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* Asterisks denote mandatory information

Name of Announcer *	ELEC & ELTEK INT CO LTD
Company Registration No.	199300005H
Announcement submitted on behalf of	ELEC & ELTEK INT CO LTD
Announcement is submitted with respect to *	ELEC & ELTEK INT CO LTD
Announcement is submitted by *	Claudia Heng
Designation *	Company Secretary
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>> ANNOUNCEMENT DETAILS

The details of the announcement start here ...

Announcement Title *	Joint Announcement - Proposed Voluntary Delisting of Elec & Eltek International Company Limited
Description	Please refer to attachment.
Attachments	<p> JointAnnouncement_Delisting_Final_22May09v4.pdf</p> <p>Total size = 140K (2048K size limit recommended)</p>

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This Joint Announcement does not constitute an offer or a solicitation to any person in any jurisdiction in which such offer or solicitation is unlawful. The Exit Offer (as defined herein) is not being proposed in any jurisdiction in which the introduction or implementation of the Exit Offer would not be in compliance with the laws of such jurisdiction. However, Kingboard Chemical (as defined herein) may, in its sole discretion, take such action as it may deem necessary to extend the Exit Offer to E&E Shareholders (as defined herein) in any such jurisdiction.

Elec & Eltek International Company Limited

(Company Registration No.: 199300005H)
(Incorporated in the Republic of Singapore)

Kingboard Chemical Holdings Limited

(Company Registration No.: CA-45375)
(Incorporated in the Cayman Islands with limited liability)

JOINT ANNOUNCEMENT

**PROPOSED VOLUNTARY DELISTING OF
ELEC & ELTEK INTERNATIONAL COMPANY LIMITED**

1. INTRODUCTION

1.1 The Delisting Proposal. Elec & Eltek International Company Limited (“**E&E**” or the “**Company**”) and Kingboard Chemical Holdings Limited (the “**Offeror**” or “**Kingboard Chemical**”) wish to jointly announce that the Offeror presented to the board of directors of E&E (the “**Board**”) a proposal to seek the proposed privatisation (the “**Delisting Proposal**”) of E&E by way of a voluntary delisting (the “**Delisting**”) from the Official List of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) on 22 May 2009. The Delisting is proposed to be made pursuant to Rule 1307 of the listing manual of the SGX-ST (the “**Listing Manual**”).

Under the Delisting Proposal, DBS Bank Ltd. (“**DBS Bank**”), for and on behalf of the Offeror, will make an exit offer (the “**Exit Offer**”) to acquire:

- (i) all the issued ordinary shares in E&E (the “**E&E Shares**”) held by all the shareholders of E&E (the “**E&E Shareholders**”), other than those already owned, controlled or agreed to be acquired by the Offeror and its subsidiaries; and
- (ii) all new E&E Shares unconditionally issued or to be issued pursuant to the valid exercise, prior to the close of the Exit Offer, of any options (the “**E&E Options**”, each an “**E&E Option**”) to subscribe for new E&E Shares under the 2002 Elec & Eltek Employees’ Share Option Scheme (the “**2002 ESOS**”) and the 2008 Elec & Eltek Employees’ Share Option Scheme (the “**2008 ESOS**”).

For the purpose of the Exit Offer, the expression “**E&E Shares**” shall include all new E&E Shares unconditionally issued or to be issued pursuant to the valid exercise of the E&E Options prior to the close of the Exit Offer.

- 1.2 Delisting Announcement.** E&E and the Offeror wish to jointly announce that the Board has considered the Delisting Proposal and has resolved to convene an extraordinary general meeting of E&E (the “**EGM**”) in due course to seek the approval of the E&E Shareholders of the resolution for the Delisting (the “**Delisting Resolution**”) and to make an application to the SGX-ST for the approval of the Delisting.
- 1.3 Independent Financial Adviser.** E&E will be appointing an independent financial adviser (the “**IFA**”) to the directors of E&E who are considered independent for the purposes of the Exit Offer (the “**Independent E&E Directors**”) to advise on the Exit Offer.

2. INFORMATION ON THE PARTIES

- 2.1 E&E.** E&E was incorporated in Singapore in 1993 and was listed on the Main Board of the SGX-ST in 1994. It principally engages in the fabrication and distribution of double-sided, multi-layer and high density interconnect printed circuit boards (“**PCB**”) and supplies a variety of PCB products to a diverse customer base. E&E is an indirect subsidiary of the Offeror, which has approximately 71.71 per cent. interest in the issued capital of E&E¹.
- 2.2 Kingboard Chemical.** The Offeror was incorporated in the Cayman Islands in 1993 as an exempted company with limited liability and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (“**SEHK**”). The Offeror is one of the world’s largest laminates manufacturers. The principal business activity of the Offeror is investment holding. The principal business activities of the Offeror’s subsidiaries are the manufacturing and sales of laminates, copper foil, glass fabric, glass yarn, bleached kraft paper, printed circuit boards, chemicals, liquid crystal displays and magnetic products.

The current board of directors of the Offeror comprises:

Cheung Kwok Wing (Chairman and Executive Director)
Chan Wing Kwan (Managing Director and Executive Director)
Cheung Kwong Kwan (Executive Director)
Chang Wing Yiu (Executive Director)
Ho Yin Sang (Executive Director)
Cheung Wai Lin, Stephanie (Executive Director)
Mok Cham Hung, Chadwick (Executive Director)
Cheng Wai Chee, Christopher (Independent Non-Executive Director)
Lai Chung Wing, Robert (Independent Non-Executive Director)
Tse Kam Hung (Independent Non-Executive Director)
Henry Tan (Independent Non-Executive Director)

Mr Cheung Kwok Wing, Mr Chan Wing Kwan and Mr Chang Wing Yiu are non-executive directors of E&E. Mr Mok Cham Hung, Chadwick is an executive director of E&E.

¹ In this Joint Announcement, for the purposes of computation, the number of E&E Shares is 178,887,062 (excluding treasury shares), as at the Joint Announcement Date.

3. LISTING MANUAL PROVISIONS PERTAINING TO THE DELISTING

3.1 **Rule 1307 of the Listing Manual.** Under Rule 1307 of the Listing Manual, the SGX-ST may agree to an application by E&E to delist from the Official List of the SGX-ST if:

3.1.1 E&E convenes the EGM to obtain the approval of the E&E Shareholders of the Delisting Resolution;

3.1.2 the Delisting Resolution is approved by a majority of at least 75 per cent. of the total number of issued E&E Shares (excluding treasury shares) held by the E&E Shareholders present and voting, on a poll, either in person or by proxy at the EGM (the directors of E&E (the “**E&E Directors**”) and controlling shareholders of E&E (the “**Controlling E&E Shareholders**”) need not abstain from voting on the Delisting Resolution); and

3.1.3 the Delisting Resolution is not voted against by 10 per cent. or more of the total number of issued E&E Shares (excluding treasury shares) held by the E&E Shareholders present and voting, on a poll, either in person or by proxy at the EGM.

3.2 **Rule 1309 of the Listing Manual.** In addition, Rule 1309 of the Listing Manual requires that if E&E is seeking to delist from the Official List of the SGX-ST:

3.2.1 a reasonable exit alternative, which should normally be in cash, should be offered to the E&E Shareholders and holders of any other classes of listed securities to be delisted; and

3.2.2 E&E should normally appoint an IFA to advise on the Exit Offer.

4. THE DELISTING PROPOSAL

4.1 **Exit Offer Price.** Under the Exit Offer, the Offeror will offer the E&E Shareholders (excluding the subsidiaries of the Offeror which hold E&E Shares) (the “**Relevant E&E Shareholders**”) the following consideration for each E&E Share tendered in acceptance of the Exit Offer (the “**Exit Offer Price**”):

4.1.1 US\$1.20 in cash (the “**Cash Consideration**”); or

4.1.2 0.45 new ordinary shares of HK\$0.10 each in the capital of the Offeror (the “**New KCHL Shares**”) which are to be allotted and issued on a fully paid up basis in connection with the Exit Offer as part of the Exit Offer Price (the “**Share Exchange Offer**”) at the issue price of HK\$20.50 per New KCHL Share (the “**Issue Price**”) (equivalent to US\$2.65 at the exchange rate of US\$1 : HK\$7.75 as at 21 May 2009, being the Business Day (as defined below) immediately preceding the date (the “**Joint Announcement Date**”) of this joint announcement by the Offeror and E&E of the Delisting Proposal (the “**Joint Announcement**”)); or

4.1.3 a combination of the Cash Consideration and the Share Exchange Offer (the “**Combination Offer**”),

provided that the Offeror obtains clearance by SEHK (the “**SEHK Clearance**”) for the listing of, and permission to deal in, the New KCHL Shares which may be allotted and issued

pursuant to the Share Exchange Offer or the Combination Offer (as the case may be). The Offeror will be making an application to SEHK to seek the listing of, and permission to deal in, the New KCHL Shares after the release of this Joint Announcement.

In the event the SEHK Clearance is not obtained, the Offeror shall offer only the Cash Consideration to each Relevant E&E Shareholder.

Each Relevant E&E Shareholder who tenders his E&E Shares in acceptance of the Exit Offer has the discretion to receive the Exit Offer Price in the form of the Cash Consideration, the Share Exchange Offer or the Combination Offer (as the case may be).

For the purposes of this Joint Announcement, “**Business Day**” means a day (other than Saturday, Sunday or public holiday) on which commercial banks are open for business in Hong Kong and Singapore.

4.2 Approvals under Singapore and Hong Kong Laws. In addition to the SEHK Clearance, the availability of the Share Exchange Offer and the Combination Offer is also conditional upon the following:

4.2.1 confirmation from the SGX-ST that it has no objection to the Share Exchange Offer and the Combination Offer. The Offeror will make an application to the SGX-ST in relation to the foregoing after the release of this Joint Announcement; and

4.2.2 if required, the obtaining by the Offeror or its subsidiaries, of such other necessary consent, approval, authorisation, permission, waiver or exemption which may be required from any appropriate government or government bodies, regulatory bodies, courts or institutions or other third parties in Hong Kong which are necessary or desirable for the performance of the Delisting under the applicable Hong Kong laws and regulations.

In the event the aforementioned approvals, if required, are not obtained, the Offeror shall offer only the Cash Consideration to each Relevant E&E Shareholder.

4.3 Default Exit Offer Price. In the event a Relevant E&E Shareholder tenders his E&E Shares in acceptance of the Exit Offer but does not make a valid election between the Cash Consideration, the Share Exchange Offer or the Combination Offer, the Relevant E&E Shareholder will be paid the Cash Consideration in default for each E&E Share tendered in acceptance of the Exit Offer. Further information on the acceptance procedures for the Exit Offer will be set out in the exit offer letter from the Offeror to the Relevant E&E Shareholders (the “**Exit Offer Letter**”).

4.4 Aggregate Consideration Payable. The aggregate Cash Consideration or that portion of the Combination Offer which is payable in cash to each Relevant E&E Shareholder for the E&E Shares held by such Relevant E&E Shareholder will be rounded down to the nearest whole cent. Fractions of a New KCHL Share will not be allotted and issued to any Relevant E&E Shareholder and will be disregarded.

4.5 Illustrations. The following illustrates the Exit Offer Price to be paid to a Relevant E&E Shareholder who owns 1,000 E&E Shares and tenders all these E&E Shares in acceptance of the Exit Offer (the “**Hypothetical E&E Shareholder**”):

Illustration A – Election to Receive Cash Consideration

If the Hypothetical E&E Shareholder elects to receive the Exit Offer Price in respect of all 1,000 of the E&E Shares owned by him entirely in the form of the Cash Consideration, he will receive an aggregate of US\$1,200 in cash.

Illustration B – Election to Receive Share Exchange Offer

If the Hypothetical E&E Shareholder elects to receive the Exit Offer Price in respect of all 1,000 of the E&E Shares owned by him entirely in the form of the Share Exchange Offer, he will receive an aggregate of 450 New KCHL Shares.

Illustration C – Election to Receive Combination Offer

If the Hypothetical E&E Shareholder elects to receive the Exit Offer Price in respect of 500 of the E&E Shares owned by him in the form of the Cash Consideration and in respect of the remaining 500 of the E&E Shares owned by him in the form of the Share Exchange Offer, he will receive an aggregate of US\$600 in cash and 225 New KCHL Shares.

4.6 Financial Evaluation of the Exit Offer. Based on the Cash Consideration, the Exit Offer Price represents the following premium / (discount) over the historical traded prices of the E&E Shares:

	Benchmark Price⁽²⁾ (US\$)⁽³⁾	Premium/(Discount) over Benchmark Price (%)
Last traded price per E&E Share on 21 May 2009, being the last trading day on the SGX-ST preceding the Joint Announcement Date	1.220	(1.64%)
VWAP ⁽¹⁾ of the traded prices of the E&E Shares for the one-month period preceding the Joint Announcement Date	1.131	6.10%
VWAP of the traded prices of the E&E Shares for the three-month period preceding the Joint Announcement Date	1.038	15.61%
VWAP of the traded prices of the E&E Shares for the six-month period preceding the Joint Announcement Date	1.006	19.28%

Notes:

- (1) Volume weighted average price (“**VWAP**”).
- (2) Source: Bloomberg as at 21 May 2009.
- (3) Rounded to the nearest three decimal places.

4.7 E&E Shares. The Exit Offer is extended to:

- 4.7.1 all the E&E Shares held by the E&E Shareholders, other than those already owned, controlled or agreed to be acquired by the Offeror and its subsidiaries; and
- 4.7.2 all new E&E Shares unconditionally issued or to be issued pursuant to the valid exercise, prior to the close of the Exit Offer, of any E&E Options to subscribe for new E&E Shares under the 2002 ESOS and the 2008 ESOS.

For the purpose of the Exit Offer, the expression “**E&E Shares**” shall include all new E&E Shares unconditionally issued or to be issued pursuant to the valid exercise of the E&E Options prior to the close of the Exit Offer.

4.8 No Encumbrances. The E&E Shares held by the Relevant E&E Shareholders will be acquired:

- 4.8.1 fully paid;
- 4.8.2 free from all liens, equities, charges, encumbrances, rights of pre-emption and any other third party rights or interests of any nature whatsoever (“**Encumbrances**”); and
- 4.8.3 together with all rights, benefits and entitlements attached thereto as at the Joint Announcement Date and thereafter attaching thereto, including but not limited to the right to receive and retain all dividends, rights and other distributions (if any) which may be declared, paid or made by E&E, on or after the Joint Announcement Date.

Further information on the terms and conditions of the Exit Offer will be set out in the circular to the E&E Shareholders which will contain, *inter alia*, information pertaining to the Delisting Proposal and the Exit Offer and will incorporate the advice of the IFA (the “**Circular**”) and the Exit Offer Letter.

4.9 Conditions to Delisting and Exit Offer. The Delisting and Exit Offer are conditional upon:

- 4.9.1 the SGX-ST agreeing to the application by the Company to delist from the Official List of the SGX-ST. The application in relation to the foregoing will be made by E&E to the SGX-ST after the release of this Joint Announcement; and
- 4.9.2 the Delisting Resolution being passed at the EGM. Pursuant to Rule 1307 of the Listing Manual, the Delisting Resolution is considered passed if it is approved by a majority of at least 75 per cent. of the total number of issued E&E Shares (excluding treasury shares) held by the E&E Shareholders present and voting, on a poll, either in person or by proxy at the EGM, and the Delisting Resolution not been voted against by 10 per cent. or more of the total number of issued E&E Shares (excluding treasury

shares) held by the E&E Shareholders present and voting, on a poll, either in person or by proxy, at the EGM.

Under Rule 1307 of the Listing Manual, all E&E Shareholders (including the Offeror and parties acting in concert with the Offeror who hold E&E Shares, E&E Directors and the Controlling E&E Shareholders) are entitled to vote on the Delisting Resolution. The Offeror intends to vote all E&E Shares held through its subsidiaries in favour of the Delisting Resolution at the EGM.

In addition, to the extent the Connected Person Undertaking Shareholders (as defined in paragraph 7.1 of this Joint Announcement) hold E&E Shares, such Connected Person Undertaking Shareholders have provided irrevocable undertakings to vote their respective E&E Shares in favour of the Delisting Resolution at the EGM. Details of these irrevocable undertakings are set out in paragraph 7 of this Joint Announcement.

The aggregate number of E&E Shares held by the Offeror, the parties acting in concert with the Offeror that hold E&E Shares and the Connected Person Undertaking Shareholders who have undertaken to vote in favour of the Delisting Resolution at the EGM amount to 128,693,565 E&E Shares representing, approximately 71.94 per cent. of the total issued E&E Shares.

The Relevant E&E Shareholders may accept the Exit Offer in full or in part. **The Exit Offer will not be conditional upon a minimum number of acceptances being received by the Offeror.**

4.10 New KCHL Shares. Pursuant to the Exit Offer, the Offeror will allot and issue in aggregate up to 23,720,444² New KCHL Shares (assuming completion of the Exit Offer and the Exit Offer Price is satisfied in full by way of the allotment and issuance of New KCHL Shares to the Relevant E&E Shareholders), representing approximately 2.81 per cent. of the issued share capital of the Offeror as at the Joint Announcement Date and approximately 2.73 per cent. of the enlarged issued share capital of the Offeror after allotment and issuance of the New KCHL Shares. The New KCHL Shares will be allotted and issued pursuant to the general mandate (the “**General Mandate**”) granted to the directors of the Offeror at the annual general meeting of the Offeror held on 21 May 2009 which allows the Offeror to allot, issue or otherwise deal with up to a maximum of 168,947,809 new shares in the Offeror. As at the Joint Announcement Date, the unutilised portion of the General Mandate of the Offeror is 168,947,809 shares in the Offeror.

Subject to the grant of the SEHK Clearance in accordance with the condition set out in paragraph 4.1 of this Joint Announcement, if and when allotted and issued, the New KCHL Shares will be listed on SEHK and will rank *pari passu* with the then existing shares in the Offeror. An application will be made by the Offeror to SEHK for the listing of, and permission to deal in, the New KCHL Shares to be allotted and issued in satisfaction of the Share Exchange Offer or the partial satisfaction of the Combination Offer.

² This figure is calculated based on the assumption that the holders of the E&E Options, except Mr Cheung Kwok Wing, Mr Mok Cham Hung, Chadwick, Mr Chan Wing Kwan, Mr Chang Wing Yiu, Mr Cheung Kwok Wa, Mr Li Muk Kam, Mr Chan Sai Kit, Philip, Mr Clement Sun, Ms Heng Nguan Leng, Claudia and Mr Li Chiu Cheuk, will exercise all of their E&E Options.

- 4.11 Overseas E&E Shareholders.** The availability of the Exit Offer to the Relevant E&E Shareholders whose addresses are outside Singapore, as shown on the Register of Members of E&E, or as the case may be, in the records of The Central Depository (Pte) Limited (each, an “**Overseas E&E Shareholder**”) may be affected by the laws of the relevant overseas jurisdictions. Accordingly, all Overseas E&E Shareholders should inform themselves about and observe any applicable legal requirements in their own jurisdictions.

Where there are potential restrictions on sending the Exit Offer Letter to any overseas jurisdiction, the Offeror and DBS Bank each reserves the right not to send such documents to the Relevant E&E Shareholders in such overseas jurisdictions. For the avoidance of doubt, the Exit Offer shall be made to all Relevant E&E Shareholders (including the Overseas E&E Shareholders) including those to whom the Exit Offer Letter and the relevant acceptance forms will not be, or may not be, sent, provided that the Exit Offer Letter does not constitute an offer or a solicitation to any person in any jurisdiction in which such offer or solicitation is unlawful and the Exit Offer is not proposed in any jurisdiction in which the introduction or implementation of the Exit Offer would not be in compliance with the laws of such jurisdiction.

Overseas E&E Shareholders who are in doubt about their positions should consult their own professional advisers in the relevant jurisdictions.

Further details in relation to the Overseas E&E Shareholders will be contained in the Circular and the Exit Offer Letter.

- 4.12 Warranty.** Acceptance of the Exit Offer by a Relevant E&E Shareholder will be deemed to constitute an unconditional and irrevocable warranty by that Relevant E&E Shareholder that each E&E Share in respect of which the Exit Offer is accepted is sold by him as, or on behalf of, the beneficial owner(s) thereof, fully paid and free from all Encumbrances, and together with all rights, benefits and entitlements attached thereto as at the Joint Announcement Date and thereafter attaching thereto, including the right to receive and retain all dividends, rights and other distributions (if any) declared, paid or made by E&E on or after the Joint Announcement Date.

5. RATIONALE FOR THE EXIT OFFER

- 5.1 Opportunity for the Relevant E&E Shareholders to Realise their Investment.** The Exit Offer presents the Relevant E&E Shareholders with an opportunity to realise their investment in E&E Shares at an attractive premium of approximately 6.10 per cent., 15.61 per cent. and 19.28 per cent. over the one-month VWAP of US\$1.131, three-month VWAP of US\$1.038 and six-month VWAP of US\$1.006, respectively, in the period preceding the Joint Announcement Date, without incurring brokerage and other trading costs.
- 5.2 Prolonged Undervaluation and Illiquidity of E&E Shares.** The Company’s closing share price has been on a downward trend for the past two years from a high of US\$2.410 on 25 May 2007 to its current level of US\$1.220 prior to the Joint Announcement Date with a low of US\$0.835 on 29 October 2008. The trading liquidity of E&E Shares has also been low, with an average daily trading volume of approximately 35,218 E&E Shares over the 12-month period immediately preceding the Joint Announcement Date, representing approximately 0.07 per cent. of the total free float of E&E Shares.

- 5.3 Better Integration and Greater Efficiency within the Kingboard Chemical Group of Companies.** The Exit Offer would facilitate better integration of similar businesses between E&E and the Kingboard Chemical group of companies. It would also allow E&E and Kingboard Chemical to rationalise and streamline the resources and cost structure of the business for greater efficiency and competitiveness.
- 5.4 No Necessity to Access the Capital Markets.** E&E has been listed on the SGX-ST since 5 September 1994 and has not raised funds through the SGX-ST since the date of its listing on the SGX-ST. It is unlikely to require access to the capital markets to finance its operations in the foreseeable future. If required, E&E could still access the capital markets via its parent company, Kingboard Chemical, which is listed on the main board of SEHK.
- 5.5 Opportunity for the Relevant E&E Shareholders to Participate in the Enlarged Kingboard Chemical Group of Companies.** The Exit Offer, through the Share Exchange Offer or the Combination Offer, presents the Relevant E&E Shareholders with an opportunity to participate in the upside potential of the enlarged Kingboard Chemical group of companies upon the successful completion of the Exit Offer.
- 5.6 Compliance Costs Related to Listing Status.** In maintaining its listing status, E&E incurs compliance costs. The Exit Offer would allow E&E to dispense with listing related expenses and channel its resources to its business operations.

6. THE OFFEROR'S INTENTIONS FOR E&E

The Offeror presently has no intention to (i) introduce any major changes to the business of E&E, (ii) redeploy the fixed assets of E&E, or (iii) discontinue the employment of the employees of E&E.

However, the directors of the Offeror retain the flexibility at any time to consider any options or opportunities in relation to E&E which may present themselves and which they may regard to be in the best interest of the Offeror.

7. IRREVOCABLE UNDERTAKINGS

- 7.1 Connected Person Undertaking Shareholders.** As at the Joint Announcement Date, the Offeror has received irrevocable undertakings (the "**Connected Person Irrevocable Undertakings**") from the parties (the "**Connected Person Undertaking Shareholders**") as set out in **Schedule 1** to this Joint Announcement.

Of the Connected Person Undertaking Shareholders:

- 7.1.1** Mr Cheung Kwok Wing, Mr Mok Cham Hung, Chadwick, and Mr Cheung Kwok Wa have undertaken to vote in favour of the Delisting Resolution at the EGM, on and subject to the terms set out in their respective Connected Person Irrevocable Undertakings. They have also undertaken not to exercise any E&E Options held by them into new E&E Shares for the duration of the Exit Offer; and
- 7.1.2** Mr Li Muk Kam, Mr Chan Sai Kit, Philip, Mr Clement Sun, Ms Heng Nguan Leng, Claudia and Mr Li Chiu Cheuk have undertaken not to exercise any E&E Options held by them into new E&E Shares for the duration of the Exit Offer.

- 7.2 Condition.** The Connected Person Irrevocable Undertakings are subject to the Delisting being approved by the E&E Shareholders at the EGM.
- 7.3 Number of E&E Shares.** The aggregate number of E&E Shares held by the Connected Person Undertaking Shareholders amount to 1,970,557 E&E Shares, representing approximately 1.10 per cent. of the total issued E&E Shares.
- 7.4 Number of E&E Options.** The aggregate number of E&E Options held by the Connected Person Undertaking Shareholders amounts to 7,140,000 E&E Options.
- 7.5 Termination.** The Connected Person Irrevocable Undertakings terminate on the earlier of the close of the Exit Offer or immediately after the EGM (in the event the Delisting Resolution is not approved).
- 7.6 No Other Undertaking.** Save as disclosed in this Joint Announcement, as at the Joint Announcement Date, neither the Offeror nor any other party acting or deemed to be acting in concert with it has received any irrevocable undertaking from any other party to vote, or procure the voting of, all its respective E&E Shares in favour of or against the Delisting Resolution at the EGM.

8. COMPULSORY ACQUISITION

- 8.1 Section 215(1).** Pursuant to Section 215(1) of the Companies Act, Chapter 50 of Singapore (the “**Companies Act**”), if the Offeror receives valid acceptances pursuant to the Exit Offer of not less than 90 per cent. of the E&E Shares (other than those already held by the Offeror, its related corporations or their respective nominees as at the date of the Exit Offer), the Offeror will have the right to compulsorily acquire all the E&E Shares of the Relevant E&E Shareholders who have not accepted the Exit Offer (the “**Dissenting Shareholders**”) on the same terms as those offered under the Exit Offer.

In the event that the Offeror becomes entitled to exercise its right under Section 215(1) of the Companies Act to compulsorily acquire all the E&E Shares of Dissenting Shareholders who have not accepted the Exit Offer, the Offeror intends to exercise its rights of compulsory acquisition. In such event, the Company will become a wholly-owned subsidiary of the Offeror pursuant to such compulsory acquisition.

- 8.2 Section 215(3).** In addition, pursuant to Section 215(3) of the Companies Act, if the Offeror acquires such number of E&E Shares which, together with E&E Shares held by it, comprise 90 per cent. or more of the E&E Shares, the Relevant E&E Shareholders who have not accepted the Exit Offer (the “**Non-Assenting Shareholders**”) have a right to require the Offeror to acquire their E&E Shares. The Non-Assenting Shareholders who wish to exercise such a right are advised to seek their own independent legal advice.

9. RULINGS AND CONFIRMATION FROM THE SECURITIES INDUSTRY COUNCIL

- 9.1 SIC Rulings and Confirmation.** An application was made by the Offeror to the Securities Industry Council of Singapore (the “**SIC**”) to seek certain rulings in relation to the Delisting Proposal and the Exit Offer. The SIC ruled on 23 April 2009 that:

- 9.1.1 the Exit Offer is exempted from compliance with the following provisions of The Singapore Code on Take-overs and Mergers (the “Code”):
- (i) Rule 20.1 on keeping the Exit Offer open for 14 days after it is revised;
 - (ii) Rule 22 on the offer timetable;
 - (iii) Rule 28 on acceptances; and
 - (iv) Rule 29 on the right of acceptors to withdraw their acceptances,
- subject to:
- (a) the Exit Offer being open for at least (i) 21 days after the date of despatch of the Exit Offer Letter, if the Exit Offer Letter is despatched after the approval of the Delisting Resolution at the EGM; or (ii) 14 days after the date of the announcement of the E&E Shareholders’ approval of the Delisting Resolution if the Exit Offer Letter is despatched on the same date as the Circular; and
 - (b) disclosure in the Circular of the consolidated net tangible assets per share of E&E and its subsidiaries and associated companies as at the latest practicable date;
- 9.1.2 the following directors of E&E: Mr Cheung Kwok Wing, Mr Mok Cham Hung, Chadwick, Mr Chan Wing Kwan, Mr Chang Wing Yiu and Mr Chan Wai Leung (collectively, the “**Relevant Directors**”) are exempted from the requirement to make a recommendation on the Exit Offer to the Relevant E&E Shareholders as the Relevant Directors face irreconcilable conflicts of interests in doing so being concert parties of the Offeror. Nonetheless, the Relevant Directors should still accept responsibility for the accuracy of the facts stated or opinions expressed in documents and advertisements issued by, or on behalf of, E&E in connection with the Exit Offer;
- 9.1.3 the SIC has no objections to the proposed Exit Offer Price, including the Share Exchange Offer or the Combination Offer, subject to the Exit Offer Price complying with the relevant provisions of the Code, including Rules 15.2 and 17 of the Code;
- 9.1.4 the SIC has no objections to the Offeror paying only the Cash Consideration to each Relevant E&E Shareholder who accepts the Exit Offer in the event the Offeror does not obtain the SEHK Clearance, subject to:
- (i) the Offeror reserving the right to do so in this Joint Announcement; and
 - (ii) that only paying the Cash Consideration is in compliance with Rule 17 of the Code, if applicable; and
- 9.1.5 the Connected Person Irrevocable Undertakings do not constitute special deals for the purposes of Rule 10 of the Code.

10. DISCLOSURE OF E&E SHAREHOLDINGS AND DEALINGS

10.1 E&E Shareholdings and Dealings. Schedule 2 to this Joint Announcement sets out:

10.1.1 the E&E Shares and E&E Options owned, controlled or agreed to be acquired by

- (i) the Offeror and its directors;
- (ii) Elec & Eltek International Holdings Limited (“**EEIH**”) (a wholly-owned subsidiary of the Offeror) and its directors;
- (iii) Elitelink Holdings Limited (“**Elitelink**”) (a wholly-owned subsidiary of the Offeror) and its directors;
- (iv) Kingboard Investments Limited (“**Kingboard Investments**”) (a wholly-owned subsidiary of the Offeror) and its directors;
- (v) Jamplan (BVI) Limited (“**Jamplan**”) (a wholly-owned subsidiary of the Offeror) and its directors;
- (vi) Ease Ever Investment Ltd (“**Ease Ever**”) (a wholly-owned subsidiary of the Offeror) and its directors; and
- (vii) DBS Bank,

each a “**Relevant Party**” and collectively, the “**Relevant Parties**”, as at the Joint Announcement Date; and

10.1.2 the dealings in E&E Shares and E&E Options by the Relevant Parties during the three-month period immediately preceding the Joint Announcement Date (the “**Reference Period**”).

10.2 **No Other Holdings or Dealings.** Save as disclosed in **Schedule 2** to this Joint Announcement, as at the Joint Announcement Date, none of the Relevant Parties owns, controls, or has agreed to acquire or has dealt for value in any E&E Shares or E&E Options during the Reference Period.

10.3 **Confidentiality.** In the interests of confidentiality, save for the Relevant Parties, the Offeror has not made enquires in respect of parties who are or may be deemed to be acting in concert with it in connection with the Exit Offer. Similarly in the interests of confidentiality, DBS Bank has also not made enquires in respect of DBS Group Holdings Ltd (“**DBSH**”) and other fellow subsidiaries of DBSH and associated companies controlled by DBSH. Further enquiries will be made of such persons and the relevant disclosures will be made in due course and in the Exit Offer Letter.

10.4 **Directors’ Service Contracts.** As at the Joint Announcement Date, there is no service contract with any director or any person proposed to be appointed as a director of E&E and/or the Offeror in connection with the Exit Offer.

11. CONFIRMATION OF FINANCIAL RESOURCES

DBS Bank, as financial adviser to the Offeror in connection with the Exit Offer, confirms that sufficient financial resources are available to the Offeror to satisfy in full the aggregate Exit Offer Price payable by it for all the E&E Shares to be acquired by it pursuant to the full acceptance of the Exit Offer.

12. INDEPENDENT FINANCIAL ADVISER TO THE INDEPENDENT DIRECTORS OF E&E

E&E will be appointing an IFA to the Independent E&E Directors to advise on the Exit Offer. The IFA will issue its formal opinion in the Circular.

No immediate action is required of the Relevant E&E Shareholders on their part in respect of the Exit Offer. They will be advised on the procedure for accepting the Exit Offer when the Circular and the Exit Offer Letter are despatched.

13. CIRCULAR AND EXIT OFFER LETTER

The Circular, the Exit Offer Letter and the relevant acceptance form(s) will be despatched to the Relevant E&E Shareholders in due course. It is expected that the Exit Offer Letter and the relevant acceptance form(s) will be despatched to the Relevant E&E Shareholders together with the Circular.

In the meantime, E&E Shareholders are advised to refrain from taking any action in relation to their E&E Shares which may be prejudicial to their interests until they or their advisers have considered the information and the recommendations of the Independent E&E Directors as well as the advice of the IFA as set out in the Circular.

14. RESPONSIBILITY STATEMENTS

- 14.1 E&E.** The directors of E&E (including any who may have delegated detailed supervision of the preparation of this Joint Announcement) have taken all reasonable care to ensure that the facts stated and all opinions expressed in this Joint Announcement which relate to E&E are fair and accurate and that no material facts which relate to E&E have been omitted from this Joint Announcement, and they jointly and severally accept responsibility accordingly.

Where any information which relates to E&E has been extracted or reproduced from published or otherwise publicly available sources, the sole responsibility of the directors of E&E has been to ensure that, through reasonable enquiries, such information is accurately extracted from such sources or, as the case may be, reflected or reproduced in this Joint Announcement. The directors of E&E do not accept any responsibility for any information relating to or opinions expressed by the Offeror.

- 14.2 Kingboard Chemical.** The directors of the Offeror (including any who may have delegated detailed supervision of the preparation of this Joint Announcement) have taken all reasonable care to ensure that the facts stated and all opinions expressed in this Joint Announcement (excluding information relating to E&E) are fair and accurate and that no material facts in relation thereto have been omitted from this Joint Announcement, and they jointly and severally accept responsibility accordingly.

Where any information which does not relate to E&E has been extracted or reproduced from published or otherwise publicly available sources, the sole responsibility of the directors of the Offeror has been to ensure that, through reasonable enquiries, such information is accurately extracted from such sources or, as the case may be, reflected or reproduced in this Joint Announcement. The directors of the Offeror do not accept any responsibility for any information relating to or opinions expressed by E&E.

22 May 2009

By order of the Board of Directors

By order of the Board of Directors

Elec & Eltek International Company Limited

Kingboard Chemical Holdings Limited

Any inquiries relating to this Joint Announcement or the Exit Offer should be directed to one of the following:

Keng Kok Sing
Senior Vice President

Law Seng Keat
Vice President

DBS Bank Ltd.
6 Shenton Way
DBS Building Tower One
Singapore 068809
Telephone: (65) 6878 4500
Fax: (65) 6878 5676

SCHEDULE 1

DETAILS OF THE CONNECTED PERSON UNDERTAKING SHAREHOLDERS

The details of the number of E&E Shares and E&E Options held by the Connected Person Undertaking Shareholders from whom Connected Person Irrevocable Undertakings have been sought are as follows:

Name	Number of E&E Shares Held	Approximate Percentage of Total Direct Interest in the Issued Share Capital of E&E	Interest in underlying E&E Shares pursuant to E&E Options
Cheung Kwok Wing	60,000	0.03%	973,200
Mok Cham Hung, Chadwick	74,000	0.04%	973,200
Chan Wing Kwan	-	-	973,200
Chang Wing Yiu	-	-	973,200
Cheung Kwok Wa	281,400	0.16%	973,200
Li Muk Kam ⁽¹⁾	1,035,876	0.58%	768,000
Chan Sai Kit, Philip ⁽¹⁾	156,481	0.09%	912,000
Clement Sun ⁽¹⁾	40,000	0.02%	240,000
Heng Nguan Leng, Claudia ⁽¹⁾	322,800	0.18%	192,000
Li Chiu Cheuk	-	-	162,000
Total	1,970,557	1.10%	7,140,000

Note:

(1) Mr Li Muk Kam, Mr Chan Sai Kit, Philip, Mr Clement Sun, Ms Heng Nguan Leng, Claudia and Mr Li Chiu Cheuk have only undertaken not to exercise their E&E Options, and have not given any undertakings in relation to their E&E Shares.

SCHEDULE 2

DISCLOSURE OF E&E SHAREHOLDINGS AND DEALINGS

1. HOLDINGS IN E&E SHARES AND E&E OPTIONS

1.1 Kingboard Chemical, Jamplan, Kingboard Investments, Ease Ever, EEIH and Elitelink.

As at the Joint Announcement Date, the interests in E&E Shares held by Kingboard Chemical, Jamplan, Kingboard Investments, Ease Ever, EEIH and Elitelink are set out below:

E&E Shareholders	Direct Interest		Deemed Interest	
	No. of E&E Shares	%	No. of E&E Shares	%
Kingboard Chemical	-	-	128,278,165 ⁽¹⁾	71.71
Jamplan	-	-	128,278,165 ⁽²⁾	71.71
Kingboard Investments	3,215,000	1.80	125,063,165 ⁽³⁾	69.91
Ease Ever	-	-	90,741,550 ⁽⁴⁾	50.73
EEIH	90,741,550	50.73	-	-
Elitelink	34,321,615	19.19	-	-

Notes:

- (1) Kingboard Chemical's deemed interest arises from EEIH, Elitelink and Kingboard Investments which are its wholly-owned subsidiaries. 90,741,550 E&E Shares are held by EEIH, 34,321,615 E&E Shares are held by Elitelink and 3,215,000 E&E Shares are held by Kingboard Investments.
- (2) Jamplan's deemed interest arises from Kingboard Investments which is its wholly-owned subsidiary.
- (3) Kingboard Investments deemed interest arises from Ease Ever and Elitelink which are its wholly-owned subsidiaries.
- (4) Ease Ever's deemed interest arises from its 77.34 per cent. direct shareholding interest in EEIH.

1.2 Directors of Kingboard Chemical. As at the Joint Announcement Date, the interests in E&E Shares and E&E Options held by the directors of Kingboard Chemical are set out below:

Kingboard Chemical Director	Direct Interest		Deemed Interest		Interest in underlying E&E Shares pursuant to share options of E&E	
	No. E&E Shares	of %	No. of Shares	E&E %	No. of E&E Options	
Cheung Kwok Wing	60,000	0.03	128,278,165 ¹	71.71	973,200	
Chan Wing Kwan	-	-	-	-	973,200	
Cheung Kwong Kwan	-	-	-	-	-	
Chang Wing Yiu	-	-	-	-	973,200	
Ho Yin Sang	-	-	-	-	-	
Cheung Wai Lin, Stephanie	-	-	-	-	-	
Mok Cham Hung, Chadwick	74,000	0.04	-	-	973,200	
Cheng Wai Chee, Christopher	-	-	-	-	-	
Lai Chung Wing, Robert	-	-	-	-	-	
Tse Kam Hung	-	-	-	-	-	
Henry Tan	-	-	-	-	-	

Note:

- (1) Mr Cheung Kwok Wing's deemed interest arises from his shareholding interest in Hallgain Management Limited, which has an approximate 30.97 per cent shareholding interest in Kingboard Chemical.

1.3 Directors of EEIH. The directors of EEIH comprise Mr Cheung Kwok Wing, Mr Chan Wing Kwan, Mr Chang Wing Yiu and Mr Mok Cham Hung, Chadwick. All of the directors of EEIH are also directors of Kingboard Chemical. Details of their interests in E&E Shares are set out in paragraph 1.2 above.

- 1.4 Directors of Elitelink.** The directors of Elitelink comprise Mr Cheung Kwok Wing, Mr Chan Wing Kwan, Mr Chang Wing Yiu, Mr Cheung Kwok Wa and Mr Mok Cham Hung, Chadwick.

Mr Cheung Kwok Wing, Mr Chan Wing Kwan, Mr Chang Wing Yiu and Mr Mok Cham Hung, Chadwick are also directors of Kingboard Chemical and details of their interests in E&E Shares are set out in paragraph 1.2 above. Details of Mr Cheung Kwok Wa's interest in E&E Shares are set out in **Schedule 1** to this Joint Announcement.

- 1.5 Directors of Kingboard Investments.** The directors of Kingboard Investments comprise Mr Cheung Kwok Wing, Mr Chan Wing Kwan, Mr Cheung Kwok Ping, Mr Cheung Kwok Wa and Mr Chang Wing Yiu.

Mr Cheung Kwok Wing, Mr Chan Wing Kwan and Mr Chang Wing Yiu are also directors of Kingboard Chemical and details of their interests in E&E Shares are set out in paragraph 1.2 above. Details of Mr Cheung Kwok Wa's interest in E&E Shares are set out in **Schedule 1** to this Joint Announcement. Mr Cheung Kwok Ping does not have any interest in E&E Shares.

- 1.6 Directors of Jamplan.** The directors of Jamplan comprise Mr Cheung Kwok Wing, Mr Chan Wing Kwan and Mr Lam Ka Po.

Mr Cheung Kwok Wing and Mr Chan Wing Kwan are also directors of Kingboard Chemical and details of their interests in E&E Shares are set out in paragraph 1.2 above. Mr Lam Ka Po does not have any interest in E&E Shares.

- 1.7 Directors of Ease Ever.** The directors of Ease Ever comprise Mr Cheung Kwok Wing, Mr Chan Wing Kwan, Mr Cheung Kwok Wa, Mr Chang Wing Yiu and Mr Mok Cham Hung, Chadwick.

Mr Cheung Kwok Wing, Mr Chan Wing Kwan, Mr Chang Wing Yiu and Mr Mok Cham Hung, Chadwick are also directors of Kingboard Chemical and details of their interests in E&E Shares are set out in paragraph 1.2 above. Details of Mr Cheung Kwok Wa's interest in E&E Shares are set out in Schedule 1 to this Joint Announcement.

2. DEALINGS IN E&E SHARES AND E&E OPTIONS

None of the Relevant Parties (a) has dealt for value in any E&E Shares or E&E Options during the Reference Period or (b) has received any irrevocable undertaking from any party to accept or reject the Exit Offer.