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

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Elec & Eltek 依利安達

Elec & Eltek International Company Limited **依利安達集團有限公司***

(Incorporated in the Republic of Singapore with Limited Liability)

Singapore Company Registration Number: 199300005H

(Hong Kong Stock Code: 1151)

(Singapore Stock Code: E16.SI)

CIRCULAR TO SHAREHOLDERS

IN RELATION TO

- (1) THE PROPOSED RE-ELECTION OF RETIRING DIRECTORS;**
- (2) THE PROPOSED RENEWAL OF THE SHARE ISSUE MANDATE;**
- (3) THE PROPOSED RENEWAL OF THE SHARE PURCHASE MANDATE;**
- (4) THE PROPOSED RENEWAL OF THE INTERESTED PERSON TRANSACTIONS MANDATE;**
- (5) THE PROPOSED ADOPTION OF THE 2018 SHARE OPTION SCHEME;**
- AND**
- (6) NOTICE OF ANNUAL GENERAL MEETING**

IMPORTANT DATES AND TIMES:

Last date and time for deposit of Proxy Form:	25 April 2018 at 2:30 p.m.
Date and time of Annual General Meeting:	27 April 2018 at 2:30 p.m.
Place of Annual General Meeting:	(a) In Hong Kong, at: Board Room, 23/F, Delta House, 3 On Yiu Street, Shek Mun, Shatin, New Territories, Hong Kong (for Hong Kong Shareholders); AND (b) In Singapore, <i>via</i> video conferencing at: Conference Room, Wangz Business Centre, The Penthouse, 7 Temasek Boulevard, #44-01 Suntec Tower 1, Singapore 038987 (for Singapore Shareholders)

A letter from the Board is set out from pages 10 to 53 of this Circular. Whether or not you are able to attend and vote at the Annual General Meeting in person, please complete the accompanying Proxy Form in accordance with the instructions printed thereon and return it to the registered office of the Company at 80 Raffles Place #33-00 UOB Plaza 1 Singapore 048624 (for Singapore Shareholders) or the office of the Company's Hong Kong branch share registrar, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong (for Hong Kong Shareholders) as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the Annual General Meeting or any adjournment thereof. Completion and return of the Proxy Form will not preclude you from attending and voting in person at the Annual General Meeting if you so wish and, in such event, the Proxy Form shall be deemed to be revoked.

** for identification purpose only*

26 March 2018

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DEFINITIONS

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

“2008 Share Option Scheme”	:	Shall have the meaning ascribed to it in Section 6.1.1 of this Circular
“2017 AGM”	:	The AGM held on 28 April 2017
“2017 Circular”	:	The circular dated 27 March 2017, with respect to, inter alia, the 2017 AGM
“2017 IPT Mandate”	:	Shall have the meaning ascribed to it in Section 5.1.1 of this Circular
“2017 Share Issue Mandate”	:	Shall have the meaning ascribed to it in Section 3.1 of this Circular
“2017 Share Purchase Mandate”	:	Shall have the meaning ascribed to it in Section 4.1.3 of this Circular
“2018 AGM”	:	The AGM to be held on 27 April 2018
“2018 Share Option Scheme”	:	The share option scheme proposed to be adopted by the Company and named the 2018 Elec & Eltek Employees’ Share Option Scheme, which may be amended or modified from time to time
“ACRA”	:	Accounting and Corporate Regulatory Authority of Singapore
“Act”	:	Companies Act (Chapter 50 of Singapore Statutes), as may be amended or modified from time to time
“Adjustment”	:	Shall have the meaning ascribed to it in Section 6.1.5(vii) of this Circular
“Adoption Date”	:	The date on which all the conditions set out in Rule 2 of the 2018 Share Option Scheme are fulfilled
“AGM”	:	Annual General Meeting of the Company
“Approval Date”	:	Shall have the meaning ascribed to it in Section 4.3.1 of this Circular
“Articles”	:	The Memorandum and Articles of Association of the Company
“Audit Committee”	:	The audit committee of the Company

DEFINITIONS

“Average Closing Price”	:	Shall have the meaning ascribed to it in Section 4.3.4(c) of this Circular
“Board”	:	The board of Directors
“CDP”	:	The Central Depository (Pte) Limited
“close associate”	:	Shall have the meaning ascribed to it under the HK Listing Rules
“connected transaction(s)”	:	Shall have the meaning ascribed to it under Chapter 1 of the HK Listing Rules
“Control”	:	Shall have the meaning ascribed to it in the section entitled “Definitions and Interpretation” of the Listing Manual
“Controlling Shareholder(s)”	:	<p>A person who:</p> <p>(a) holds, directly or indirectly, 15% or more of the total number of issued Shares (excluding Treasury Shares and subsidiary holdings) in the Company (unless the SGX-ST determines that such a person is not a Controlling Shareholder of the Company); or</p> <p>(b) in fact exercises control over the Company</p> <p>Under the HK Listing Rules, the term “controlling shareholder” refers to any person who is, or group of persons (including any holder of depository receipts) who are together, entitled to exercise or control the exercise of 30% (or such other amount as may from time to time be specified in the HK Takeovers Code as being the level for triggering a mandatory general offer) or more of the voting power at general meetings of the Company or who is or are in a position to control the composition of a majority of the Board</p>
“Committee”	:	A committee of Directors who are duly authorised and appointed by the Board pursuant to Rule 18 of the 2018 Share Option Scheme to administer the 2018 Share Option Scheme
“core connected person(s)”	:	Shall have the meaning ascribed to it under Chapter 1 of the HK Listing Rules
“Date of Grant”	:	The date on which an Option is granted to an Offeree pursuant to Rule 8 of the 2018 Share Option Scheme

DEFINITIONS

“Depositor”	:	A Depository Agent or a Direct Account Holder to the balance of whose Securities Account any shares are credited, but excluding a sub-account holder
“Depository”	:	CDP established by the SGX-ST, or any other corporation approved by the Monetary Authority of Singapore as a depository company or corporation for the purposes of the Securities and Futures Act (Chapter 289 of Singapore Statutes), which, as a bare trustee, operates the central depository system for the holding and transfer of book-entry securities
“Depository Agent”	:	A member company of the SGX-ST, a trust company (registered under the Trust Companies Act (Chapter 336 of Singapore Statutes)), a banking corporation or merchant bank (approved by the Monetary Authority of Singapore under the Monetary Authority of Singapore Act (Chapter 186 of Singapore Statutes)) or any other person or body approved by the Depository who or which: (a) performs services as a depository agent for sub-account holders in accordance with the terms of a depository agent agreement entered into between the Depository and the Depository Agent; (b) deposits book-entry securities with the Depository on behalf of the sub-account holders; and (c) establishes an account in its name with the Depository
“Depository Register”	:	A register of holders maintained by the Depository or the clearing house (as the case may be) in respect of book-entry securities
“Direct Account Holder”	:	A person who has a securities account directly with the Depository or a clearing house (as the case may be) and not through a Depository Agent
“Directors”	:	The directors of the Company as at the Latest Practicable Date
“EEIC Group”	:	The Company, its Subsidiaries and Associated Companies
“EEIH”	:	Elec & Eltek International Holdings Limited
“EPS”	:	Earnings per Share

DEFINITIONS

“Equipment”	:	Machineries and equipment for use in the production of PCBs, with quality features like enhanced functionality and low maintenance, including without limitation, PCB handling machines, mechanical drilling machines, laser drilling machines, imaging data processing systems, direct exposure machines, etching machines, acid cleaning machines, pattern plating machines, plated-through machines, panel plate machines, dry film strippers, tin stripper machines, routing machines, e-test machines, automated optical inspection equipment and other similar machineries and equipment
“Employees”	:	Full-time employees and directors of any company within the EEIC Group, any company within the Parent Group or of any Associated Company (as the case may be)
“Exercise Period”	:	The period during which an Option is exercisable, being a period commencing after the first or second anniversary of the Date of Grant of the Option (as may be and as prescribed under the 2018 Share Option Scheme) and expiring on the fifth anniversary of the Date of Grant of the said Option
“Exercise Price”	:	The price at which an Offeree shall subscribe for each Share upon the exercise of an Option, as determined in accordance with Rule 10 of the 2018 Share Option Scheme, or such adjusted price as may be applicable pursuant to Rule 11 of the 2018 Share Option Scheme
“FRS 102”	:	Shall have the meaning ascribed to it in Section 6.3.4 of this Circular
“FY”	:	Financial year ended 31 December
“HKEX”	:	The Stock Exchange of Hong Kong Limited
“HK Listing Rules”	:	The Rules Governing the Listing of Securities on the HKEX, as amended, modified or supplemented from time to time
“HK Repurchase Code”	:	The Code on Share Buy-backs of Hong Kong, as amended, modified or supplemented from time to time
“HK Takeovers Code”	:	The Code on Takeovers and Mergers of Hong Kong, as amended, modified or supplemented from time to time

DEFINITIONS

“HK\$”	:	Hong Kong dollars
“Independent Directors”	:	Mr. Stanley Chung Wai Cheong, Mr. Ong Shen Chieh and Mr. Kong Tze Wing, who are Directors considered to be independent in relation to the IPT Mandate
“Independent Shareholder”	:	Any Shareholder who is not an eligible Participant in the 2018 Share Option Scheme
“Interested Person”	:	A person who is considered an “interested person” within the meaning of Chapter 9 of the Listing Manual, as defined in Section 1.2.2 of Appendix B of this Circular
“Interested Person Transaction”	:	A “transaction” entered into between an entity at risk and an Interested Person within the meaning of Chapter 9 of the Listing Manual, as defined in Section 1.2.2 of Appendix B of this Circular
“IPT Mandate”	:	A general mandate granted by the Shareholders to authorise the Company to enter into any transactions falling within the types of Interested Person Transactions, in accordance with the terms set out in the resolution authorising the same
“Kingboard”	:	Kingboard Chemical Holdings Limited
“Kingboard Group”	:	Kingboard, its Subsidiaries and Associated Companies
“Kingboard Laminates”	:	Shall have the meaning ascribed to it in Appendix A of this Circular
“Latest Practicable Date”	:	9 March 2018, being the latest practicable date prior to the printing of this Circular for the purpose of obtaining relevant information for inclusion herein
“Listing Manual”	:	The listing manual of the SGX-ST, as may be amended, modified or supplemented from time to time
“Market Day”	:	A day on which the SGX-ST or the HKEX, as the case may be, is open for securities trading

DEFINITIONS

“Market Price”	:	The average of the last dealt prices for a Share determined by reference to the daily Official List published by the SGX-ST for a period of five (5) consecutive Market Days immediately prior to the relevant Date of Grant, provided always that in the case of a Market Day on which the Shares of the Company were not traded on the SGX-ST, the last dealt price for Shares on such Market Day shall be deemed to be the last dealt price of the Shares on the immediately preceding Market Day on which the Shares were traded, rounded up to the nearest whole cent in the event of fractional prices
“Maximum Price”	:	Shall have the meaning ascribed to it in Section 4.3.4(b) of this Circular
“New Shares”	:	The new Shares which may be allotted and issued from time to time pursuant to the exercise of the Option(s)
“NTA”	:	Net tangible assets
“Offeree”	:	A person who meets the criteria set out in Rule 4.1 of the 2018 Share Option Scheme, and has been selected by the Committee to participate in the 2018 Share Option Scheme
“Off-Market Share Purchase”	:	A Share Purchase by the Company effected otherwise than on the SGX-ST and/or the HKEX pursuant to an equal access scheme, which is in accordance with Section 76C of the Act, for the purchase of Shares from the Shareholders
“On-Market Share Purchase”	:	A Share Purchase by the Company effected on the SGX-ST and/or the HKEX, through one or more duly licensed stockbrokers, appointed by the Company for such purpose
“Option(s)”	:	The right to subscribe for Option Shares pursuant to the 2018 Share Option Scheme
“Option Holder”	:	The holder of an Option
“Option Shares”	:	Shares obtained pursuant to an exercise of the Option(s)
“P&L”	:	Shall have the meaning ascribed to it in Section 6.3.4 of this Circular
“PCB(s)”	:	Printed circuit board(s)

DEFINITIONS

“Participant”	:	Shall have the meaning ascribed to that term in Section 6.1.5(i) of this Circular
“Parent Company”	:	The holding company of the Company, namely, Kingboard
“Parent Group”	:	Kingboard and its subsidiaries (excluding any company within the EEIC Group and any Associated Company)
“Parent Shareholders”	:	The shareholders of Kingboard
“Permitted Period”	:	Shall have the meaning ascribed to it in Section 4.3.2 of this Circular
“Public”	:	Shall have the meaning ascribed to it in Section 4.9.1(c) of this Circular
“Rule 14”	:	Shall have the meaning ascribed to it in Section 4.10.1(a) of this Circular
“Securities Account”	:	The securities account or sub-account maintained by a Depositor with the Depository or a clearing house (as the case may be)
“SFC”	:	The Securities and Futures Commission of Hong Kong
“SFO”	:	The Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, modified or supplemented from time to time
“SGX-ST”	:	Singapore Exchange Securities Trading Limited
“Share(s)”	:	Ordinary share(s) in the share capital of the Company
“Shareholder(s)”	:	Registered holders of Shares in the register of members maintained by the Company and Depositors who have Shares entered against their names in the Depository Register
“Share Issue Mandate”	:	A general mandate granted by the Shareholders to authorise the Directors to allot, issue and deal with Shares in accordance with the terms set out in the resolution authorising the same
“Share Purchase”	:	Purchase of Shares by the Company pursuant to the Share Purchase Mandate

DEFINITIONS

“Share Purchase Mandate”	:	A general mandate granted by the Shareholders to authorise the Directors to exercise all the powers of the Company to purchase Shares in accordance with the terms set out in the resolution authorising the same
“Singapore CG Code”	:	The Singapore Code of Corporate Governance, as amended, supplemented or modified from time to time
“Singapore Listing Rules”	:	The listing rules of the SGX-ST, as set out in the Listing Manual
“Singapore Take-over Code”	:	The Singapore Code on Take-overs and Mergers, as amended, supplemented or modified from time to time
“Substantial Shareholder”	:	<p>A person who has an interest in not less than five per cent. (5%) of all issued voting shares</p> <p>Under the HK Listing Rules, the term “substantial shareholder” in relation to a company means a person who is entitled to exercise, or control the exercise of, ten per cent. (10%) or more of the voting power at any general meeting of the company</p> <p>Under the SFO, the term “substantial shareholder”, in relation to a corporation, means a person who has an interest in the relevant share capital of the corporation, the nominal value of which is equal to or more than five per cent. (5%) of the nominal value of the relevant share capital of the corporation</p>
“S\$”	:	Singapore dollars
“US\$” and “US cents”	:	US dollars and cents, respectively
“Vesting Period”	:	Shall have the meaning ascribed to it in Section 6.3.4 of this Circular
“%” or “per cent”	:	Per centum or percentage

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

The term “**Subsidiary**” shall have the meaning ascribed to it in Section 5 of the Act and the HK Listing Rules, as the case may be. The terms “**Associate**” and “**Associated Company**” shall have the meanings ascribed to them, respectively, in the section entitled “Definitions and Interpretation” of the Listing Manual or the HK Listing Rules, as the case may be, and, with respect to references in this Circular to “Associated Company” or “Associated Companies” in relation to, with respect to and/or in conjunction with the 2018 Share Option Scheme, such references shall be to that Associated Company or those Associated Companies (as the case may be) over which the Company has Control.

DEFINITIONS

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

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

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

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

This Circular is translated into Chinese. In case of any inconsistency between Chinese and English versions, the latter shall prevail.

LETTER TO SHAREHOLDERS



Elec & Eltek 依利安達

Elec & Eltek International Company Limited

依利安達集團有限公司*

(Incorporated in the Republic of Singapore with Limited Liability)

Singapore Company Registration Number: 199300005H

(Hong Kong Stock Code: 1151)

(Singapore Stock Code: E16.SI)

Directors:

Executive Directors:

Ms. Stephanie Cheung Wai Lin (Vice-Chairman)

Mr. Chang Wing Yiu

Mr. Ng Hon Chung

Non-executive Director:

Mr. Cheung Kwok Wing (Chairman)

Independent non-executive Directors:

Mr. Stanley Chung Wai Cheong

Mr. Ong Shen Chieh

Mr. Kong Tze Wing

Registered Office:

80 Raffles Place

#33-00 UOB Plaza 1

Singapore 048624

**Headquarters and Principal Place
of Business:**

23/F, Delta House,

3 On Yiu Street,

Shek Mun, Shatin,

New Territories,

Hong Kong

26 March 2018

To: The Shareholders

Dear Sir/Madam

- (A) THE PROPOSED RE-ELECTION OF RETIRING DIRECTORS;**
- (B) THE PROPOSED RENEWAL OF THE SHARE ISSUE MANDATE;**
- (C) THE PROPOSED RENEWAL OF THE SHARE PURCHASE MANDATE;**
- (D) THE PROPOSED RENEWAL OF THE INTERESTED PERSON
TRANSACTIONS MANDATE;**
- (E) THE PROPOSED ADOPTION OF THE 2018 SHARE OPTION
SCHEME; AND**
- (F) NOTICE OF ANNUAL GENERAL MEETING**

* for identification purpose only

LETTER TO SHAREHOLDERS

1. INTRODUCTION

1.1. The Directors are convening the 2018 AGM on 27 April 2018, (a) in Hong Kong, at Board Room, 23/F, Delta House, 3 On Yiu Street, Shek Mun, Shatin, New Territories, Hong Kong (for Hong Kong Shareholders); and (b) in Singapore, *via* video-conferencing at Conference Room, Wangz Business Centre, The Penthouse, 7 Temasek Boulevard, #44-01 Suntec Tower 1, Singapore 038987 (for Singapore Shareholders) at 2:30 p.m. to seek Shareholders' approval for the following matters:

- (a) the proposed re-election of retiring Directors;
- (b) the proposed renewal of the Share Issue Mandate;
- (c) the proposed renewal of the Share Purchase Mandate;
- (d) the proposed adoption of the 2018 Share Option Scheme; and
- (e) the proposed renewal of the IPT Mandate.

These resolutions will be proposed at the 2018 AGM, as set out in the notice of the 2018 AGM contained in this Circular.

- 1.2. The Singapore Listing Rules and the HK Listing Rules contain provisions to regulate: (i) the issuance of shares; (ii) the repurchase of shares by companies with primary listings of their securities on the SGX-ST and the HKEX, respectively; and (iii) Interested Person Transactions (and, in a similar context of the HK Listing Rules, “**connected transactions**”).
- 1.3. The purpose of this Circular is to provide Shareholders with information relating to, and explain the rationale for the resolutions to be proposed at, the 2018 AGM, in respect of: (i) the proposed re-election of the retiring Directors; (ii) the proposed renewal of the Share Issue Mandate; (iii) the proposed renewal of the Share Purchase Mandate; (iv) the proposed adoption of the 2018 Share Option Scheme; and (v) the proposed renewal of the IPT Mandate.
- 1.4. This Circular also serves as an explanatory statement (as required under the HK Listing Rules) to provide the Shareholders with the requisite information reasonably necessary to enable the Shareholders to make an informed decision as to whether to vote for or against the relevant ordinary resolution.

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

LETTER TO SHAREHOLDERS

2. THE PROPOSED RE-ELECTION OF RETIRING DIRECTORS

As at the Latest Practicable Date:

- (a) the executive Directors were Ms. Stephanie Cheung Wai Lin, Mr. Chang Wing Yiu and Mr. Ng Hon Chung;
- (b) the non-executive Director was Mr. Cheung Kwok Wing; and
- (c) the independent non-executive Directors were Mr. Stanley Chung Wai Cheong, Mr. Ong Shen Chieh and Mr. Kong Tze Wing.

Pursuant to Articles 95(2) and 95(4) of the Articles, our executive Directors, Mr. Chang Wing Yiu and Mr. Ng Hon Chung, and our independent non-executive Director, Mr. Stanley Chung Wai Cheong, shall retire from office by rotation, and being eligible, each of such Directors shall offer themselves for re-election at the 2018 AGM.

Pursuant to Article 77 of the Articles, Mr. Kong Tze Wing shall retire from office and, being eligible, shall offer himself for re-election at the 2018 AGM.

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

3. THE PROPOSED RENEWAL OF THE SHARE ISSUE MANDATE

- 3.1. At the 2017 AGM held by the Company on 28 April 2017, a Share Issue Mandate (the “**2017 Share Issue Mandate**”) was granted by the Shareholders to the Directors, authorising the Directors to issue Shares and/or to make or grant offers, agreements or options that might or would require Shares to be issued, in accordance with the terms set out in the resolution approving the 2017 Share Issue Mandate and in compliance with the Singapore Listing Rules, HK Listing Rules, all legal requirements and the Articles. The 2017 Share Issue Mandate will expire upon the conclusion of the 2018 AGM.
- 3.2. An ordinary resolution as set out in Ordinary Resolution 7 of the notice of the 2018 AGM will be proposed at the 2018 AGM to seek the approval of the Shareholders, that, pursuant to Section 161 of the Act, Rule 806 of the Listing Manual and the HK Listing Rules, the following authority be given to the Directors:
 - (a) subject to paragraph (c) below, the exercise by the Directors during the Relevant Period (as hereinafter defined) of all the powers of the Company to allot, issue and deal with additional Shares in the capital of the Company and to make or grant offers, agreements and options (including, but not limited to, bonds, warrants and debentures convertible into Shares), which would or might require the exercise of such powers;
 - (b) the approval in paragraph (a) above shall authorise the Directors during the Relevant Period to make or grant offers, agreements and options (including, but not limited to, bonds, warrants and debentures convertible into Shares), which would or might require the exercise of such powers after the end of the Relevant Period;

LETTER TO SHAREHOLDERS

- (c) the aggregate nominal amount of the Shares allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) by the Directors pursuant to the approval in paragraph (a), above, shall not exceed 50% of the total number of issued shares in the capital of the Company (excluding Treasury Shares, if any), of which the aggregate number of shares to be issued other than on a *pro-rata* basis to existing Shareholders shall not exceed 20% of the aggregate nominal amount of the issued share capital of the Company (excluding Treasury Shares, if any) as at the date of passing of the resolution and the approval in paragraph (a), above, shall be limited accordingly; and
- (d) for the purpose of Ordinary Resolution 7, “**Relevant Period**” means the period from the passing of the resolution until the earliest of:
 - (i) the conclusion of the next AGM;
 - (ii) the expiration of the period within which the next AGM is required, by the Articles or any applicable laws, to be held; or
 - (iii) the revocation or variation of the authority given under the resolution by an ordinary resolution of the Shareholders in general meeting.

3.3. As at the Latest Practicable Date, the number of Shares in issue was 186,919,962. Accordingly, the exercise of the Share Issue Mandate in full (other than on a *pro-rata* basis) would enable the Company to issue a maximum of 37,383,992 new Shares (assuming no Shares are issued or repurchased after the Latest Practicable Date and up to the passing of the relevant resolution). The renewal of the 2017 Share Issue Mandate will provide flexibility to the Directors to issue new Shares when it is in the interests of the Company to do so.

4. THE PROPOSED RENEWAL OF THE SHARE PURCHASE MANDATE

4.1. Background

- 4.1.1. The Act allows companies to purchase their own shares, stocks and preference shares in the manner stated in the Act, if their articles of association allow them to do so. Article 51(a) of the Articles expressly permits the Company to purchase or otherwise acquire, *inter alia*, its issued Shares.
- 4.1.2. Any purchase or acquisition of its Shares by the Company is required to be made in accordance with, and in the manner prescribed by, the Act, the Listing Manual, the Articles, the HK Listing Rules, the HK Repurchase Code and such other laws and regulations as may, for the time being, be applicable. Companies listed on the HKEX are not allowed to hold Treasury Shares. Accordingly, as the Company is listed on the Main Board of the HKEX, the Company will not be allowed to hold Treasury Shares and any Shares purchased, redeemed or acquired pursuant to the Share Purchase Mandate will be cancelled.
- 4.1.3. At the 2017 AGM, the Shareholders had approved the renewal of a Share Purchase Mandate (the “**2017 Share Purchase Mandate**”) to enable the Company to purchase or otherwise acquire its issued Shares. The rationale for, the authority and limitations on and the financial effects of, the 2017 Share Purchase Mandate were set out in the 2017 Circular.

LETTER TO SHAREHOLDERS

4.1.4. The 2017 Share Purchase Mandate was expressed to continue, *inter alia*, in force until:

- (i) the date on which the 2018 AGM is held or required by law or the Articles to be held;
- (ii) the date on which the purchase of Shares by the Company pursuant to the 2017 Share Purchase Mandate is carried out to the fullest extent mandated; or
- (iii) the date on which the authority conferred by the 2017 Share Purchase Mandate is revoked or varied by the Company in general meeting,

whichever is the earliest.

4.1.5. As the 2017 Share Purchase Mandate would be expiring on 27 April 2018, being the date of the 2018 AGM, the Directors are seeking the Shareholders' approval for the renewal of the 2017 Share Purchase Mandate at the 2018 AGM.

4.2. Rationale for renewal of the Share Purchase Mandate

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

4.2.2. The proposed renewal of the 2017 Share Purchase Mandate will continue to give the Directors the flexibility to purchase or acquire the Shares if and when circumstances permit. The Share Purchase Mandate will also allow the Company greater flexibility over its share capital structure and dividend policy and may lead to an enhancement of EPS and/or NTA per Share, depending on market conditions and funding arrangements at the time. As the Share Purchases will give the Directors the opportunity to purchase Shares when the Shares are under-valued, the Directors are of the opinion that the Share Purchases would help to buffer short-term share price volatility and offset the effects of share price speculation.

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

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

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

4.3. Authority and limits on the Share Purchase Mandate

The authority and limitations placed on the Share Purchases by the Company under the proposed renewal of the 2017 Share Purchase Mandate are set out below:

4.3.1. Maximum Number of Shares

The total number of Shares which may be purchased or acquired by the Company pursuant to the Share Purchase Mandate is limited to the number of Shares representing not more than ten per cent. (10%) of the issued share capital of the Company as at the date of the 2018 AGM at which the renewal of the Share Purchase Mandate is approved (the “**Approval Date**”).

For illustrative purposes only, on the basis of 186,919,962 issued Shares as at the Latest Practicable Date, and assuming that no further Shares are issued or repurchased on or prior to the 2018 AGM, not more than 18,691,996 issued Shares (representing approximately, and no more than, ten per cent. (10%) of the issued share capital of the Company as at the Approval Date) may be purchased by the Company pursuant to the Share Purchase Mandate for the duration referred to in Section 4.3.2.

4.3.2. Duration of Authority

- (a) Share Purchases may be made, at any time and from time to time, on and from the Approval Date, up to:
 - (i) the date on which the next AGM is held or required by law or the Articles to be held;
 - (ii) the date on which the purchase of Shares by the Company pursuant to the Share Purchase Mandate are carried out to the fullest extent mandated; or
 - (iii) the date on which the authority conferred by the Share Purchase Mandate is revoked or varied by the Company in a general meeting,

whichever is the earliest (the “**Permitted Period**”).

- (b) The authority conferred on the Directors by the Share Purchase Mandate to purchase Shares may be renewed. When seeking the approval of the Shareholders for the renewal of the Share Purchase Mandate, the Company is required to disclose, *inter alia*, details pertaining to Share Purchases made during the previous 12 months, including the total number of Shares purchased, the purchase price per Share or the highest and lowest prices paid for such Share Purchases, where relevant, and the total consideration paid for such Share Purchases.

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4.3.3. Manner of Share Purchases

- (a) Share Purchases may be made by way of:
 - (i) an On-Market Share Purchase; and/or
 - (ii) an Off-Market Share Purchase.
- (b) The Directors may impose such terms and conditions, which are not inconsistent with the Share Purchase Mandate, the Listing Manual, the Act, the HK Listing Rules or the HK Repurchase Code, as they consider fit, in the interests of the Company in connection with or in relation to any equal access scheme or schemes. However, an Off-Market Share Purchase effected in accordance with an equal access scheme must satisfy all the following conditions:
 - (i) offers for the Share Purchase shall be made to every person who holds Shares, to purchase or acquire the same percentage of their issued Shares;
 - (ii) all of those persons shall be given a reasonable opportunity to accept the offers made to them; and
 - (iii) the terms of all the offers shall be the same, except that the following shall be disregarded:
 - (A) differences in consideration attributable to the fact that offers may relate to Shares with different accrued dividend entitlements (if applicable);
 - (B) differences in consideration attributable to the fact that offers relate to Shares with different amounts remaining unpaid (if applicable); and
 - (C) differences in the offers introduced solely to ensure that each person is left with a whole number of Shares.
- (c) The Listing Manual provides that, in making an Off-Market Share Purchase, the Company must issue an offer document to all Shareholders, which must contain at least the following information:
 - (i) the terms and conditions of the offer;
 - (ii) the period and procedures for acceptance;
 - (iii) the reasons for the proposed Share Purchase;
 - (iv) the consequences, if any, of Share Purchases by the Company that will arise under the Singapore Take-over Code or other applicable take-over rules;

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- (v) whether the Share Purchase, if made, would have any effect on the listing of the Shares on the SGX-ST; and
 - (vi) details of any Share Purchases made by the Company in the previous 12 months (whether On-Market Share Purchases or Off-Market Share Purchases), giving the total number of Shares purchased, the purchase price per Share or the highest and lowest prices paid for the Share Purchases, where relevant, and the total consideration paid for the Share Purchases.
- (d) In relation to an On-Market Share Purchase, the Company may apply to the SGX-ST for a special trading counter for the purposes of effecting the On-Market Share Purchase besides the normal ready market counter. Subject to the Shareholders' approval being obtained at the 2018 AGM for the renewal of the Share Purchase Mandate, the Company will consider whether to apply to the SGX-ST for a special trading counter for the purpose of conducting On-Market Share Purchases of its Shares.
- (e) In Hong Kong, companies with a primary listing of its equity securities in Hong Kong may only engage an off-market share repurchase approved in accordance with Rule 2 of the HK Repurchase Code. According to the HK Repurchase Code, off-market purchases must be approved by the Executive Director of the Corporate Finance Division of the SFC or any delegate of the Executive Director before a repurchasing company acquires any shares pursuant to such share repurchases. Such approval will normally be conditional upon, amongst others, approval of the proposed off-market repurchase by at least three-fourths of the votes cast on a poll by disinterested shareholders in attendance in person or by proxy at a general meeting of shareholders duly convened and held to consider the proposed transaction. The repurchasing company should also comply with such other applicable requirements under the HK Repurchase Code. Accordingly, even if the Share Purchase Mandate has been approved by Shareholders at the 2018 AGM, the Company will still be required to convene a general meeting to seek specific approval from the Shareholders in the event it wishes to conduct an Off-Market Purchase in compliance with the applicable requirements of the HK Repurchase Code.

4.3.4. Maximum Purchase Price

- (a) The purchase price (excluding brokerage, stamp duties, commission, applicable goods and services tax and other related expenses) to be paid for a Share will be determined by the Directors.
- (b) However, the purchase price to be paid for the Shares pursuant to the Share Purchase Mandate must not exceed:
 - (i) in the case of an On-Market Share Purchase, 105% of the Average Closing Price (as defined below) of the Shares; and
 - (ii) in the case of an Off-Market Share Purchase, 120% of the Average Closing Price of the Shares,

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(the “**Maximum Price**”) in either case (excluding brokerage, stamp duties, commission, applicable goods and services tax and other related expenses).

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

4.4. Status of purchased Shares

General

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

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

4.5. Reporting requirements

4.5.1. Notification to ACRA

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

The Company shall lodge with ACRA a notice of the Share Purchase within 30 days of the Share Purchase. Such notification shall include the date of the Share Purchase, the total number of Shares purchased by the Company, the number of Treasury Shares held (which will be nil), the

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Company's issued share capital before and after the Share Purchase, the amount of consideration paid by the Company for the Share Purchase, whether the Shares were purchased or acquired out of the profits or the capital of the Company and such other particulars as may be required, in the prescribed form.

4.5.2. Notification to SGX-ST

The Singapore Listing Rules specify that a company listed on the SGX-ST shall notify the SGX-ST of all purchases or acquisitions of its shares not later than 9.00 a.m.:

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

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

4.5.3. Reporting Requirements in Hong Kong

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

- (a) submit for publication to the HKEX not later than 30 minutes before the earlier of the commencement of the morning trading session or any pre-opening session on the Market Day following any day on which the issuer makes a purchase of shares (whether on the HKEX or otherwise), the total number of shares purchased by the issuer on the previous day, the purchase price per share or the highest and lowest price paid for such shares, where relevant, and shall confirm that purchases made on the HKEX were made in accordance with the HK Listing Rules and if the issuer's primary listing is on the HKEX, that there have been no material changes to the particulars contained in the explanatory statement issued by the listed issuer in relation to the mandate pursuant to which such share purchase is made. In respect of purchases made on another stock exchange, the issuer's report must confirm that those purchases were made in accordance with the domestic rules applying to purchases on that other stock exchange. Such reports shall be made on a return in such form and containing such information as the HKEX may from time to time prescribe. In the event that no shares are purchased on any particular day then no return need be made to the HKEX. The listed issuer should make arrangements with its brokers to ensure that they provide to the issuer in a timely fashion the necessary information to enable the listed issuer to make the report to the HKEX; and

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

4.6. Source of funds

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

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

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

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

4.7. Financial effects

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

- (a) reduce the amount of its share capital where the Shares were purchased out of the capital of the Company;

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- (b) reduce the amount of its distributable reserves where the Shares were purchased out of the profits of the Company; or
 - (c) reduce the amount of its share capital and distributable reserves proportionately where the Shares were purchased out of both the capital and the profits of the Company.
- 4.7.2. The amount of funding required for the Company to purchase or acquire its Shares and the financial impact on the Company and the EEIC Group arising from Share Purchases which may be made pursuant to the proposed renewal of the Share Purchase Mandate will depend on, *inter alia*, the aggregate number of Shares purchased or acquired, the consideration paid at the relevant time and the sources of funds applied by the Company.
- 4.7.3. Based on the existing issued and paid-up capital of the Company as at the Latest Practicable Date and assuming that no further Shares are issued or repurchased before the 2018 AGM, in the case of On-Market Share Purchases by the Company and assuming that, pursuant to the Share Purchase Mandate, the Company purchases the maximum number of 18,691,996 Shares at the Maximum Price of US\$1.76 per Share (being the price equivalent to five per cent. (5%) above the average of the closing market prices of the Shares for the five (5) consecutive Market Days on which the Shares were traded on the SGX-ST immediately preceding the Latest Practicable Date), the maximum amount of funds required for the purchase of 18,691,996 Shares (excluding brokerage, stamp duties, commission, applicable goods and services tax and other related expenses) is approximately US\$32,898,000.
- 4.7.4. Based on the existing issued and paid-up capital of the Company as at the Latest Practicable Date and assuming that no further Shares are issued or repurchased before the 2018 AGM, in the case of Off-Market Share Purchases by the Company and assuming that, pursuant to the Share Purchase Mandate, the Company purchases the maximum number of 18,691,996 Shares at the Maximum Price of US\$2.01 per Share (being the price equivalent to 20% above the average of the closing market prices of the Shares for the five (5) consecutive Market Days on which the Shares were traded on the SGX-ST immediately preceding the Latest Practicable Date), the maximum amount of funds required for the purchase of 18,691,996 Shares (excluding brokerage, stamp duties, commission, applicable goods and services tax and other related expenses) is approximately US\$37,571,000.

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4.7.5. On the basis of the assumptions set out above and assuming that (i) such Share Purchase is financed by 50% external borrowings and 50% internal resources; (ii) the Share Purchase Mandate had been effective on 1 January 2017; and (iii) the Company had purchased 18,691,996 Shares (representing ten per cent. (10%) of its total number of issued Shares at the Latest Practicable Date), the financial impact of the Share Purchase of 18,691,996 Shares made by the Company pursuant to the Share Purchase Mandate on the audited financial statements of the EEIC Group and the Company for FY2017 is set out below:

(a) On-Market Share Purchase

	EEIC Group		Company	
	Before Share Purchase	After Share Purchase	Before Share Purchase	After Share Purchase
As at 31 December 2017	US\$'000	US\$'000	US\$'000	US\$'000
*Profit after tax and non-controlling interest	36,161	35,799	2,211	1,849
*Shareholders' Funds	390,026	356,766	236,792	203,532
*NTA	390,026	356,766	236,792	203,532
*Current Assets	255,591	238,780	180	(16,631)
*Current Liabilities	237,564	254,013	233,712	250,161
*Working Capital	18,027	(15,233)	(233,532)	(266,792)
*Total Liabilities	265,509	281,958	233,712	250,161
Number of Shares ('000)	186,920	168,228	186,920	168,228
<u>Financial Ratios</u>				
*EPS (US cents)	19.35	21.28	n/m	n/m
*NTA per Share (US\$)	2.09	2.12	1.27	1.21
*Gearing	0.68	0.79	n/m	n/m
*Current Ratio	1.08	0.94	n/m	n/m

Notes:

“*” means the computations have taken into account the impact of additional external borrowings of approximately US\$16,449,000, attributable interest expense of approximately US\$362,000 to be incurred and internal resources of approximately US\$16,449,000.

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

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(b) Off-Market Share Purchase

As at 31 December 2017	EEIC Group		Company	
	Before Share	After Share	Before Share	After Share
	Purchase	Purchase	Purchase	Purchase
	US\$'000	US\$'000	US\$'000	US\$'000
*Profit after tax and non-controlling interest	36,161	35,748	2,211	1,798
*Shareholders' Funds	390,026	352,041	236,792	198,807
*NTA	390,026	352,041	236,792	198,807
*Current Assets	255,591	236,392	180	(19,019)
*Current Liabilities	237,564	256,350	233,712	252,498
*Working Capital	18,027	(19,958)	(233,532)	(271,517)
*Total Liabilities	265,509	284,295	233,712	252,498
Number of Shares ('000)	186,920	168,228	186,920	168,228
<u>Financial Ratios</u>				
*EPS (US cents)	19.35	21.25	n/m	n/m
*NTA per Share (US\$)	2.09	2.09	1.27	1.18
*Gearing	0.68	0.81	n/m	n/m
*Current Ratio	1.08	0.92	n/m	n/m

Notes:

“*” means the computations have taken into account the impact of additional external borrowings of approximately US\$18,786,000, attributable interest expense of US\$413,000 to be incurred and internal resources of approximately US\$18,786,000.

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

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- 4.7.6. As illustrated above, a purchase of a maximum 18,691,996 Shares will result in an increase in the EPS of the EEIC Group. However, there will be a reduction in the NTA of the Company in both On-Market Share Purchases and Off-Market Share Purchases.
- 4.7.7. The Directors emphasise that they do not propose to exercise the Share Purchase Mandate to the extent that the liquidity and capital adequacy position of the EEIC Group would be materially and adversely affected. Where the Share Purchase is financed wholly or partly out of external borrowings, the net gearing of the EEIC Group will increase. Nonetheless, based on the audited financial statements for FY2017, the EEIC Group has an operating cash flow of approximately US\$25,985,000. Internally generated funds may also be used to finance the Share Purchases. The Directors will be prudent in exercising the Share Purchase Mandate only to such extent where the Directors believe will enhance shareholder value giving consideration to the prevailing market conditions, the financial position of the EEIC Group and other relevant factors.
- 4.7.8. There may be a material adverse impact on the working capital or gearing position of the Company (as compared with the position disclosed in the audited financial statements contained in the annual report for the period ended 31 December 2017) in the event the Share Purchase Mandate were to be carried out in full at any time during the proposed Permitted Period. However, the Directors do not propose to exercise the Share Purchase Mandate to such extent as would, in the circumstances, have a material adverse impact on the working capital requirements of the Company or the gearing levels which, in the opinion of the Board, are from time to time appropriate for the Company.
- 4.7.9. Shareholders should be aware that the financial effects set out above are based on the assumptions set out above and are for illustrative purposes only. The above analysis is based on historical figures for FY2017 and is not necessarily representative of the Company's or the EEIC Group's future financial performance. Although the proposed Share Purchase Mandate would authorise the Company to buy back up to ten per cent. (10%) of the total number of issued Shares (excluding Treasury Shares, if any) as at the date the Share Purchase Mandate is obtained, the Company may not necessarily buy back or be able to buy back ten per cent. (10%) of the total number of issued Shares (excluding Treasury Shares) in full. As mentioned above, the Company is not permitted to hold Treasury Shares.
- 4.7.10. To the best of the knowledge of the Directors, and having made all reasonable enquiries, as at the Latest Practicable Date, none of the Directors nor any of their close associates has a present intention, in the event that the proposed Share Purchase Mandate is approved by Shareholders, to sell Shares to the Company.
- 4.7.11. The Directors have undertaken to the HKEX that the power of the Company to make Share Purchases pursuant to the proposed Share Purchase Mandate, if approved, shall be exercised in accordance with the HK Listing Rules, and the laws of Singapore, being the jurisdiction in which the Company is incorporated.

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4.7.12. As at the Latest Practicable Date, there is no core connected person of the Company that has notified the Company that he has a present intention to sell Shares to the Company or has undertaken not to sell any of the Shares held by him to the Company, in the event that the Company is authorised to make purchases of Shares.

4.7.13. The highest and lowest prices at which the Shares have traded on the HKEX, respectively, during each of the previous 12 months are as follows:

Month	Highest Price (HK\$)	Lowest Price (HK\$)
2017		
April	11.60	9.60
May	11.20	10.62
June	12.00	11.20
July	14.30	11.32
August	13.82	11.90
September	12.98	11.50
October	12.48	11.50
November	12.54	11.74
December	12.80	12.20
2018		
January	14.38	13.00
February	13.80	12.98
March (up to the Latest Practicable Date)	13.52	12.98

4.8. Tax implications arising from Share Purchases

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

4.9. Listing Rules

4.9.1. Singapore Listing Rules

- (a) The Listing Manual specifies that a listed company shall notify the SGX-ST of any On-Market Share Purchases not later than 9:00 a.m. on the Market Day following the day on which the On-Market Share Purchase was made, and of any Off-Market Share Purchases not later than 9:00 a.m. on the second Market Day after the close of acceptance of the offer for the Off-Market Share Purchase. The notification of such Share Purchases to the SGX-ST

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

- (b) The Company will not buy any Shares during the period commencing two (2) weeks before the announcement of the Company's results for each of the first, second and third quarters of its financial year, or one (1) month before the announcement of the Company's annual results, as the case may be, and ending on the date of announcement of the relevant results. Further, the Company will not undertake Share Purchases after a price sensitive development has occurred or has been the subject of a consideration and/or a decision of the Board until such time as the price sensitive information has been publicly announced.
- (c) The Listing Manual requires a listed company to ensure that at least ten per cent. (10%) of the total number of issued Shares excluding Treasury Shares (excluding preference shares and convertible equity securities) in a class that is listed is at all times held by the Public. The "**Public**", as defined under the Listing Manual, are persons other than the directors, chief executive officer, Substantial Shareholders or Controlling Shareholders of the Company or its subsidiaries, as well as the associates of such persons. Based on the register of Directors' Shareholdings maintained by the Company and its subsidiaries and the register of Substantial Shareholders maintained by the Company as at the Latest Practicable Date, there are 47,161,997 Shares in the hands of Public Shareholders, representing approximately 25.23% of the total number of issued Shares excluding Treasury Shares. Assuming the Company exercises the Share Purchase Mandate in full and purchases ten per cent. (10%) of the total number of issued Shares excluding Treasury Shares (excluding preference shares and convertible equity securities) from the Public, the number of Shares in the hands of the Public would be reduced to approximately 28,470,001 Shares, representing approximately 16.92% of the total number of issued Shares excluding Treasury Shares (excluding preference shares and convertible equity securities). It should be noted that the Company has no Treasury Shares, and is not permitted to hold Treasury Shares.
- (d) Based on the above analysis, the Company is of the view that there is a sufficient number of Shares in issue held by Public Shareholders, which would permit the Company to undertake purchases or acquisitions of its Shares up to the full ten per cent. (10%) limit pursuant to the Share Purchase Mandate without affecting the listing status of the Shares on the SGX-ST. However, the Company will not be able to exercise the Share Purchase Mandate to its full extent since it needs to comply with the minimum public float requirement under the HK Listing Rules. The Directors have no present intention to exercise the Share Purchase Mandate to such an extent, as would result in the Company failing to comply with the public float requirements under the Rule 8.08 of the HK Listing Rules.
- (e) In undertaking any Share Purchases, the Directors will use their best efforts to ensure that, notwithstanding such Share Purchases, a sufficient float in the hands of the Public will be maintained so that the Share Purchases will not adversely affect the listing status of the Shares on the SGX-ST, cause market illiquidity or adversely affect the orderly trading of the Shares.

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4.9.2. HK Listing Rules

- (a) Pursuant to the HK Listing Rules, the Company shall ensure that after its purchase of Shares on any stock exchange, at least 25% of its Shares will remain in the hands of the public.
- (b) In addition, under the HK Listing Rules, an issuer shall not purchase its shares on HKEX at any time after inside information has come to its knowledge until the information is made publicly available. In particular, during the period of one (1) month immediately preceding the earlier of (a) the date of the board meeting (as such date is first notified to the HKEX in accordance with the HK Listing Rules) for the approval of the issuer's results for any year, half-year, quarterly or any other interim period (whether or not required under the HK Listing Rules); and (b) the deadline for the issuer to announce its results for any year or half-year under the HK Listing rules, or quarterly or any other interim period (whether or not required under the HK Listing Rules), and ending on the date of the results announcement, the issuer may not purchase its shares on the HKEX, unless the circumstances are exceptional. Further, an issuer shall not knowingly purchase its shares from a core connected person and a core connected person shall not knowingly sell shares to the issuer, on the HKEX.
- (c) In undertaking any Share Purchases, the Directors will use their best efforts to ensure that, notwithstanding such Share Purchases, a sufficient float in the hands of the public will be maintained so that the Share Purchases will not adversely affect the listing status of the Shares on the HKEX, cause market illiquidity or adversely affect the orderly trading of the Shares.

4.10. **Take-over Code implications arising from Share Purchases**

4.10.1. Singapore Take-over Code Implications

- (a) The resultant increase in the percentage of voting rights held by a Shareholder and persons acting in concert with him, following the Share Purchases, will be treated as an acquisition for the purposes of Rule 14 of the Singapore Take-over Code ("**Rule 14**"). Consequently, depending on the number of Shares purchased by the Company and the Company's issued share capital at that time, a Shareholder or group of Shareholders acting in concert with each other could obtain or consolidate effective control of the Company and could become obliged to make a take-over offer under Rule 14.
- (b) Under the Singapore Take-over Code, persons acting in concert or concert parties comprise individuals or companies who, pursuant to an agreement or understanding (whether formal or informal), co-operate, through the acquisition by any of them of shares in a company to obtain or consolidate effective control of the company. Unless the contrary is established, the following persons, *inter alia*, will be presumed to be acting in concert, namely: (i) a company with any of its directors (together with their close relatives, related trusts as well as companies controlled by any of the directors, their close relatives and related trusts); and (ii) a company, its parent, Subsidiaries and fellow Subsidiaries, and their Associated

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Companies and companies of which such companies are Associated Companies, all with one another, and any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the aforesaid for the purchase of voting rights. For this purpose, ownership or control of at least 20% but not more than 50% of the voting rights of a company will be regarded as the test of Associated Company status.

- (c) The circumstances under which Shareholders (including Directors) and persons acting in concert with them, respectively, will incur an obligation to make a take-over offer under Rule 14 after a purchase or acquisition of Shares by the Company are set out in Rule 14 and Appendix 2 of the Singapore Take-over Code.
- (d) In general terms, the effect of Rule 14 and Appendix 2 of the Singapore Take-over Code is that, unless exempted, Directors and persons acting in concert with them will incur an obligation to make a take-over offer under Rule 14 if, as a result of the Company purchasing or acquiring Shares, the voting rights of such Directors and their concert parties would increase to 30% or more, or, in the event that such Directors and their concert parties hold between 30% and 50% of the Company's voting rights, the voting rights of such Directors and their concert parties would increase by more than one per cent. (1%) in any period of six (6) months.
- (e) Under Appendix 2 of the Singapore Take-over Code, a Shareholder not acting in concert with the Directors will not be required to make a take-over offer under Rule 14 if, as a result of the Company purchasing or acquiring its Shares, the voting rights of such Shareholder would increase to 30% or more, or, if such Shareholder holds between 30% and 50% of the Company's voting rights, the voting rights of such Shareholder would increase by more than one per cent. (1%) in any period of six (6) months. Such Shareholder need not abstain from voting in respect of the resolution renewing the Share Purchase Mandate.
- (f) Shareholders will be subject to the provisions of Rule 14 if they acquire any Shares after the Company's Share Purchase. For the purpose of the Singapore Take-over Code, an increase in the percentage of voting rights as a result of the Share Purchases will be taken into account in determining whether a Shareholder and persons acting in concert with him have increased their voting rights by more than one per cent. (1%) in any period of six (6) months.
- (g) The interests of the Directors and Substantial Shareholders of the Company in the Shares are disclosed in Section 7 below.
- (h) As at the Latest Practicable Date, assuming: (a) the Company purchases the maximum number of ten per cent. (10%) of the issued share capital of the Company; and (b) there is no change in the number of Shares held or deemed to be held by the Directors and Substantial Shareholders of the Company and their respective persons in concert, prior to and after the exercise of the Share Purchase Mandate, none of the Directors and Substantial Shareholders of the Company will become obligated to make a mandatory take-over offer under Rule 14, in the event that the Company purchases the maximum number of 18,691,996 Shares under the Share Purchase Mandate.

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4.10.2. HK Takeovers Code Implications

- (a) If, as a result of the repurchase of Shares by the Company pursuant to the Share Purchase Mandate, a Shareholder's proportionate interest in the voting rights of the Company is increased, such increase will be treated as an acquisition for the purpose of the HK Takeovers Code. Accordingly, a Shareholder or a group of Shareholders acting in concert should obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rule 26 and Rule 32 of the HK Takeovers Code.
- (b) As at the Latest Practicable Date, to the best of the knowledge and belief of the Directors, Kingboard together with the parties acting in concert with it were interested in approximately 74.77% of the issued share capital of the Company. In the event that the Directors exercise in full the proposed Share Purchase Mandate to repurchase Shares, the aggregate shareholding of the aforesaid Shareholders will be increased to approximately 83.08% of the issued share capital of the Company. To the best of the knowledge and belief of the Directors, such increase would not give rise to an obligation to make a mandatory offer under the HK Takeovers Code.
- (c) The Directors are not aware of any consequences which may arise under the HK Takeovers Code as a result of any repurchase made under the Share Purchase Mandate and under the HK Takeovers Code.
- (d) The Directors have no present intention to repurchase Shares to an extent that will trigger the obligations under the HK Takeovers Code to make a mandatory offer.

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

4.11. **Shares purchased during the previous 12 months**

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

5. THE PROPOSED RENEWAL OF THE INTERESTED PERSON TRANSACTIONS MANDATE

5.1. Background

- 5.1.1. The Company had, at the 2017 AGM, sought and obtained the approval of Shareholders to adopt a general mandate (the "**2017 IPT Mandate**") to enable the Company, its Subsidiaries and Associated Companies, which are considered "entities at risk" (as that term is used in Chapter 9 of the Listing Manual) to enter into certain Interested Person Transactions with the classes of Interested Persons (the "**Interested Persons**") as set out in the 2017 IPT Mandate.

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5.1.2. Particulars of the 2017 IPT Mandate were set out in the 2017 Circular and Ordinary Resolution 10 as set out in the notice of the 2017 AGM. The 2017 IPT Mandate was expressed to take effect until the conclusion of the next AGM, being the 2018 AGM, which is scheduled to be held on 27 April 2018.

5.2. Renewal of the IPT Mandate

The Directors propose that the 2017 IPT Mandate be renewed at the 2018 AGM to take effect until the AGM to be convened in 2019. The particulars of the Interested Person Transactions in respect of which the 2017 IPT Mandate is sought to be renewed remain unchanged. In addition, the review procedures in respect of the 2017 IPT Mandate which is sought to be renewed remain unchanged. The Company anticipates that the EEIC Group will continue to enter into the existing Interested Person Transactions as approved under the 2017 IPT Mandate.

5.3. The Appendix

Details of the IPT Mandate, including the rationale for, and the benefits to, the Company, the review procedures for determining the transaction prices with the Interested Persons and other general information relating to Chapter 9 of the Listing Manual are set out in Appendix B to this Circular.

5.4. Audit Committee Statement

The Audit Committee of the Company comprising, Messrs. Stanley Chung Wai Cheong, Ong Shen Chieh and Kong Tze Wing confirms that:

- (a) the methods or procedures for determining the transaction prices under the 2017 IPT Mandate have not changed since the 2017 AGM; and
- (b) the methods or procedures referred to in sub-paragraph (a) above are sufficient to ensure that the transactions will be carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders.

6. THE PROPOSED ADOPTION OF THE 2018 SHARE OPTION SCHEME

6.1. The 2018 Share Option Scheme

6.1.1. Background and rationale for the 2018 Share Option Scheme

The Company has, since 1997, had in place share option schemes to acknowledge the contributions of employees and to motivate employees to contribute to the EEIC Group. The Company currently has a scheme known as the “2008 Elec & Eltek Employees’ Share Option Scheme” in place, which was adopted in 2008 (the “**2008 Share Option Scheme**”). The 2008 Share Option Scheme has a maximum duration of ten (10) years and it will expire on 8 May 2018. The Directors therefore wish, after the 2008 Share Option Scheme has expired, to establish the 2018 Share Option Scheme to replace the 2008 Share Option Scheme. Please refer to Section 6.5 below for further information on the 2008 Share Option Scheme.

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As the Shares are also listed on the HKEX, any share option scheme implemented by the Company must comply with the requirements in relation to share option schemes set out in Chapter 17 of the HK Listing Rules.

In addition to Chapter 17 of the HK Listing Rules, the provisions of the 2018 Share Option Scheme are also required to comply with the Listing Manual. Part VIII of Chapter 8 of the Listing Manual sets out rules that are required to be complied with by listed issuers in relation to share option schemes implemented by them.

The Company therefore proposes to adopt the 2018 Share Option Scheme, which may be amended or modified from time to time, and which is designed to conform to Chapter 17 of the HK Listing Rules and Part VIII of Chapter 8 of the Listing Manual pertaining to share option schemes.

6.1.2. Objective of the Option Scheme

The Company recognises the importance of acknowledging contributions made by Employees to the success and development of the EEIC Group.

The purpose of the 2018 Share Option Scheme is to provide an opportunity for Employees who have contributed significantly to the growth and performance of the EEIC Group and who satisfy the eligibility criteria as set out in Rule 4 of the 2018 Share Option Scheme, to participate in the equity of the Company so as to motivate them to greater dedication, loyalty and higher standards of performance, and to give recognition to past contributions and services. Additionally, the 2018 Share Option Scheme will help the EEIC Group to attract and retain the services of appropriate, qualified and experienced Employees who would be able to contribute to the EEIC Group's business and operations.

The 2018 Share Option Scheme is primarily a share incentive scheme, which recognises the importance of such Employees to the success and continued well-being of the EEIC Group. Implementation of the 2018 Share Option Scheme will enable the Company to recognise the contributions made by such Employees. At the same time, such a scheme will give Employees an opportunity to have a direct interest in the Company and will also achieve the following positive objectives:

- (a) to motivate Employees to optimise their performance standards and efficiency, and to maintain a high level of contribution to the EEIC Group;
- (b) to retain key Employees whose contributions are essential to the long-term growth and profitability of the EEIC Group;
- (c) to instil loyalty to, and reinforce a stronger identification by Employees with, the long-term prosperity of the EEIC Group;

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- (d) to attract potential Employees with relevant skills to contribute to the EEIC Group and to create value for Shareholders; and
- (e) to align the interests of Employees with the interests of Shareholders.

Given the performance of the Participants are evaluated in terms of a number of factors, defined performance targets may not be meaningful or most appropriate to achieve the objectives of the 2018 Share Option Scheme. While no performance targets are required to be achieved by the Option Holders before the Options can be exercised by them, the performance of the Participants (including those potential Option grantees) are generally evaluated in terms of various factors on a frequent basis prior to the grant of the Options, and the outstanding individuals will be granted Options for their contribution. The factors for evaluation of the Participants' performance will generally vary from department and the role of the Participant, which include, among others, key financial indicators of the Group (e.g. total revenue, profit for the year, profit margin), the Group's growth rate and efficiency, utilisation rate of the Group's production facilities and product quality.

6.1.3. Participation by non-executive Directors, Controlling Shareholders, Associates of Controlling Shareholders, Employees of the companies within the Parent Group and Employees of Associated Companies in the 2018 Share Option Scheme

As the objectives set out above apply equally to the non-executive Directors, Controlling Shareholders, Associates of Controlling Shareholders and Employees of Associated Companies and companies within the Parent Group, it is proposed that the 2018 Share Option Scheme include the participation of such persons who are eligible Employees (including, *inter alia*, any non-executive Directors, Controlling Shareholders and Associates of Controlling Shareholders) and who have actively contributed to the progress and success of the EEIC Group. The participation of these Employees in the 2018 Share Option Scheme will serve as both a reward for their dedicated services to the EEIC Group and motivation for them to take a long-term view of the EEIC Group.

As at the date of this Circular, the non-executive Directors who are eligible to participate in the 2018 Share Option Scheme are Cheung Kwok Wing (Chairman) (who is also a Controlling Shareholder), Stanley Chung Wai Cheong, Ong Shen Chieh and Kong Tze Wing.

Please refer to Section 6.4 of this Circular for further details on the proposed participation of, and grant of Option(s) to, non-executive Directors, Controlling Shareholders, Associates of Controlling Shareholders and Employees of Associated Companies and companies within the Parent Group.

6.1.4. Values of all Options that can be granted under the 2018 Share Option Scheme

The Directors consider that it is not appropriate to state the value of all Options that may be granted pursuant to the 2018 Share Option Scheme as if they had been granted on the Latest Practicable Date, because the calculation of the value of the Options is based on a number of variables such as the exercise price, exercisable period, interest rate, expected volatility and

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other relevant variables. As no Option has been granted under the 2018 Share Option Scheme as at the Latest Practicable Date, certain variables were not available for calculating the value of the Options. The Directors believe that any calculation of the value of the Options as at the Latest Practicable Date based on a great number of speculative assumptions would not be meaningful to the Shareholders.

6.1.5. Summary of the Rules of the 2018 Share Option Scheme

(i) *Eligibility*

Subject to the absolute discretion of the Committee, the following persons who have attained the age of 21 years on or prior to the relevant Date of Grant, are not undischarged bankrupts, have not entered into a composition with their respective creditors, and, where applicable, who have, as of the Date of Grant, shall be eligible to participate in the 2018 Share Option Scheme (the “**Participant(s)**”):

- (a) the full-time employees and directors of any of the companies within the EEIC Group;
- (b) the full-time employees and directors of any of the companies within the Parent Group who have contributed to the success and development of the EEIC Group; and
- (c) the full-time employees and directors of the Associated Companies over which the EEIC Group has control.

Subject to Rule 29.1 of the 2018 Share Option Scheme, Controlling Shareholders and Associates of Controlling Shareholders who fall within any one of the categories in (a), (b) and (c) above, shall be eligible to participate in the 2018 Share Option Scheme.

(ii) *Entitlements*

The number of Shares comprised in Option(s) offered to a Participant shall be determined at the absolute discretion of the Committee, who shall take into account, where applicable, criteria such as rank, past performance, years of service and potential contribution of the Participant.

The 2018 Share Option Scheme specifies maximum entitlements, in terms of the aggregate number of Shares available under the 2018 Share Option Scheme for Controlling Shareholders, Associates of Controlling Shareholders, Employees of any company within the Parent Group and Employees of an Associated Company, as follows:

- (a) The aggregate number of Shares over which the Committee may offer to grant Option(s) to the Controlling Shareholders and Associates of Controlling Shareholders under the 2018 Share Option Scheme, shall not exceed 25% of the Shares available under the 2018 Share Option Scheme, provided always that the number of Shares available to each Controlling Shareholder or each of his Associates shall not exceed ten per cent. (10%) of the Shares available under the 2018 Share Option Scheme;

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- (b) The aggregate number of Shares over which the Committee may offer to grant Option(s) to the Employees of the companies within the Parent Group under the 2018 Share Option Scheme, shall not exceed 20% of the Shares available under the 2018 Share Option Scheme; and
- (c) The aggregate number of Shares over which the Committee may offer to grant Option(s) to the Employees of Associated Companies under the 2018 Share Option Scheme, shall not exceed 20% of the Shares available under the 2018 Share Option Scheme.

In addition to the above limits as imposed by the Listing Manual in relation to Controlling Shareholders, Associates of Controlling Shareholders, Employees of Associated Companies and Employees of any company within the Parent Group, the HK Listing Rules also require that the total number of Shares issued and to be issued upon exercise of the Options granted to a Participant (including both exercised and outstanding Options granted under the 2018 Share Option Scheme and any previous share option schemes of the Company) in the 12-month period, up to and including the Date of Grant, shall not exceed one per cent. (1%) of the total number of Shares in issue. Subject to Rule 31 of the 2018 Share Option Scheme, any further grant of Options in excess of the one per cent. (1%) limit shall be subject to approval of the Shareholders and the Parent Shareholders, with such Participant and his close associates¹ (or his Associates¹ if the Participant is a connected person¹) abstaining from voting.

Subject to Rule 31 of the 2018 Share Option Scheme, where the Committee proposes to grant any Options to an Offeree who is a substantial shareholder¹ or an independent non-executive Director or any of their respective Associates, and such grant of Options would result in the 2018 Share Option Scheme Shares issued and to be issued upon exercise of all Options granted and to be granted (including Options exercised, cancelled and outstanding) to such Offeree in the 12-month period, up to and including the date on which such proposal is made by the Committee, (a) representing in aggregate more than 0.1% of the total number of Shares in issue on such date of proposal and (b) having an aggregate value, based on the closing price of the Shares at the date of each grant, in excess of HK\$5 million, such proposed grant of Options must be approved by the Shareholders and the Parent Shareholders in general meeting with the Offeree, its associates and all core connected persons¹ of the Company and the Parent Company abstaining from voting (except where any core connected person intends to vote against the relevant resolution). Subject to Rule 31 of the 2018 Share Option Scheme, where the Committee proposes to grant any Options to an Offeree who is a substantial shareholder or an independent non-executive director of the Parent Company or any of their respective Associates, and such grant of Options would result in the Option Shares issued and to be issued upon exercise of all Options already granted and to be granted (including Options exercised, cancelled and outstanding) to such Offeree in the 12-month period up to and including the date on which such proposal is made by the Committee, (a) representing in aggregate more than 0.1% of the total number of Shares in issue on such date of proposal and (b) having an aggregate value, based on the closing price of the Shares at the date of each grant, in excess of HK\$5 million, such proposed grant of Options must be approved by the Parent

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Shareholders in general meeting, with the Offeree concerned, its associates and all core connected persons of the Parent Company abstaining from voting (except where any core connected person intends to vote against the relevant resolution). Any vote taken at the meeting to approve the grant of such Options must be taken on a poll. Where applicable, each of the Company and Parent Company must send a circular to the respective shareholders and the circular must disclose, among other terms, the identity of the participant, the number and terms of the options to be granted (and options previously granted to such participant) and must contain all the information required under the HK Listing Rules.

Notes:

- ¹ These terms have the meanings ascribed to them under the HK Listing Rules and other relevant laws and regulations of Hong Kong.

(iii) *Size of the 2018 Share Option Scheme*

In compliance with the HK Listing Rules, the aggregate number of Shares which may be issued upon exercise of all Options to be granted pursuant to the Option Scheme and any other share option scheme(s) of the Company in issue shall not exceed ten per cent. (10%) of the issued share capital of the Company as at the Adoption Date, unless such limit is renewed as described below. As at the Latest Practicable Date, the number of Shares in issue was 186,919,962 Shares, and there was no outstanding option of the Company granted under the 2008 Share Option Scheme and yet to be exercised. Assuming that there is no change in the number of issued Shares between the period from the Latest Practicable Date and the date of adoption of the 2018 Share Option Scheme, the number of Shares issuable pursuant to the 2018 Share Option Scheme and any other share option schemes of the Company on the date of approval of the 2018 Share Option Scheme will initially be 18,691,996 Shares, being 10% of the total number of Shares in issue on the date of approval of the 2018 Share Option Scheme.

The HK Listing Rules also allow the Company to seek approval of the Shareholders and the Parent Shareholders in general meeting to renew the ten per cent. (10%) limit such that the total number of Shares in respect of which Options may be granted under the 2018 Share Option Scheme and any other share option scheme(s) of the Company shall not exceed ten per cent. (10%) of the issued share capital of the Company as at the date of approval of the limit, subject to the limitations in the paragraph below. Options previously granted under the 2018 Share Option Scheme and any other share option scheme(s) of the Company (including outstanding, cancelled, lapsed or exercised options) will not be counted for the purpose of calculating such ten per cent. (10%) limit. In addition, the Committee may grant Options to Participant(s) notwithstanding that such grant will result in the ten per cent. (10%) limit being exceeded; provided that the grant of such Options is specifically approved by the Shareholders and the Parent Shareholders in general meeting (subject to Rule 31 of the 2018 Share Option Scheme); and provided further that such Participant(s) shall be subject to the maximum entitlement for the category of Participants to which he belongs, as prescribed by the Listing Manual and the HK Listing Rules set out in Section

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6.1.5 (ii) above. The Board believes that the ability to renew the ten per cent. (10%) limit, as well as to grant Options (subject to obtaining specific approval of the Parent Company's shareholders) to deserving Participant(s) where such grant will result in the ten per cent. (10%) limit being exceeded, will enable the Company and the EEIC Group to craft a balanced and innovative overall remuneration package for the Employees and provides more flexibility in determining the best method to reward the Employees.

However, in compliance with the Listing Manual and the HK Listing Rules, notwithstanding the above flexibility, the aggregate number of Shares in respect of which Options may be granted under the 2018 Share Option Scheme together with any options outstanding and yet to be exercised under the 2018 Share Option Scheme and any other share option scheme(s) of the Company shall not in any event exceed fifteen per cent. (15%) of the total issued Shares, excluding Treasury Shares and subsidiary holdings, from time to time.

(iv) *Date of Grant*

The Committee may offer to grant Option(s) in its absolute discretion at any time during the period when the 2018 Share Option Scheme is in force, except that no offer to grant Option(s) shall be made during the period of one (1) month immediately preceding the date of announcement of the Company's half-year or final results (as the case may be) and two (2) weeks before the announcement of the results of the Company for each of the first, and third quarters of its financial year (as the case may be).

In addition, no offer of grant of Option(s) shall be made at any time after any matter of an exceptional nature involving inside information has occurred or has been the subject of a decision until after such inside information has been publicly announced or published in accordance with the HK Listing Rules and the Listing Manual.

(v) *Acceptance of Offer*

The grant of an Option must be accepted not later than 5.00 p.m. on the 30th day from such Date of Grant. The Option Holder must complete, sign and return to the Company the acceptance form accompanied by payment of S\$1.00 (or its equivalent) as consideration or such other amount and such other documentation as the Committee may require.

(vi) *Exercise Price*

Subject to any Adjustment pursuant to Rule 11 of the 2018 Share Option Scheme, the Exercise Price for each Share in respect of which an Option is exercisable shall be determined by the Committee at its absolute discretion, and fixed by the Committee at:

- (a) the Market Price; or

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- (b) a price which is set at a discount to the Market Price, the quantum of such discount to be determined by the Committee in its absolute discretion, provided that the maximum discount which may be given in respect of any Option shall not exceed 20% of the Market Price and approved by the Shareholders at a general meeting in a separate resolution,

save that the Exercise Price must be at least the highest of: (i) the closing price of the Shares as stated in the HKEX's daily quotations sheet on the Date of Grant, which must be a business day; and (ii) the average closing price of the Shares as stated in the HKEX's daily quotations sheets for the five (5) business days immediately preceding the Date of Grant.

(vii) *Alteration of Capital*

If a variation in the issued share capital of the Company (whether by way of a capitalisation of profits or reserves or rights issue or reduction (including any reduction arising by reason of the Company purchasing or acquiring its issued Shares), subdivision, consolidation or distribution, or otherwise howsoever) should take place, then:

- (a) the Exercise Price in respect of the Shares comprised in the Option to the extent unexercised; and/or
- (b) the number of Shares comprised in the Option to the extent unexercised and the rights attached thereto; and/or
- (c) the number of Shares in respect of which additional Option(s) may be granted to Option Holders,

may, at the discretion of the Committee, be adjusted ("**Adjustment**") in such manner as the Committee may determine to be appropriate subject to the limitations provided in the paragraph below (immediately following this paragraph), provided that the issue of securities as consideration for an acquisition will normally not be regarded as a circumstance requiring Adjustment, and that: (1) any Adjustment must be made in such a way that a Participant will not receive a benefit that a Shareholder does not receive; (2) as required under the HK Listing Rules, except in the case of a capitalisation issue, an independent financial advisor or the auditors of the Company and the Parent Company must provide a written confirmation that such Adjustment satisfies the requirements that they give a participant the same proportion (or rights in respect of the same proportion) of the equity capital as that to which that person was previously entitled; and (3) except in the case of a capitalisation issue, the auditors of the Company (acting only as experts and not as arbitrators) must provide a written confirmation that, in their opinion, such Adjustment is fair and reasonable.

Subject to the prior approval of SGX-ST, the HKEX, and such other regulatory authorities as may be necessary, the rules of the 2018 Share Option Scheme may be altered or modified at any time by a resolution of the Committee. However, no alteration shall adversely affect

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the rights attached to any Options granted prior to such alteration except with the consent in writing of such number of Option Holders, who, if they were to exercise their Options in full, would thereby become entitled to not less than three-quarters in number of all the Option Shares which would fall to be allotted upon exercise in full of all outstanding Options. Further, no alteration shall be made to the 2018 Share Option Scheme to the advantage of Participants except with the prior approval of the Shareholders and the Parent Shareholders (subject to Rule 31 of the 2018 Share Option Scheme). Where any rule of the 2018 Share Option Scheme provides for the approval of the Parent Shareholders, such approval shall only be required if the Parent Company is listed on the HKEX and that the HK Listing Rules require such approval to be obtained.

(viii) *Exercise Period*

Option(s) granted with the Exercise Price set at Market Price shall only be exercisable, in whole or in part, at any time, by an Option Holder during the Exercise Period which shall commence after either the first or second anniversary (depending on the Exercise Price set) of the Date of Grant of the Option(s) during the Exercise Period, failing which all unexercised Option(s) shall immediately lapse and become null and void and the Option Holder shall have no claim against the Company.

Option(s) granted with the Exercise Price set at a discount to Market Price shall only be exercisable, in whole or in part, at any time, by an Option Holder during the Exercise Period which shall commence after the second anniversary of the Date of Grant of the Option(s), failing which all unexercised Option(s) shall immediately lapse and become null and void and the Option Holder shall have no claim against the Company.

An Option shall, to the extent unexercised, immediately lapse and become null and void and the Option Holder shall have no claim against the Company:

- (a) subject to Rule 12 of the 2018 Share Option Scheme, upon the Option Holder ceasing to be in the employment of any company within the EEIC Group, any Associated Company or any company within the Parent Group, for any reason whatsoever;
- (b) upon the bankruptcy of the Option Holder or the happening of any other event which results in his being deprived of the legal or beneficial ownership of such Option;
- (c) in the event of misconduct on the part of the Option Holder, as determined by the Committee in its absolute discretion; or
- (d) upon the expiry of the Exercise Period.

(ix) *Duration of the 2018 Share Option Scheme*

The 2018 Share Option Scheme shall continue to be in force at the discretion of the Committee, subject to a maximum period of ten (10) years, commencing on the Adoption Date.

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(x) *Administration of the 2018 Share Option Scheme*

The 2018 Share Option Scheme shall be administered by the Committee in its absolute discretion with such powers and duties as are conferred on it by the Board.

A Director who is a member of the Committee shall not be involved in the deliberation in respect of Option(s) to be granted to him.

(xi) *Shareholders' Approval*

The participation of each Controlling Shareholder and each of his Associates and the number of Options to be granted to each such person must be specifically approved by Independent Shareholders in separate resolutions for each such person.

Any grant of Options to an Employee of a company within the Parent Group that, together with Options already granted to such Employee, represents five per cent. (5%) or more of the total number of Options available to all Employees of companies within the Parent Group, shall be approved by Independent Shareholders in separate resolutions for each such Employee of a company within the Parent Group. In such event, a separate resolution must also be passed to approve the aggregate number of Options to be made available for grant to all Employees of companies within the Parent Group.

Shareholders should refer to Appendix C of this Circular which sets out the rules of the 2018 Share Option Scheme in their entirety.

6.2. Authority to Offer and Grant Option(s) at a Discount

In accordance with Rule 845(5) of the Listing Manual and Rule 10.1 of the 2018 Share Option Scheme, the making of offers and grants of Option(s) under the 2018 Share Option Scheme at a discount not exceeding the maximum discount of 20% of the Market Price is subject to the approval of Shareholders in general meeting. For the avoidance of doubt, such prior Shareholder approval shall be required to be obtained only once, and once obtained, shall, unless revoked, authorise the making of offers and grants of Option(s) under the 2018 Share Option Scheme at such discount for the duration of the 2018 Share Option Scheme.

Under the 2018 Share Option Scheme, the Exercise Price of Option(s) granted shall be determined by the Committee at its absolute discretion, save that Exercise Price must be at least the highest of: (i) the closing price of the Shares as stated in the HKEX's daily quotations sheet on the Date of Grant, which must be a business day; and (ii) the average closing price of the Shares as stated in the HKEX's daily quotations sheets for the five (5) business days immediately preceding the Date of Grant. The Committee has the discretion to grant Option(s) with an Exercise Price set at a discount to the Market Price on a case-by-case basis, taking into consideration, the criteria set out under Rule 10.2 of the 2018 Share Option Scheme. In the event that Option(s) are granted at a discount, the discount shall not exceed 20% of the Market Price.

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The ability to offer Option(s) at a discount to the Market Price of the Shares will give the Company flexibility in structuring the Option(s) granted, and ensures that the Company maintains the competitiveness of its compensation strategy. The Company may utilise the Option(s) as a means to reward Participants for their outstanding performance and to motivate them to continue to excel, as well as attract new talent for the Company. Being able to grant Option(s) at a discount allows the Company to acknowledge a Participant's contributions where such means are more meaningful than just paying a cash bonus, as these Option(s) operate as a form of cashless reward from the Company with a greater potential for capital appreciation than Option(s) granted at the Market Price. This serves as an additional method available to the Company for compensating Employees rather than merely through salaries, salary increments and cash bonuses as it enables the Company to introduce an effective manner of motivating Participants to maximise their performance, which will in turn create better value for the Shareholders.

Further, because Option(s) granted with a discount under the 2018 Share Option Scheme are subject to a longer vesting period (two (2) years) than those granted at the Market Price (one (1) year), holders of such Option(s) are encouraged to have a long-term view of the EEIC Group, thereby promoting staff and employee retention and reinforcing their commitment to the EEIC Group.

The Company believes that the maximum 20% discount to the Market Price of the Shares is sufficient to allow for flexibility in the 2018 Share Option Scheme, while minimising the potential dilutive effect to the Shareholders arising from the 2018 Share Option Scheme.

6.3. Financial Effects of the 2018 Share Option Scheme

6.3.1. Share Capital

The 2018 Share Option Scheme will result in an increase in the issued share capital of the Company to the extent of the New Shares that will be allotted and issued pursuant to the exercise of the Option(s) granted under the 2018 Share Option Scheme. This will, in turn, depend on, *inter alia*, the number of Shares comprised in the Option(s) granted, the number of Option(s) that are accepted and exercised and the Exercise Price of the Shares comprised in the Option(s).

6.3.2. NTA

The issue of New Shares upon the exercise of the Option(s) granted under the 2018 Share Option Scheme will increase the Company's consolidated NTA by the aggregate Exercise Price of the New Shares issued. On a per Share basis, the effect on the NTA of the Company will be accretive if the Exercise Price is above the Company's consolidated NTA per Share, but dilutive otherwise.

6.3.3. EPS

The 2018 Share Option Scheme will have a dilutive impact on the Company's consolidated EPS following the increase in the Company's number of issued Shares to the extent that New Shares are allotted and issued upon the exercise of the Option(s).

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6.3.4. Potential cost of issuing Option(s)

Financial Reporting Standard 102 (“**FRS 102**”) relating to share-based payments took effect for all listed companies beginning 1 January 2005. Under FRS 102, the recognition of an expense in respect of Option(s) granted under the 2018 Share Option Scheme is required. The expense will be based on the fair value of the Option(s) at each date of grant of the Option(s) and will be recognised over the vesting period. This fair value is normally estimated by applying the option pricing model at the date of grant of the Option(s), taking into account the terms and conditions of the grant of the Option(s) and recognised as a charge to the Company’s consolidated profit and loss statement (“**P&L**”) over the period from the date of grant of the Option(s) to the vesting date (the “**Vesting Period**”), with a corresponding credit to the Company’s reserve account.

Before the end of the Vesting Period and at the end of each accounting year, the estimate of the number of Option(s) that are expected to vest in each Participant by the vesting date is revised, and the impact of the revised estimate is recognised in the consolidated P&L with a corresponding adjustment to the Company’s reserve account. After the vesting date, no adjustment of the charge to the consolidated P&L is made.

6.4. The proposed participation by Controlling Shareholders, Associates of Controlling Shareholders, non-executive Directors, Employees of the companies within the Parent Group and Employees of Associated Companies in the 2018 Share Option Scheme and the Grant of Option(s) to such persons thereunder

6.4.1. Rationale for participation of Controlling Shareholders and Associates of Controlling Shareholders

The 2018 Share Option Scheme is intended to provide an opportunity for Employees to participate in the equity of the Company so as to motivate them to greater dedication, loyalty and higher standard of performance, and to give recognition to such Employees who have contributed to the success of the EEIC Group.

The key objective of the 2018 Share Option Scheme is to motivate key executives to optimise their performance standards and efficiency and to reward them for their significant contributions with participation in the equity of the Company. The Company believes that the 2018 Share Option Scheme may be more effective than cash bonuses in motivating Employees to work towards pre-determined targets and/or put in their best efforts whilst at the same time allowing the Company to offer incentives and remuneration packages compatible with multinational companies.

To this end, key executives who are Controlling Shareholders and Associates of Controlling Shareholders shall be treated equally, as these Controlling Shareholders and Associates of Controlling Shareholders are important to the development and success of the EEIC Group. As such, regardless of whether they are Controlling Shareholders or Associates of Controlling Shareholders, the Company’s view is that all deserving and eligible Participants should be equally entitled to take part and benefit from the Company’s fair and equitable system of remuneration.

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Although the Controlling Shareholders and Associates of Controlling Shareholders may already have shareholding interests in the Company, the extension of the 2018 Share Option Scheme to include them ensures that they are equally entitled, with the other eligible directors and employees of the EEIC Group who are not Controlling Shareholders or Associates of Controlling Shareholders, to take part and benefit from this system of remuneration. The Directors are of the view that the Company should have a fair and equitable system to reward the eligible directors and employees who have made, and continue to make, important contributions to the long-term growth of the EEIC Group, notwithstanding that they are Controlling Shareholders or Associates of Controlling Shareholders.

The terms of the 2018 Share Option Scheme do not differentiate between the Controlling Shareholders and Associates of Controlling Shareholders from other key executives in determining the eligibility of such persons to be granted Option(s). They should not unduly favour Controlling Shareholders and Associates of Controlling Shareholders. Likewise, Controlling Shareholders and Associates of Controlling Shareholders should not be excluded from participating in the 2018 Share Option Scheme solely for the reason that they are Controlling Shareholders or Associates of Controlling Shareholders. In addition, to deny participation by the Controlling Shareholders and Associates of Controlling Shareholders may serve to demotivate them and undermine the objectives of the 2018 Share Option Scheme.

The Controlling Shareholder (who is also a non-executive Director) as set out in Section 6.4.3 of this Circular has played a key role in driving the growth and strategic direction of the EEIC Group. The Company believes that the said Controlling Shareholder has made, and will continue to make, invaluable contributions to the EEIC Group. This Controlling Shareholder does not receive any remuneration from the EEIC Group.

In terms of the basis for determining the quantum of grant to the said Controlling Shareholder, factors which will be taken into account include the designation, capability, experience, scope of responsibility and years of service of the Participant, as well as his overall past and potential contributions to the growth and development of the EEIC Group.

6.4.2. Safeguards

As a safeguard against abuse, all members of the Board who are not Controlling Shareholders or Associates of Controlling Shareholders (and not just members of the Committee) will be involved in deliberations in respect of Option(s) to be granted to or held by Controlling Shareholders and Associates of Controlling Shareholders and the terms and conditions attached to such Option(s).

The limits on the aggregate number of Shares comprised in Option(s) that may be granted to Controlling Shareholders and/or Associates of Controlling Shareholders are set out in Section 6.1.5(ii) of this Circular.

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Specific approval of the Independent Shareholders is required for the grant of Option(s) to Controlling Shareholders and Associates of Controlling Shareholders, as well as the actual number of, and terms of, such Option(s). In seeking such Independent Shareholders' approval, clear justification as to the participation, the number of new Shares and the terms of Option(s) to be granted to the Controlling Shareholders and Associates of Controlling Shareholders will need to be provided.

The Company is of the view that there are sufficient safeguards against abuse resulting from the participation of Controlling Shareholders and Associates of Controlling Shareholders in the 2018 Share Option Scheme.

6.4.3. Rationale for the proposed participation of Mr. Cheung Kwok Wing in the 2018 Share Option Scheme

Mr. Cheung Kwok Wing ("**Mr. Cheung**") is a non-executive Director of the Company and the Chairman of the Board, and is also a Controlling Shareholder. He is also the chairman, executive director and co-founder of Kingboard, which is also a Controlling Shareholder.

Mr. Cheung won the Young Industrialist Award of Hong Kong 1993, which was organised by the Federation of Hong Kong Industries and was described as "far-sighted, enterprising, and having insight in the business". In 2006, he won the Hong Kong Business Owner-Operator Award 2006, which was organised by DHL and South China Morning Post. Mr. Cheung had over 13 years' experience in the sales and distribution of electronic components including laminates prior to the establishment of the Kingboard Group.

Mr. Cheung has been a non-executive Director since 13 December 2004. Since assuming the position of Chairman of the Board on 3 February 2005, Mr. Cheung has been instrumental in developing and steering the EEIC Group's corporate directions and strategies. With his extensive experience in and knowledge of the industry, he has been pivotal in coordinating efforts and providing specific input for the strategic business direction of the EEIC Group to increase the value of the EEIC Group's overall business. The Directors believe that there is substantial potential future development and contribution that may be made by Mr. Cheung towards steering the EEIC Group to greater competitiveness and they consider his experience in, and contribution towards the growth and success of, the EEIC Group to be highly valuable.

As at the Latest Practicable Date, Mr. Cheung is directly and indirectly interested in 1,547,200 Shares, representing approximately 0.83% of the total number of issued Shares excluding Treasury Shares.

Please refer to Section 7 of this Circular for details on Mr. Cheung's shareholding interests in the Company as at the Latest Practicable Date.

6.4.4. Rationale for participation of, and grant of Options to, non-executive Directors

Non-executive Directors, although not involved in the day-to-day running of the EEIC Group's business, work closely with the Company and the EEIC Group, and are in a position to provide valuable input and contribute their experiences, knowledge and expertise to the success of the EEIC Group. As such, the Company believes that it is desirable that participation in the 2018 Share Option Scheme be extended to the non-executive Directors.

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The independent non-executive Directors receive nominal directors' fees for their contributions and services. Other than directors' fees received by the independent non-executive Directors, the non-executive Directors receive no remuneration or compensation. As such, the Board proposes to allow such non-executive Directors to participate in the 2018 Share Option Scheme in order to acknowledge and give recognition to their valuable services and contributions, as it may not always be possible to compensate them fully or appropriately by increasing the directors' fees or other forms of cash payment. For example, a particular non-executive Director may contribute more than just by fulfilling his duties as a non-executive Director. He may bring strategic and other value to the Company, which may be difficult to quantify in monetary terms. The grant of Options to non-executive Directors will allow the Company to attract and retain experienced and qualified persons from different professional backgrounds to join the Company and/or the EEIC Group, and to motivate existing non-executive Directors to take extra efforts to promote the interests of the Company and the EEIC Group.

At the same time however, the Board recognises that the services and contributions of the non-executive Directors cannot be measured in the same way as those of full-time Employees. Hence, any Options that may be offered and granted to any non-executive Director would be intended only as a token of the Company's appreciation. In addition, the Company is mindful of ensuring that the granting of Options to the independent non-executive Directors does not compromise their independent status. In this regard, it is envisaged that the aggregate number of Shares in respect of which Options would be granted to non-executive Directors over the entire duration of the 2018 Share Option Scheme will form a relatively small percentage of both the number of Shares over which options will be granted to other Participants, as well as the total number of Shares over which Options may be granted under the 2018 Share Option Scheme.

In deciding whether to grant Options to the non-executive Directors, the Committee will take into consideration, among other things, the services and contributions made to the growth of the EEIC Group, attendance and participation in meetings and the years of service of a particular non-executive Director. The Committee may also, where it considers relevant, take into account other factors such as the economic conditions and the Company's performance.

6.4.5. Rationale for participation of, and grant of Options to, Employees of the companies within the Parent Group

The Parent Company is Kingboard.

The maximum number of Shares in respect of Options that may be offered to Employees of the companies within the Parent Group under the Option Scheme shall not exceed 20% of the total number of Shares available under the 2018 Share Option Scheme.

The Company recognises that the Employees of the companies within the Parent Group contribute to the growth, development and success of the EEIC Group, and an appropriate means of rewarding the Employees of the companies within the Parent Group should be available. These Employees are in a position to provide valuable support and inputs to the EEIC Group through their close working relationship and/or business association with the EEIC Group. They provide assistance and support to the EEIC Group on a continuing basis in the development and

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implementation of business strategies, investments and projects in which the EEIC Group has interests. The Company recognises that the continued support of these persons are important to the growth and development of the EEIC Group. The grant of Options to these persons provides the Company with a means of giving them an opportunity to share in the success and achievements of the EEIC Group as well as the performance of the Company through participation in the equity of the Company.

As the services and contributions of the Employees of the companies within the Parent Group cannot be measured in the same way as those of Employees of the companies within the EEIC Group, and while it is desired that participation in the 2018 Share Option Scheme be extended to them, any Option that may be offered to them would be extended as a token of the Company's appreciation. As such, the offer and grant of such Options to the Employees of the companies within the Parent Group is expected to be less frequent and/or would comprise less (whether on an individual or collective basis) than those that would be offered and granted to Employees of companies within the EEIC Group.

In deciding whether to grant Options to an Employee of a company within the Parent Group, the Company will consider, *inter alia*, the contribution of such individual to the success and development of the Company and/or EEIC Group before selecting him for participation in the 2018 Share Option Scheme. For the purposes of assessing the contributions of the Employees of the companies within the Parent Group, the Committee may adopt a performance framework which incorporates financial and/or non-financial performance criteria.

6.4.6. Rationale for participation of, and grant of Options to, Employees of Associated Companies

An Associated Company (as defined under the Listing Manual) is a company in which at least 20% but not more than 50% of its shares are held by the Company or the EEIC Group. The 2018 Share Option Scheme will only be extended to Employees of Associated Companies over which the Company has control.

The extension of the 2018 Share Option Scheme to Employees of these Associated Companies will serve to motivate these individuals to contribute to the growth of their respective companies. The contributions from the Employees of Associated Companies to the success and development of their respective companies will, in turn, benefit the EEIC Group from the consolidation with the higher profits of the Associated Companies. It is therefore in the interest of the Company to motivate the Employees of the Associated Companies by allowing them to participate in the 2018 Share Option Scheme.

In deciding whether to grant Options to Employees of Associated Companies, the Company will consider, *inter alia*, the contributions of such individuals to the success and development of the Company and/or the EEIC Group before selecting them for participation in the 2018 Share Option Scheme. For the purposes of assessing their contributions, the Committee may adopt a performance framework which incorporates financial and/or non-financial performance criteria.

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6.5. The Previous Share Option Scheme

Background of the 2008 Share Option Scheme

The 2008 Share Option Scheme was approved by the Shareholders at the extraordinary general meeting held on 21 April 2008, and was adopted and took effect from 9 May 2008 upon fulfilment of all the conditions precedent as set out in Rule 2 of the 2008 Share Option Scheme.

The 2008 Share Option Scheme was implemented for the purpose of attracting, retaining and motivating talented directors and employees of the Company to strive towards long-term performance targets and allowing the participants to enjoy the results of the Company.

The 2008 Share Option Scheme, which is administered by the committee of directors of the Company as authorised by the Company's directors, is open to full-time employees and directors of any company within the Company and its subsidiaries, the parent group and of an associated company of the Company, subject to certain conditions being satisfied.

The 2008 Share Option Scheme entitles the option holders to exercise their options and subscribe for new ordinary shares in the Company at the "exercise price", which is either the "market price", being the average of the last dealt price of the Company's shares for the last five (5) market days immediately preceding the relevant date of grant, or at a price whereby the discount shall not exceed 20% of the "market price".

Options granted at the "market price" may be exercised commencing on a date not earlier than the first anniversary of the date of grant and ending on a date not later than the fifth anniversary of the date of grant. Options granted at a discount to the "market price" may only be exercised commencing on a date not earlier than the second anniversary date of the date of grant and ending on a date not later than the fifth anniversary of the date of grant.

The duration of the 2008 Share Option Scheme is ten (10) years and the total number of shares in the Company that may be issued shall not in aggregate exceed ten per cent. (10%) of the total issued share capital of the Company as at the adoption date. The total number of the Company's shares issued and to be issued upon the exercise of the options granted to each participant (including both exercised and outstanding options) in any 12-month period must not exceed one per cent. (1%) of the total number of Company's shares in issue from time to time.

As at the Latest Practicable Date, there were no share options granted under the 2008 Share Option Scheme.

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7. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS

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

7.1. Directors' interests in Shares

Directors	Direct Interest		Indirect/Deemed Interest ⁽¹⁾		Number of Shares	Total Interest	
	Number of Shares	% ⁽²⁾	Number of Shares	% ⁽²⁾		Before Share Purchase (%) ⁽²⁾	After Share Purchase (%) ⁽³⁾
Cheung Kwok Wing	1,547,200	0.83	—	—	1,547,200	0.83	0.92
Chang Wing Yiu	486,600	0.26	—	—	486,600	0.26	0.29
Ng Hon Chung	60,000	0.032	—	—	60,000	0.032	0.036
Stephanie Cheung Wai Lin	—	—	—	—	—	—	—
Stanley Chung Wai Cheong	—	—	—	—	—	—	—
Ong Shen Chieh	—	—	—	—	—	—	—
Kong Tze Wing	—	—	—	—	—	—	—

Notes:

- (1) Deemed interests refer to interests in shares as defined pursuant to Section 7 of the Act.
- (2) As a percentage of the total number of issued Shares as at the Latest Practicable Date, comprising 186,919,962 Shares.
- (3) As a percentage of the total number of issued Shares, comprising 168,227,966 Shares (assuming that the Company purchases the maximum number of 18,691,996 Shares under the Share Purchase Mandate).
- (4) As of the Latest Practicable Date, there were no share options granted under the 2008 Share Option Scheme.

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7.2. Substantial Shareholders' interests in Shares

Substantial Shareholders	Direct Interest		Indirect/Deemed Interest ⁽¹⁾		Number of Shares	Total Interest	
	Number of Shares	% ⁽⁷⁾	Number of Shares	% ⁽⁷⁾		Before Share Purchase (%) ⁽⁷⁾	After Share Purchase (%) ⁽⁸⁾
EEIH	90,741,550	48.55	—	—	90,741,550	48.55	53.94
Elitelink Holdings Limited	34,321,615	18.36	—	—	34,321,615	18.36	20.40
Ease Ever Investments Limited ⁽²⁾	—	—	90,741,500	48.55	90,741,550	48.55	53.94
Kingboard Investments Limited ⁽³⁾	10,978,500	5.87	125,063,165	66.91	136,041,665	72.78	80.87
Jamplan (BVI) Limited ⁽⁴⁾	—	—	136,041,665	72.78	136,041,665	72.78	80.87
Kingboard ⁽⁵⁾	1,622,500	0.87	136,041,665	72.78	137,664,165	73.65	81.83
Hallgain Management Limited ⁽⁶⁾	—	—	137,664,165	73.65	137,664,165	73.65	81.83

Notes:

- (1) Deemed interests refer to interests in shares as defined pursuant to Section 7 of the Act.
- (2) The entire issued share capital of EEIH is owned approximately 77.34% by Ease Ever Investments Limited, approximately 11.59% by Kingboard and approximately 11.07% by Kingboard Investments Limited. Ease Ever Investments Limited is deemed to have an interest in 90,741,550 Shares held by EEIH, under the provisions of the SFO.
- (3) The entire issued share capital of Elitelink Holdings Limited and Ease Ever Investments Limited are owned by Kingboard Investments Limited. Kingboard Investments Limited is deemed to have an interest in 34,321,615 Shares held by Elitelink Holdings Limited and 90,741,550 Share which Ease Ever Investments Limited is deemed to have an interest in, under the provisions of the SFO.
- (4) The entire issued share capital of Kingboard Investments Limited is owned by Jamplan (BVI) Limited. Jamplan (BVI) Limited is deemed to have an interest in 10,978,500 Shares held by Kingboard Investments Limited and 125,063,165 Shares which Kingboard Investments Limited is deemed to have an interest in, under the provisions of the SFO.
- (5) The entire issued share capital of Jamplan (BVI) Limited is owned by Kingboard. Kingboard is deemed to have an interest in 136,041,665 Shares which Jamplan (BVI) Limited is deemed to have an interest in, under the provisions of the SFO.
- (6) Approximately 37.85% of the issued share capital of Kingboard is owned by Hallgain Management Limited. Hallgain Management Limited is deemed to have an interest in 1,622,500 Shares held by Kingboard and

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136,041,665 Shares which Kingboard is deemed to have an interest in, under the provisions of the SFO. There is no shareholder of Hallgain Management Limited who is entitled to exercise, or control the exercise of, directly or indirectly, one-third or more of the voting power at Hallgain Management Limited's general meetings. Hallgain Management Limited and its director is not accustomed to act in accordance with any shareholder's direction.

- (7) As a percentage of the total number of issued Shares as at the Latest Practicable Date, comprising 186,919,962 Shares.
- (8) As a percentage of the total number of issued Shares, comprising 168,227,966 Shares (assuming that the Company purchases the maximum number of 18,691,996 Shares under the Share Purchase Mandate).

7.3. No other interest, whether direct or indirect, in the Shares

Save as disclosed in this Circular, the Directors and the Substantial Shareholders of the Company do not have any interest, whether direct or indirect, in the 2018 Share Option Scheme or in the Shares.

8. ABSTENTION FROM VOTING

- 8.1. Shareholders with interest in the IPT Mandate should abstain from voting at the 2018 AGM in respect of Ordinary Resolution 9 as set out in the notice of the 2018 AGM and should not accept nominations as proxies or otherwise for voting at the 2018 AGM in respect of Ordinary Resolution 9 unless specific instructions have been given in the Proxy Form on how Shareholders wish their votes to be cast for Ordinary Resolution 9.
- 8.2. The Directors who will be abstaining from voting at the 2018 AGM in respect of Ordinary Resolution 9 are Chang Wing Yiu and Cheung Kwok Wing. The Substantial Shareholder who will be abstaining from voting at the 2018 AGM in respect of Ordinary Resolution 9 is Kingboard. In addition, the Associates of the aforementioned Directors and the Associated Companies and Subsidiaries of the aforementioned Substantial Shareholder will all be abstaining from voting at the 2018 AGM in respect of Ordinary Resolution 9.
- 8.3. Pursuant to Rules 859 and 860 of the Listing Manual, Shareholders (including Directors who are also Shareholders) who are entitled to participate in the proposed 2018 Share Option Scheme are required to abstain from voting at the 2018 AGM in respect of Ordinary Resolutions 10, 11 and 12 (as set out in the notice of the 2018 AGM), which relate to the 2018 Share Option Scheme. The aforesaid persons are not permitted to accept nominations as proxies or otherwise vote at the 2018 AGM in respect of Ordinary Resolutions 10, 11 and 12, which relate to the 2018 Share Option Scheme, unless specific instructions have been given in the proxy instrument by the Independent Shareholders appointing them on how they wish their votes to be cast for each of Ordinary Resolutions 10, 11 and 12, relating to the 2018 Share Option Scheme.
- 8.4. Shareholders who are full-time employees or directors of any company in the Parent Group and who are entitled to participate in the 2018 Share Option Scheme are required to abstain from voting at the 2018 AGM in respect of Ordinary Resolutions 10, 11, 12 and 13, which relate to the 2018 Share Option Scheme.

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- 8.5. Accordingly, Controlling Shareholder, Mr. Cheung Kwok Wing as named in Section 6.4.3 shall abstain from voting at the 2018 AGM in respect of Ordinary Resolutions 10, 11, 12 and 13, which relate to the 2018 Share Option Scheme, set out in the notice of the 2018 AGM. The Company shall procure that Mr. Cheung Kwok Wing and his Associates abstain from voting at the 2018 AGM in respect of Ordinary Resolutions 10, 11, 12 and 13, which relate to the 2018 Share Option Scheme. The aforesaid persons are not permitted to accept nominations as proxies or otherwise vote at the 2018 AGM in respect of Ordinary Resolutions 10, 11, 12 and 13 relating to the 2018 Share Option Scheme, unless specific instructions have been given in the proxy instrument by the Independent Shareholders appointing them on how they wish their votes to be cast for each of Ordinary Resolutions 10, 11, 12 and 13, relating to the 2018 Share Option Scheme.
- 8.6. As disclosed above, Mr. Cheung Kwok Wing, Mr. Chang Wing Yiu, Kingboard and their respective Associates who are Shareholders are required to abstain from voting in respect of relevant resolutions to be proposed at the 2018 AGM. As at the Latest Practicable Date, the Directors are aware that:
- Mr. Cheung Kwok Wing and his Associates are interested in 1,547,200 Shares, representing approximately 0.83% of the entire issued share capital of the Company;
 - Mr. Chang Wing Yiu and his Associates are interested in 486,600 Shares, representing approximately 0.26% of the entire issued share capital of the Company; and
 - Kingboard and its Associated Companies and Subsidiaries have direct or deemed interest in 137,664,165 Shares, representing approximately 73.65% of the entire issued share capital of the Company.

9. DIRECTORS' RECOMMENDATIONS

- 9.1. All of the Directors, other than Mr. Chang Wing Yiu, Mr. Ng Hon Chung, Mr. Stanley Chung Wai Cheong and Mr. Kong Tze Wing (who by virtue of themselves being the retiring Directors, are abstaining from making any recommendation in respect of the proposed re-election of the retiring Directors), are pleased to recommend the retiring Directors, details of whom are set out in Appendix A to this Circular, for re-election at the 2018 AGM, and consider that the proposed re-election of the retiring Directors is in the interests of the Company and its Shareholders as a whole, and recommend that Shareholders vote in favour of the resolution relating to the re-election of the retiring Directors, as set out in the notice of the 2018 AGM in this Circular.
- 9.2. All of the Directors, other than Stephanie Cheung Wai Lin, Cheung Kwok Wing and Chang Wing Yiu (who, by virtue of each being a director of Kingboard, EEIH or both Kingboard and EEIH, are abstaining from making any recommendation in respect of the renewal of the IPT Mandate), consider that the proposed renewal of the IPT Mandate is in the interests of the Company and its Shareholders as a whole, and recommend that Shareholders vote in favour of the resolution relating to the renewal of the IPT Mandate, as set out in the notice of the 2018 AGM in this Circular.

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- 9.3. The Directors unanimously consider that the proposed renewal of the Share Issue Mandate and the proposed renewal of the Share Purchase Mandate are in the interests of the Company and its Shareholders as a whole, and recommend that Shareholders vote in favour of the resolutions relating to the renewal of the Share Issue Mandate and the renewal of the Share Purchase Mandate, as set out in the notice of the 2018 AGM in this Circular.
- 9.4. The Independent Directors are of the opinion that it is in the interests of the EEIC Group that the Company, its Subsidiaries and Associated Companies be permitted to have the flexibility to enter into the types of transactions described in Appendix B, Section 1.7 in their ordinary course of business with classes of Interested Persons described in Appendix B, Section 1.6 for reasons stated in Appendix B. Accordingly, the Independent Directors recommend that Shareholders vote in favour of Ordinary Resolution 9 as set out in the notice of the 2018 AGM relating to the proposed renewal of the IPT Mandate.
- 9.5. The Directors are eligible to participate in the 2018 Share Option Scheme and are therefore interested in the 2018 Share Option Scheme. As the Directors are interested in the 2018 Share Option Scheme, they have refrained from making any recommendation as to how Shareholders should vote with respect to Ordinary Resolutions 10, 11, 12 and 13 (as set out in the notice of the 2018 AGM), and they will abstain from voting in respect of Ordinary Resolutions 10, 11, 12 and 13 (as set out in the notice of the 2018 AGM). The Directors will also decline to accept appointments as proxies for voting at the 2018 AGM in respect of Ordinary Resolutions 10, 11, 12 and 13 (as set out in the notice of the 2018 AGM), unless specific instructions have been given in the proxy instrument on how Shareholders wish their votes to be cast for each of Ordinary Resolutions 10, 11, 12 and 13 (as set out in the notice of the 2018 AGM).

10. ANNUAL GENERAL MEETING AND PROXY

- 10.1. A notice convening the 2018 AGM is set out in pages 108 to 117 of this Circular. At the 2018 AGM, ordinary resolutions will be proposed to approve, among other things, the re-election of the retiring Directors, the renewal of the Share Issue Mandate, the renewal of the Share Purchase Mandate, the renewal of the IPT Mandate and the proposed adoption of the 2018 Share Option Scheme. Pursuant to the HK Listing Rules, the voting on the proposed ordinary resolutions at the 2018 AGM will be taken by way of poll.
- 10.2. Shareholders who are unable to attend the 2018 AGM and who wish to appoint a proxy to attend on their behalf are requested to complete, sign and return the Proxy Form, which is enclosed in this Circular. Such form is also published on the designated website of the HKEX (www.hkexnews.hk). Whether or not you intend to attend the 2018 AGM, you are requested to complete the accompanying Proxy Form in accordance with the instructions printed thereon and return it to the registered office of the Company at 80 Raffles Place #33-00 UOB Plaza 1 Singapore 048624 (for Singapore Shareholders) or the office of the Company's Hong Kong branch share registrar, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong (for Hong Kong Shareholders) as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the meeting or any adjournment thereof. Completion and return of the Proxy Form by a Shareholder will not preclude such Shareholder from attending and voting in person at the 2018 AGM if such Shareholder so wishes and, in such event, the Proxy Form shall be deemed to be revoked.

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- 10.3. A Depositor will not be regarded as a Shareholder entitled to attend the 2018 AGM and to speak and vote thereat unless his name appears on the Depository Register as at 72 hours before the start of the 2018 AGM.

11. CLOSURE OF REGISTER OF MEMBERS

With respect to Singapore Shareholders, the Singapore principal share transfer books and the Singapore principal register of members of the Company will be closed 72 hours before the start of the 2018 AGM, from 24 April 2018 to 27 April 2018, during which period no transfer of Shares held by any Singapore Shareholder will be registered. With respect to Hong Kong Shareholders, the Hong Kong share transfer books and Hong Kong branch register of members of the Company will be closed 96 hours before the start of the 2018 AGM, from 23 April 2018 to 27 April 2018, during which period no transfer of Shares held by any Hong Kong Shareholder will be registered. In order to determine the identity of the Shareholders who are entitled to attend and vote at the 2018 AGM, all Share transfers, accompanied by the relevant share certificates, must be lodged with the Company's Singapore principal share registrar, Boardroom Corporate & Advisory Services Pte. Ltd., at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623 (for Singapore Shareholders) no later than 5:00 p.m. on 23 April 2018, or with the Company's Hong Kong branch share registrar, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong (for Hong Kong Shareholders) no later than 4:30 p.m. on 20 April 2018.

For the purpose of determination of Shareholders registered under the Singapore principal register of members and the Hong Kong branch register of members of the Company, all necessary documents, remittances accompanied by the relevant share certificates in respect of removal of Shares between the two (2) register of members, must be submitted no later than 5:00 p.m. and 4:30 p.m. on 4 April 2018 to the Company's Singapore principal share registrar, Boardroom Corporate & Advisory Services Pte. Ltd. at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623 (for Singapore Shareholders) and the Company's Hong Kong branch share registrar, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong (for Hong Kong Shareholders), respectively.

12. DIRECTORS' RESPONSIBILITY STATEMENT

This Circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the HK Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this Circular is complete and accurate in all material respects and not misleading or deceptive, and there are no other matters, the omission of which would make any statement in this Circular misleading.

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

LETTER TO SHAREHOLDERS

13. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the registered office of the Company during normal business hours on any weekday (public holidays excepted) up to and including the date of the 2018 AGM, being not less than 14 days before the date of the 2018 AGM:

- (a) the Articles;
- (b) the annual report of the Company and its Subsidiaries for FY2017;
- (c) this Circular; and
- (d) the rules of the 2018 Share Option Scheme (as set out in Appendix C of this Circular).

Yours faithfully

For and on behalf of the Board

Elec & Eltek International Company Limited

Cheung Kwok Wing

Chairman

This appendix contains the biographical details of the Directors who will offer themselves for re-election at the 2018 AGM. The purpose of this appendix is to enable the Shareholders to make an informed view on whether to vote for or against the resolutions to be proposed at the 2018 AGM in relation to the re-election of certain retiring Directors.

EXECUTIVE DIRECTORS

Mr. Chang Wing Yiu (鄭永耀), aged 51, is an executive Director. He joined the EEIC Group in December 2004 and was appointed as a non-executive Director on 13 December 2004. He was re-designated from a non-executive Director to an executive Director with effect from 1 August 2014. Mr. Chang is also an executive director of Kingboard and a shareholder of Hallgain Management Limited. Mr. Chang graduated from the Hong Kong Polytechnic University with a Higher Diploma in Marine Electronics and he possesses over 24 years of experience in laminates production. He is also a member of our employees' share option scheme committee. Mr. Chang is the brother-in law of Mr. Cheung Kwok Wing (a non-executive Director and the Chairman of the Board) and Ms. Stephanie Cheung Wai Lin (an executive Director and the Vice-Chairman of the Board).

Mr. Chang was interested or deemed to be interested in an aggregate of (i) 486,600 Shares (equivalent to approximately 0.26% of the entire issued share capital of the Company); (ii) 7,787,228 shares of Kingboard (equivalent to approximately 0.73% of the entire issued share capital of Kingboard); (iii) 2,660,000 options entitling him to subscribe for a total of 2,660,000 shares in Kingboard at the subscription price of HK\$12.424 for the period between 19 March 2015 and 22 March 2019 (both days inclusive); (iv) 9,200,000 shares of Kingboard Laminates Holdings Limited ("**Kingboard Laminates**"), a fellow subsidiary of the Company and the shares of which are listed on the Main Board of the HKSE, (equivalent to approximately 0.30% of the entire issued share capital of Kingboard Laminates); and (v) 423,200 non-voting deferred shares of HK\$1 each in the share capital of Kingboard Laminates Limited, within the meaning of Part XV of the SFO, as at the Latest Practicable Date. Mr. Chang is also a shareholder of Hallgain Management Limited.

Save as disclosed above, as at the Latest Practice Date, Mr. Chang did not have any relationship with any other Directors, senior management or Substantial Shareholders or Controlling Shareholders of the Company, other than the relationship arising from him being an executive Director, nor did he have any other interest or deemed interest in the shares or underlying Shares within the meaning of Part XV of the SFO.

There is an engagement contract entered into between Mr. Chang and the Company for the appointment of Mr. Chang as an executive Director. There will be no director's fees payable by the Company to Mr. Chang during the term of his appointment. Mr. Chang's appointment is not subject to any specific term. However, Mr. Chang's appointment is subject to retirement by rotation and he shall be eligible for re-election in accordance with the Articles.

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

Mr. Ng Hon Chung (吳漢鐘), aged 60, is an executive Director and a member of the Executive Committee of the Company. Mr. Ng joined the EEIC Group in May 1979 and has served in various senior positions in the EEIC Group's manufacturing operations in Hong Kong and China. He is currently responsible for the overall operational management of the Company's Kaiping sites. Mr. Ng obtained a Master of Science Degree in Manufacturing Systems Engineering from the University of Warwick in 1995.

Mr. Ng was interested or deemed to be interested in: (i) 60,000 Shares representing approximately 0.032% of the issued share capital of the Company; and (ii) 20,000 shares of Kingboard Laminates representing approximately 0.00065% of the issued share capital of Kingboard Laminates, within the meaning of Part XV of the SFO, as at the Latest Practicable Date.

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

There is an engagement contract entered into between Mr. Ng and the Company for the appointment of Mr. Ng as an executive Director. Mr. Ng received a monthly remuneration from the Company of HK\$155,000 from January 2017 to May 2017 and HK\$160,000 from June 2017 to December 2017.

Mr. Ng's appointment is not subject to any specific term. However, Mr. Ng's appointment is subject to retirement by rotation and he shall be eligible for re-election in accordance with the Articles. Save as disclosed above, there are no other matters that need to be brought to the attention of the Shareholders, and there is no other information to be disclosed pursuant to the requirements of Rule 13.51(2)(h) to (v) of the HK Listing Rules in relation to the re-election of Mr. Ng as an executive Director.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Stanley Chung Wai Cheong (鍾偉昌) aged 48, is an independent non-executive Director. He joined the EEIC Group in April 2011 and was appointed as an independent non-executive Director on 11 April 2011. Mr. Chung graduated with a Bachelor of Commerce Degree from the University of Melbourne in 1993. He is a fellow member of the Hong Kong Institute of Certified Public Accountants and is a certified practicing accountant of CPA Australia. Mr. Chung has over 20 years' experience in accounting and financial management. He has also served as the financial controller for a number of listed companies in Hong Kong between 1997 and 2010 and is currently the Chief Financial Officer of HCT Asia Limited. Between 1997 and 2001, Mr. Chung was appointed as the financial controller and company secretary of Kingboard. Mr. Chung is a member of the Audit Committee, and the chairman of the Nomination Committee and Remuneration Committee of the Company.

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

There is an engagement contract entered into between Mr. Chung and the Company for the appointment of Mr. Chung as an independent non-executive Director. Mr. Chung's appointment is not subject to any specific term. However, Mr. Chung's appointment is subject to retirement by rotation and he shall be eligible for re-election in accordance with the Articles. Mr. Chung was entitled to a director's fee of HK\$120,000 for the period from 1 January 2017 to 31 December 2017.

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

Mr. Kong Tze Wing (江子榮), JP, aged 66, is an independent non-executive Director. He joined the EEIC Group in July 2017 and was appointed as an independent non-executive Director on 27 July 2017. He holds a Bachelor's degree in Accounting and a Bachelor's degree in Business Administration. He has been appointed as a Justice of the Peace for Hong Kong since 2008. Mr. Kong has over 45 years of experience in the accounting industry. Mr. Kong is a sole practitioner of the firm Messrs. James T. W. Kong & Co., Certified Public Accountants since 1982. He is a fellow member of the Association of Chartered Certified Accountants since 1985 and became a fellow of the Hong Kong Institute of Certified Public Accountants (formerly known as the Hong Kong Society of Accountants) in 1995. He is also a fellow member of the Institute of Financial Accountants in the United Kingdom since 1995 and a fellow of CPA Australia since 2010. He is also a fellow-professional accountant of the Institute of Public Accountants in Australia since 2001. Mr. Kong has been a Certified Public Accountant since 1981. He is actively participating in community service and has been appointed by the Hong Kong government to sit on various committees and appeal boards in Hong Kong. Mr. Kong is a member of the Audit Committee, Nomination Committee and Remuneration Committee of the Company.

Mr. Kong was appointed as an independent non-executive director of Sing Pao Media Enterprises Limited ("**Sing Pao**"), a company previously listed on the HKEX, in March 2007, and ceased to be a director of Sing Pao in June 2015. Sing Pao was incorporated in the Cayman Islands and its subsidiaries were principally engaged in the publication of newspapers, magazines and books; and provisions of advertising and promotion services, internet content provision and advertising. On 12 August 2015, the High Court of the Hong Kong SAR ordered Sing Pao to be wound up (the "**Sing Pao Winding Up**"). As at the Latest Practicable Date, Sing Pao is still in the process of winding up and Mr. Kong has confirmed that he is not in a position to indicate the outcome or the current position of the Sing Pao Winding Up.

Mr. Kong's appointment is not subject to any specific term. Pursuant to an appointment letter made between Mr. Kong with the Company, his appointment will be subject to retirement by rotation at annual general meetings of the Company and he shall be eligible for re-election in accordance with the Articles. Mr. Kong is entitled to receive a director's fee of HK\$10,000 per month.

Mr. Kong is interested or deemed to be interested in 1,500 shares of Kingboard Laminates as at the Latest Practicable Date. Save as disclosed above, Mr. Kong (i) does not have any relationship with any directors, senior management, substantial shareholders or controlling shareholders of the Company; (ii) does not have and is not deemed to have any interest in the shares of the Company within the

meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong); (iii) has not held any other directorship in any other public companies the securities of which are listed on any securities market in Hong Kong or overseas for the last three years; and (iv) does not hold any other positions in the Company and its subsidiaries as at the Latest Practicable Date.

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

1. DETAILS OF THE IPT MANDATE**1.1 Background**

1.1.1 The Company had, at the 2017 AGM, sought and obtained the approval of Shareholders to adopt an IPT Mandate (the “**2017 IPT Mandate**”), which authorises the EEIC Group to enter into certain Interested Person Transactions with the Kingboard Group.

1.1.2 Kingboard is the ultimate holding company of the Company. Accordingly, transactions entered into between the EEIC Group and the Kingboard Group are considered to be Interested Person Transactions within the meaning of Chapter 9 of the Listing Manual. The rationale and benefits for, the scope, the review procedures and the classes of Interested Persons in respect of the 2017 IPT Mandate were set out in the 2017 Circular. The 2017 IPT Mandate covers recurrent transactions between the EEIC Group and Kingboard Group. Such recurrent transactions will include:

- (a) the purchase of Equipment from the Kingboard Group (the “**Purchase of Capital Equipment**”) as described in Section 1.7.4 below;
- (b) the purchase of goods and services from the Kingboard Group (the “**Purchase of Goods and Services**”) as described in Section 1.7.5 below; and
- (c) the sale of goods and services by the EEIC Group to the Kingboard Group (the “**Sale of Goods and Services**”) as described in Section 1.7.5 below.

The 2017 IPT Mandate is subject to annual renewal, and, accordingly, its validity period will expire on 27 April 2018, being the date of the forthcoming 2018 AGM.

1.2 Definitions under the Listing Manual

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

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

- (a) An “**approved exchange**” means a stock exchange that has rules which safeguard the interests of shareholders against Interested Person Transactions according to similar principles to Chapter 9.

(b) An “**Associate**” means:

- (i) in relation to any director, chief executive officer, Substantial Shareholder or controlling shareholder (as defined in the Listing Manual) (being an individual):
 - (A) his immediate family (meaning the person’s spouse, child, adopted child, step-child, sibling and parent);
 - (B) the trustees of any trust of which he or his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object; and
 - (C) any company in which he and his immediate family together (directly or indirectly) have an interest of thirty per cent. (30%) or more; and
- (ii) in relation to a Substantial Shareholder or a controlling shareholder (as defined in the Listing Manual) (being a company), any other company which is its Subsidiary or holding company or is a Subsidiary of such holding company or one in the equity of which it and/or such other company or companies taken together (directly or indirectly) have an interest of thirty per cent. (30%) or more.

(c) An “**entity at risk**” means:

- (i) the listed company;
- (ii) a Subsidiary of the listed company that is not listed on the SGX-ST or an approved exchange; or
- (iii) an Associated Company of the listed company that is not listed on the SGX-ST or an approved exchange, provided that the listed group, or the listed group and its Interested Person(s), has control over the Associated Company.

(d) An “**Interested Person**” means:

- (i) a director, chief executive officer or controlling shareholder (as defined in the Listing Manual) of the listed company; or
- (ii) an Associate of such director, chief executive officer or controlling shareholder (as defined in the Listing Manual).

(e) A “**transaction**” includes: (i) the provision or receipt of financial assistance; (ii) the acquisition; disposal or leasing of assets; (iii) the provision or receipt of services; (iv) the issuance or subscription of securities; (v) the granting of or being granted options; and (vi) the establishment of joint ventures or joint investments, whether or not in the ordinary course of business, and whether or not entered into directly or indirectly.

1.3 Requirements under Chapter 9

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

1.3.2 The materiality thresholds are:

- (a) **"Threshold 1"**: Three per cent. (3%) of the group's latest audited consolidated NTA; and
- (b) **"Threshold 2"**: Five per cent. (5%) of the group's latest audited consolidated NTA.

1.3.3 An immediate announcement is required where:

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

1.3.4 Shareholders' approval (in addition to an immediate announcement) is required where:

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

1.3.5 The requirements as set out in Sections 1.3.3 and 1.3.4 above, do not apply to any transaction which is below S\$100,000 in value.

1.3.6 For illustrative purposes, based on the latest audited consolidated accounts of the EEIC Group for FY2017, the latest audited consolidated NTA of the EEIC Group as at 31 December 2017 was US\$390,026,000. Accordingly, in relation to the EEIC Group, for the purposes of Chapter 9 in the current financial year, Shareholders' approval would be required where:

- (a) the transaction is of a value equal to, or more than, US\$19,501,000, being five per cent. (5%) of the latest audited consolidated NTA of the EEIC Group; or
- (b) the transaction, when aggregated with other transactions entered into with the same Interested Person during the same financial year, is of a value equal to, or more than, US\$19,501,000, save that the aggregation will exclude any transaction that has been approved by Shareholders previously, or is the subject of aggregation with another transaction that has been approved by Shareholders.

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

1.4 Overview of the EEIC Group and the Kingboard Group

1.4.1 Overview of the EEIC Group

The Company was incorporated in Singapore on 2 January 1993 and was listed on the SGX-ST on 5 September 1994 and on the HKEX on 8 July 2011. The EEIC Group is principally engaged in the design, development, manufacture and distribution of PCBs, and supplies a variety of PCBs products to a diverse customer base.

1.4.2 Overview of the Kingboard Group

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

1.5 Rationale and benefits of the IPT Mandate

- 1.5.1 Kingboard is the ultimate holding company of the Company. Kingboard acquired effective control of the EEIC Group through various investment holding entities on 25 November 2004. The Kingboard Group is principally engaged in the manufacture and sale of laminates, copper foil, glass fabric, glass yarn, bleached kraft paper, packing cartons, PCBs, chemicals, liquid crystal displays and magnetic products, and property development and investment. Laminates, copper foil, glass fabric, glass yarn and bleached kraft paper are key raw materials used in the manufacturing of PCBs, which is the principal activity of the EEIC Group. In addition, the Kingboard Group also acquires expertise in fabricating machineries and equipment used in the manufacturing of PCBs.
- 1.5.2 The EEIC Group is principally engaged in the design, development, manufacture and distribution of PCBs, and supplies a variety of PCB products to a diverse customer base. The EEIC Group, from time to time, purchases various machineries and equipment from the Kingboard Group in its ordinary and usual course of business.
- 1.5.3 Following the acquisition, by the Kingboard Group, of effective control of the EEIC Group on 25 November 2004, the EEIC Group would, in the ordinary course of business, enter into the Interested Person Transactions set out in Section 1.7 and with some degree of frequency.

- 1.5.4 With respect to the Purchase of Capital Equipment, the EEIC Group has been continuously expanding its PCB business and the Company anticipates that more Equipment for the manufacture of PCBs will be required to further expand the EEIC Group's business. Taking into account a range of factors including the reduction in transportation costs, the quality and the price of Equipment manufactured by the Kingboard Group for the production of the PCBs, the EEIC Group considers that purchases of Equipment under the NEPFA (as defined below) is necessary to facilitate its expansion plan and will improve the competitiveness, the quality and price of the PCBs manufactured by the EEIC Group. The EEIC Group has been purchasing Equipment from the Kingboard Group since 2011 and has developed a good business relationship with the Kingboard Group ever since. Based on its past experience in relation to purchasing from the Kingboard Group, the Company has been satisfied by the supply of good quality Equipment from the Kingboard Group. Furthermore, the Equipment has been delivered in a timely manner with competitive costs. One important advantage of purchasing from the Kingboard Group is that the Equipment is delivered to the EEIC Group's factory from the factory site of the Kingboard Group in the Peoples Republic of China, which would substantially lower the transportation costs compared to importing the Equipment from overseas. Additionally, the businesses of the EEIC Group and the Kingboard Group are complementary to each other. The Kingboard Group would have a better understanding of the nature of the EEIC Group's business and the specifications of the Equipment required for the production of PCBs.
- 1.5.5 With respect to the Purchase of Goods and Services, as mentioned above, the EEIC Group is engaged in the manufacture of PCBs and during the production process, materials such as copper foil, kraft paper, copper balls, laminates, glass fabric and prepreg are required. With respect to the Sale of Goods and Services, on the other hand, Kingboard requires materials and services including, but not limited to, green laminates and drill maintenance services as the key components to produce PCBs and laminates. Since each of the materials plays an important role in the course of production for both the EEIC Group and the Kingboard Group, the sale and purchase of materials are closely related. The whole production process will be distorted and delayed if any of the materials or components are in shortage. Therefore, a reliable source of the goods and services is crucial to maintain the smooth operations of both the EEIC Group and the Kingboard Group. Given the fact that the EEIC Group has established a solid business relationship with the Kingboard Group, both are familiar with each other's standards and specifications on the goods and services and are therefore able to respond quickly and achieve greater synergy when they provide goods and services to each other. Based on the above discussion, the EEIC Group considers that the Kingboard Group is a reliable business partner and such co-operation is beneficial to the business of the EEIC Group and the Kingboard Group.
- 1.5.6 The IPT Mandate will enhance the EEIC Group's ability to utilise the resources owned by the Interested Persons set out in Section 1.6 below, thereby enabling the EEIC Group to improve its response time and service to its customers. Further, as the businesses of the EEIC Group and the Interested Persons are complementary with each other, the Interested Persons have a better understanding (as compared with unrelated third parties) of the nature of the EEIC Group's business and Equipment requirements, and *vice versa*, and the EEIC Group and the Interested Persons are therefore able to achieve greater synergy when they provide goods and services to each other.

- 1.5.7 Further, the IPT Mandate will enable the EEIC Group to have access to competitive quotes from the Interested Persons set out in Section 1.6 below, in addition to obtaining quotes from, or transacting with, unrelated third parties. The EEIC Group will also benefit from the IPT Mandate in respect of the Purchase of Capital Equipment and the Purchase of Goods and Services as there will be a steady supply of capital Equipment and goods and services with quality assurance.
- 1.5.8 The Company obtained approval at the 2017 AGM for the Purchase of Capital Equipment from the Kingboard Group to be subject to the 2017 IPT Mandate because the Purchase of Capital Equipment is on a recurrent basis for, *inter alia*, the following reasons:
- (a) Replacing the obsolete Equipment, such obsolescence being attributable to the usual wear and tear or technological advancements that have made the existing Equipment unable to produce the required product specification called for by the customers. The replacement cycle for such Equipment is also short, usually lasting for about one (1) year.
 - (b) Investment in newly invented Equipment as new product category orders are being placed by the customers, or more stringent quality control specifications would require new type of Equipment to be purchased from time to time.
 - (c) Capacity expansion of the existing manufacturing facilities would require new Equipment to be purchased.
 - (d) Setting up of new manufacturing plants by the EEIC Group in Yangzhou and/or in Kaiping or any other manufacturing sites would require investment in new Equipment.
- 1.5.9 The Company is also seeking for the Purchase of Goods and Services from, and the sale of goods and services to, the Kingboard Group to be subject to the proposed IPT Mandate because such purchase and sale of goods and services is on a recurrent basis, since this ensures a steady supply of goods and services for both the EEIC Group and the Kingboard Group on normal commercial terms.
- 1.5.10 The renewal of the 2017 IPT Mandate on an annual basis would eliminate the need for the Company to announce, or to announce and convene separate general meetings on each occasion to seek the Shareholders' prior approval, as and when potential recurrent Interested Person Transactions with a specific class of Interested Persons arise, thereby substantially reducing administrative expenses, time and inconvenience associated with the issuing of such announcements and/or the convening of such meetings, without compromising the corporate objectives of the Company and/or adversely affecting the business opportunities available to the EEIC Group. Accordingly, administrative efficiency would be considerably improved, allowing more resources and time to be focused on attaining corporate objectives and business opportunities.

1.6 Classes of Interested Persons

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

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

1.7 Nature and scope of Interested Person Transactions

1.7.1 The IPT Mandate will not apply to any transaction by a company in the EEIC Group with the classes of Interested Persons as specified in Section 1.6 above, that is below S\$100,000 in value, as the threshold and aggregation requirements contained in Chapter 9 would not apply to such a transaction.

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

1.7.3 The IPT Mandate will apply to the following categories of transactions, which certain members of the EEIC Group are likely to enter into with the classes of Interested Persons set out in Section 1.6, above, in connection with the provision to, or obtaining from, the Interested Persons, of products and services in the normal course of the business or which are necessary for the day-to-day operations of the EEIC Group:

- (a) The Purchase of Capital Equipment — the details of the Purchase of Capital Equipment, including the salient terms of the New Equipment Purchase Framework Agreement (“**NEPFA**”) are set out in Section 1.7.4 below.
- (b) The Purchase of Goods and Services — the details of the Purchase of Goods and Services, including the salient terms of the Master Sales and Purchases Agreement (“**MSPA**”) are set out in Section 1.7.5 below.
- (c) The Sale of Goods and Services — the details of the Sale of Goods and Services, including the salient terms of the MSPA are set out in Section 1.7.5 below.

1.7.4 The Purchase of Capital Equipment:

- (a) Background:

On 7 November 2016, the Company and Kingboard had entered into the NEPFA, which set forth the terms and conditions in respect of the Purchase of Capital Equipment from the Kingboard Group by the EEIC Group.

The Company and Kingboard had previously entered into the Equipment Purchase Framework Agreement (“**EPFA**”) dated 12 November 2013, which had a term of three (3) years, from 1 January 2014 to 31 December 2016.

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

(i) Date of the NEPFA

7 November 2016.

(ii) Parties to the NEPFA

The parties to the NEPFA are the Company and Kingboard.

(iii) Scope of the NEPFA

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

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 NEPFA.

(iv) Term

The term of the NEPFA is for the duration of three (3) years from 1 January 2017 to 31 December 2019.

(v) Consideration

The prices at which the Equipment are to be supplied by the Seller to the Buyer shall be the market price mutually agreed between the Seller and the Buyer, or if the same is not available, a price which is not less favourable to the EEIC Group than the price at which the Kingboard Group supplies similar Equipment to independent third parties having regard to the quality, quantity and other conditions of the SPA or purchase order.

(vi) Terms of Payment

Unless otherwise agreed between the parties in the SPA, the payment terms shall be prescribed as follows: (a) a deposit of thirty per cent. (30%) of the purchase price payable upon execution of the SPA and purchase orders; (b) fifty per cent. (50%) of the purchase price will be due within one (1) month upon receipt of the Equipment by the EEIC Group; and (c) the balance of twenty per cent. (20%) of the purchase price

will be due within one (1) month following the certified acceptance of the Equipment as suitable for use. Payment terms for different type of Equipment categories may be subject to other progressive payment terms as mutually agreed between the parties from time to time.

(vii) Governing law

In relation to any disputes arising out of, or in connection with, the NEPFA, including, without limitation, any question regarding its existence, validity, performance and termination, the parties submitted irrevocably to the non-exclusive jurisdiction of the Hong Kong courts.

The NEPFA shall be governed by, and construed in accordance with, the laws of Hong Kong.

1.7.5 The Purchase of Goods and Services and Sale of Goods and Services

(a) Background:

On 7 November 2016, the Company and Kingboard had entered into the MSPA, which set forth the terms and conditions in respect of the Purchase of Goods and Services from the Kingboard Group by the EEIC Group, and the Sale of Goods and Services from the EEIC Group to the Kingboard Group.

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

(i) Date of the MSPA

7 November 2016.

(ii) Parties to the MSPA

The parties to the MSPA are the Company and Kingboard.

(iii) Scope of the MSPA

The MSPA comprises the general terms and conditions upon which any company within the Kingboard Group may purchase the goods and/or services from any company within the EEIC Group and *vice versa*.

The relevant party/parties may, from time to time, enter into a specific purchase agreement or purchase order as concluded between the relevant party/parties prior to procurement transactions (“SP”) 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 MSPA.

The Kingboard Group will not be obligated to sell or purchase any prescribed quantity of goods and/or services at any specific prices to or from, as the case may be, 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, as the case may be, the Kingboard Group during the term of the MSPA.

(iv) Purchase of Goods and Services from the Kingboard Group by the EEIC Group

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

(v) Sale of Goods and Services from the EEIC Group to the Kingboard Group

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

(vi) Term

The term of the MSPA is for the duration of three (3) years from 1 January 2017 to 31 December 2019.

(vii) 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/from independent third parties having regard to the quality, quantity and other conditions of the purchase.

(viii) Terms of Payment

Unless otherwise agreed between the parties to the SP, 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 terms for different types of product categories may be subject to shorter payment terms as mutually agreed between the parties, but shall not be more than 120 days.

(ix) Governing law

In relation to any disputes arising out of, or in connection with, the MSPA, including, without limitation, any question regarding its existence, validity, performance and termination, the parties submitted irrevocably to the non-exclusive jurisdiction of the Hong Kong courts.

The MSPA shall be governed by, and construed in accordance with, the laws of Hong Kong.

1.8 Review Procedures for Interested Person Transactions

1.8.1 To ensure that the Interested Person Transactions are carried out on an arm's length basis, on normal commercial terms consistent with the EEIC Group's usual business practices and policies, and will not be prejudicial to the interests of the Company and its minority Shareholders, the Company has implemented a set of procedures for the review and approval of Interested Person Transactions under the IPT Mandate. The following paragraphs (a) and (b) of this Section 1.8.1 only refers to the Kingboard Group as the classes of Interested Persons, with respect to the IPT Mandate, comprising only of the Kingboard Group (i.e. Kingboard, its Subsidiaries and Associated Companies).

(a) Purchase of Capital Equipment

Whenever the EEIC Group intends to purchase Equipment, in order to determine if the prices offered by the Kingboard Group are comparable to, or not less favourable than, prices offered by independent third parties, the procurement department will firstly inform the potential suppliers (including the Kingboard Group) of the amount and type of intended purchase and technical requirements of such purchase, and the operations department will then assess and evaluate the technical capabilities of such suppliers and the related quotations. The Company will ask for quotations from at least two (2) independent suppliers, which are able to meet the technical requirements of the EEIC Group of comparable scale, pursuant to which such Equipment were supplied under normal trading conditions, and reported to the senior management accordingly.

Following receipt of the quotations, the Company will compare and negotiate the price and terms of the quotation on an arm's length basis. In determining the supplier, the relevant purchase department will take into account, among other factors, price quotations, quality and quantity of the Equipment, technical capabilities, qualification and experience of the suppliers, brand name of the Equipment, ability in meeting delivery schedules and delivering the Equipment continuously. As part of the internal requirement, the relevant procurement personnel and/or the director-in-charge of the relevant operating subsidiary, as the case may be, will review the purchase proposal before making the final purchase decision.

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

(b) Purchase and Sale of Goods and Services

Whenever the EEIC Group intends to obtain or provide goods and/or services, the prices offered by the Kingboard Group in respect of the EEIC Group's procurement of goods and/or services, or the prices offered to the Kingboard Group in respect of the EEIC Group's provision of goods and/or services (as the case may be), must be comparable to or not less favourable than, prices offered by independent third party suppliers and prices offered to independent third party customers (as the case may be).

In respect of procurement, the procurement department will inform the potential suppliers (including the Kingboard Group) of the amount and type of intended procurement and ask for quotations from at least two (2) independent third party suppliers of comparable scale, where such goods and/or services were supplied under normal trading conditions, and report to the senior management accordingly. In respect of sales, the sales department will consider two (2) comparable transactions with independent customers, where applicable, and report to the senior management accordingly.

As part of the internal requirement, the relevant sales personnel and/or the director-in-charge of the relevant operating subsidiary, as the case may be, will review purchase orders from the Kingboard Group and compare them against two (2) comparable transactions with independent customers of the EEIC Group. The historical price of comparable transactions shall be taken into account. As such, the terms offered to the Kingboard Group in respect of the sales of goods and/or provision of services to the Kingboard Group will be comparable to, or not more favourable than, what would be offered to an independent customer of the EEIC Group.

For the EEIC Group's procurement, following receipt of quotations, the Company will compare and negotiate the price and terms of quotations on an arm's length basis. In determining the supplier, the relevant procurement department will take into account, among other factors, price quotations, quality and quantity of the goods and/or services, technical capabilities, qualification and experience of the suppliers/service providers, ability in meeting delivery schedules and in delivering/providing the goods and/or services continuously. As part of the internal requirement, the relevant procurement personnel and/or the director-in-charge of the relevant operating subsidiary, as the case may be, will review the purchase proposal before making the final procurement decision. The relevant procurement personnel will also evaluate the comparable suppliers (including the Kingboard Group) on a regular basis by adopting a merit-based system in monitoring the product/service quality, pricing and other major terms with a view to facilitating the Company in making any procurement decision of similar nature from time to time.

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

1.8.2 Further to Section 1.8.1 above, prior approval from the Audit Committee must be obtained before:

- (a) any proposed per unit purchase of the Equipment under the NEPFA equal to or exceeding US\$3,000,000 (which represents 0.77% of the latest NTA of the EEIC Group) in value is entered into; and
- (b) any other proposed single Interested Person Transaction (except for the Purchase of Capital Equipment) equal to or exceeding S\$3,000,000 (which represents 0.58% of the latest NTA of the EEIC Group) in value is entered into.

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

1.8.3 In addition to the review procedures set out in Sections 1.8.1 and 1.8.2 above, the following procedures will also be implemented:

- (a) The Company will maintain a register of Interested Person Transactions (which will include transactions below S\$100,000) carried out pursuant to the IPT Mandate (recording the basis on which they are entered into, including quotations and/or offers obtained (if any) to support such basis).
- (b) The annual audit plan shall incorporate a review of all Interested Person Transactions entered into pursuant to the IPT Mandate.
- (c) The Audit Committee may, as it deems fit, request for additional information pertaining to any Interested Person Transaction under review from independent sources or advisers.
- (d) Further to the above, where any Director has an interest (direct or indirect) in any Interested Person Transaction, such Director (or his alternate, where appropriate) shall abstain from voting on the matter. Where any member of the Audit Committee has an interest in any Interested Person Transaction, that member shall abstain from participating in the review and approval process in relation to that Interested Person Transaction.
- (e) The Audit Committee will carry out periodic reviews (not less than twice a year) to ascertain that the established review procedures, as set out above, in respect of the IPT Mandate have been complied with, and whether the review procedures remain appropriate and continue to be able to ensure that the transactions will be carried out on normal commercial terms and are not prejudicial to the interests of the Company and its minority Shareholders. If, during their periodic reviews, the Audit Committee is of the view that the established guidelines and procedures are inappropriate or are not sufficient to ensure that the Interested Person Transactions are conducted on an arm's length basis, and may be prejudicial to the interests of the Company and its minority Shareholders, the Company will obtain a fresh mandate from Shareholders based on new review procedures and guidelines for Interested Person Transactions. In the meantime, all Interested Person Transactions are to be approved by the Audit Committee.

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

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

1.9 Validity period of the IPT Mandate

If the Shareholders approve Ordinary Resolution 9 as set out in the notice of the 2018 AGM, at the 2018 AGM, the IPT Mandate will take effect immediately after the passing of Ordinary Resolution 9, and will (unless revoked or varied by the Company in general meeting) continue to be in force until the next AGM. Approval from Shareholders will be sought for the renewal of the IPT Mandate at each subsequent AGM, subject to satisfactory review by the Audit Committee of its continued application to Interested Person Transactions.

1.10 Disclosure in Financial Statements and Annual Report

Pursuant to Chapter 9, the Company will:

- (a) disclose in the Company’s annual report, the aggregate value of transactions conducted pursuant to the IPT Mandate during the financial year under review and set out the following details:
 - (i) name of the Interested Person;
 - (ii) aggregate value of all Interested Person Transactions during the financial year under review (excluding transactions less than S\$100,000 in value and transactions conducted under the IPT Mandate);
 - (iii) aggregate value of all Interested Person Transactions conducted under the IPT Mandate (excluding transactions less than S\$100,000 in value); and
- (b) announce the aggregate value of transactions conducted pursuant to the IPT Mandate for the financial periods that it is required to report on, pursuant to Rule 705 of the Listing Manual, in its financial statements within the time required for the announcement of such report. The disclosure will also contain the details set out in Section 1.10(a) above.

1.11 Statement from the Audit Committee

The Audit Committee (currently comprising Messrs. Stanley Chung Wai Cheong, Ong Shen Chieh and Kong Tze Wing) having considered, *inter alia*, the review procedures for the IPT Mandate as proposed to be renewed, confirms that: (1) the review procedures for determining the transaction prices have not changed since the last Shareholder approval was obtained, at the 2017 AGM, for the renewal of the IPT Mandate; and (2) the review procedures for the Interested Person Transactions as set out in Section 1.8 of this Appendix B, as well as the periodic reviews to be made by the Audit Committee in relation thereto, are sufficient to ensure that the Interested Persons Transactions will be carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders.

1.12 Abstention from Voting

The following persons, by virtue of their interests in the IPT Mandate, will abstain, and have undertaken to ensure that their Associates will abstain, from voting on Ordinary Resolution 9 as set out in the notice of the 2018 AGM to be proposed at the 2018 AGM:

- (a) Kingboard;
- (b) EEIH, Elitelink Holdings Limited and Kingboard Investments Limited (by virtue of these entities being Subsidiaries of Kingboard); and
- (c) Messrs. Stephanie Cheung Wai Lin, Cheung Kwok Wing and Chang Wing Yiu (by virtue of each of these persons being a director of Kingboard, EEIH or both Kingboard and EEIH).

1. DEFINITIONS

In this 2018 Share Option Scheme (as defined herein), unless the context otherwise requires, the following words and expressions shall have the following meanings:

“2018 Share Option Scheme”	:	The 2018 Elec & Eltek Employees’ Share Option Scheme, as may be amended or modified from time to time
“Act”	:	The Companies Act (Chapter 50 of Singapore Statutes), as may be amended or modified from time to time
“Adjustment”	:	Shall have the meaning ascribed to it in Rule 11.1
“Adoption Date”	:	The date on which all the conditions set out in Rule 2 are fulfilled
“Associate”	:	Shall have the meaning ascribed to it in the Listing Manual
“Associated Company”	:	A company in which at least 20% but not more than 50% of its shares are held by the Company and over which the Company has control
“Auditors”	:	The auditors of the Company from time to time
“Board”	:	The board of directors of the Company from time to time
“CDP”	:	The Central Depository (Pte) Limited
“Committee”	:	A committee of Directors who are duly authorised and appointed by the Board pursuant to Rule 18 to administer the 2018 Share Option Scheme
“Company”	:	Elec & Eltek International Company Limited
“Controlling Shareholder”	:	A person who: <ul style="list-style-type: none"> (a) holds directly or indirectly 15% or more of the total number of issued Shares (excluding Treasury Shares and subsidiary holdings) in the Company unless the SGX-ST determines otherwise; or (b) in fact exercises control over the Company, as defined under the Listing Manual
“Date of Grant”	:	The date on which an Option is granted to an Offeree pursuant to Rule 8

“Director”	:	Any director, whether an executive or a non-executive, of the Company or any other company within the EEIC Group or the Parent Group, or of an Associated Company (as the case may be)
“EEIC Group”	:	The Company and its Subsidiaries
“Employees”	:	Full-time employees and directors of any company within the EEIC Group, any company within the Parent Group or of an Associated Company (as the case may be)
“Executive Director”	:	A Director who is a full-time employee, and who performs an executive function
“Exercise Period”	:	The period during which an Option is exercisable, being a period commencing after the first or second anniversary of the Date of Grant of the Option (as may be prescribed under the 2018 Share Option Scheme) and expiring on the fifth anniversary of the Date of Grant of the said Option
“Exercise Price”	:	The price at which an Offeree shall subscribe for each Share upon the exercise of an Option, as determined in accordance with Rule 10, or such adjusted price as may be applicable pursuant to Rule 11
“FY”	:	Financial year ended or ending 31 December
“Grantee”	:	A person to whom an offer of an Option is made in accordance with the terms of the 2018 Share Option Scheme
“HK Listing Rules”	:	The Rules Governing the Listing of Securities on the HKEX
“HKEX”	:	The Stock Exchange of Hong Kong Limited
“Hong Kong”	:	The Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Shareholder”	:	Any Shareholder who is not an eligible Participant in the 2018 Share Option Scheme
“Kingboard”	:	Kingboard Chemical Holdings Limited
“Listing Manual”	:	The listing manual of the SGX-ST, as may be amended or modified from time to time

“Market Day”	:	A day on which the SGX-ST is open for trading of securities
“Market Price”	:	The average of the last dealt prices for a Share determined by reference to the daily Official List published by the SGX-ST for a period of five (5) consecutive Market Days immediately prior to the relevant Date of Grant, provided always that in the case of a Market Day on which the Shares were not traded on the SGX-ST, the last dealt price for Shares on such Market Day shall be deemed to be the last dealt price of the Shares on the immediately preceding Market Day on which the Shares were traded, rounded up to the nearest whole cent in the event of fractional prices
“Non-Executive Director”	:	A Director (whether independent or non-independent) who is not a full-time employee and who does not perform an executive function
“Offer”	:	The offer of the grant of an Option made in accordance with the terms of the 2018 Share Option Scheme
“Offeree”	:	A person who meets the criteria set out in Rule 4.1, and has been selected by the Committee to participate in the 2018 Share Option Scheme
“Option”	:	The right to subscribe for Option Shares pursuant to the 2018 Share Option Scheme
“Option Holder”	:	The holder of an Option
“Option Shares”	:	Shares obtained pursuant to an exercise of the Option(s)
“Parent Company”	:	The holding company of the Company, namely, Kingboard
“Parent Group”	:	Kingboard and its subsidiaries (excluding any company within the EEIC Group and any Associated Company)
“Parent Shareholders”	:	The shareholders of Kingboard
“Participant”	:	Shall have the meaning ascribed to that term in Rule 4.1
“Record Date”	:	The date as at the close of business on which the Shareholders must be registered in order to participate in any dividends, rights, allotments or other distributions

“Securities Account”	:	The securities account maintained by a Depositor with CDP but does not include a securities sub-account maintained with a Depository Agent
“SGX-ST”	:	Singapore Exchange Securities Trading Limited
“Shareholders”	:	Registered holders of Shares except that where the registered holder is CDP, the term “Shareholders” shall, in relation to such Shares and where the context admits, means the persons named as Depositors in the Depository Register and whose Securities Accounts maintained with CDP are credited with the Shares
“Shares”	:	Ordinary shares in the capital of the Company
“Substantial Shareholder”	:	A person (including a corporation) who has an interest in not less than five per cent. (5%) of the issued voting shares of the Company, as defined under the Act
“S\$” and “cents”	:	Singapore dollars and cents respectively
“US\$”	:	US dollars
“%” or “per cent.”	:	Percentage or per centum

The expressions “Depositor”, “Depository Agent” and “Depository Register” shall have the meanings ascribed to them respectively in Section 130A of the Act. The term “Treasury Shares” shall have the meaning ascribed to it in Section 4 of the Act. The term “Subsidiary” shall have the meaning ascribed to it in Section 5 of the Act.

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

Any reference in the 2018 Share Option Scheme to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word or term defined under the Act or the Listing Manual or the HK Listing Rules or any statutory modification thereof, and used in the 2018 Share Option Scheme shall, where applicable, have the meaning assigned to it under the Act or the Listing Manual or the HK Listing Rules or any such statutory modification thereof, as the case may be, unless otherwise provided.

Any reference to a time of day and dates in the 2018 Share Option Scheme shall be a reference to Singapore time and dates, unless otherwise stated.

2. NAME OF OPTION SCHEME / CONDITIONS

The 2018 Share Option Scheme shall be called the **“2018 Elec & Eltek Employees’ Share Option Scheme”**.

The 2018 Share Option Scheme shall take effect subject to the following conditions being fulfilled:

- (i) the passing of the necessary resolutions to adopt the 2018 Share Option Scheme by the Shareholders in general meeting;
- (ii) SGX-ST and the HKEX granting their respective in-principle approval for the listing of, and quotation for, the Option Shares to be issued pursuant to the exercise of Options; and
- (iii) the passing of the necessary resolutions to adopt the 2018 Share Option Scheme by the Parent Shareholders in general meeting.

3. OBJECTIVES OF THE SCHEME

The 2018 Share Option Scheme will provide an opportunity for Employees who have contributed significantly to the growth and performance of the EEIC Group and who satisfy the eligibility criteria as set out in Rule 4, to participate in the equity of the Company.

The 2018 Share Option Scheme is primarily a share incentive scheme, which recognises the importance of Employees to the success and continued well-being of the EEIC Group. Implementation of the 2018 Share Option Scheme will enable the Company to recognise the contributions made by such Employees. At the same time, such a scheme will give Employees an opportunity to have a direct interest in the Company and will also achieve the following positive objectives:

- (a) to motivate Employees to optimise their performance standards and efficiency, and to maintain a high level of contribution to the EEIC Group;
- (b) to retain key Employees whose contributions are essential to the long-term growth and profitability of the EEIC Group;
- (c) to instil loyalty to, and reinforce a stronger identification by Employees with, the long-term prosperity of the EEIC Group;
- (d) to attract potential employees with relevant skills to contribute to the EEIC Group and to create value for Shareholders; and
- (e) to align the interests of Employees with the interests of Shareholders.

4. ELIGIBILITY/ GRANT OF OPTIONS

- 4.1. Subject to the absolute discretion of the Committee, the following persons who have attained the age of 21 years on or prior to the relevant Date of Grant, are not undischarged bankrupts and have not entered into a composition with their respective creditors, whichever applicable, as of the Date of Grant, shall be eligible to participate in the 2018 Share Option Scheme (the “**Participant(s)**”):

- (a) the full-time employees and directors of any of the companies within the EEIC Group;
- (b) the full-time employees and directors of any of the companies within the Parent Group who have contributed to the success and development of the EEIC Group; and
- (c) the full-time employees and directors of the Associated Companies over which the EEIC Group has control.

Subject to Rule 29.1, Controlling Shareholders and Associates of Controlling Shareholders, who fall within any one of the categories in Rule 4.1(a), (b) and (c), shall be eligible to participate in the 2018 Share Option Scheme.

For the avoidance of doubt, if a Participant falls within more than one of the categories in Rule 4.1(a), (b) and (c), the Participant shall be subject to the restrictions and requirements as set out in Rules 5 and 6 in respect of the category for which his entitlement of Option Shares for any Options to be granted is the lowest.

- 4.2. There will be no restriction on the eligibility of any Participant or Grantee to participate in any other share option or share incentive scheme implemented by the Company or any other companies within the EEIC Group.

5. MAXIMUM ENTITLEMENT OF OPTION SHARES FOR EACH CATEGORY OF PARTICIPANT

- 5.1. Subject to Rules 4, 6, 7, 11 and 29, the aggregate number of Shares in respect of which Option(s) may be offered to a Grantee for subscription in accordance with the 2018 Share Option Scheme shall be determined at the absolute discretion of the Committee, provided always that the following limits shall be complied with:
- (i) the aggregate number of Shares over which the Committee may offer to grant Option(s) to the Controlling Shareholders and Associates of Controlling Shareholders under the 2018 Share Option Scheme, shall not exceed 25% of the Shares available under the 2018 Share Option Scheme, provided always that the number of Shares available to each Controlling Shareholder or each Associate of a Controlling Shareholder shall not exceed ten per cent. (10%) of the Shares available under the 2018 Share Option Scheme;
 - (ii) the aggregate number of Shares over which the Committee may offer to grant Option(s) to the Employees of the companies within the Parent Group under the 2018 Share Option Scheme, shall not exceed 20% of the Shares available under the 2018 Share Option Scheme; and
 - (iii) the aggregate number of Shares over which the Committee may offer to grant Option(s) to Employees of Associated Companies under the 2018 Share Option Scheme, shall not exceed 20% of the Shares available under the 2018 Share Option Scheme.
- 5.2. In reaching its decisions, the Committee shall take into account, where applicable, criteria such as rank, past performance, years of service and potential contribution of the Grantee in addition to the performance of the Company.

6. REQUIREMENTS ON SHAREHOLDERS' APPROVAL UNDER THE HK LISTING RULES

- 6.1. Subject to Rule 31, unless approved by the Shareholders and the Parent Shareholders in accordance with Rule 6.2 below, the total number of Shares issued and to be issued upon exercise of the Options granted to each Participant (including both exercised and outstanding Options granted under the 2018 Share Option Scheme and any previous share option schemes of the Company) in any 12-month period must not exceed one per cent. (1%) of the total number of Shares in issue from time to time.
- 6.2. Subject to Rule 31, any further grant of Options in excess of the one per cent. (1%) limit specified in Rule 6.1, above, shall be subject to the approval of the Shareholders and the Parent Shareholders, with such Participant and his close associates (or his associates if the Participant is a connected person) abstaining from voting. The number and terms of the Options to be granted to such Participant shall be fixed before the approval by the Shareholders and the Parent Shareholders of the grant of such Options and the date of the Committee's meeting for proposing such further grant should be taken as the Date of Grant for the purpose of calculating the Exercise Price.
- 6.3. Any proposed grant of Options to a Participant who is a director, chief executive or substantial shareholder of the Company or any of their respective associates shall be approved by independent non-executive Directors (excluding such independent non-executive Director who is the Participant to which the Options are proposed to be granted) and the independent non-executive directors of the Parent Company. Any proposed grant of Options to a Participant who is a director, chief executive or substantial shareholder of the Parent Company or any of their respective associates shall be approved by independent non-executive directors of the Parent Company (excluding such independent non-executive director who is the Participant to which the Options are proposed to be granted).
- 6.4. Where the Committee proposes to grant any Options to an Offeree who is a substantial shareholder or an independent non-executive Director or any of their respective associates, and such grant of Options would result in the Option Shares issued and to be issued upon exercise of all Options already granted and to be granted (including Options exercised, cancelled and outstanding) to such Offeree in the 12-month period up to and including the date on which such proposal is made by the Committee (a) representing in aggregate more than 0.1% of the total number of Shares in issue on such date of proposal and (b) having an aggregate value, based on the closing price of the Shares at the date of each grant, in excess of HK\$5 million, such proposed grant of Options must be approved by the Shareholders and the Parent Shareholders in general meeting (subject to Rule 31), with the Offeree concerned, its associates and all core connected persons of the Company and the Parent Company abstaining from voting (except where any core connected person intends to vote against the relevant resolution). Where the Committee proposes to grant any Options to an Offeree who is a substantial shareholder or an independent non-executive director of the Parent Company or any of their respective associates, and such grant of Options would result in the Option Shares issued and to be issued upon exercise of all Options already granted and to be granted (including Options exercised, cancelled and outstanding) to such Offeree in the 12-month period up to and including the date on which such proposal is made by the Committee (a) representing in aggregate more than 0.1% of the total

number of Shares in issue on such date of proposal and (b) having an aggregate value, based on the closing price of the Shares at the date of each grant, in excess of HK\$5 million, such proposed grant of Options must be approved by the Parent Shareholders in general meeting (subject to Rule 31), with the Offeree concerned, its associates and all core connected persons of the Parent Company abstaining from voting (except where any core connected person intends to vote against the relevant resolution). Any vote taken at the meeting to approve the grant of such Options must be taken on a poll.

- 6.5. Notwithstanding anything to the contrary herein, the terms “associates”, “close associates”, “chief executive”, “substantial shareholders”, “connected persons” and “core connected persons” under this Rule 6 shall have the meanings ascribed to them in HK Listing Rules and other relevant laws and regulations of Hong Kong.

7. LIMITATION ON SIZE OF THE OPTION SCHEME

- 7.1. The total number of Shares which may be issued upon exercise of all options to be granted under the 2018 Share Option Scheme and any other share option schemes of the Company shall not in aggregate exceed ten per cent. (10%) of the total number of Shares in issue as at the Adoption Date. Options lapsed in accordance with the terms of the 2018 Share Option Scheme will not be counted for the purpose of calculating the ten per cent. (10%) limit.
- 7.2. Notwithstanding Rule 7.1 above, the Committee may grant Options to specifically identified Participant(s) beyond the ten per cent. (10%) limit set out in Rule 7.1, above, if the grant of such Options is specifically approved by Shareholders and Parent Shareholders in general meeting (subject to Rule 31); and provided always that Rules 5, 6 and 29 are complied with.
- 7.3. The Company may seek approval of Shareholders and Parent Shareholders in general meeting to renew the ten per cent. (10%) limit set out in Rule 7.1, above, such that the total number of Shares in respect of which Options may be granted under the 2018 Share Option Scheme and any other share option schemes of the Company under the limit so renewed shall not exceed a further ten per cent. (10%) of the number of Shares in issue as at the date of approval of the limit, subject to Rule 7.4 below. Options previously granted under the 2018 Share Option Scheme and any other share option schemes of the Company (including outstanding, cancelled, lapsed or exercised options) will not be counted for the purpose of calculating such ten per cent. (10%) limit as renewed.
- 7.4. Notwithstanding anything to the contrary herein provided, the aggregate number of Shares over which the Committee may offer to grant Option(s) on any date, when added to the aggregate number of Shares issued or issuable in respect of all Option(s) granted under the 2018 Share Option Scheme and in respect of all other share-based incentive schemes of the Company (if any), shall not in any event exceed fifteen per cent. (15%) of the total issued shares of the Company excluding Treasury Shares and subsidiary holdings from time to time as prescribed under the Listing Manual.

8. DATE OF GRANT AND RESTRICTION ON THE TIME OF GRANT

8.1. The Committee may, save as provided in Rules 4, 5, 6 and 7, offer to grant Option(s) to such Grantees as it may select in its absolute discretion at any time during the period when the 2018 Share Option Scheme is in force, except that no offer of grant of Option(s) shall be made:

- (i) during the period of one (1) month immediately preceding the date of announcement of the Company's half-year or final results (as the case may be) and two (2) weeks before the announcement of the results of the Company for each of the first and third quarters of its financial year (as the case may be); and
- (ii) at any time after any matter of an exceptional nature involving inside information has occurred or has been the subject of a decision until after such inside information has been publicly announced in accordance with the HK Listing Rules. In particular, no offer of grant of Option(s) shall be made during the period commencing one (1) month immediately preceding the earlier of:
 - (a) the date of the board meeting for the approval of the Parent Company's results for any year, half-year, quarterly or any other interim period (whether or not required under the HK Listing Rules); and
 - (b) the deadline for the issuer to publish an announcement of the results of the Parent Company for any year or half-year under the HK Listing Rules, or any other interim period (whether or not required under the HK Listing Rules), and ending on the date of the results announcement of the Parent Company.

8.2. An Offer shall be made by way of a letter (the "**Letter of Offer**") in the form, or substantially in the form, set out in Appendix C1, subject to such amendments as the Committee may determine from time to time.

9. ACCEPTANCE OF AN OFFER

9.1. An Option offered to a Grantee pursuant to Rule 8 may only be accepted by the Grantee within 30 days after the relevant Date of Grant and not later than 5.00 p.m. on the 30th day from such Date of Grant: (a) by completing, signing and returning to the Company the form (the "**Acceptance Form**") in, or substantially in, the form set out in Appendix C2, subject to such modification as the Committee may from time to time determine, accompanied by payment of S\$1 (or its equivalent) as consideration or such other amount and such other documentation as the Committee may require; and (b) if, at the date on which the Company receives from the Grantee the Acceptance Form in respect of the Option as aforesaid, the Grantee remains eligible to participate in the 2018 Share Option Scheme in accordance with these Rules.

- 9.2. If an Offer is not accepted strictly in the manner as provided in this Rule 9, such Offer shall, upon the expiry of the 30 day period, automatically lapse and shall forthwith be deemed to be null and void and be of no effect.
- 9.3. The Company shall be entitled to reject any purported acceptance of an Offer made pursuant to this Rule 9 or Exercise Notice (as defined in Rule 13.1, below) given pursuant to Rule 13, which does not strictly comply with the terms of the 2018 Share Option Scheme. Subject to the provisions of the 2018 Share Option Scheme, the Board or the Committee (as the case may be) may at its discretion, when making the Offer, impose any conditions, restrictions or limitations in relation thereto as it may think fit.
- 9.4. Option(s) are personal to the Grantees and Option Holders to whom they are offered or granted, as the case may be, and shall not be sold, mortgaged, transferred, charged, assigned, pledged or otherwise disposed of or encumbered in whole or in part, or in any way whatsoever, without the Committee's prior written approval, but may be exercised by the Option Holder's duly appointed personal representative(s) as provided in Rule 12.7 in the event of the death of such Option Holder.
- 9.5. The Grantee may accept or refuse the whole or part of the Offer. If only part of the Offer is accepted, the Grantee shall accept the Offer in multiples of 1,000 Shares. The Committee shall, within 15 Market Days of receipt of the Acceptance Form and consideration, acknowledge receipt of the same.
- 9.6. Every Option shall be granted subject to the condition that no Option Shares shall be issued pursuant to the exercise of an Option if such issue would be contrary to any law or enactment, or any rules or regulations of any legislative or non-legislative governing body for the time being in force in Singapore or any other relevant country. In the event that a grant of an Option results in a contravention of any applicable law or regulation, such grant shall be null and void and be of no effect and the relevant Option Holder shall have no claim whatsoever against the Company.
- 9.7. Unless the Committee determines otherwise, an Option shall automatically lapse and become null, void and of no effect and shall not be capable of acceptance if:
- (a) it is not accepted in the manner as provided in Rule 9.1 within the 30 day period; or
 - (b) the Grantee dies prior to his acceptance of the Option; or
 - (c) the Grantee is adjudicated a bankrupt or enters into composition with his creditors prior to his acceptance of the Option; or
 - (d) the Grantee (being an employee) ceases to be in the employment of any company within the EEIC Group, an Associated Company or any company within the Parent Group (as the case may be) for any reason whatsoever, prior to his acceptance of the Option; or
 - (e) the Company is liquidated or wound-up prior to the Grantee's acceptance of the Option.

10. EXERCISE PRICE

10.1. Subject to any Adjustment pursuant to Rule 11, the Exercise Price for each Share in respect of which an Option is exercisable shall be determined by the Committee at its absolute discretion, and fixed by the Committee at:

- (a) the Market Price; or
- (b) a price which is set at a discount to the Market Price, the quantum of such discount to be determined by the Committee in its absolute discretion, provided that the maximum discount which may be given in respect of any Option shall not exceed 20% of the Market Price and approved by the Shareholders at a general meeting in a separate resolution,

save that the Exercise Price must be at least the highest of (i) the closing price of the Shares as stated in the HKEX's daily quotations sheet on the Date of Grant of the Option, which must be a business day; and (ii) the average closing price of the Shares as stated in the HKEX's daily quotations sheets for the five (5) business days immediately preceding the Date of Grant of the Option.

10.2. In making any determination under Rule 10.1(b) on whether to give a discount and the quantum of such discount, the Committee shall be at liberty to take into consideration the following criteria:

- (a) the performance of the Company and its Subsidiaries, as the case may be, taking into account financial factors such as net profit after tax, return on equity and earnings growth;
- (b) the years of service, the designation and individual performance of the eligible Participant; and
- (c) the contribution and potential contribution of the eligible Participant to the success and development of the Company and/or the EEIC Group.

11. ALTERATION OF CAPITAL

11.1. If a variation in the issued share capital of the Company should take place, by way of a capitalisation of profits or reserves or rights issue or reduction (including any reduction arising by reason of the Company purchasing or acquiring its issued Shares), subdivision, consolidation, distribution or otherwise, howsoever effected, but not including the issue of securities as consideration for an acquisition (which will normally not be regarded as a circumstance requiring adjustment), then:

- (a) the Exercise Price in respect of the Shares comprised in the Option to the extent unexercised; and/or
- (b) the number of Shares comprised in the Option to the extent unexercised and the rights attached thereto; and/or

- (c) the number of Shares in respect of which additional Option(s) may be granted to Option Holders,

may, at the discretion of the Committee, but subject always to the limitations provided in Rule 11.2, be adjusted (“**Adjustment**”) in such manner as the Committee may determine to be appropriate, including retrospective Adjustments where such variation occurs after the date of exercise of an Option but the Record Date relating to such variation precedes such date of exercise. In the case of a capitalisation issue, the Auditors (acting only as experts and not as arbitrators) must provide a written confirmation that, in their opinion, any Adjustment proposed to be made is fair and reasonable. In addition, any Adjustment must satisfy the requirements that each Participant is given the same proportion (or rights in respect of the same proportion) of the equity capital as that to which the Participant was previously entitled, being in compliance with the requirements set out in the HK Listing Rules.

11.2. Notwithstanding the provisions of Rule 11.1, above, no such Adjustment shall be made:

- (a) if, as a result, the Option Holder receives a benefit that a Shareholder does not receive;
- (b) unless any Adjustment required under Rule 11.1 above gives a Participant the same proportion of the equity capital as that to which that person was previously entitled; and
- (c) unless an independent financial advisor has, or the Auditors and auditors of the Parent Company have, provided a written confirmation, as required under the HK Listing Rules, that such Adjustment satisfies the requirements set out in the HK Listing Rules.

11.3. The issue of securities as consideration for an acquisition of any assets by the Company or a private placement of securities or the cancellation of issued Shares purchased or acquired by the Company by way of a market purchase of such Shares, in accordance with the Listing Manual, undertaken by the Company on the SGX-ST during the period when a share purchase mandate granted by the Shareholders (including any renewal of such mandate) is in force, will not be regarded as a circumstance requiring Adjustment under the provisions of this Rule 11.

11.4. Upon any Adjustment required to be made, the Company shall notify each Option Holder (or his duly appointed personal representative(s)) in writing and deliver to him (or, where applicable, his duly appointed personal representative(s)) a statement setting forth the new Exercise Price thereafter in effect and the number of Shares thereafter comprised in the Option so far as unexercised.

12. EXERCISE PERIOD

12.1. Option(s) granted with the Exercise Price set at Market Price shall only be exercisable, in whole or in part, at any time, by an Option Holder during the Exercise Period, which shall commence after the first anniversary of the Date of Grant of the Option(s), failing which, all unexercised Option(s) shall immediately lapse and become null and void and the Option Holder shall have no claim against the Company.

- 12.2. Option(s) granted with the Exercise Price set at a discount to Market Price shall only be exercisable, in whole or in part, at any time, by an Option Holder during the Exercise Period, which shall commence after the second anniversary of the Date of Grant of the Option(s), failing which, all unexercised Option(s) shall immediately lapse and become null and void and the Option Holder shall have no claim against the Company.
- 12.3. An Option shall, to the extent unexercised, immediately lapse and become null and void and the Option Holder shall have no claim against the Company:
- (a) subject to this Rule 12, upon the Option Holder ceasing to be in the employment of any company within the EEIC Group, any Associated Company or any company within the Parent Group for any reason whatsoever;
 - (b) upon the bankruptcy of the Option Holder or the happening of any other event which result in his being deprived of the legal or beneficial ownership of such Option;
 - (c) in the event of misconduct on the part of the Option Holder, as determined by the Committee in its absolute discretion; or
 - (d) upon the expiry of the Exercise Period.
- 12.4. If an Option Holder ceases to be employed by any company within the EEIC Group, any Associated Company or any company within the Parent Group (as the case may be) by reason of his:
- (a) ill health, injury or disability, in each case, as certified by a medical practitioner approved by the Committee;
 - (b) redundancy;
 - (c) retirement at or after the normal retirement age; or
 - (d) retirement before the normal retirement age with the consent of the Committee, or for any other reason approved in writing by the Committee,
- he may, at the absolute discretion of the Committee, exercise any unexercised Option(s) within the relevant Exercise Period and upon the expiry of such period, the Option(s) remaining unexercised shall immediately lapse and become null and void.
- 12.5. If an Option Holder ceases to be employed by a Subsidiary of the Company:
- (a) by reason of the Subsidiary, by which he is principally employed, ceasing to be a company within the EEIC Group, or the undertaking or part of the undertaking of such Subsidiary, being transferred otherwise than to another company within the EEIC Group; or

(b) for any other reason, provided the Committee gives its consent in writing,

he may, at the absolute discretion of the Committee, exercise any unexercised Option(s) within the relevant Exercise Period and upon the expiry of such period, the Option(s) remaining unexercised shall immediately lapse and become null and void.

12.6. For the purposes of Rule 12.4 and Rule 12.5, an Option Holder shall be deemed to have ceased to be so employed as of the date the notice of termination of employment is tendered by, or is given to, him, unless such notice shall be withdrawn prior to its effective date.

12.7. If an Option Holder dies, and at the date of his death holds any unexercised Option(s), such Option(s) may, at the absolute discretion of the Committee, be exercised by the duly appointed legal personal representative(s) of the Option Holder within the relevant Exercise Period and upon the expiry of such period, the Option(s) remaining unexercised shall immediately lapse and become null and void.

13. EXERCISE OF OPTION(S), ALLOTMENT AND LISTING OF SHARES

13.1. An Option may be exercised, in whole or in part, by an Option Holder giving notice in writing to the Company in, or substantially in, the form set out in Appendix C3 (the “**Exercise Notice**”), subject to such amendments as the Committee may from time to time determine. Every Exercise Notice must be accompanied by a remittance for the full amount of the aggregate Exercise Price in respect of the Shares which have been exercised under the Option, the processing costs (if any), the relevant CDP charges (if any) and any other documentation the Committee may require. All payments shall be made by cashier’s order or bank draft in favour of the Company or by way of telegraphic transfer to the bank account of the Company or any other means to be agreed by the Company. An Option shall be deemed to be exercised upon the receipt by the Company of the said Exercise Notice duly completed and signed, and the receipt by the Company of the full amount of the aggregate Exercise Price in respect of the Shares which have been exercised under the Option. The Option Holder shall fully exercise his or her Option(s) within five (5) years from the Date of Grant of the Option(s). All unexercised Option(s) after five (5) years from the Date of Grant shall be null and void.

13.2. Subject to:

(a) such consent or other actions required by any competent authority under any regulations or enactments for the time being in force as may be necessary (including any approvals required from the SGX-ST); and

(b) compliance with the Rules of the 2018 Share Option Scheme and the Memorandum and Articles of Association of the Company, the Company shall, as soon as practicable after the exercise of an Option by an Option Holder but in any event within ten (10) Market Days after the date of receipt of the duly completed and signed Exercise Notice by the Company (provided the Option has been exercised in accordance with Rule 13.1), allot the Shares in respect of which such Option has been exercised by the Option Holder and within five (5) Market Days from the date of such allotment, despatch the relevant share certificate(s) to

CDP for the credit of the securities account of that Option Holder by ordinary post or such other mode of delivery as the Committee may deem fit or in the case of a transfer of Treasury Shares, do such acts or things which are necessary for the transfer to be effective.

- 13.3. The Company shall as soon as practicable after the exercise of an Option, apply to the SGX-ST or any other stock exchange on which the Shares are quoted or listed for permission to deal in and for quotation of the Shares which may be issued upon exercise of the Option and where necessary, the Shares (if any) which may be issued to the Option Holder pursuant to any Adjustment made in accordance with Rule 11.
- 13.4. Shares allotted and issued or Treasury Shares which are transferred, upon the exercise of an Option shall be subject to all provisions of the Memorandum and Articles of Association of the Company and shall rank *pari passu* in all respects with the then existing issued Shares in the capital of the Company, except for any dividends, rights (including voting rights), allotments or other distributions declared or recommended in respect of the then existing issued Shares, the Record Date for which falls prior to the date of allotment and issue or transfer (as the case may be) of the said Shares.
- 13.5. Except as set out in Rule 13.2 and subject to Rule 11, an Option does not confer on an Option Holder any right to participate in any new issue of Shares.
- 13.6. The Company shall keep available sufficient unissued Shares to satisfy the full exercise of all Option(s) for the time being remaining capable of being exercised.
- 13.7. No performance targets are required to be achieved by the Option Holders before the Options can be exercised by them.

14. ALTERATIONS AND AMENDMENTS TO THE OPTION SCHEME

- 14.1. The 2018 Share Option Scheme may be altered in any respect by resolution of the Committee except that:
- (a) any modification or alteration which shall alter adversely the rights attaching to any Option granted prior to such modification or alteration and which in the opinion of the Committee, materially alters the rights attaching to any Option granted prior to such modification or alteration may only be made with the consent in writing of such number of Option Holders who, if they exercised their Option(s) in full, would thereby become entitled to not less than three quarters (3/4) in number of all the Shares which would fall to be issued and allotted upon exercise in full of all outstanding Option(s);
 - (b) subject to Rule 31, any alterations to the terms and conditions of the 2018 Share Option Scheme which are of a material nature or any change to the terms of Options granted must be approved by the Parent Shareholders, except where the alterations take effect automatically under the existing terms of the 2018 Share Option Scheme;

- (c) any modification or alteration which would be to the advantage of Option Holders under the 2018 Share Option Scheme shall be subject to the prior approval of Shareholders and the Parent Shareholders (subject to Rule 31) at a general meeting; and
- (d) no modification or alteration shall be made without the prior approval of the SGX-ST on which the Shares are quoted or listed or (if required) any other stock exchange including the HKEX and such other regulatory authorities as may be necessary.

For the purpose of Rule 14.1(a), the opinion of the Committee as to whether any modification or alteration would alter adversely the rights attaching to any Option shall be final and conclusive.

- 14.2. The Committee may at any time by resolution (and save for the prior approval of the SGX-ST and HKEX and compliance with any other formalities required by the SGX-ST and/or HKEX) amend or alter the 2018 Share Option Scheme in any way to the extent necessary to cause the 2018 Share Option Scheme to comply with any statutory provision or the provisions or regulations of any regulatory or other relevant authority or body (including the SGX-ST and the HKEX).
- 14.3. Written notice of any modification or alteration made to the 2018 Share Option Scheme in accordance with this Rule 14 shall be given to all Option Holders.

15. DURATION OF THE 2018 SHARE OPTION SCHEME

- 15.1. The 2018 Share Option Scheme shall continue to be in force at the discretion of the Committee, subject to a maximum period of ten (10) years, commencing on the Adoption Date.
- 15.2. The 2018 Share Option Scheme may be terminated at any time by the Board, or the Committee or by resolution of the Shareholders at a general meeting, subject to all other relevant approvals that may be required, and if the 2018 Share Option Scheme is so terminated, no further Option(s) shall be offered by the Company hereunder but in all other respects the provisions of the 2018 Share Option Scheme shall remain in full force and effect.
- 15.3. The termination, discontinuance or expiry of the 2018 Share Option Scheme shall be without prejudice to the rights accrued to Option(s) which have been granted and accepted as provided in Rule 9, whether such Option(s) have been exercised (whether fully or partially) or not.

16. TAKE-OVER AND WINDING UP OF THE COMPANY

- 16.1. Notwithstanding Rule 12 but subject to Rule 16.5, in the event of a take-over offer being made for the Shares, a Participant shall be entitled to exercise any Option(s) held by him and as yet unexercised (including any Option(s) which is/are then not yet exercisable), in respect of such number of Shares comprised in that Option(s) in the period commencing on the date on which such offer is made or, if such offer is conditional, the date on which such offer becomes or is declared unconditional, as the case may be, and ending on the earlier of:

- (a) the expiry of six (6) months thereafter, unless prior to the expiry of such 6-month period, at the recommendation of the offeror and with the approvals of the Committee and the SGX-ST, such expiry date is extended to a later date (in either case, being a date falling not later than the expiry of the Exercise Period relating thereto); or
- (b) the date of expiry of the Exercise Period relating thereto, whereupon the Option(s) then remaining unexercised shall lapse and become null and void.

Provided that if during such period, the offeror becomes entitled or bound to exercise rights of compulsory acquisition under the provisions of the Act and, being entitled to do so, gives notice to the Participants that it intends to exercise such rights on a specified date, the Option(s) shall remain exercisable by the Participant until the expiry of such specified date or the expiry of the Exercise Period relating thereto, whichever is earlier. Any Option(s) not so exercised shall lapse, provided that the rights of acquisition or obligations to acquire shall have been exercised or performed, as the case may be. If such rights or obligations have not been exercised or performed, the Option(s) shall, notwithstanding Rule 12, remain exercisable until the expiry of the Exercise Period relating thereto. For the avoidance of doubt, the provisions of this Rule 16.1 shall not come into operation in the event that a take-over offer which is conditional does not become or is not declared unconditional.

- 16.2. If under the Act, the court sanctions a compromise or arrangement proposed for the purposes of, or in connection with, a scheme for the reconstruction of the Company or its amalgamation with another company or companies or if under the Act, the Registrar of Companies issues a notice of amalgamation for the purposes of, or in connection with the amalgamation of the Company with another company or companies, each Participant shall be entitled, notwithstanding Rule 12 but subject to Rule 16.5, to exercise any Option(s) then held by him and as yet unexercised (including any Option(s) which is/are then not yet exercisable), during the period commencing on the date upon which the compromise or arrangement is sanctioned by the court or the date on which the notice of amalgamation is issued by the Registrar of Companies, as the case may be, and ending either on the expiry of 60 days thereafter or the date upon which the compromise, arrangement or amalgamation, as the case may be, becomes effective, whichever is later (but not after the expiry of the Exercise Period relating thereto), whereupon the Option(s) then remaining unexercised shall lapse and become null and void.
- 16.3. If an order is made for the winding-up of the Company on the basis of its insolvency, all Option(s), to the extent unexercised, shall automatically lapse and become null and void.
- 16.4. In the event a notice is given by the Company to its members to convene a general meeting for the purposes of considering, and, if thought fit, approving a resolution to voluntarily wind-up the Company, the Company shall on the same date or as soon as practicable after it despatches such notice to each member of the Company give notice thereof to all Participants (together with a notice of the existence of the provision of this Rule 16.4) and thereupon, each Participant (or his personal representatives) shall be entitled to exercise all or any of his Option(s) held by him and as yet unexercised (including any Option(s) which is/are then not yet exercisable) at any time not later than two (2) business days prior to the proposed general meeting of the Company by giving

notice in writing to the Company, accompanied by a remittance for the aggregate Exercise Price whereupon the Company shall as soon as possible and in any event, no later than the business day immediately prior to the date of the proposed general meeting referred to above, allot the relevant Shares to the Participant credited as fully paid.

- 16.5. If in connection with the making of a general offer referred to in Rule 16.1 or the scheme referred to in Rule 16.2 or the winding-up referred to in Rule 16.4, arrangements are made (which are confirmed in writing by the Auditors, acting only as experts and not as arbitrators, to be fair and reasonable) for the compensation of Participants, whether by the continuation of their Option(s) or the payment of cash or the grant of other Option(s) or otherwise, notwithstanding the provisions of this Rule 16, a Participant holding an Option, as yet unexercised, may not, at the discretion of the Committee, be permitted to exercise that Option as provided for in this Rule 16.
- 16.6. To the extent that an Option is not exercised within the periods referred to in this Rule 16, it shall automatically lapse and become null and void.

17. RIGHTS ATTACHING TO OPTIONS

Save as disclosed above, no voting, dividend, transfer and other rights, including those arising on a liquidation of the Company, are attached to the Options themselves.

18. ADMINISTRATION OF THE 2018 SHARE OPTION SCHEME

- 18.1. The 2018 Share Option Scheme shall be administered by the Committee in its absolute discretion with such powers and duties as are conferred on it by the Board.
- 18.2. The Committee shall have the power, from time to time, to make or vary such regulations (not being inconsistent with the 2018 Share Option Scheme) for the implementation and administration of the 2018 Share Option Scheme as it thinks fit.
- 18.3. Any decision of the Committee, made pursuant to any provision of the 2018 Share Option Scheme (other than a matter to be certified by the Auditors), shall be final and binding (including any decisions pertaining to disputes as to the interpretation of the 2018 Share Option Scheme or any rule, regulation, or procedure thereunder or as to any rights under the 2018 Share Option Scheme).
- 18.4. A Director of the Company who is a member of the Committee shall not be involved in its deliberation in respect of Option(s) to be granted to him.
- 18.5. Subject to Rule 31, any change to the authority or power of the Committee in relation to any alteration to the terms of the 2018 Share Option Scheme must be approved by the Shareholders and the Parent Shareholders in the general meeting.

19. CANCELLATION OF OPTIONS

The Company may by resolution in general meeting at any time cancel any Option granted but not exercised. Where the Company offers Options to the same Option Holder, the offer of such new Options may only be made under the 2018 Share Option Scheme with available Options (to the extent not yet granted and excluding the cancelled Options), within the limit approved by Shareholders as mentioned in Rule 7.

20. NOTICES

- 20.1. Any notice given by an Option Holder to the Company shall be sent by post or delivered to the registered office of the Company or such other address as may be notified by the Company to the Option Holder in writing.
- 20.2. Any notice or documents given by the Company to an Option Holder shall be sent to the Option Holder by hand or sent by post or delivered to, in the case of a company to its registered office, and in the case of an individual to his home address stated in the records of the Company or the last known address of the Option Holder, and if sent by post shall be deemed to have been given on the day immediately following the date of posting.

21. TERMS OF EMPLOYMENT UNAFFECTED

- 21.1. The terms of employment of a Participant shall not be affected by his participation in the 2018 Share Option Scheme, which shall neither form part of such terms nor entitle him to take into account such participation in calculating any compensation or damages on the termination of his employment for any reason.
- 21.2. The 2018 Share Option Scheme shall not confer on any person any legal or equitable rights (other than those constituting the Option(s) themselves) against the Company and/or any Subsidiary, directly or indirectly, or give rise to any cause of action at law or in equity against the Company, and/or any Subsidiary.

22. TAXES

All taxes (including personal income tax) arising from the exercise of any Option(s) granted to any Option Holder under the 2018 Share Option Scheme and/or the sale of any Option Shares shall be borne by the Option Holder.

23. COSTS AND EXPENSES OF THE 2018 SHARE OPTION SCHEME

- 23.1. Each Option Holder shall be responsible for the processing costs in relation to the grant, acceptance and exercise of his Options and all fees of CDP relating to, or in connection with, the allotment and issuance of any Shares pursuant to the exercise of any Option in CDP's name, the deposit of share certificate(s) with CDP, the Option Holder's securities account with CDP or the Option Holder's securities sub-account with his Depository Agent, and all taxes referred to in Rule 22, which shall be payable by the relevant Option Holder.
- 23.2. Save for such costs and expenses expressly provided in the 2018 Share Option Scheme to be payable by the Option Holders, all other fees, costs, and expenses incurred by the Company in relation to the 2018 Share Option Scheme, including, but not limited to, the fees, costs and expenses relating to the allotment and issuance of the Shares pursuant to the exercise of any Option shall be borne by the Company.

24. DISCLAIMER OF LIABILITY

Notwithstanding any provisions herein contained and subject to the Act, the Board, the Committee and the Company shall not under any circumstances be held liable for any costs, losses, expenses and/or damages whatsoever and howsoever arising in respect of any matter under, or in connection with, the 2018 Share Option Scheme, including, but not limited to, the Company's delay or failure in allotting and issuing the Option Shares or in applying for or procuring the listing of and quotation for the Option Shares on the SGX-ST or any other stock exchange on which the Shares are quoted or listed.

25. DISPUTES

Any disputes or differences of any nature in connection with the 2018 Share Option Scheme shall be referred to the Committee and its decision shall be final and binding in all respects.

26. CONDITION OF OPTION

Every Option shall be subject to the condition that no Shares shall be issued pursuant to the exercise of an Option if such issue would be contrary to any law or enactment, or any rules or regulations of any legislative or non-legislative governing body for the time being in force in Singapore or any other relevant country having jurisdiction in relation to the issue of Shares hereto.

27. GOVERNING LAW

The 2018 Share Option Scheme shall be governed by and construed in accordance with the laws of the Republic of Singapore. The Option Holders, by accepting the Offer, and the Company irrevocably submit to the exclusive jurisdiction of the courts of the Republic of Singapore.

28. DISCLOSURES IN ANNUAL REPORT

The Company shall make the following disclosures in its annual report:

- (a) the names of the members of the Committee;
- (b) the information required in the table, below, for the following Participants (which for the avoidance of doubt, shall include Participants who have exercised all their Option(s) in any particular FY):
 - (1) Participants who are Directors of the Company;
 - (2) Participants who are Controlling Shareholders and Associates of the Controlling Shareholders; and
 - (3) Participants, other than those in (1) and (2) above, who receive five per cent. (5%) or more of the total number of Option(s) available under the 2018 Share Option Scheme;

Name of Participant	Options granted during FY under review (including terms)	Aggregate options granted since commencement of 2018 Share Option Scheme to the end of the FY under review	Aggregate options exercised since commencement of 2018 Share Option Scheme to end of FY under review	Aggregate options outstanding as at end of FY under review
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- (c) (i) The names of, and number and terms of Options granted to, each Employee of a company within the Parent Group who receives five per cent. (5%) or more of the total number of Options available to all Employees of the companies within the Parent Group under the 2018 Share Option Scheme, during the FY under review; and
- (ii) the aggregate number of Options granted to the Employees of the companies within the Parent Group for the FY under review, and since the commencement of the 2018 Share Option Scheme to the end of the FY under review; and
- (d) the number and proportion of Option(s) granted at the following discounts to the Market Price of the Shares in the FY under review:
- (1) Option(s) granted at a discount of ten per cent. (10%) or less; and
- (2) Option(s) granted at above ten per cent. (10%) but not more than 20% discount.

If any of the disclosure requirements in this Rule 28 is not applicable, an appropriate negative statement shall be included.

29. SHAREHOLDERS' APPROVAL

- 29.1. The participation of each Controlling Shareholder and each Associate of a Controlling Shareholder, and the number of Options to be granted to each such persons must be specifically approved by Independent Shareholders in separate resolutions for each such person.
- 29.2. Any grant of Options to an Employee of any company within the Parent Group that, together with Options already granted to such Employee, represents five per cent. (5%) or more of the total number of Options available to all Employees of the companies within the Parent Group, shall be approved by Independent Shareholders in separate resolutions for each such Employee. In such event, a separate resolution must also be passed to approve the aggregate number of Options to be made available for grant to all Employees of the companies within the Parent Group.

30. ABSTENTION FROM VOTING

- 30.1. Participants who are Shareholders are to abstain from voting on any Shareholders' resolution relating to the 2018 Share Option Scheme.

30.2. Shareholders who are eligible to participate in the 2018 Share Option Scheme must abstain from voting on any resolution relating to the 2018 Share Option Scheme (other than a resolution relating to the participation of, or grant of Options to, Employees of the companies within the Parent Group). In addition, the following categories of persons must abstain from voting on any resolution relating to the participation of, or grant of options to, Employees of the companies within the Parent Group:

- (a) the Parent Company (and its Associates); and
- (b) Employees of the companies within the Parent Group who are Shareholders and eligible to participate in the 2018 Share Option Scheme.

31. APPROVAL BY PARENT SHAREHOLDERS

Where any Rule herein provides for the approval of the Parent Shareholders, such approval shall only be required if the Parent Company is listed on the HKEX and that the HK Listing Rules require such approval to be obtained.

32. APPLICATION OF HK LISTING RULES

In the event that the Company ceases to be listed on the HKEX, the Committee may at any time by resolution (and without any other formality save for the prior approval of the SGX-ST) amend or alter the 2018 Share Option Scheme in any way to the extent necessary to cause the 2018 Share Option Scheme to comply with the rules, regulations or guidelines of the SGX-ST and any regulatory or other relevant authority or body (where applicable).

Serial No.: _____

PRIVATE AND CONFIDENTIAL

Date:

To: [Name]
[Designation]
[Address]

Dear Sir/Madam

2018 ELEC & ELTEK EMPLOYEES' SHARE OPTION SCHEME

We are pleased to inform you that you have been nominated by the Committee of the board of directors of Elec & Eltek International Company Limited (the "Company") to participate in the 2018 Elec & Eltek Employees' Share Option Scheme (the "Option Scheme"). Terms as defined in the Option Scheme shall have the same meaning when used in this letter.

Accordingly, an offer is hereby made to grant you an Option, in consideration of the payment of a sum of S\$1.00 (or its equivalent) in cash, to subscribe for and be allotted an aggregate amount of Shares. Further details of the Option is set out in Part A - Vesting Schedule attached hereto.

The Option shall be subject to the terms of this Letter of Offer and the Option Scheme (as the same may be amended or modified from time to time pursuant to the terms and conditions of the Option Scheme), a copy of which is enclosed herewith.

The Option is personal to you and may not be sold, mortgaged, transferred, charged, assigned, pledged or otherwise disposed of or encumbered in whole or in part or in any way whatsoever.

If you wish to accept the offer, please sign and return the enclosed Acceptance Form with a sum of S\$1.00 (or its equivalent) in cash not later than _____ a.m./p.m. on _____, failing which this offer will forthwith lapse.

Yours faithfully

For and on behalf of

Elec & Eltek International Company Limited

Name:

Designation:

Part A - Vesting Schedule

Aggregate number of Shares
comprised in the granted Option : _____

Aggregate Exercise Price payable : US\$ _____

The Option may be exercised in accordance with the following terms:

No. of Shares offered	Exercise Price per Share	Exercise Period

Serial No.: _____

PRIVATE AND CONFIDENTIAL

To: The Committee
2018 Elec & Eltek Employees' Share Option Scheme
c/o The Company Secretary
Elec & Eltek International Company Limited
Registered Office

I have read your Letter of Offer dated _____ and agree to be bound by the terms thereof and of the 2018 Elec & Eltek Employees' Share Option Scheme ("Option Scheme") stated therein. I confirm that my acceptance of the Option will not result in the contravention of any applicable law or regulation in relation to the ownership of Shares in the Company or Option to subscribe for such Shares.

I hereby accept the Option to subscribe for an aggregate of _____ Shares on the terms as set out below and enclose cash for S\$1.00 (or its equivalent) being payment for the acceptance of the Option.

No. of Shares offered	Exercise Price per Share	Exercise Period	No. of Shares accepted

I understand that I am not obliged to exercise the Option.

I also understand that I shall be responsible for the processing costs in relation to the grant, acceptance and exercise of the Option and all fees of The Central Depository (Pte) Ltd ("CDP") relating to or in connection with the issue and allotment of any Shares in CDP's name, the deposit of share certificate(s) with CDP, my securities account with CDP or my securities sub-account with a CDP Depository Agent (as the case may be) (collectively, the "CDP charges").

I confirm that as at the date hereof:

- (a) I am not less than 21 years old nor an undischarged bankrupt nor have I entered into a composition with any of my creditors;

- (b) I satisfy the eligibility requirements to participate in the Option Scheme as defined in Rule 4 of the Option Scheme; and
- (c) I satisfy the other requirements to participate in the Option Scheme as set out in the Rules of the Option Scheme.

I hereby acknowledge that you have not made any representation or warranty or given me any expectation of employment or continued employment to induce me to accept the offer and that the terms of the Letter of Offer, the Rules of the Option Scheme and this Acceptance Form constitute the entire agreement between us relating to the offer.

I agree to keep all information pertaining to the grant of the Option to me confidential.

PLEASE PRINT IN BLOCK LETTERS

Name in full : _____

Designation : _____

Address : _____

Nationality : _____

* NRIC/Passport No. : _____

Signature : _____

Date : _____

* Delete as appropriate

Notes:

- (1) Option must be accepted in full or in multiples of 1,000 Shares.
- (2) This Acceptance Form must be forwarded to the Company Secretary in an envelope marked "Private and Confidential".
- (3) The Option Holder shall be informed by the Company of the relevant processing costs and CDP charges payable at the time of the exercise of an Option.
- (4) Words and expressions used in this Acceptance Form shall, unless the context otherwise requires, have the same meanings assigned to them in the Rules of the 2018 Elec & Eltek Employees' Share Option Scheme.

PRIVATE AND CONFIDENTIAL

To: The Committee
 2018 Elec & Eltek Employees' Share Option Scheme
 c/o The Company Secretary
 Elec & Eltek International Company Limited
 Registered Office

Total number of ordinary shares (the "Shares")
 offered at US\$ _____ per

Share under an Option granted on _____
 (the "Offer Date") : _____

Number of Shares previously allotted and issued
 thereunder : _____

Outstanding balance of Shares which may be
 allotted and issued thereunder : _____

Number of Shares now to be subscribed : _____

1. Pursuant to your Letter of Offer dated _____ (the "Date of Grant") and my acceptance thereof, I hereby exercise the Option to subscribe for Shares in Elec & Eltek International Company Limited (the "Company") at US\$ _____ per Share.

2. I hereby request the Company to instruct the Company's Share Registrar to allot and issue to me the number of Shares specified in paragraph 1 in the name of The Central Depository (Pte) Limited ("CDP") to the credit of my *Securities Account with CDP/*Securities Sub-Account with a CDP Depository Agent, specified below, and to deliver the share certificate(s) relating thereto to CDP at my own risk. I further agree to bear the processing costs in respect of the exercise of the Options and all such fees or other charges as may be imposed by CDP (the "CDP charges") or the Share Registrar and any stamp duties in respect thereof:

* (a) Direct Securities Account Number : _____

* (b) Securities Sub-Account Number : _____

Name of CDP Depository Agent : _____

3. I hereby pay the aggregate Exercise Price of US\$ _____ for the subscription of the total number of the said Shares by way of the enclosed cashier's order/bank draft no. _____ or by way of telegraphic transfer to the bank account of Elec & Eltek International Company Limited or by any other means to be agreed by the Company.

4. I agree to subscribe for the Shares subject to the terms of the Letter of Offer, the Rules of the 2018 Elec & Eltek Employees' Share Option Scheme (as the same may be amended or modified pursuant to the terms thereof from time to time) and the Memorandum and Articles of Association of the Company.
5. I declare that I am subscribing for the Shares for myself and not as a nominee for any other person.

PLEASE PRINT IN BLOCK LETTERS

Name in full : _____

Designation : _____

Address : _____

Nationality : _____

* NRIC/Passport No. : _____

Signature : _____

Date : _____

* Delete as appropriate

Notes:

- (1) An Option may be exercised in whole or in part.
- (2) This Exercise Notice must be forwarded to the Company Secretary in an envelope marked "Private and Confidential".
- (3) Words and expressions used in this Exercise Notice shall, unless the context otherwise requires, have the same meanings assigned to them in the Rules of the 2018 Elec & Eltek Employees' Share Option Scheme.

The following are extracts from the Rules of the 2008 Share Option Scheme pertaining to certain salient terms applicable to options granted under the 2008 Share Option Scheme (and capitalized terms used in this Appendix D shall have the same meanings as set out in the rules of the 2008 Share Option Scheme). Please refer to the rules of the 2008 Share Option Scheme in their entirety for the other terms and conditions governing the 2008 Share Option Scheme.

RULE 1 — DEFINITIONS

“Adoption Date”	:	The date on which all the conditions set out in Rule 2 of the Option Scheme are fulfilled
“Date of Grant”	:	The date on which an Option is granted to an Offeree pursuant to Rule 8 of the Option Scheme
“Employees”	:	Full-time employees and directors of any company within the Group, the Parent Group, or of an Associated Company (as the case may be)
“Exercise Price”	:	The price at which an Offeree shall subscribe for each Share upon the exercise of an Option, as determined in accordance with Rule 10, or such adjusted price as may be applicable pursuant to Rule 11 of the Option Scheme
“Market Price”	:	The average of the last dealt prices for a Share determined by reference to the daily Official List published by the SGX-ST for a period of 5 consecutive Market Days immediately prior to the relevant Date of Grant, provided always that in the case of a Market Day on which the Shares of the Company were not traded on the SGX-ST, the last dealt price for Shares on such Market Day shall be deemed to be the last dealt price of the Shares on the immediately preceding Market Day on which the Shares were traded, rounded up to the nearest whole cent in the event of fractional prices

RULE 2 — NAME OF OPTION SCHEME / CONDITIONS

The Option Scheme shall be called the **“2008 Elec & Eltek Employees’ Share Option Scheme”**.

The Option Scheme shall take effect subject to the following conditions being fulfilled:

- (i) the passing of the necessary resolutions to adopt the Option Scheme by the Shareholders in general meeting;

- (ii) SGX-ST granting its in-principle approval for the listing of and quotation for the Option Shares to be issued pursuant to the exercise of Options on SGX-ST; and
- (iii) the passing of the necessary resolutions to adopt the Option Scheme by the shareholders of the Parent Company in general meeting.

RULE 4 — ELIGIBILITY/ GRANT OF OPTIONS

4.1 Subject to the absolute discretion of the Committee, the following persons who have attained the age of 21 years on or prior to the relevant Date of Grant, are not undischarged bankrupts, have not entered into a composition with their respective creditors, and, where applicable, who have, as of the Date of Grant, shall be eligible to participate in the Option Scheme (the “Participant(s)”):

- (a) Employees of the Group;
- (b) Parent Group Employees; and
- (c) Employees of the Associated Companies.

Subject to Rule 28.1, Controlling Shareholders and their Associates, who fall within any one of the categories in Rule 4.1(a), (b) and (c), shall be eligible to participate in the Option Scheme.

For the avoidance of doubt, if a Participant falls within more than one of the categories in Rule 4.1(a), (b) and (c), the Participant shall be subject to the restrictions and requirements as set out in Rules 5 and 6 in respect of the category for which his entitlement of Option Shares for any Options to be granted is the lowest.

4.2 There will be no restriction on the eligibility of any Participant or Grantee to participate in any other share option or share incentive scheme implemented by the Company or any other companies within the Group.

RULE 5 — MAXIMUM ENTITLEMENT OF OPTION SHARES FOR EACH CATEGORY OF PARTICIPANT

5.1 Subject to Rules 4, 6, 7, 11 and 28, the aggregate number of Shares in respect of which Option(s) may be offered to a Grantee for subscription in accordance with the Option Scheme shall be determined at the absolute discretion of the Committee, provided always that the following limits shall be complied with:-

- (i) The aggregate number of Shares over which the Committee may offer to grant Option(s) to the Controlling Shareholders and their Associates under the Option Scheme, shall not exceed 25% of the Shares available under the Option Scheme, provided always that the number of Shares available to each Controlling Shareholder or each of his Associates shall not exceed 10% of the Shares available under the Option Scheme;

- (ii) The aggregate number of Shares over which the Committee may offer to grant Option(s) to the Parent Group Employees under the Option Scheme, shall not exceed 20% of the Shares available under the Option Scheme; and
 - (iii) The aggregate number of Shares over which the Committee may offer to grant Option(s) to Employees of Associated Companies under the Option Scheme, shall not exceed 20% of the Shares available under the Option Scheme.
- 5.2 In reaching its decisions, the Committee shall take into account, where applicable, criteria such as rank, past performance, years of service and potential contribution of the Grantee in addition to the performance of the Company.

RULE 6 — FURTHER REQUIREMENTS ON APPROVAL FROM THE PARENT COMPANY

- 6.1 Subject to Rule 30, unless approved by the shareholders of the Parent Company in accordance with Rule 6.2 below, the total number of Shares issued and to be issued upon exercise of the Options granted to each Participant (including both exercised and outstanding Options granted under the Option Scheme and any previous share option schemes of the Company) in any 12-month period must not exceed 1% of the total number of Shares in issue from time to time.
- 6.2 Subject to Rule 30, any further grant of Options in excess of the 1% limit specified in Rule 6.1 above shall be subject to the approval of shareholders of the Parent Company with such Participant and his associates abstaining from voting. The number and terms of the Options to be granted to such Participant shall be fixed before the approval by the shareholders of the Parent Company of the grant of such Options and the date of the Committee's meeting for proposing such further grant should be taken as the Date of Grant for the purpose of calculating the Exercise Price.
- 6.3 Any proposed grant of Options to a Participant who is a director, chief executive or substantial shareholder of the Parent Company or any of their respective associates shall be approved by independent Non-Executive Directors of the Parent Company (excluding such independent Non-Executive Director who is the Participant to which the Options are proposed to be granted).
- 6.4 Where the Committee proposes to grant any Options to an Offeree who is a substantial shareholder or an independent Non-Executive Director of the Parent Company or any of their respective associates, and such grant of Options would result in the Option Shares issued and to be issued upon exercise of all Options already granted and to be granted (including Options exercised, cancelled and outstanding) to such Offeree in the 12-month period up to and including the date on which such proposal is made by the Committee representing in aggregate more than 0.1% of the total number of Shares in issue on such date of proposal, such proposed grant of Options must be approved by the shareholders of the Parent Company in general meeting (subject to Rule 30), with the Offeree concerned and all connected persons of the Parent Company abstaining from voting (except where any connected person intends to vote against the relevant resolution). Any vote taken at the meeting to approve the grant of such Options must be taken on a poll.

- 6.5 Notwithstanding anything to the contrary herein, the terms “**associates**”, “**substantial shareholders**” and “**connected persons**” under this Rule 6 shall have the meanings ascribed to them in HKEX Listing Rules and other relevant laws and regulations of Hong Kong.

RULE 7 — LIMITATION ON SIZE OF THE OPTION SCHEME

- 7.1 The total number of Shares which may be issued upon exercise of all options to be granted under the Option Scheme and any other share option schemes of the Company shall not in aggregate exceed 10% of the total number of Shares in issue as at the Adoption Date. Options lapsed in accordance with the terms of the Option Scheme will not be counted for the purpose of calculating the 10% limit.
- 7.2 Notwithstanding Rule 7.1 above, the Committee may grant Options to specifically identified Participant(s) beyond the 10% limit set out in Rule 7.1 above if the grant of such Options is specifically approved by shareholders of the Parent Company in general meeting (subject to Rule 30); and provided always that Rules 5, 6 and 28 are complied with.
- 7.3 The Company may seek approval of shareholders of the Parent Company in general meeting to renew the 10% limit set out in Rule 7.1 above, such that the total number of Shares in respect of which options may be granted under the Option Scheme and any other share option schemes of the Company under the limit so renewed shall not exceed a further 10% of the number of Shares in issue as at the date of approval of the limit. Options previously granted under the Option Scheme and any other share option schemes of the Company (including outstanding, cancelled, lapsed or exercised options) will not be counted for the purpose of calculating such 10% limit as renewed.
- 7.4 Notwithstanding anything to the contrary herein provided, the aggregate number of Shares over which the Committee may offer to grant Option(s) on any date, when added to the aggregate number of Shares issued or issuable in respect of all Option(s) granted under the Option Scheme and in respect of all other share-based incentive schemes of the Company (if any), shall not in any event exceed 15% of the total issued shares of the Company excluding Treasury Shares from time to time as prescribed under the SGX-ST Listing Manual, provided always that, such aggregate number of Shares shall not exceed 30% of the Shares of the Company from time to time as prescribed under the HKEX Listing Rules or such other maximum percentage as may be prescribed under the HKEX Listing Rules.

RULE 10 — EXERCISE PRICE

- 10.1 Subject to any adjustment pursuant to Rule 11, the Exercise Price for each Share in respect of which an Option is exercisable shall be determined by the Committee at its absolute discretion, and fixed by the Committee at:—

- (a) the Market Price; or

- (b) a price which is set at a discount to the Market Price, the quantum of such discount to be determined by the Committee in its absolute discretion, provided that the maximum discount which may be given in respect of any Option shall not exceed 20% of the Market Price and approved by the Shareholders at a general meeting in a separate resolution.

10.2 In making any determination under Rule 10.1(b) on whether to give a discount and the quantum of such discount, the Committee shall be at liberty to take into consideration such criteria as the Committee may, at its absolute discretion, deem appropriate, including but not limited to:—

- (a) the performance of the Company and its Subsidiaries, as the case may be, taking into account financial factors such as net profit after tax, return on equity and earnings growth;
- (b) the years of service, the designation and individual performance of the eligible Participant; and
- (c) the contribution and potential contribution of the eligible Participant to the success and development of the Company and/or the Group.

RULE 13 — EXERCISE OF OPTION(S), ALLOTMENT AND LISTING OF SHARES

13.1 An Option may be exercised, in whole or in part, by an Option Holder giving notice in writing to the Company in or substantially in the form set out in Appendix A3 (the “**Exercise Notice**”), subject to such amendments as the Committee may from time to time determine. Every Exercise Notice must be accompanied by a remittance for the full amount of the aggregate Exercise Price in respect of the Shares which have been exercised under the Option, the processing costs (if any), the relevant CDP charges (if any) and any other documentation the Committee may require. All payments shall be made by cashier’s order or bank draft in favour of the Company or by way of telegraphic transfer to the bank account of the Company or any other means to be agreed by the Company. An Option shall be deemed to be exercised upon the receipt by the Company of the said Exercise Notice duly completed and signed and the receipt by the Company of the full amount of the aggregate Exercise Price in respect of the Shares which have been exercised under the Option. The Option Holder shall fully exercise his or her Option(s) within 5 years from the Date of Grant of the Option(s). All unexercised Option(s) after 5 years from the Date of Grant shall be null and void.

13.2 Subject to:—

- (a) such consent or other actions required by any competent authority under any regulations or enactments for the time being in force as may be necessary (including any approvals required from the SGX-ST); and
- (b) compliance with the Rules of the Option Scheme and the Memorandum and Articles of Association of the Company,

the Company shall, as soon as practicable after the exercise of an Option by an Option Holder but in any event within 10 Market Days after the date of receipt of the duly completed and signed Exercise Notice by the Company (provided the Option has been exercised in accordance with Rule 13.1), allot the Shares in respect of which such Option has been exercised by the Option Holder and within 5 Market Days from the date of such allotment, despatch the relevant share certificate(s) to CDP for the credit of the securities account of that Option Holder by ordinary post or such other mode of delivery as the Committee may deem fit or in the case of a transfer of Treasury Shares, do such acts or things which are necessary for the transfer to be effective.

13.3 The Company shall as soon as practicable after the exercise of an Option, apply to the SGX-ST or any other stock exchange on which the Shares are quoted or listed for permission to deal in and for quotation of the Shares which may be issued upon exercise of the Option and where necessary, the Shares (if any) which may be issued to the Option Holder pursuant to any adjustment made in accordance with Rule 11.

13.4 Shares allotted and issued or Treasury Shares which are transferred, upon the exercise of an Option shall be subject to all provisions of the Memorandum and Articles of Association of the Company and shall rank *pari passu* in all respects with the then existing issued Shares in the capital of the Company except for any dividends, rights (including voting rights), allotments or other distributions declared or recommended in respect of the then existing issued Shares, the Record Date for which falls prior to the date of allotment and issue or transfer (as the case may be) of the said Shares.

13.5 Except as set out in Rule 13.2 and subject to Rule 11, an Option does not confer on an Option Holder any right to participate in any new issue of Shares.

13.6 The Company shall keep available sufficient unissued Shares to satisfy the full exercise of all Option(s) for the time being remaining capable of being exercised.

13.7 No performance targets are required to be achieved by the Option Holders before the Options can be exercised by them.

RULE 15 — DURATION OF THE OPTION SCHEME

15.1 The Option Scheme shall continue to be in force at the discretion of the Committee, subject to a maximum period of 10 years, commencing on the Adoption Date.

15.2 The Option Scheme may be terminated at any time by the Board, or the Committee or by resolution of the Shareholders at a general meeting subject to all other relevant approvals which may be required and if the Option Scheme is so terminated, no further Option(s) shall be offered by the Company hereunder but in all other respects the provisions of the Option Scheme shall remain in full force and effect.

15.3 The termination, discontinuance or expiry of the Option Scheme shall be without prejudice to the rights accrued to Option(s) which have been granted and accepted as provided in Rule 9, whether such Option(s) have been exercised (whether fully or partially) or not.

RULE 18 — CANCELLATION OF OPTIONS

The Company may by resolution in general meeting at any time cancel any Option granted but not exercised. Where the Company offers Options to the same Option holder, the offer of such new Options may only be made, under the Option Scheme with available Options (to the extent not yet granted and excluding the cancelled Options) within the limit approved by Shareholders as mentioned in Rule 7.

NOTICE OF ANNUAL GENERAL MEETING



Elec & Eltek 依利安達

Elec & Eltek International Company Limited

依利安達集團有限公司*

(Incorporated in the Republic of Singapore with Limited Liability)

Singapore Company Registration Number: 199300005H

(Hong Kong Stock Code: 1151)

(Singapore Stock Code: E16.SI)

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the members of Elec & Eltek International Company Limited (the “**Company**”) will be held on 27 April 2018: (a) in Hong Kong, at Board Room, 23/F, Delta House, 3 On Yiu Street, Shek Mun, Shatin, New Territories, Hong Kong (for Hong Kong shareholders); and (b) in Singapore, *via* video-conferencing at Conference Room, Wangz Business Centre, The Penthouse, 7 Temasek Boulevard, #44-01 Suntec Tower 1, Singapore 038987 (for Singapore shareholders) at 2:30 p.m. to transact the following ordinary and special businesses:

ORDINARY BUSINESSES:

1. To receive and adopt the Directors’ Report and the Audited Accounts of the Company for the financial year ended 31 December 2017 with the Auditors’ Report thereon.

(Ordinary Resolution 1)

2. To declare a one-tier tax exempt final dividend of US\$8.0 cents per share for the financial year ended 31 December 2017.

(Ordinary Resolution 2)

3. To re-elect the following Directors retiring pursuant to Articles 77, 95(2) and 95(4) (as the case may be) of the Articles of Association of the Company (the “**Articles**”):

Executive Directors

Mr. Chang Wing Yiu and Mr. Ng Hon Chung [see Note 2 and 3 below]

(Ordinary Resolution 3)

* For identification purpose only

NOTICE OF ANNUAL GENERAL MEETING

Independent Non-executive Directors

Mr. Stanley Chung Wai Cheong and Mr. Kong Tze Wing [see Note 4 and 5 below]

(Ordinary Resolution 4)

4. To approve Directors' fees of HK\$360,000 for the financial year ending 31 December 2018 [see Note 6 below].

(Ordinary Resolution 5)

5. To re-appoint Deloitte & Touche LLP as Auditors of the Company and authorise the Directors to fix their remuneration.

(Ordinary Resolution 6)

SPECIAL BUSINESSES:

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

6.1 The Proposed Renewal of the Share Issue Mandate

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

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

NOTICE OF ANNUAL GENERAL MEETING

to existing shareholders of the Company (“**Shareholders**”) shall not exceed 20% of the aggregate nominal amount of the issued share capital of the Company (excluding Treasury Shares, if any) as at the date of passing of the resolution and the approval in paragraph (a) of this resolution shall be limited accordingly; and

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

(**Ordinary Resolution 7**)

6.2 The Proposed Renewal of the Share Purchase Mandate

That:

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

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

NOTICE OF ANNUAL GENERAL MEETING

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

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

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

- (i) in the case of an On-Market Share Purchase, 105% of the Average Closing Price (as hereinafter defined); and
- (ii) in the case of an Off-Market Share Purchase, 120% of the Average Closing Price,

where:

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

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

(Ordinary Resolution 8)

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6.3 The Proposed Renewal of the Interested Person Transactions Mandate

That:

- (a) Approval be and is hereby given, for the purposes of Chapter 9 of the Listing Manual of the SGX-ST, for the Company, its Subsidiaries and Associated Companies, or any of them, to enter into any transactions falling within the types of Interested Person Transactions, particulars of which are set out in the Circular to Shareholders dated 26 March 2018 (the “**Circular**”), with any person who falls within the class of Interested Persons described in the Circular, provided that such transactions are made on normal commercial terms and in accordance with the review procedures for Interested Person Transactions as set out in Appendix B of the Circular (the “**IPT Mandate**”);
- (b) The IPT Mandate shall, unless revoked or varied by the Company in general meeting, continue in force until the next AGM is held, or is required by law, or the Articles, to be held;
- (c) The Audit Committee of the Company, be and is hereby authorised, to take such action as it deems proper, in respect of procedures, and/or to modify or implement such procedures as may be necessary, to take into consideration any amendment to Chapter 9 of the Listing Manual which may be prescribed by SGX-ST from time to time, and any amendment to the HK Listing Rules which may be prescribed by the HKEX from time to time; and
- (d) The Directors, be and are hereby authorised, to do all such acts and things (including, without limitation, executing all such documents as may be required) as they may consider expedient or necessary or in the interests of the Company to give effect to the IPT Mandate and/or this resolution.

(Ordinary Resolution 9)

6.4 The Proposed Adoption of the 2018 Share Option Scheme

Subject to and contingent upon approval of the shareholders of Kingboard Chemical Holdings Limited, the share option scheme to be known as the 2018 Elec & Eltek Employees’ Share Option Scheme (the “**Option Scheme**”), the rules of which have been set out in the Circular, be and is hereby approved and adopted substantially in the form set out in the rules of the Option Scheme, and the Directors be and are hereby authorised:

- (a) to establish and administer the Option Scheme;
- (b) to modify and/or amend the Option Scheme from time to time provided that such modifications and/or amendments are effected in accordance with the provisions of the Option Scheme and to do all such acts and to enter into all such transactions, arrangements and agreements as may be necessary or expedient in order to give full effect to the Option Scheme; and

NOTICE OF ANNUAL GENERAL MEETING

- (c) to offer and grant Option(s) in accordance with the rules of the Option Scheme and to allot and issue from time to time such number of shares in the capital of the Company as may be required to be issued pursuant to the exercise of the Option(s) under the Option Scheme;

(Ordinary Resolution 10)

6.5 The Proposed Grant of Authorisation to Offer and Grant Option(s) at a discount

Subject to and contingent upon the passing of Ordinary Resolution 10, the Directors be and are hereby authorised to offer and grant Option(s) in accordance with the rules of the Option Scheme with Exercise Prices set at a discount to the Market Price, provided that such discount does not exceed the maximum discount set by SGX-ST, of 20% of the Market Price.

(Ordinary Resolution 11)

6.6 The Proposed Participation in the Option Scheme by the Employees of the Companies within the Parent Group

Subject to and contingent upon the passing of Ordinary Resolution 10, approval be and is hereby given for the participation in the Option Scheme by the Employees of the companies within the Parent Group, provided that:

- (a) the aggregate number of Shares which may be offered by way of grant of options to Employees of the companies within the Parent Group collectively under the Option Scheme shall not exceed 20% of the total number of Shares available under the Option Scheme; and
- (b) any option to be granted to an Employee of a company within the Parent Group which, together with options already granted to that Employee under the Option Scheme, represents five per cent. (5%) or more of the total number of Shares available to Employees of the companies within the Parent Group collectively under the Option Scheme, shall be subject to the approval of independent shareholders of the Company.

(Ordinary Resolution 12)

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6.7 The Proposed Participation in the Option Scheme by Mr. Cheung Kwok Wing

Subject to and contingent upon the passing of Ordinary Resolution 10 and pursuant to Rule 853 of the Listing Manual of the SGX-ST, the participation of Mr. Cheung Kwok Wing in the Option Scheme be and is hereby approved.

(Ordinary Resolution 13)

By Order of the Board

Marian Ho Wui Mee
Company Secretary

26 March 2018

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Notes:

1. Terms and expressions not defined herein shall have the same meanings ascribed to them in the Circular to the Shareholders dated 26 March 2018.
2. Mr. Chang Wing Yiu, upon re-election as an executive Director, will remain as a member of the employees' share option scheme committee of the Company
3. Mr. Ng Hon Chung, upon re-election as an executive Director, will remain as a member of the Executive Committee of the Company.
4. Mr. Stanley Chung Wai Cheong, upon re-election as an independent non-executive Director, will remain as a member of the Audit Committee, and chairman of the nomination committee and remuneration committee of the Company.
5. Mr. Kong Tze Wing, upon re-election as an independent non-executive Director, will remain as a member of the Audit Committee, nomination committee and remuneration committee of the Company.
6. For the financial year ended 31 December 2017, the approved Directors' fee was HK\$360,000.
7. In accordance with Section 76C of the Act, the sources of funds to be used for the Share Purchase and the financial effects that the Share Purchase would have on the Company are stated under Sections 4.6 and 4.7 respectively, from pages 20 to 25 of the Circular.
8. A member of the Company (other than a Relevant Intermediary*) entitled to attend and vote at the AGM is entitled to appoint one (1) proxy or two (2) proxies (or in the case of a corporation, appoint its authorised representative or proxy) to attend and vote on his behalf. Such proxy(ies) need not be a member of the Company.
9. A Relevant Intermediary may appoint more than two (2) proxies, but each proxy must be appointed to exercise the rights attached to a different Share or Shares held by him/her (which number and class of Shares shall be specified.)
10. Whether or not you intend to attend the meeting, you are requested to complete the accompanying Proxy Form in accordance with the instructions printed thereon and return it to the registered office of the Company at 80 Raffles Place #33-00 UOB Plaza 1 Singapore 048624 (for Singapore Shareholders) or the office of the Company's Hong Kong branch share registrar, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong) (for Hong Kong Shareholders) as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the meeting or any adjournment thereof in order for the proxy to be entitled to attend and vote at the AGM. Completion and return of the Proxy Form will not preclude you from attending and voting in person at the meeting if you so wish and, in such event, the Proxy Form shall be deemed to be revoked.

* A Relevant Intermediary is:

- (a) a banking corporation licensed under the Banking Act (Chapter 19 of Singapore Statutes) or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds Shares in that capacity;
- (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act (Chapter 289 of Singapore Statutes) and who holds Shares in that capacity; or
- (c) the Central Provident Fund Board established by the Central Provident Fund Act (Chapter 36 of Singapore Statutes) (the "CPF Act"), in respect of Shares purchased under the subsidiary legislation made under the CPF Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Central Provident Fund Board holds those Shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

NOTICE OF ANNUAL GENERAL MEETING

Personal Data Privacy:

By submitting a Proxy Form appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company: (i) consents to the collection, use and/or disclosure of the member's personal data by the Company (or its agents or service providers) for the purposes of the processing, administration and analysis by the Company (or its agents or service providers) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"); (ii) warrants that, where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents or service providers), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents or service providers) of the personal data of such proxy(ies) and/or representative(s) for the Purposes; (iii) agrees to provide the Company with written evidence of such prior consent upon reasonable request; and (iv) agrees to indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and/or damages as a result of the member's breach of warranty.

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

With respect to Singapore Shareholders, the Singapore principal share transfer books and the Singapore principal register of members of the Company will be closed 72 hours before the start of the 2018 AGM, from 24 April 2018 to 27 April 2018, during which period no transfer of Shares held by any Singapore Shareholder will be registered. With respect to Hong Kong Shareholders, the Hong Kong share transfer books and Hong Kong branch register of members of the Company will be closed 96 hours before the start of the AGM, from 23 April 2018 to 27 April 2018, during which period no transfer of Shares held by any Hong Kong Shareholder will be registered. In order to determine the identity of the Shareholders who are entitled to attend and vote at the AGM to be held on 27 April 2018 ("**2018 AGM**"), all transfer documents, accompanied by the relevant share certificates, must be lodged with the Company's principal share registrar in Singapore, Boardroom Corporate & Advisory Services Pte. Ltd., at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623, (for Singapore Shareholders) no later than 5:00 p.m. on 23 April 2018, or with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong (for Hong Kong Shareholders) no later than 4:30 p.m. on 20 April 2018.

For the purpose of determination of Shareholders registered under the Singapore principal register of members of the Company and the Hong Kong branch register of members of the Company, all necessary documents, remittances accompanied by the relevant share certificates in respect of removal of Shares between the two (2) register of members, must be submitted no later than 5:00 p.m. and 4:30 p.m. on 4 April 2018 to the Company's Singapore principal share registrar, Boardroom Corporate & Advisory Services Pte. Ltd., at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623 (for Singapore Shareholders), and the Company's Hong Kong branch share registrar, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong (for Hong Kong Shareholders), respectively.

NOTICE OF ANNUAL GENERAL MEETING

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

The Singapore principal share transfer books, Singapore principal register of members of the Company and the Hong Kong share transfer books and Hong Kong branch register of members of the Company will be closed on 14 May 2018, on which day no transfer of Shares will be registered, for the purpose of determining the entitlements for the final dividend. In order to qualify for the final dividend, the Shareholders are reminded to ensure that all transfer documents accompanied by the relevant share certificates, must be lodged with the Company's principal share registrar in Singapore, Boardroom Corporate & Advisory Services Pte. Ltd., at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623 (for Singapore Shareholders), no later than 5:00 p.m. on 11 May 2018, or with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong (for Hong Kong Shareholders) no later than 4:30 p.m. on 11 May 2018.

For the purpose of determination of Shareholders registered under the Singapore principal register of members and the Hong Kong branch register of members of the Company, all necessary documents, remittances accompanied by the relevant share certificates in respect of removal of Shares between the two (2) register of members, must be submitted no later than 5:00 p.m. and 4:30 p.m. on 3 May 2018 to the Company's Singapore principal share registrar, Boardroom Corporate & Advisory Services Pte. Ltd., at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623, (for Singapore Shareholders) and the Company's Hong Kong branch share registrar, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong (for Hong Kong Shareholders), respectively.

The proposed final dividend which shall be subject to Shareholders' approval at the forthcoming AGM to be held 27 April 2018, is payable on 25 May 2018 in US\$ to Shareholders whose names appear on the Singapore principal register of members and the Hong Kong branch register of members of the Company at the close of business on 11 May 2018. Shareholders whose securities accounts with The Central Depository (Pte) Limited are credited with Shares as at 5:00 p.m. on 11 May 2018 will be entitled to such proposed dividend.