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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: 1151)

(Singapore Stock Code: E16.SI)

RENEWAL OF CONTINUING CONNECTED TRANSACTIONS

CONTINUING CONNECTED TRANSACTIONS

Reference is made to the 2013 Announcement. The Existing Annual Caps will expire on 31 December 2016. EEIC Group and Kingboard Group would like to renew the 2013 CCT Agreements and set out the Proposed Annual Caps thereof.

As at the date of this announcement, Kingboard, through its wholly-owned subsidiaries, owns approximately 73.65% of the issued share capital of the Company and is therefore a connected person of the Company. Accordingly, the transactions contemplated under the 2016 EPF Agreement and 2016 MSP Agreement constitute continuing connected transactions of the Company under Chapter 14A of the HK Listing Rules.

HK LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios (under Chapter 14A of the HK Listing Rules) of the aggregate amount to be paid by the EEIC Group on an annual basis under each of the 2016 EPF Agreement and 2016 MSP Agreement for each of the three years ending 31 December 2017, 2018 and 2019 is/are equal to or greater than 5%, the transactions contemplated under each of the 2016 EPF Agreement and 2016 MSP Agreement are subject to the annual review, reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the HK Listing Rules.

A circular containing, inter alia, (i) further details of the 2016 EPF Agreement, the 2016 MSP Agreement and the transactions and the Proposed Annual Caps contemplated thereunder, respectively; (ii) the opinion from the independent financial adviser; (iii) the recommendation from the independent board committee (comprising the INEDs); and (iv) the notice of the EGM and other information as required under the HK Listing Rules and the Singapore Listing Manual, is expected to be despatched by the Company to the Shareholders within 15 business days after the publication of this announcement.

INTRODUCTION

Reference is made to the 2013 Announcement. The annual caps under the 2013 CCT Agreements will expire on 31 December 2016. The EEIC Group and the Kingboard Group would like to renew the 2013 CCT Agreements and set out the proposed annual caps thereof for the three years commencing on 1 January 2017 and ending on 31 December 2019 as more particularly described in this announcement.

THE 2016 CCT AGREEMENTS

Principal terms of the 2016 CCT Agreements, namely the 2016 EPF Agreement and the 2016 MSP Agreement:

1. **2016 EPF Agreement**

   On 7 November 2016, the Company entered into the 2016 EPF Agreement with Kingboard, details of which are set out below:

   Date: 7 November 2016

   Parties: (1) The Company; and

   (2) Kingboard

Nature of transaction:	The Kingboard Group (including, for the purpose of the 2016 EPF Agreement, the associated companies of Kingboard as defined in the Singapore Listing Manual) will sell certain Equipment to the EEIC Group (including, for the purpose of the 2016 EPF Agreement, the associated companies of the Company as defined in the Singapore Listing Manual) from time to time. The 2016 EPF Agreement comprises the general terms and conditions upon which the EEIC Group may purchase Equipment from the Kingboard Group. The EEIC Group and the Kingboard Group may from time to time enter into purchase agreements or the EEIC Group may submit purchase orders setting out the detailed terms for the purchase of the Equipment provided that such detailed terms shall not be inconsistent with the terms of the 2016 EPF Agreement. The Kingboard Group will not be obligated to sell any prescribed quantity of Equipment or at any specific prices to the EEIC Group during the term of the 2016 EPF Agreement.
Term:	Three years from 1 January 2017 to 31 December 2019
Consideration:	The prices at which the Equipment are to be supplied by the Kingboard Group to the EEIC Group shall be the market price mutually agreed between the Kingboard Group and the EEIC Group, or if the same is not available, a price which is not less favourable to the EEIC Group than the price at which the Kingboard Group supplies similar Equipment to independent third parties of the EEIC Group having regard to the quality, quantity and other conditions of the purchase. For the purpose of determining the market price, the Company will consider the price offered by independent third party suppliers of similar Equipment (if any). In particular, where appropriate, the relevant purchasing department of the Company will obtain quotations from such independent third party suppliers (if any) and monitor the general movement of market price from time to time.

Terms of payment: Unless otherwise agreed between the parties to the agreement, the payment term shall be prescribed as follows: (a) a deposit of 30% of the purchase price payable upon execution of the agreement or purchase order; (b) 50% of the purchase price will be due within one month upon the Equipment being received by the EEIC Group (including, for the purpose of the 2016 EPF Agreement, the associated companies of the Company as defined in the Singapore Listing Manual); and (c) the balance of 20% of the purchase price will be due within one month following the certified acceptance of the Equipment as suitable for use. Payment terms for different types of Equipment categories may be subject to other progressive payment terms as mutually agreed between the parties from time to time.

2. **2016 MSP Agreement**

On 7 November 2016, the Company entered into the 2016 MSP Agreement with Kingboard, details of which are set out below:

Date: 7 November 2016

Parties: (1) The Company; and

(2) Kingboard

Nature of transaction: Pursuant to the 2016 MSP Agreement, the Kingboard Group (including, for the purpose of the 2016 MSP Agreement, the associated companies of Kingboard as defined in the Singapore Listing Manual) will sell certain goods and/or services including but not limited to copper foil, kraft paper, copper balls, laminates, glass fibre and prepreg etc. to the EEIC Group (including, for the purpose of the 2016 MSP Agreement, the associated companies of the Company as defined in the Singapore Listing Manual) and the EEIC Group will sell certain goods and/or services including but not limited to drill maintenance services and green laminates etc. to the Kingboard Group from time to time.

	The 2016 MSP Agreement comprises the general terms and conditions upon which the Kingboard Group may purchase goods and/or services from the EEIC Group and vice versa. The relevant party(ies) may from time to time enter into purchase agreements or submit purchase orders setting out the detailed terms for the purchase of the goods and/or services provided that such detailed terms shall not be inconsistent with the terms of the 2016 MSP Agreement. The Kingboard Group will not be obligated to sell or purchase any prescribed quantity of goods and/or services or at any specific prices to or from the EEIC Group and the EEIC Group will not be obligated to sell or purchase any prescribed quantity of goods and/or services or at any specific prices to or from the Kingboard Group during the term of the 2016 MSP Agreement.
Term:	Three years from 1 January 2017 to 31 December 2019.
Consideration:	The prices at which the goods and/or services are to be supplied by the relevant party to the other party shall be the market price, or if the same is not available, a price which is not less favourable to the EEIC Group or the Kingboard Group (as the case may be) than the price at which the relevant party supplies similar goods and/or services to independent third parties, having regard to the quality, quantity and other conditions of the purchase. For the purpose of determining the market price, the Company will consider the price offered by independent third party suppliers and customers (as the case may be) of similar goods and/or services (if any). In particular, where appropriate, the relevant purchasing and sales (as the case may be) department of the Company will obtain quotations from such independent third party suppliers and customers (as the case may be) (if any) and monitor the general movement of market price from time to time.

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

HISTORICAL FIGURES, EXISTING ANNUAL CAPS AND PROPOSED ANNUAL CAPS

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

	For the year ended 31 December 2014		**For the year ended 31 December 2015**		**For the year ended 31 December 2016**		
	Annual cap (USD)	**Actual amount (USD)**	**Annual cap (USD)**	**Actual amount (USD)**	**Annual cap (USD)**	**Actual amount (up to 30 September 2016 (USD)**	**Estimated amount (up to 31 December 2016) (USD)**
2013 EPF Agreement	15,733,000	8,093,000	19,009,000	7,883,000	20,393,000	5,474,000	7,299,000
2013 MSP Agreement (purchase of certain goods and/or services by the EEIC Group from the Kingboard Group)	159,688,000	134,328,000	184,954,000	110,009,000	215,151,000	88,618,000	118,157,000
2013 MSP Agreement (sale of certain goods and/or services by the EEIC Group to the Kingboard Group)	16,316,000	4,966,000	18,760,000	15,545,000	21,660,000	11,372,000	15,163,000

Proposed Annual Caps

Proposed Annual Caps for the 2016 EPF Agreement

It is proposed that the Proposed Annual Caps under the 2016 EPF Agreement are US$10,000,000, US$11,000,000 and US$12,100,000, for the three years ending 31 December 2017, 2018 and 2019, respectively.

The Proposed Annual Caps under the 2016 EPF Agreement were determined with reference to the internal projections of the purchases to be incurred, having regard to the following:

(i) the expected growth of the global PCB market;

(ii) normal wear-and-tear of Equipment;

(iii) the anticipated growth in demand for Equipment;

(iv) the prevailing market prices of Equipment;

(v) inflation;

(vi) the expected sales of the EEIC Group; and

(vii) the business development plan of the EEIC Group, including the expansion of the market share of certain PCB-related industries such as the high density interconnect PCB market and the automotive-related PCB market.

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

Proposed Annual Caps for the 2016 MSP Agreement

It is proposed that the Proposed Annual Caps under the 2016 MSP Agreement are: (i) in respect of the purchase of goods and/or services by the EEIC Group from the Kingboard Group, US$165,000,000, US$189,800,000 and US$218,300,000; and (ii) in respect of the sale of goods and/or services by the EEIC Group to the Kingboard Group, US$26,200,000, US$30,100,000 and US$34,600,000, for the three years ending 31 December 2017, 2018 and 2019, respectively.

The Proposed Annual Caps under the 2016 MSP Agreement have been determined with reference to the internal projections of the sales and purchases to be incurred, having regard to the following:

(i) the expected growth of the global PCB market;

(ii) the anticipated growth in demand of goods and/or services;

(iii) the prevailing market prices of goods and/or services;

(iv) inflation; and

(v) the business development plan of the EEIC Group, including the expansion of the market share of certain PCB-related industries such as the high density interconnect PCB market and the automotive-related PCB market.

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

REASONS FOR AND BENEFITS OF ENTERING INTO THE 2016 CCT AGREEMENTS

2016 EPF Agreement

The EEIC Group has been continuously expanding its PCB business and anticipates that more Equipment for the manufacture of PCBs will be required to further expand the business. Taking into account a range of factors, including the reduction in transportation costs, the quality and the price of the Equipment manufactured by the Kingboard Group for the production of PCBs, the EEIC Group considers that the purchase of Equipment under the 2016 EPF Agreement is necessary to facilitate its business development plan and will improve the competitiveness, the quality and price of the PCBs manufactured by the EEIC Group.

The Directors (other than the INEDs whose opinion will be provided after reviewing the opinion from the independent financial adviser) are of the view that the 2016 EPF Agreement was entered into on normal commercial terms, in the ordinary and usual course of business of the EEIC Group and that the terms of the 2016 EPF Agreement are fair and reasonable and in the interests of the Shareholders as a whole.

2016 MSP Agreement

The EEIC Group is engaged in the manufacture of PCBs, which requires materials including but not limited to copper foil, kraft paper, copper balls, laminates, glass fibre and prepreg (the "EEIC Group Required Materials") as key components of its products. The Kingboard Group is engaged in, among others, the manufacture of laminates and PCBs, which requires materials and services, including but not limited to green laminates and drill maintenance services, as components for its production process. The provision of the EEIC Group Required Materials by the Kingboard

Group to the EEIC Group secures a steady supply of the EEIC Group Required Materials to the EEIC Group which facilitates its production of PCBs. The EEIC Group considers that the Kingboard Group is a reliable business co-operation partner and that such co-operation is beneficial to the business of the EEIC Group.

The Directors (other than the INEDs whose opinion will be provided after reviewing the opinion from the independent financial adviser) are of the view that the 2016 MSP Agreement was entered into on normal commercial terms, in the ordinary and usual course of business of the EEIC Group and that the terms of the 2016 MSP Agreement are fair and reasonable and in the interests of the Shareholders as a whole.

HK LISTING RULES IMPLICATIONS

As at the date of this announcement, Kingboard, through its wholly-owned subsidiaries, owns approximately 73.65% of the issued share capital of the Company and is therefore a connected person of the Company. Accordingly, the transactions contemplated under each of the 2016 CCT Agreements constitute continuing connected transactions of the Company under Chapter 14A of the HK Listing Rules.

The 2016 EPF Agreement

As the highest applicable percentage ratio (under Chapter 14A of the HK Listing Rules) of the aggregate amount to be paid by the EEIC Group on an annual basis under the 2016 EPF Agreement for each of the three years ending 31 December 2017, 2018 and 2019 is equal to or greater than 5%, the transactions contemplated under the 2016 EPF Agreement are subject to the annual review, reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the HK Listing Rules.

The 2016 MSP Agreement

As the highest applicable percentage ratio (under Chapter 14A of the HK Listing Rules) of the aggregate amount to be paid or received by the EEIC Group (as the case may be) on an annual basis under the 2016 MSP Agreement for each of the three years ending 31 December 2017, 2018 and 2019 is equal to or greater than 5%, the transactions contemplated under the 2016 MSP Agreement are subject to the annual review, reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the HK Listing Rules.

The Company will seek independent Shareholders' approval at an EGM for (i) the 2016 EPF Agreement and the transactions and the Proposed Annual Caps contemplated thereunder; and (ii) the 2016 MSP Agreement and the transactions and the Proposed Annual Caps contemplated thereunder (together, the "Relevant Transactions"). Karl Thomson Financial Advisory Limited has been appointed as the independent financial adviser to advise the independent board committee (comprising the INEDs) and the independent Shareholders in relation to the 2016 CCT Agreements and the Proposed Annual Caps.

A circular containing, inter alia, (i) further details of the 2016 EPF Agreement, the 2016 MSP Agreement and the transactions and the Proposed Annual Caps contemplated thereunder, respectively; (ii) the opinion from the independent financial adviser; (iii) the recommendation from the independent board committee (comprising the INEDs); and (iv) the notice of EGM and other information as required under the HK Listing Rules and the Singapore Listing Manual, is expected to be despatched by the Company to the Shareholders within 15 business days after the publication of this announcement.

GENERAL

The EEIC Group

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

The Kingboard Group

Kingboard is an investment holding company. The Kingboard Group is principally engaged in the manufacture and sale of laminates, copper foil, glass fabric, glass yarn, bleached kraft paper, packing cartons, PCBs, chemicals, liquid crystal displays and magnetic products, and property development and investment.

DEFINITIONS

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

"2011 Listing Document"	the listing document of the Company dated 30 June 2011
"2013 Announcement"	Company's announcement dated 12 November 2013 in relation to certain continuing connected transactions of the Company including those contemplated under the 2013 CCT Agreements
"2013 CCT Agreements"	the 2013 EPF Agreement and the 2013 MSP Agreement
"2013 EPF Agreement"	the existing equipment purchase framework agreement dated 12 November 2013 for the purchase of certain Equipment, details of which are described in the 2011 Listing Document and 2013 Announcement
"2013 MSP Agreement"	the existing master sales and purchases framework agreement dated 12 November 2013 for the sale and purchase of certain goods and/or services, details of which are described in the 2011 Listing Document and 2013 Announcement
"2016 CCT Agreements"	the 2016 EPF Agreement and the 2016 MSP Agreement
"2016 EPF Agreement"	the equipment purchase framework agreement dated 7 November 2016 for the purchase of certain Equipment
"2016 MSP Agreement"	the master sales and purchases framework agreement dated 7 November 2016 for the sale and purchase of certain goods and/or services
"Board"	the board of Directors
"Company"	Elec & Eltek International Company Limited (依利安達集團有限公司*), a company incorporated in Singapore with limited liability, the shares of which are listed on the main board of the Singapore Exchange Securities Trading Limited and the main board of SEHK

"connected person"	has the meaning ascribed to it under the HK Listing Rules
"Director(s)"	the director(s) of the Company
"EEIC Group"	the Company and its subsidiaries
"Equipment"	all kinds of machineries and equipment for use in the PCB industry
"EGM"	extraordinary general meeting
"Existing Annual Caps"	the annual caps for the 2013 CCT Agreements for the three years ending 31 December 2014, 2015 and 2016
"HK Listing Rules"	the Rules Governing the Listing of Securities on SEHK
"Hong Kong"	the Hong Kong Special Administrative Region of PRC
"INEDs"	the independent non-executive Directors
"Kingboard"	Kingboard Chemical Holdings Limited (stock code: 148), a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the main board of SEHK
"Kingboard Group"	Kingboard and its subsidiaries (other than the EEIC Group)
"PCB(s)"	acronym for printed circuit board, a flat panel composite with alternating layers of printed conductors and electrical insulation, typically interconnected by conductive holes; PCBs provide platforms to connect semiconductors and other electronic, optical or mechanical devices to form a circuit or functional system
"PRC"	the People's Republic of China (which, for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan)
"Proposed Annual Caps"	the proposed annual caps for the three years ending 31 December 2019 as more particularly described in this announcement
"Shareholder(s)"	holder(s) of the share(s) in the Company

"Singapore Listing Manual"	the listing manual of Singapore Exchange Securities Trading Limited, as amended, modified or supplemented from time to time
"SEHK"	The Stock Exchange of Hong Kong Limited
"USD"	United States dollars, the lawful currency of the United States of America
"%"	per cent

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

Hong Kong, 7 November 2016

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

Executive Directors:-
Cheung Wai Lin Stephanie (Vice Chairman)
Chang Wing Yiu
Ng Hon Chung

Non-executive Director:-
Cheung Kwok Wing (Chairman)

Independent non-executive Directors:-
Raymond Leung Hai Ming
Stanley Chung Wai Cheong
Ong Shen Chieh

** For identification purpose only*