All land premium and other costs of ancillary utility services has been settled in full;
  - c. The property is not subject to mortgage or any other material encumbrances;
  - d. The existing use of the property is in compliance with the local planning regulations and have been approved by the relevant authorities; and
  - e. Whether as a whole or on strata basis, the property can be freely transferred to local or overseas purchasers.

## VALUATION CERTIFICATE

No.	Property	Description and Tenure	Particulars of Occupancy	Market Value in Existing State as at 31 March 2020
7.	An industrial development located at Block 5, No. 318 Siqin West Road, Shuikou Village, Kaiping City, Jiangmen City, Guangdong Province, the PRC	The property comprises an industrial development erected on a parcel of land with a site area of about 27,067.80 sq.m. (or about 291,358 sq.ft.), completed in about 2007.	As advised by the Group, the property is occupied by the Group.	RMB30,800,000. (Please refer to Note No. 3)
	中國廣東省江門市開平市水口鎮寺前西路318號5棟之工業發展項目	As per the Real Estate Title Certificates, the total gross floor area (“GFA”) of the property is about 28,134.08 sq.m. (or about 302,835.24 sq.ft.).		<b>Market Value in Existing State as at 31 December 2019</b>  RMB31,000,000. (Please refer to Note No. 3)
		The land use rights of the property have been granted for a term of 50 years expiring on 15 March 2054 for industrial use.		

## Notes:

1. Pursuant to a State Owned Land Use Rights Certificate, Kai Fu Guo Rong (2005) Di No. 04290 (開府國用(2005)第04290號), issued by Kaiping City People’s Government (開平市人民政府) dated 14 November 2005, the land parcel of the property with a site area of 27,067.80 sq.m. is legally owned by Kaiping Elec & Eltek No.3 Company Limited (開平依利安達電子第三有限公司) for a term of 50 years expiring on 15 March 2054 for industrial use.
2. Pursuant to a Real Estate Title Certificate, Yue Fang Di Quan Zheng F Kaiping (2012) Zi Di No. 0900000646 (粵房地權証F開平(2012)字第0900000646號), issued by Kaiping City Housing and Rural Development Bureau (開平市住房和城鄉建設局), the property with a GFA of 28,134.08 sq.m. is legally owned by Kaiping Elec & Eltek No.3 Company Limited (開平依利安達電子第三有限公司).
3. We have attributed no commercial value to the leasehold improvements including decoration, ancillary fixtures and assets relating to the use of the property which have not obtained any proper title certificate. However, for reference purpose, we are of the opinion that their depreciated replacement cost as at 31 March 2020 and 31 December 2019 would be RMB107,100,000 and RMB109,400,000 respectively assuming they could be freely transferred.
4. The site inspection was performed by Zhang Jinren, MHKIS & MCIREH in 2020. Zhang Jinren is a consultant to Ravia Global Appraisal Advisory Limited.
5. Kaiping Elec & Eltek No.3 Company Limited (開平依利安達電子第三有限公司) is a 95%-owned subsidiary of the Company.
6. We have been provided with a PRC Legal Opinion on the property prepared by the Group’s PRC Legal Adviser, which contains, inter alia, the following information:
  - a. Kaiping Elec & Eltek No. 3 Company Limited (開平依利安達電子第三有限公司) is in possession of a proper legal title to the property and is entitled to transfer the property with its residual term of land use rights at no extra land premium or other onerous payment payable to the government;
  - b. The property is not subject to mortgage or any other material encumbrances;
  - c. The existing use of the property is in compliance with the local planning regulations and have been approved by the relevant authorities; and
  - d. Whether as a whole or on strata basis, the property can be freely transferred to local or overseas purchasers.

## VALUATION CERTIFICATE

No.	Property	Description and Tenure	Particulars of Occupancy	Market Value in Existing State as at 31 March 2020
8.	An industrial development located at Block 8, 53, 69 & 70, No. 318 Siqin West Road, Shuikou Village, Kaiping City, Jiangmen City, Guangdong Province, the PRC	The property comprises an industrial development erected on 2 parcels of land with a total site area of about 112,371.47 sq.m. (or about 1,209,567 sq.ft.), completed in between 2005 and 2009.	As advised by the Group, the property is occupied by the Group.	RMB107,300,000. (Please refer to Note No. 2)
	中國廣東省江門市開平市水口鎮寺前西路318號8,53,69及70棟之工業發展項目	As advised by the Group, the total gross floor area (“GFA”) of the property is about 77,697.68 sq.m. (or about 836,337.83 sq.ft.).		<b>Market Value in Existing State as at 31 December 2019</b> RMB107,900,000. (Please refer to Note No. 2)
		The land use rights of the property have been granted for terms of 50 years expiring on 30 July 2047 and 15 March 2054 respectively for industrial use.		

*Notes:*

1. Pursuant to 2 State Owned Land Use Rights Certificates, Kai Fu Guo Rong (2005) Di Nos. 00821 and 04181 (開府國用(2005)第00821及04181號), issued by Kaiping City People’s Government (開平市人民政府) dated 23 March 2005 and 9 November 2005, 2 land parcels of the property with a total site area of 112,371.47 sq.m. is legally owned by Kaiping Elec & Eltek No. 5 Company Limited (開平依利安達電子第五有限公司) for terms of 50 years expiring on 30 July 2047 and 15 March 2054 respectively for industrial use.
2. Pursuant to 4 Real Estate Title Certificates, Yue Fang Di Zheng Zi Di No.C7239918 (粵房地証字第C7239918號), Yue Fang Di Quan Zheng F Kaiping (2011) Zi Di No.0900000460 (粵房地權証F開平(2011)字第0900000460號), Yue Fang Di Quan Zheng F Kaiping (2012) Zi Di Nos. 0900000703 & 0900000720 (粵房地權証F開平(2012)字第0900000703及0900000720號), the property with a total GFA of 59,711.28 sq.m. is legally owned by Kaiping Elec & Eltek No.5 Company Limited (開平依利安達電子第五有限公司).
3. We have attributed no commercial value to the buildings with a total GFA of 17,986.40 sq.m. which have not obtained any proper title certificate. However, for reference purpose, we are of the opinion that the depreciated replacement cost of the buildings and structures (excluding the land) as at 31 March 2020 and 31 December 2019 would be RMB22,500,000 and RMB22,600,000 assuming all relevant title certificates have been obtained and the buildings could be freely transferred.
4. The site inspection was performed by Zhang Jinren, MHKIS & MCIREH in 2020. Zhang Jinren is a consultant to Ravia Global Appraisal Advisory Limited.
5. Kaiping Elec & Eltek No.5 Company Limited (開平依利安達電子第五有限公司) is a 95%-owned subsidiary of the Company.
6. We have been provided with a PRC Legal Opinion on the property prepared by the Group’s PRC Legal Adviser, which contains, inter alia, the following information:
  - a. Kaiping Elec & Eltek No. 5 Company Limited (開平依利安達電子第五有限公司) is in possession of a proper legal title to the property and is entitled to transfer the property with its residual term of land use rights at no extra land premium or other onerous payment payable to the government;
  - b. The property is not subject to mortgage or any other material encumbrances;
  - c. The existing use of the property is in compliance with the local planning regulations and have been approved by the relevant authorities;
  - d. Upon obtaining relevant Real Estate Title Certificates for the buildings mentioned in Note No.2, there is no legal obstacles to transfer or mortgage the property; and
  - e. Whether as a whole or on strata basis, the property can be freely transferred to local or overseas purchasers.

## VALUATION CERTIFICATE

No.	Property	Description and Tenure	Particulars of Occupancy	Market Value in Existing State as at 31 March 2020
9.	A parcel of land located at south of Kai Ping Elec & Eltek Company Limited, Shagang Street Office, Kaiping City, Jiangmen City, Guangdong Province, the PRC	The property comprises a parcel of land with a site area of about 22,590.01 sq.m. (or about 243,159 sq.ft.).	As advised by the Group, the property is occupied by the Group.	RMB6,600,000. (Please refer to Note No. 2)
	中國廣東省江門市開平市沙岡街道辦事處開平依利安達電子有限公司南面之一塊土地	As advised by the Group, the total gross floor area (“GFA”) of the property is about 12,965.60 sq.m. (or about 139,562 sq.ft.).		<b>Market Value in Existing State as at 31 December 2019</b>  RMB6,600,000. (Please refer to Note No.2)
		The land use rights of the property have been granted for a term of 50 years expiring on 15 March 2054 for industrial use.		

## Notes:

1. Pursuant to a State Owned Land Use Rights Certificate, Kai Fu Guo Rong (2005) Di No. 04291 (開府國用(2005)第04291號), issued by Kaiping City People’s Government (開平市人民政府) dated 14 November 2005, the land parcel of the property with a site area of 22,590.01 sq.m. is legally owned by Kaiping Pacific Insulating Material Company Limited (開平太平洋絕緣材料有限公司) for a term of 50 years expiring on 15 March 2054 for industrial use.
2. We have attributed no commercial value to the buildings with a total GFA of 12,965.60 sq.m. which have not obtained any proper title certificate. However, for reference purpose, we are of the opinion that the depreciated replacement cost of the buildings and structures (excluding the land) as at 31 March 2020 and 31 December 2019 would be RMB18,700,000 and RMB18,800,000 assuming all relevant title certificates have been obtained and the buildings could be freely transferred.
3. The site inspection was performed by Zhang Jinren, MHKIS & MCIREH in 2020. Zhang Jinren is a consultant to Ravia Global Appraisal Advisory Limited.
4. Kaiping Pacific Insulating Material Company Limited (開平太平洋絕緣材料有限公司) is a wholly-owned subsidiary of the Company.
5. We have been provided with a PRC Legal Opinion on the property prepared by the Group’s PRC Legal Adviser, which contains, inter alia, the following information:
  - a. Kaiping Pacific Insulating Material Company Limited (開平太平洋絕緣材料有限公司) is in possession of a proper legal title to the property and is entitled to transfer the property with its residual term of land use rights at no extra land premium or other onerous payment payable to the government;
  - b. The property is not subject to mortgage or any other material encumbrances;
  - c. The existing use of the property is in compliance with the local planning regulations and have been approved by the relevant authorities;
  - d. Upon obtaining relevant Real Estate Title Certificates for the buildings mentioned in Note No. 2, there is no legal obstacles to transfer or mortgage the property; and
  - e. Whether as a whole or on strata basis, the property can be freely transferred to local or overseas purchasers.

## VALUATION CERTIFICATE

No.	Property	Description and Tenure	Particulars of Occupancy	Market Value in Existing State as at 31 March 2020
10.	An industrial development located at No. 1 Shida Main Road, Yizheng Economic Development Zone, Yangzhou City, Jiangsu Province, the PRC  中國江蘇省揚州市儀征經濟開發區時代大道1號之工業發展項目	The property comprises an industrial development erected on a parcel of land with a site area of about 210,837 sq.m. (or about 2,269,449 sq.ft.), completed in about 2011.  As per the Real Estate Title Certificate, the gross floor area (“GFA”) of the property is about 65,036.17 sq.m. (or about 700,049 sq.ft.).  The land use rights of the property have been granted for a term of 50 years expiring on 1 May 2061 for industrial use.	As advised by the Group, the property is occupied by the Group.	RMB223,500,000. (Please refer to Note No. 2)  Market Value in Existing State as at 31 December 2019  RMB224,700,000. (Please refer to Note No. 2)

*Notes:*

1. Pursuant to a Real Estate Title Certificate, Su (2016) Yizheng City Bu Dong Chan Quan Di No. 0006140 (蘇(2016)儀征市不動產權第0006140號), issued by Yizheng City Land Resources Bureau (儀征市國土資源局), the property with a site area of 210,837 sq.m. and a GFA of 65,036.17 sq.m. are legally owned by Yangzhou Elec & Eltek Electronic Company Limited (揚州依利安達電子有限公司).
2. We have attributed no commercial value to the leasehold improvements including decoration, ancillary fixtures and assets relating to the use of the property which have not obtained any proper title certificate. However, for reference purpose, we are of the opinion that their depreciated replacement cost as at 31 March 2020 and 31 December 2019 would be RMB77,200,000 and RMB78,100,000 respectively assuming they could be freely transferred.
3. The site inspection was performed by Zhang Jinren, MHKIS & MCIREH in 2020. Zhang Jinren is a consultant to Ravia Global Appraisal Advisory Limited.
4. Yangzhou Elec & Eltek Electronic Company Limited (揚州依利安達電子有限公司) is a wholly-owned subsidiary of the Company.
5. We have been provided with a PRC Legal Opinion on the property prepared by the Group’s PRC Legal Adviser, which contains, inter alia, the following information:
  - a. Yangzhou Elec & Eltek Electronic Company Limited (揚州依利安達電子有限公司) is in possession of a proper legal title to the property and is entitled to transfer the property with its residual term of land use rights at no extra land premium or other onerous payment payable to the government;
  - b. The property is not subject to mortgage or any other material encumbrances;
  - c. The existing use of the property is in compliance with the local planning regulations and have been approved by the relevant authorities; and
  - d. Whether as a whole or on strata basis, the property can be freely transferred to local or overseas purchasers.

## VALUATION CERTIFICATE

No.	Property	Description and Tenure	Particulars of Occupancy	Market Value in Existing State as at 31 March 2020
11.	An industrial development located at No. 3 Linjian Road, Guangzhou Economic and Technology Development Zone, Guangzhou City, Guangdong Province, the PRC	The property comprises an industrial development erected on 3 parcels of land with a total site area of about 25,907.19 sq.m. (or about 278,865 sq.ft.), completed in between 1999 and 2002.	As advised by the Group, the property is occupied by the Group.	RMB68,500,000. (Please refer to Note No. 2)
	中國廣東省廣州市廣州經濟技術開發區臨江路3號之工業發展項目	As per the Real Estate Title Certificate, the gross floor area (“GFA”) of the property is about 43,444.20 sq.m. (or about 467,633 sq.ft.).		<b>Market Value in Existing State as at 31 December 2019</b>  RMB69,000,000. (Please refer to Note No. 2)
		The land use rights of the property have been granted for terms of 50 years expiring on 31 December 2043 and 10 February 2046 respectively for industrial uses.		

*Notes:*

- Pursuant to 3 Real Estate Title Certificates, Sui Fang Di Zheng Zi Di Nos. 0513570 and 0588379, and Yuet Fang Di Zheng Zi Di No.C0748084 (穗房地証字第0513570及0588379號及粵房地証字第C0748084號), issued by Guangzhou City Land Resources Administration Bureau (廣州市國土局房管局) and Guangzhou City People’s Government (廣州市人民政府) dated 11 November 1999, 5 February 2002 and 8 August 2000 respectively, the property with a total site area of 25,907.19 and a total GFA of 43,444.20 sq.m. are legally owned by Elec & Eltek (Guangzhou) Electronic Company Limited (依利安達(廣州)電子有限公司) for terms of 50 years expiring on 31 December 2043 and 10 February 2046 respectively for industrial uses.
- We have attributed no commercial value to the leasehold improvements including decoration, ancillary fixtures and assets relating to the use of the property which have not obtained any proper title certificate. However, for reference purpose, we are of the opinion that their depreciated replacement cost as at 31 March 2020 and 31 December 2019 would be RMB146,100,000 and RMB147,900,000 respectively assuming they could be freely transferred.
- The site inspection was performed by Zhang Jinren, MHKIS & MCIREH in 2020. Zhang Jinren is a consultant to Ravia Global Appraisal Advisory Limited.
- Elec & Eltek (Guangzhou) Electronic Company Limited (依利安達(廣州)電子有限公司) is a 98%-owned subsidiary of the Company.
- We have been provided with a PRC Legal Opinion on the property prepared by the Group’s PRC Legal Adviser, which contains, inter alia, the following information:
  - Elec & Eltek (Guangzhou) Electronic Company Limited (依利安達(廣州)電子有限公司) is in possession of a proper legal title to the property and is entitled to transfer the property with its residual term of land use rights at no extra land premium or other onerous payment payable to the government;
  - The property is not subject to mortgage or any other material encumbrances;
  - The existing use of the property is in compliance with the local planning regulations and have been approved by the relevant authorities; and
  - Whether as a whole or on strata basis, the property can be freely transferred to local or overseas purchasers.

## VALUATION CERTIFICATE

No.	Property	Description and Tenure	Particulars of Occupancy	Market Value in Existing State as at 31 March 2020
12.	12 Residential Units, No. 44 Zhicheng Main Road, Guangzhou Development Zone, Guangzhou City, Guangdong Province, the PRC	The property comprises 12 residential units on Level 5 to Level 9 of a residential building.  The property has a total gross floor area ("GFA") of approximately 899.24 sq.m. (or about 9,679.38 sq.ft.).	As advised by the Group, the property is occupied by the Group.	RMB6,290,000.
				<b>Market Value in Existing State as at 31 December 2019</b>  RMB6,290,000.
	中國廣東省廣州市 廣州開發區志誠大道44號之12個住宅單位			

## Notes:

1. Pursuant to 12 Real Estate Title Certificates (房屋所有權證), Sui Fang Di Zheng Zi Di Nos. 0588193, 0588194, 0588196, 0588197, 0588199, 0588301, 0588302, 0588304, 0588307, 0588308, 0588393 and 0588394 (穗房地証字第0588193,0588194,0588196,0588197,0588199,0588301,0588302,0588304,0588307,0588308,0588393及0588394號), the property with a total GFA of 899.24 sq.m. is legally owned by Elec & Eltek (Guangzhou) Electronic Company Limited (依利安達(廣州)電子有限公司).
2. The site inspection was performed by Zhang Jinren, MHKIS & MCIREH in 2020. Zhang Jinren is a consultant to Ravia Global Appraisal Advisory Limited.
3. Elec & Eltek (Guangzhou) Electronic Company Limited (依利安達(廣州)電子有限公司) is a 98%-owned subsidiary of the Company.
4. We have been provided with a PRC Legal Opinion on the property prepared by the Group's PRC Legal Adviser, which contains, inter alia, the following information:
  - a. Elec & Eltek (Guangzhou) Electronic Company Limited (依利安達(廣州)電子有限公司) is in possession of a proper legal title to the property and is entitled to transfer the property with its residual term of land use rights at no extra land premium or other onerous payment payable to the government;
  - b. The property is not subject to mortgage or any other material encumbrances;
  - c. The existing use of the property is in compliance with the local planning regulations and have been approved by the relevant authorities; and
  - d. Whether as a whole or on strata basis, the property can be freely transferred to local or overseas purchasers.

## VALUATION CERTIFICATE

No.	Property	Description and Tenure	Particulars of Occupancy	Market Value in Existing State as at 31 March 2020
13.	Unit 905, No. 4 Jinyou Street, Guangzhou Economic and Technology Development Zone, Guangzhou City, Guangdong Province, the PRC	The property comprises a residential unit on Level 9 of a residential building.  The property has a gross floor area ("GFA") of approximately 82.36 sq.m. (or about 886.52 sq.ft.).	As advised by the Group, the property is occupied by the Group.	RMB580,000.
				<b>Market Value in Existing State as at 31 December 2019</b>  RMB580,000.
	中國廣東省廣州市 廣州經濟技術開發 區金友街4號905房			

*Notes:*

1. Pursuant to a Real Estate Title Certificate (房屋所有權證), Sui Fang Di Zheng Zi Di No. 0888080 (穗房地証字第0888080號), the property with a GFA of 82.36 sq.m. is legally owned by Elec & Eltek (Guangzhou) Electronic Company Limited (依利安達(廣州)電子有限公司).
2. The site inspection was performed by Zhang Jinren, MHKIS & MCIREH in 2020. Zhang Jinren is a consultant to Ravia Global Appraisal Advisory Limited.
3. Elec & Eltek (Guangzhou) Electronic Company Limited (依利安達(廣州)電子有限公司) is a 98%-owned subsidiary of the Company.
4. We have been provided with a PRC Legal Opinion on the property prepared by the Group's PRC Legal Adviser, which contains, inter alia, the following information:
  - a. Elec & Eltek (Guangzhou) Electronic Company Limited (依利安達(廣州)電子有限公司) is in possession of a proper legal title to the property and is entitled to transfer the property with its residual term of land use rights at no extra land premium or other onerous payment payable to the government;
  - b. The property is not subject to mortgage or any other material encumbrances;
  - c. The existing use of the property is in compliance with the local planning regulations and have been approved by the relevant authorities; and
  - d. Whether as a whole or on strata basis, the property can be freely transferred to local or overseas purchasers.

## VALUATION CERTIFICATE

No.	Property	Description and Tenure	Particulars of Occupancy	Market Value in Existing State as at 31 March 2020
14.	An industrial development located at Majialong Industrial Road, Nanshan District, Shenzhen City, Guangdong Province, the PRC  中國廣東省深圳市南山區馬家龍工業路之工業發展項目	The property comprises an industrial development erected on a parcel of land with a site area of about 9,063.30 sq.m. (or about 97,557 sq.ft.), completed in between 1987 and 1988.  As per the Real Estate Title Certificates, the total gross floor area ("GFA") of the property is about 5,120.77 sq.m. (or about 55,120 sq.ft.).  The land use rights of the property have been granted for a term of 50 years expiring on 14 May 2037 for industrial use.	As advised by the Group, the property is occupied by the Group.	RMB7,200,000.  <b>Market Value in Existing State as at 31 December 2019</b>  RMB7,200,000.

*Notes:*

1. Pursuant to a Real Estate Title Certificate, Shen Fang Di Zi Di No. 4000118835 (深房地字第4000118835號), issued by Shenzhen City Planning and Land Resources Bureau (深圳市規劃與國土資源局) dated 17 July 2003, the property with a site area of 9,063.30 sq.m. and a total GFA of 5,120.77 sq.m. are legally owned by Shenzhen Pacific Insulating Material Company Limited (深圳太平洋絕緣材料有限公司).
2. The site inspection was performed by Zhang Jinren, MHKIS & MCIREH in 2020. Zhang Jinren is a consultant to Ravia Global Appraisal Advisory Limited.
3. Shenzhen Pacific Insulating Material Company Limited (深圳太平洋絕緣材料有限公司) is a 93.5%-owned subsidiary of the Company.
4. We have been provided with a PRC Legal Opinion on the property prepared by the Group's PRC Legal Adviser, which contains, inter alia, the following information:
  - a. Shenzhen Pacific Insulating Material Company Limited (深圳太平洋絕緣材料有限公司) is in possession of a proper legal title to the property and is entitled to transfer the property with its residual term of land use rights at no extra land premium or other onerous payment payable to the government;
  - b. The property is not subject to mortgage or any other material encumbrances;
  - c. The existing use of the property is in compliance with the local planning regulations and have been approved by the relevant authorities; and
  - d. Whether as a whole or on strata basis, the property can be freely transferred to local or overseas purchasers.

## VALUATION CERTIFICATE

No.	Property	Description and Tenure	Particulars of Occupancy	Market Value in Existing State as at 31 March 2020
15.	Units 401-402, Block 7, Lane 2, Chiwei Village, Huaqiangnan Road, Shenzhen City, Guangdong Province, the PRC  中國廣東省深圳市華強南路赤尾村2坊7棟401-402	The property comprises an 2 residential units on Level 4 of a residential building.  As per the Sales and Purchase Agreement, the gross floor area (“GFA”) of the property is about 179.55 sq.m. (or about 1,933 sq.ft.).	As advised by the Group, the property is occupied by the Group.	No commercial value (Please refer to Note No. 2)
				<b>Market Value in Existing State as at 31 December 2019</b>  No commercial value (Please refer to Note No. 2)

*Notes:*

1. Pursuant to a Sales and Purchase Agreement dated 15 September 1987, Shenzhen Pacific Insulating Material Company Limited (深圳太平洋絕緣材料有限公司) purchased the property at a consideration of RMB86,902.20.
2. We have attributed no commercial value to the property as the relevant title certificates have not yet obtained. For your reference purpose, we are of the opinion that the market value in existing states, assuming that the relevant title certificates have been obtained and the property is freely disposed of in the market, as at 31 March 2020 and 31 December 2019, would be RMB2,070,000.
3. The site inspection was performed by Zhang Jinren, MHKIS & MCIREH in 2020. Zhang Jinren is a consultant to Ravia Global Appraisal Advisory Limited.
4. Shenzhen Pacific Insulating Material Company Limited (深圳太平洋絕緣材料有限公司) is a 93.5%-owned subsidiary of the Company.
5. We have been provided with a PRC Legal Opinion on the property prepared by the Group’s PRC Legal Adviser, which contains, inter alia, the following information:
  - a. Shenzhen Pacific Insulating Material Company Limited (深圳太平洋絕緣材料有限公司) is entitled to occupy and possess the property;
  - b. The property is not subject to mortgage or any other material encumbrances;
  - c. The existing use of the property is in compliance with the local planning regulations and have been approved by the relevant authorities; and
  - d. Whether as a whole or on strata basis, the property cannot be freely transferred to local or overseas purchasers.

## VALUATION CERTIFICATE

No.	Property	Description and Tenure	Particulars of Occupancy	Market Value in Existing State as at 31 March 2020
16.	An industrial development located at Nanhai Main Road West and Yuquan Road North, Nanshan District, Shenzhen City, Guangdong Province, the PRC	The property comprises a parcel of industrial land with a site area of about 1,753.34 sq.m. (or about 18,873 sq.ft.).	As advised by the Group, the property is occupied by the Group.	No commercial value (Please refer to Note No. 2)
				<b>Market Value in Existing State as at 31 December 2019</b>
				No commercial value (Please refer to Note No. 2)
	中國廣東省深圳市南山區南海大道西、玉泉路北之工業發展項目			

*Notes:*

1. Pursuant to a Sales and Purchase Agreement dated 25 March 1988, Shenzhen Pacific Insulating Material Company Limited (深圳太平洋絕緣材料有限公司) purchased the property at a consideration of RMB18,900.
2. We have attributed no commercial value to the property as the relevant title certificates have not yet obtained. For your reference purpose, we are of the opinion that the market value in existing states, assuming that the relevant title certificates have been obtained and the property is freely disposed of in the market, as at 31 March 2020 and 31 December 2019, would be RMB700,000.
3. The site inspection was performed by Zhang Jinren, MHKIS & MCIREH in 2020. Zhang Jinren is a consultant to Ravia Global Appraisal Advisory Limited.
4. Shenzhen Pacific Insulating Material Company Limited (深圳太平洋絕緣材料有限公司) is a 93.5%-owned subsidiary of the Company.
5. We have been provided with a PRC Legal Opinion on the property prepared by the Group's PRC Legal Adviser, which contains, inter alia, the following information:
  - a. Shenzhen Pacific Insulating Material Company Limited (深圳太平洋絕緣材料有限公司) is entitled to occupy and possess the property;
  - b. The property is not subject to mortgage or any other material encumbrances;
  - c. The existing use of the property is in compliance with the local planning regulations and have been approved by the relevant authorities; and
  - d. Whether as a whole or on strata basis, the property cannot be freely transferred to local or overseas purchasers.

## VALUATION CERTIFICATE

## Group II – Properties held by the Group for owner occupation in Thailand

No.	Property	Description and Tenure	Particulars of Occupancy	Market Value in Existing State as at 31 March 2020
17.	134 Moo 2 Tambol Bangkayang, Amphur Muang Pathumthani, Pathumthani Province, 12000 Thailand	The property comprises an industrial development erected on a parcel of land with a site area of about 81,323.60 sq.m. (or about 875,367 sq.ft.).  As per the title certificate, the gross floor area (“GFA”) of the property is about 30,622 sq.m. (or about 329,615 sq.ft.).	As advised by the Group, the property is occupied by the Group.	THB260,300,000.  <b>Market Value in Existing State as at 31 December 2019</b>  THB260,300,000.

*Notes:*

1. Pursuant to 41 Land Title Deeds, the land uses right of the property with a site area of 81,323.60 sq.m. is owned by Elec & Eltek (Thailand) Limited.
2. Pursuant to a Property Certificate No. 13010134738, the property with a GFA of 30,622 sq.m. is owned by Elec & Eltek (Thailand) Limited.
3. The site inspection was performed by Ms. PhaNittha Amonsawakul, BBA in 2020. Ms. PhaNittha Amonsawakul is a consultant to Ravia Global Appraisal Advisory Limited.
4. Elec & Eltek (Thailand) Limited is a wholly-owned subsidiary of the Company.
5. We have been provided with a Thailand Legal Opinion on the property prepared by the Group’s Thailand Legal Adviser, the property is legally owned by Elec & Eltek (Thailand) Limited.

**1. RESPONSIBILITY STATEMENTS****1.1 Hong Kong Takeovers Code**

The issue of this Composite Document has been approved by the directors of Kingboard Holdings and the Offeror, who jointly and severally accept full responsibility for the accuracy of the information contained in this Composite Document (other than that relating to the E&E Group) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this Composite Document (other than those opinions expressed by E&E or the directors of E&E) have been arrived at after due and careful consideration and there are no other facts not contained in this Composite Document, the omission of which would make any statement in this Composite Document misleading.

**1.2 Singapore Take-over Code**

The directors of Kingboard Holdings and the Offeror (including any who may have delegated detailed supervision of this Composite Document) have taken all reasonable care to ensure that the facts stated and all opinions expressed in this Composite Document (other than those relating to the E&E Group) are fair and accurate, and that no material facts have been omitted from this Composite Document, the omission of which would make any statement in this Composite Document misleading. Where any information in this Composite Document has been extracted or reproduced from published or publicly available sources or obtained from E&E, the sole responsibility of the directors of the Offeror and Kingboard Holdings has been to ensure, through reasonable enquiries that such information is accurately and correctly extracted from such sources or, as the case may be, accurately reflected or reproduced in this Composite Document. The directors of the Offeror and Kingboard Holdings jointly and severally accept responsibility accordingly.

**2. DISCLOSURE OF INTERESTS IN E&E'S SECURITIES**

For the purpose of paragraphs 2 and 3 in this Appendix VII to this Composite Document, "interested" has the same meaning as ascribed to that term in Part XV of the SFO and in Section 164 of the Singapore Companies Act.

As at the Latest Practicable Date, save as disclosed in the paragraph headed "Information of the E&E Group – Shareholding Structure of E&E" in "Letter from GF Securities" in this Composite Document:

- (a) the Offeror did not own any Shares, securities which carry voting rights in E&E, or convertible securities, warrants, options, or derivatives in respect of the Shares;
- (b) no director of the Offeror was interested in any Shares, securities which carry voting rights in E&E, or convertible securities, warrants, options, or derivatives in respect of the Shares; and

- (c) no parties acting in concert with the Offeror owned or controlled any Shares, securities which carry voting rights in E&E, or convertible securities, warrants, options, or derivatives in respect of the Shares.

### **3. DEALINGS IN THE SHARES**

During the Relevant Period, none of the Offeror, the directors of the Offeror, or the parties acting in concert with the Offeror had dealt for value in any Shares, securities which carry voting rights in E&E, or convertible securities, warrants, options, or derivatives in respect of the Shares.

### **4. ARRANGEMENTS IN CONNECTION WITH THE OFFER**

As at the Latest Practicable Date:

- (a) there was no agreement, arrangement or understanding for any payment or other benefit to be made or given to any director of E&E, or any of its related corporations as compensation for loss of office or otherwise in connection with the Offer;
- (b) no agreement, arrangement, or understanding (including any compensation arrangement) existed between (i) the Offeror or any person acting in concert with it; and (ii) any directors of E&E, recent directors of E&E, Shareholders, or recent Shareholders having any connection with or was dependent upon the outcome of the Offer;
- (c) there was no agreement, arrangement, or understanding between the Offeror and any of the directors of E&E or any other person in connection with or conditional upon the outcome of the Offer or is otherwise connected with the Offer;
- (d) no arrangement of the kind referred to in Note 8 to Rule 22 of the Hong Kong Takeovers Code and Note 7 on Rule 12 of the Singapore Take-over Code (whether by way of option, indemnity, or otherwise) including but not limited to those in relation to the Shares and which might be material to the Offer had been entered into between (i) the Offeror or any person acting in concert with it or any associate of the Offeror; and (ii) any other person;
- (e) no person who owned or controlled Shares, securities which carry voting rights in E&E, or convertible securities, warrants, options, or derivatives in respect of Shares had irrevocably committed themselves to the Offeror to accept or reject the Offer;
- (f) there were no Shares, securities which carry voting rights in E&E, or convertible securities, warrants, options, or derivatives in respect of Shares which the Offeror or any person acting in concert with it had borrowed or lent, save for borrowed securities (if any) which have been either on-lent or sold;

- (g) there was no agreement or arrangement to which the Offeror or any person acting in concert with it was a party which related to the circumstances in which it might or might not invoke or seek to invoke a pre-condition or a condition to the Offer;
- (h) none of the Offeror or the parties acting in concert with it had granted any security interest in respect of any Shares (including Shares to be acquired by the Offeror under the Offer and those Shares that may be acquired by the Offeror and persons acting in concert with it during the offer period), securities which carry voting rights in E&E, or convertible securities, warrants, options, or derivatives in respect of Shares in favour of any other person, whether through a charge, pledge, or otherwise;
- (i) there was no agreement, arrangement, or understanding whereby any Shares acquired pursuant to the Offer will be transferred to any other person. The Offeror, however, reserves the right to transfer any of the Shares to any party acting in concert with it or for the purpose of granting security in favour of financial institutions which have extended or shall extend credit facilities to it; and
- (j) the memorandum and articles of association of E&E does not contain any restrictions on the right to transfer the Shares, which has the effect of requiring Shareholders, before transferring them, to offer them for purchase to other Shareholders or to any other person.
- (k) there was no understanding, arrangement, or agreement or special deal between (1) any Shareholder; and (2)(i) the Offeror and any party acting in concert with it; or (ii) E&E or its subsidiaries or associated companies.

## 5. MISCELLANEOUS

- (a) The Offeror is an investment holding company incorporated in Bermuda with limited liability on 21 April 1989. The address of the registered office of the Offeror is Victoria Place, 5th Floor, 31 Victoria Street, Hamilton HM 10, Bermuda. The correspondence address of the Offeror is c/o Kingboard Holdings Limited, 23/F Delta House, 3 On Yiu Street, Shek Mun, Shatin, Hong Kong. As at the Latest Practicable Date, the entire issued share capital of the Offeror was indirectly owned by Kingboard Holdings. As at the Latest Practicable Date, the board of directors of the Offeror comprised Mr. Cheung Kwok Wing, Mr. Chang Wing Yiu, and Mr. Cheung Kwok Ping. The address of the directors of the Offeror is c/o Kingboard Holdings Limited, 23/F Delta House, 3 On Yiu Street, Shek Mun, Shatin, Hong Kong.
- (b) Kingboard Holdings is the ultimate controlling shareholder of the Offeror. Kingboard Holdings is a company incorporated in the Cayman Islands with limited liability. The address of the registered office of Kingboard Holdings is Whitehall House, 238 North Church Street, P.O. Box 1043, George Town, Grand Cayman

KY1-1102, Cayman Islands. The correspondence address of Kingboard Holdings 23/F Delta House, 3 On Yiu Street, Shek Mun, Shatin, Hong Kong. The Kingboard Group have business activities ranging from the manufacture and sale of, among others, laminates, printed circuit boards, chemicals and magnetic products, and property development and investment. As at the Latest Practicable Date, the board of directors of Kingboard Holdings comprised Mr. Cheung Kwok Wing, Mr. Chang Wing Yiu, Mr. Cheung Kwong Kwan, Mr. Ho Yin Sang, Ms. Stephanie Cheung Wai Lin, Mr. Cheung Ka Shing, and Mr. Chen Maosheng as executive directors; and Mr. Cheung Ming Man, Dr. Chong Kin Ki, Mr. Leung Tai Chiu, and Mr. Chan Wing Kee as independent non-executive directors.

- (c) Hallgain Management Limited is the controlling shareholder of Kingboard Holdings, holding approximately 39.02% interests in the issued share capital of Kingboard Holdings as at the Latest Practicable Date and its directors are Mr. Cheung Kwok Wing, Mr. Cheung Kwok Ping, Mr. Cheung Kwok Wa, and Mr. Lam Ka Po.
- (d) Elitelink Holdings Limited is a company incorporated in the British Virgin Islands with limited liability. The address of the registered office of Elitelink Holdings Limited is Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands. The correspondence address of Elitelink Holdings Limited is c/o Kingboard Holdings Limited, 23/F Delta House, 3 On Yiu Street, Shek Mun, Shatin, Hong Kong. As at the Latest Practicable Date, the entire issued share capital of Elitelink Holdings Limited was indirectly owned by Kingboard Holdings. As at the Latest Practicable Date, the board of directors of Elitelink Holdings Limited comprised Mr. Cheung Kwok Wing, Mr. Cheung Kwok Wa, and Mr. Chang Wing Yiu.
- (e) Kingboard Investments Limited is a company incorporated in Hong Kong with limited liability. The address of the registered office of Kingboard Investments Limited is 23/F Delta House, 3 On Yiu Street, Shek Mun, Shatin, Hong Kong. As at the Latest Practicable Date, the entire issued share capital of Kingboard Investments Limited was indirectly owned by Kingboard Holdings. As at the Latest Practicable Date, the board of directors of Kingboard Investments Limited comprised Mr. Cheung Kwok Wing, Mr. Cheung Kwok Ping, Mr. Cheung Kwok Wa, and Mr. Chang Wing Yiu.
- (f) The registered office of GF Capital and GF Securities is situated at 29-30/F, Li Po Chun Chambers, 189 Des Voeux Road Central, Sheung Wan, Hong Kong.
- (g) GF Capital is the financial adviser to the Offeror in respect of the Offer under the Hong Kong Takeovers Code.
- (h) GF Securities is making the Offer for and on behalf of the Offeror under the Hong Kong Takeovers Code.

## **1. RESPONSIBILITY STATEMENTS**

This Composite Document includes particulars disclosed in compliance with the Hong Kong Takeovers Code and the Singapore Take-over Code for the purpose of giving information with regard to the E&E Group.

### **1.1 Hong Kong Takeovers Code**

The board of directors of E&E jointly and severally accept full responsibility for the accuracy of the information contained in this Composite Document (other than any information relating to the Offeror and parties acting in concert with it excluding, for the avoidance of doubt, the E&E Group for this purpose), and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this Composite Document (other than those expressed by the Offeror or the directors of the Offeror) have been arrived at after due and careful consideration and there are no other facts not contained in this Composite Document, the omission of which would make any statement in this Composite Document misleading.

### **1.2 Singapore Take-over Code**

The board of directors of E&E (including those who have delegated detailed supervision of this Composite Document) have taken all reasonable care to ensure that the facts stated and all opinions expressed in this Composite Document (other than any information relating to the Offeror and parties acting in concert with it excluding, for the avoidance of doubt, the E&E Group) are fair and accurate and that no material facts have been omitted from this Composite Document (the omission of which would render any statement in this Composite Document misleading in any material respect), and they jointly and severally accept responsibility accordingly. Where any information has been extracted or reproduced from published or otherwise publicly available sources or obtained from the Offeror, the sole responsibility of the board of directors of E&E has been to ensure, through reasonable enquiries, that such information is accurately extracted from such sources or, as the case may be, reflected or reproduced in this Composite Document.

In respect of the “Letter from the Hong Kong Independent Financial Adviser” and the “Letter from the Singapore Independent Financial Adviser” and Appendix V to this Composite Document, the sole responsibility of the board of directors of E&E has been to ensure that the facts stated therein with respect to the E&E Group are fair and accurate in all material respects.

## 2. DIRECTORS

The names, designations and addresses of the directors of E&E as at the Latest Practicable Date are set out below:

Name	Address	Designation
Stephanie Cheung Wai Lin	House 31, Hong Lok Road West, Hong Lok Yuen, Tai Po, New Territories, Hong Kong Special Administrative Region	Chairman, Executive Director, Chief Operating Officer
Chang Wing Yiu	House 25, Hong Lok Yuen, 16th Street, Tai Po, New Territories, Hong Kong Special Administrative Region	Executive Director
Stanley Chung Wai Cheong	Flat C, 9/F., Island Lodge, 180 Java Road, North Point, Hong Kong SAR, People's Republic of China	Independent Non- Executive Director
Ong Shen Chieh	56 Strathmore Avenue #04- 117, Singapore 140056	Independent Non- Executive Director
Kong Tze Wing	Flat E, 5th Floor, Foong Shan Mansion, Taikoo Shing, Hong Kong Special Administrative Region	Independent Non- Executive Director

## 3. PRINCIPAL ACTIVITIES

Established in 1972, E&E is one of the global leading manufacturers of conventional (as well as technology advanced) high density interconnects (“**HDI**”) and backplane printed circuit boards (“**PCB**”) of up to 50-layers, and has made Quick Turn Around (“**QTA**”) service available, which offers shorter delivery load time. E&E was listed on the Mainboard of SGX-ST in 1994 and achieved dual-listed status on the Mainboard of SEHK in 2011.

E&E currently operates four production sites, which are located in Kaiping, Guangzhou, Yangzhou and Thailand. With its own laminate facilities, E&E has sharpened the competitive edge of E&E and its subsidiaries in cost control and material supply through vertical integration.

E&E is dedicated to providing high quality PCBs to customers, which include global leaders in different electronics sectors, with its main focus being on Communication & Networking, Automotive Industries, Computer & Computer Peripherals and Consumer Electronics.

#### 4. SHARE CAPITAL

As at the Latest Practicable Date:

- (a) the issued and paid-up share capital of E&E was S\$171,997,789.22 (equivalent to approximately HK\$937 million applying an exchange rate of S\$1 to HK\$5.45 as at the Latest Practicable Date) comprising 186,919,962 Shares in issue;
- (b) E&E is a company incorporated in Singapore pursuant to the Singapore Companies Act, and there is no concept of authorised share capital under the Singapore Companies Act;
- (c) all of the Shares ranked pari passu in all respects as regards rights to capital, dividends, and voting;
- (d) no option over the Shares had been granted or was outstanding under E&E's share option schemes;
- (e) there were no outstanding instruments convertible into, rights to subscribe for, or options in respect of, the Shares or securities which carry voting rights affecting the Shares; and
- (f) E&E had not issued any Shares since 31 December 2019 (being the date on which the latest published audited financial statements of the E&E Group were made up).

#### 5. MARKET PRICES

The following table sets out the closing price on SEHK and SGX-ST of the Shares: (i) on the Latest Practicable Date; (ii) on the Last Trading Day; and (iii) at the end of each of the calendar months during the Relevant Period.

Date	Closing price per Share on SEHK (HK\$)	Closing price per Share on SGX-ST (US\$)
31 October 2019	11.80	1.50
29 November 2019	11.50	1.51
31 December 2019	13.00	1.71
31 January 2020	13.00	1.66

Date	Closing price per Share on SEHK (HK\$)	Closing price per Share on SGX-ST (US\$)
28 February 2020	13.00	1.52
24 March 2020 (being the Last Trading Day)	10.60	1.17
31 March 2020 ( <i>Note 1</i> )	N/A	N/A
30 April 2020	17.44 ( <i>Note 2</i> )	2.16
26 May 2020 (being the Latest Practicable Date)	17.30	2.16

*Notes:*

- Trading in the Shares on SEHK and SGX-ST was halted from 25 March 2020 to 2 April 2020 pending the release of the Offer Announcement.
- 30 April 2020 was a public holiday in Hong Kong. The closing price of the Shares on SEHK on 29 April 2020 was HK\$17.44 per Share.

During the Relevant Period: (i) the highest closing price of the Shares was HK\$17.60 as quoted on SEHK on 6 May 2020 and US\$2.17 as quoted on SGX-ST on 15 April 2020; and (ii) the lowest closing price of the Shares was HK\$10.60 as quoted on SEHK on 24 March 2020 and US\$1.12 as quoted on SGX-ST on 23 March 2020.

## 6. DISCLOSURE OF INTERESTS

For the purpose of paragraphs 6, 7, and 8 in this Appendix VII to this Composite Document, “interested” has the same meaning as ascribed to that term in Part XV of the SFO and Section 164 of the Singapore Companies Act.

### 6.1 Long Position in the Shares

As at the Latest Practicable Date, Mr. Chang Wing Yiu, an executive director of E&E, held a long position in respect of the Shares, the particulars of which are as follows:

Name	Number of Shares held	Approximate shareholding % to total Shares
Chang Wing Yiu	486,600	0.26%

**6.2 Confirmations**

Except as disclosed in the section headed “Disclosure of Interests – Long Position in the Shares” above in this Appendix VII, as at the Latest Practicable Date:

- (a) E&E did not own any Offeror Shares or any convertible securities, warrants, options or derivatives in respect of the Offeror Shares;
- (b) none of the directors of E&E was interested in any Offeror Shares or any convertible securities, warrants, options, or derivatives in respect of the Offeror Shares;
- (c) none of the directors of E&E was interested in any Shares, securities which carry voting rights in E&E, or any convertible securities, warrants, options, or derivatives in respect of the Shares or in respect of other securities which carry voting rights in E&E;
- (d) no subsidiary of E&E, or any pension fund of E&E or of any other member of the E&E Group, or any person who is presumed to be acting in concert with E&E by virtue of class (5) of the definition of “acting in concert” under the Hong Kong Takeovers Code, or any person who is an associate of E&E by virtue of class (2) of the definition of “associate” under the Hong Kong Takeovers Code (but excluding exempt principal traders and exempt fund managers), owned or controlled any Shares or any convertible securities, warrants, options, or derivatives in respect of the Shares;
- (e) no person who has an arrangement of the kind referred to in Note 8 to Rule 22 of the Hong Kong Takeovers Code with E&E or with any person who is presumed to be acting in concert with the E&E by virtue of classes (1), (2), (3), and (5) of the definition of “acting in concert” under the Hong Kong Takeovers Code, or who is an associate of the E&E by virtue of classes (2), (3), and (4) of the definition of “associate” under the Hong Kong Takeovers Code, owned or controlled any Shares or any convertible securities, warrants, options, or derivatives in respect of the Shares;
- (f) none of the non-exempt discretionary fund managers or principal traders connected with E&E owned, controlled, or managed any Shares or any convertible securities, warrants, options, or derivatives in respect of the Shares;
- (g) none of the Independent Financial Advisers or funds whose investments are managed by the Independent Financial Advisers on a discretionary basis, owned or controlled any Shares, securities which carry voting rights in E&E, or any convertible securities, warrants, options, or derivatives in respect of the Shares or in respect of other securities which carry voting rights in E&E;

- (h) neither E&E nor any of the directors of E&E had borrowed or lent any Shares or any convertible securities, warrants, options, or derivatives in respect of the Shares;
- (i) apart from Mr. Chang Wing Yiu (an executive director of E&E), none of the directors of E&E had any beneficial shareholdings in the Shares, securities which carry voting rights in E&E, or any convertible securities, warrants, options, or derivatives in respect of the Shares or in respect of other securities which carry voting rights in E&E, and therefore they were not required to indicate their intention to accept or reject the Offer; and
- (j) Mr. Chang Wing Yiu (an executive director of E&E) had indicated his intention to accept the Offer.

## 7. DEALINGS IN THE SHARES

During Relevant Period:

- (a) none of the directors of E&E had dealt for value in any Shares, securities which carry voting rights in E&E, or convertible securities, warrants, options, or derivatives in respect of the Shares or in respect of other securities which carry voting rights in E&E;
- (b) none of the Independent Financial Advisers or funds whose investments are managed by the Independent Financial Advisers on a discretionary basis had dealt for value in any Shares, securities which carry voting rights in E&E, or any convertible securities, warrants, options, or derivatives in respect of the Shares or in respect of other securities which carry voting rights in E&E;
- (c) no subsidiary of E&E; or any pension fund of E&E or of any other member of the E&E Group; or person who is presumed to be acting in concert with E&E by virtue of class (5) of the definition of “acting in concert” or who is an associate of E&E by virtue of class (2) of the definition of “associate” under the Hong Kong Takeovers Code (but excluding exempt principal traders and exempt fund managers) had dealt for value in any Shares or any convertible securities, warrants, options, or derivatives in respect of the Shares; and
- (d) none of the non-exempt discretionary fund managers or principal traders connected with E&E had dealt for value in any Shares or any convertible securities, warrants, options, or derivatives in respect of the Shares.

## 8. DEALINGS IN OFFEROR SHARES

During the Relevant Period, neither E&E nor any of the directors of E&E had dealt for value in any Offeror Shares or any convertible securities, warrants, options, or derivatives in respect of the Offeror Shares.

## **9. E&E DIRECTORS' SERVICE CONTRACTS**

### **9.1 Confirmations under the Hong Kong Takeovers Code**

As at the Latest Practicable Date, none of the directors or proposed directors of E&E had entered into any service contracts with E&E or any of its subsidiaries or associated companies (i) which are fixed term contracts with more than 12 months to run irrespective of notice period; (ii) which have been entered into or amended during the Relevant Period; or (iii) which are continuous contracts with a notice period of 12 months or more.

### **9.2 Confirmations under the Singapore Take-over Code**

As at the Latest Practicable Date, none of the directors or proposed directors of E&E had entered into any service contracts with E&E or any of its subsidiaries

- (a) which (i) have more than 12 months to run and (ii) which cannot be terminated by E&E within the next 12 months without paying any compensation; or
- (b) which have been entered into or amended during the Relevant Period.

## **10. MATERIAL LITIGATION**

As at the Latest Practicable Date, (i) none of the members of the E&E Group was engaged in any litigation, arbitration, or claim of material importance; and (ii) no litigation, arbitration, or claim of material importance was known to the board of directors of E&E to be pending or threatened by or against any member of the E&E Group.

## **11. MATERIAL CONTRACTS**

The E&E Group did not enter into any material contract (not being contracts entered into in the ordinary course of business) during the period beginning on 3 April 2018 (i.e. two years before the commencement of the offer period) up to and including the Latest Practicable Date.

## **12. MATERIAL CONTRACTS WITH INTERESTED PERSONS**

The E&E Group did not enter into any material contract (not being contracts entered into in the ordinary course of business) with persons who are Interested Persons during the period beginning on 3 April 2017 (i.e. three years before the commencement of the offer period) up to and including the Latest Practicable Date.

An "Interested Person" means:

- (a) a director, chief executive officer, or substantial shareholder of E&E;

- (b) the immediate family of a director, the chief executive officer, or a substantial shareholder (being an individual) of E&E;
- (c) the trustees, acting in their capacity as such trustees, of any trust of which a director, the chief executive officer, or a substantial shareholder (being an individual) and his immediate family is a beneficiary;
- (d) any company in which a director, the chief executive officer, or a substantial shareholder (being an individual) together and his immediate family together (directly or indirectly) have an interest of 30% or more;
- (e) any company that is the subsidiary, holding company, or fellow subsidiary of the substantial shareholder (being a company); or
- (f) any company in which a substantial shareholder (being a company) and any of the companies listed in (e) above together (directly or indirectly) have an interest of 30% or more.

### 13. MISCELLANEOUS

- (a) As at the Latest Practicable Date, none of the directors of E&E or of any of E&E's related corporations (as defined in Section 6 of the Singapore Companies Act) had been or will be given any benefit as compensation for loss of office or otherwise in connection with the Offer.
- (b) As at the Latest Practicable Date, there was no agreement or arrangement between any director of E&E and any other person which is conditional on or dependent upon the outcome of the Offer or otherwise connected with the Offer.
- (c) As at the Latest Practicable Date, there was no material contract entered into by the Offeror in which any of the directors of E&E had a material personal interest, whether direct or indirect.
- (d) The registered office of E&E is 80 Raffles Place #33-00, UOB Plaza 1, Singapore 048624. The headquarters and principal place of business of E&E is 23/F, Delta House, 3 On Yiu Street, Shek Mun, Shatin, New Territories, Hong Kong.
- (e) The principal share registrar of E&E in Singapore is Boardroom Corporate & Advisory Services Pte. Ltd. at 50 Raffles Place #32-01, Singapore Land Tower, Singapore 048623.
- (f) The Hong Kong branch share registrar of E&E is Tricor Investor Services Limited, Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong.

- (g) As at the Latest Practicable Date, the board of directors of E&E comprised (i) two executive directors, namely Ms. Stephanie Cheung Wai Lin and Mr. Chang Wing Yiu; and (ii) three independent non-executive directors, namely Mr. Stanley Chung Wai Cheong, Mr. Ong Shen Chieh and Mr. Kong Tze Wing.
- (h) The company secretary of E&E is Ms. Marian Ho Wui Mee, who is a senior partner in Dentons Rodyk & Davidson LLP's Corporate Practice Group.
- (i) The principal place of business of the Hong Kong Independent Financial Adviser is 17/F., Three Pacific Place, 1 Queen's Road East, Hong Kong.
- (j) The principal place of business of the Singapore Independent Financial Adviser is 80 Raffles Place, #43-01 UOB Plaza 1, Singapore 048624.

**1. QUALIFICATIONS OF EXPERTS**

The following are the qualifications of each of the experts who have been named in this Composite Document or who have given their opinion or advice, which is contained in this Composite Document:

<b>Name</b>	<b>Qualification</b>
GF Capital (Hong Kong) Limited	a licensed corporation to carry on type 6 (advising on corporate finance) regulated activity under the SFO
GF Securities (Hong Kong) Brokerage Limited	a licensed corporation to carry on type 1 (dealing in securities) and type 4 (advising on securities) regulated activities under the SFO
Soochow Securities International Capital Limited	a licensed corporation to carry on type 6 (advising on corporate finance) regulated activity under the SFO
SooChow CSSD Capital Markets (Asia) Pte. Ltd.	holder of a capital markets services licence issued pursuant to the SFA for the regulated activities of advising on corporate finance and dealing in capital markets products
Ravia Global Appraisal Advisory Limited	Property valuer

**2. CONSENTS**

Each of the experts named in above has given and has not withdrawn its written consents to the issue of this Composite Document with the inclusion therein of its recommendations, opinions, reports, and/or letters and/or the references to its name and/or recommendations, opinions, reports, and/or letters in the form and context in which they respectively appear.

Copies of the following documents will be available for inspection at (i) the office of E&E located at 23/F, Delta House, 3 On Yiu Street, Shek Mun, Shatin, New Territories, Hong Kong from 9:30 a.m. to 5:00 p.m., Mondays to Fridays (except public holidays in Hong Kong); (ii) on the website of E&E at <http://www.eleceltek.com>; and (iii) the website of the SFC at [www.sfc.hk](http://www.sfc.hk) from the date of this Composite Document until the end of the offer period:

- (a) the memorandum and articles of association of E&E;
- (b) the bye-laws of the Offeror;
- (c) the annual reports of E&E for each of FY2017, FY2018, and FY2019;
- (d) the “Letter from GF Securities”, the text of which is set out on pages 9 to 27 of this Composite Document;
- (e) the “Letter from the Board of Directors of E&E”, the text of which is set out on pages 28 to 35 of this Composite Document;
- (f) the “Letter from the Independent Board Committee”, the text of which is set out on pages 36 and 37 of this Composite Document;
- (g) the “Letter from the Hong Kong Independent Financial Adviser”, the text of which is set out on pages 38 to 71 of this Composite Document;
- (h) the “Letter from the Singapore Independent Financial Adviser”, the text of which is set out on pages 72 to 126 of this Composite Document;
- (i) the written consents referred to in the section headed “Consents” in “Appendix VIII – Expert Qualifications and Consents” to this Composite Document; and
- (j) English and Chinese versions of the property valuation report of the E&E Group (including the valuation certificates) prepared by Ravia Global Appraisal Advisory Limited, which is set out in “Appendix V – Property Valuation Report” to this Composite Document.