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KINGBOARD CHEMICAL HOLDINGS LIMITED

建滔化工集團*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 148)

POSSIBLE SHARE TRANSACTION AND CONNECTED TRANSACTION

PROPOSED PRIVATISATION OF ELEC & ELTEK INTERNATIONAL COMPANY LIMITED

On 22 May 2009, the Company presented to the board of directors of E&E a proposal to seek the proposed privatisation of E&E by way of a voluntary delisting from the Official List of the SGX-ST pursuant to Rule 1307 of the SGX-ST Listing Manual. The board of directors of E&E has considered the Delisting Proposal and has resolved to convene an E&E EGM in due course to seek the approval of the E&E Shareholders for the Delisting Resolution and to make an application to the SGX-ST for the approval of the Delisting, subject to the Delisting Resolution being approved at the E&E EGM. The Company is not entitled to withdraw the Exit Offer once the terms of the Delisting Proposal have been accepted by the board of directors of E&E and announced, unless the consent of the Securities Industry Council of Singapore has been obtained.

Pursuant to Rule 1309 of the SGX-ST Listing Manual, a reasonable exit alternative, which should normally be in cash, should be offered to all E&E Shareholders and holders of any other classes of listed securities of E&E to be delisted and E&E should normally appoint an IFA to advise the Independent E&E Directors on the Exit Offer.

Under the Delisting Proposal, DBS Bank, for and on behalf of the Company, will make an Exit Offer to acquire:

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

* for identification purpose only

Pursuant to the Exit Offer, the Company will offer the Relevant E&E Shareholders (i) US\$1.20 in cash; or (ii) 0.45 new Shares; or (iii) a combination of new Shares and cash, for each E&E Share tendered in acceptance of the Exit Offer.

The issuance of the Consideration Shares pursuant to the Delisting Proposal constitutes a share transaction for the Company, which is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

The Connected Persons are each a connected person of the Company pursuant to Rule 14A.11(1) of the Listing Rules. Accordingly, in the event that any of the Connected Persons accepts the Exit Offer, the acceptance of the Exit Offer constitutes a connected transaction for the Company under Rule 14A.13 of the Listing Rules. Each of the Connected Persons has the discretion to elect to accept the Exit Offer in the form of the Cash Consideration, the Share Exchange Offer or the Combination Offer.

If any of the Connected Persons elects to accept the Cash Consideration, the transfer of the E&E Shares from the Connected Persons to the Company in return for the Cash Consideration will constitute a connected transaction subject to the reporting and announcement requirements and will be exempt from the independent shareholders' approval requirement under the Listing Rules, as each of the percentage ratios of the aggregate connected transactions as at the date of this announcement is less than 2.5% pursuant to Rule 14A.32(1) of the Listing Rules.

If any of the Connected Persons elects to accept the Share Exchange Offer or the Combination Offer, the Connected Share Transaction will constitute a connected transaction subject to the independent shareholders' approval requirements under the Listing Rules. On this basis, the Company agreed that an Independent Board Committee shall be formed to consider the Connected Share Transaction, and the Company will appoint an independent financial adviser to advise the Independent Board Committee and the Independent Shareholders as to whether the Connected Share Transaction is fair and reasonable and whether the Connected Share Transaction is in the interests of the Company and the Shareholders as a whole.

A circular containing, among other things, details of the Connected Share Transaction, the recommendation of the Independent Board Committee, the advice of its independent financial adviser and the notice of the EGM will be despatched to the Shareholders as soon as practicable.

As the Delisting may or may not come into effect, subject to satisfaction of the conditions set out in the Delisting Proposal, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

On 22 May 2009, the Company presented to the board of directors of E&E a proposal to seek the Delisting. The board of directors of E&E has considered the Delisting Proposal and has resolved to convene an E&E EGM in due course to seek the approval of the E&E Shareholders for the Delisting Resolution and to make an application to the SGX-ST for the approval of the Delisting, subject to the Delisting Resolution being approved at the E&E EGM. The Company is not entitled to withdraw the Exit Offer once the terms of the Delisting Proposal have been accepted by the board of directors of E&E and announced, unless the consent of the Securities Industry Council of Singapore has been obtained. Details of the Delisting Proposal are as follows:

THE DELISTING PROPOSAL

Nature of transaction: The Company proposed the Delisting.

Upon completion of the Delisting, the E&E Shares will be delisted from the Official List of the SGX-ST.

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

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

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

Terms: Pursuant to Rule 1309 of the SGX-ST Listing Manual, a reasonable exit alternative, which should normally be in cash, should be offered to all E&E Shareholders and holders of any other classes of listed securities of E&E to be delisted and E&E should normally appoint an IFA to advise the Independent E&E Directors on the Exit Offer (as defined below).

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

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

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

Pursuant to the Exit Offer, the Company will offer the Relevant E&E Shareholders the following consideration for each E&E Share tendered in acceptance of the Exit Offer (“**Exit Offer Price**”):

- (i) US\$1.20 in cash (“**Cash Consideration**”); or
- (ii) 0.45 new Shares which are to be allotted and issued on a fully paid up basis for each E&E Share in connection with the Exit Offer as part of the Exit Offer Price (“**Share Exchange Offer**”) at the issue price of HK\$20.50 per each new Share (“**Issue Price**”) (equivalent to US\$2.65 at the exchange rate of US\$1: HK\$7.75 as at 21 May 2009, being the Business Day immediately preceding the date of this announcement); or
- (iii) a combination of the Cash Consideration and the Share Exchange Offer (“**Combination Offer**”),

provided that the Company obtains clearance by the Stock Exchange for the listing of, and permission to deal in, the Consideration Shares which may be allotted and issued pursuant to the Share Exchange Offer or the Combination Offer (“**Stock Exchange Clearance**”). The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Consideration Shares after the release of this announcement.

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

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

In the event a Relevant E&E Shareholder tenders his or her E&E Shares in acceptance of the Exit Offer but does not make a valid election between the Cash Consideration, the Share Exchange Offer or the Combination Offer, the Relevant E&E Shareholder will be paid the Cash Consideration in default for each E&E Share tendered in acceptance of the Exit Offer. Further information on the acceptance procedures for the Exit Offer will be set out in the exit offer letter from the Company to the Relevant E&E Shareholders (“**Exit Offer Letter**”). In the event the Company does not obtain the Stock Exchange Clearance or the approvals (if required) as set out in the Conditions below, the Company shall pay only the Cash Consideration to each Relevant E&E Shareholder who accepts the Exit Offer.

All the issued E&E Shares held by the Relevant E&E Shareholders will be acquired (i) fully paid; (ii) free from all liens, equities, charges, encumbrances, rights of pre-emption and any other third party rights or interests of any nature whatsoever; and (iii) together with all rights, benefits and entitlements attached thereto as at the date of this announcement and thereafter attaching thereto, including but not limited to the right to receive and retain all dividends, rights and other distributions (if any) which may be declared, paid or made by E&E, on or after the date of this announcement.

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

Pursuant to the Exit Offer, the aggregate Cash Consideration payable by the Company (assuming completion of the Exit Offer and the Exit Offer Price is satisfied in full by way of Cash Consideration) to the E&E Shareholders amounts to approximately US\$63,254,516¹ (equivalent to HK\$490,222,499).

¹ This figure is calculated based on the assumption that the holders of the Options, except Messrs. Cheung Kwok Wing, Mok Cham Hung, Chadwick, Chan Wing Kwan, Chang Wing Yiu, Cheung Kwok Wa, Li Muk Kam, Chan Sai Kit, Philip, Clement Sun, Heng Nguan Leng, Claudia and Li Chiu Cheuk, will exercise all of their Options.

Pursuant to the Exit Offer, the Company will allot and issue in aggregate up to 23,720,444¹ new Shares (assuming completion of the Exit Offer and the Exit Offer Price is satisfied in full by way of the allotment and issuance of the Consideration Shares to the Relevant E&E Shareholders), representing approximately 2.81% of the issued share capital of the Company as at the date of this announcement and approximately 2.73% of the enlarged issued share capital of the Company after allotment and issuance of the Consideration Shares. On the basis of the Issue Price, the aggregate value of the Consideration Shares to be issued under the Exit Offer amounts to approximately US\$63,254,516¹ (equivalent to HK\$490,222,499).

The Consideration Shares will be allotted and issued pursuant to the general mandate which was granted to the Directors at the annual general meeting held on 21 May 2009. The general mandate allows the Company to allot, issue or otherwise deal with up to a maximum of 168,947,809 new Shares. As at the date of this announcement, the unutilised portion of the general mandate of the Company is 168,947,809 new Shares.

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Consideration Shares.

Subject to the grant of the Stock Exchange Clearance, if and when allotted and issued, the Consideration Shares will be listed on the Stock Exchange and will rank *pari passu* with the then existing Shares.

The Issue Price represents (i) a discount of approximately 1.20% to the closing price of HK\$20.75 per Share as quoted on the Stock Exchange on the Last Trading Day; and (ii) a premium of approximately 4.17% over the average closing price of approximately HK\$19.68 per Share as quoted on the Stock Exchange for the last five trading days up to and including the Last Trading Day.

The Cash Consideration, the Share Exchange Offer and the Combination Offer were arrived at after taking into account the factors set out in the section headed “Rationale for the Exit Offer”.

¹ This figure is calculated based on the assumption that the holders of the Options, except Messrs. Cheung Kwok Wing, Mok Cham Hung, Chadwick, Chan Wing Kwan, Chang Wing Yiu, Cheung Kwok Wa, Li Muk Kam, Chan Sai Kit, Philip, Clement Sun, Heng Nguan Leng, Claudia and Li Chiu Cheuk, will exercise all of their Options.

Conditions: The Delisting and the Exit Offer are conditional upon the following conditions having been fulfilled or, as the case may be, waived:

- (a) the SGX-ST agreeing to the application by E&E to delist from the Official List of the SGX-ST; and
- (b) the passing of the Delisting Resolution by the E&E Shareholders at the E&E EGM in compliance with Rule 1307 of the SGX-ST Listing Manual. The Delisting Resolution is considered passed if it is approved by a majority of at least 75% of the total number of issued E&E Shares (excluding treasury shares) held by E&E Shareholders present and voting, on a poll, either in person or by proxy at the E&E EGM (the directors of E&E and controlling shareholders of E&E need not abstain from voting on the Delisting Resolution) and if the Delisting Resolution is not voted against by 10% or more of the total number of issued E&E Shares (excluding treasury shares) held by E&E Shareholders present and voting, on a poll, either in person or by proxy at the E&E EGM.

In addition to the Stock Exchange Clearance, the availability of the Share Exchange Offer and the Combination Offer is also conditional on the following:

- (i) confirmation from the SGX-ST that it has no objection to the Share Exchange Offer and the Combination Offer; and
- (ii) if required, the obtaining by the Company or its subsidiaries, of such other necessary consent, approval, authorisation, permission, waiver or exemption which may be required from any appropriate government or government bodies, regulatory bodies, courts or institutions or other third parties in Hong Kong which are necessary or desirable for the performance of the Delisting under the applicable Hong Kong laws and regulations.

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

E&E CIRCULAR AND EXIT OFFER LETTER

The E&E Circular (including the notice of the E&E EGM to be convened to approve the Delisting Resolution), the Exit Offer Letter and the relevant acceptance form(s) will be despatched, subject to the terms set out therein, to the E&E Shareholders in due course.

IRREVOCABLE UNDERTAKINGS

As at the date of this announcement, the Company has received irrevocable undertakings (the “**Connected Person Irrevocable Undertakings**”) from Messrs Cheung Kwok Wing, Mok Cham Hung, Chadwick, Chan Wing Kwan and Chang Wing Yiu, each being a Director, and Mr Cheung Kwok Wa, being a brother to Mr Cheung Kwok Wing and a director of Kingboard Laminates Holdings Limited, and Messrs, Li Muk Kam, Chan Sai Kit, Philip, Clement Sun, Heng Nguan Leng, Claudia and Li Chiu Cheuk, each being a director of E&E.

To the extent such Connected Persons hold E&E Shares, the Company has obtained irrevocable undertakings from such Connected Persons, except Li Muk Kam, Chan Sai Kit, Philip, Clement Sun and Heng Nguan Leng, Claudia, to vote in favour of the Delisting Resolution at the E&E EGM, on and subject to the terms set out in their respective Connected Person Irrevocable Undertakings.

The Company has also obtained irrevocable undertakings from the Connected Persons, except Wong Yu Hong, Philip and Lai Chong Tuck, Larry, to undertake not to exercise any Options held by them into new E&E Shares for the duration of the Exit Offer.

The Connected Person Irrevocable Undertakings are subject to the Delisting being approved by the E&E Shareholders at the E&E EGM and will terminate on the earlier of the close of the Exit Offer or immediately after the E&E EGM (in the event the Delisting is not approved).

CONNECTED PERSONS’ INTERESTS IN E&E SHARES

Name	Number of E&E Shares held	Approximate percentage of interest in the issued share capital of E&E	Interest in underlying E&E Shares pursuant to the Options	Maximum number of new Shares to be allotted and issued under the Share Exchange Offer (note)
Cheung Kwok Wing	60,000	0.03%	973,200	27,000
Mok Cham Hung, Chadwick	74,000	0.04%	973,200	33,300
Chan Wing Kwan	–	–	973,200	–
Chang Wing Yiu	–	–	973,200	–
Cheung Kwok Wa	281,400	0.16%	973,200	126,630
Li Muk Kam	1,035,876	0.58%	768,000	466,144
Chan Sai Kit, Philip	156,481	0.09%	912,000	70,416
Clement Sun	40,000	0.02%	240,000	18,000
Heng Nguan Leng, Claudia	322,800	0.18%	192,000	145,260
Li Chiu Cheuk	–	–	162,000	–
Wong Yu Hong, Philip	–	–	60,000	27,000
Lai Chong Tuck, Larry	–	–	60,000	27,000
Total	<u>1,970,557</u>	<u>1.10%</u>	<u>7,260,000</u>	<u>940,750</u>

Note: The total number of new Shares to be allotted and issued to each of the Connected Persons is determined on the basis that each of the Connected Persons, except Wong Yu Hong, Philip and Lai Chong Tuck, Larry, has undertaken not to exercise any Options held by them into new E&E Shares for the duration of the Exit Offer and that the Exit Offer Price is satisfied in full by way of the allotment and issuance of the Consideration Shares.

INFORMATION ON THE COMPANY AND E&E

The Company

The Company is a company incorporated in the Cayman Islands with limited liability, the securities of which are listed on the Main Board of the Stock Exchange.

The principal business activity of the Company is investment holding. The principal business activities of its subsidiaries are the manufacturing and sale of laminates, copper foil, glass fabric, glass yarn, bleached kraft paper, printed circuit boards, chemicals, liquid crystal displays and magnetic products.

E&E

E&E is a company incorporated in Singapore, the shares of which are listed on the Main Board of the SGX-ST.

It principally engages in the fabrication and distribution of double-sided, multi-layer and high density interconnect printed circuit boards (“**PCB**”) and supplies a variety of PCB products to a diverse customer base.

As at the date of this announcement, the Company indirectly holds an approximately 71.71% interest in the issued share capital of E&E.

The audited consolidated net profits before and after taxation of E&E for the financial year ended 31 December 2008 were approximately US\$45,137,000 and US\$42,511,000 respectively (equivalent to HK\$349,811,750 and HK\$329,460,250 respectively). The audited consolidated net profits before and after taxation of E&E for the financial year ended 31 December 2007 were approximately US\$37,163,000 and US\$34,891,000 respectively (equivalent to HK\$288,013,250 and HK\$270,405,250 respectively).

The audited consolidated net asset value of E&E as at 31 December 2008 and 31 December 2007 were approximately US\$349,476,000 and US\$351,492,000 respectively (equivalent to HK\$2,708,439,000 and HK\$2,724,063,000 respectively).

RATIONALE FOR THE EXIT OFFER

Opportunity for Relevant E&E Shareholders to Realise their Investment

The Exit Offer presents the Relevant E&E Shareholders with an opportunity to realise their investment in E&E Shares at an attractive premium of approximately 6.10%, 15.61% and 19.28% over E&E's one-month volume weighted average price of US\$1.131, three-month volume weighted average price of US\$1.038 and six-month volume weighted average price of US\$1.006, respectively, in the period preceding the date of this announcement without incurring brokerage and other trading costs.

Prolonged Undervaluation and Illiquidity of E&E Shares

E&E's closing share price has been on a downward trend for the past two years from a high of US\$2.410 on 25 May 2007 to its current level of US\$1.220 prior to the date of this announcement with a low of US\$0.835 on 29 October 2008. The trading liquidity of E&E Shares has also been low, with an average daily trading volume of approximately 35,218 E&E Shares over the 12-month period immediately preceding the date of this announcement, representing approximately 0.07% of the total free float of E&E Shares.

Better Integration and Greater Efficiency within the Group

The Exit Offer would facilitate better integration of similar businesses between E&E and the Group. It would also allow E&E and the Company to rationalise and streamline the resources and cost structure of the business for greater efficiency and competitiveness.

No Necessity to Access the Capital Markets

E&E has been listed on the SGX-ST since 5 September 1994. E&E has not raised funds through the SGX-ST since the date of its listing on the SGX-ST. It is unlikely to require access to the capital markets to finance its operations in the foreseeable future. If required, E&E could still access the capital markets via its parent company, the Company.

Opportunity for the Relevant E&E Shareholders to Participate in the Enlarged Group

The Exit Offer, through the Share Exchange Offer or the Combination Offer, presents the Relevant E&E Shareholders with an opportunity to participate in the upside potential of the enlarged Group upon the successful completion of the Exit Offer.

Compliance Costs Related to Listing Status

In maintaining its listing status, E&E incurs compliance costs. The Exit Offer would allow E&E to dispense with listing related expenses and channel its resources to its business operations.

LISTING RULES IMPLICATIONS

The issuance of the Consideration Shares pursuant to the Delisting Proposal constitutes a share transaction for the Company, which is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

The Connected Persons are each a connected person of the Company pursuant to Rule 14A.11(1) of the Listing Rules. Accordingly, in the event that any of the Connected Persons accepts the Exit Offer, the acceptance of the Exit Offer by these connected persons constitutes a connected transaction for the Company under Rule 14A.13 of the Listing Rules. Each of the Connected Persons has the discretion to elect to accept the Exit Offer in the form of the Cash Consideration, the Share Exchange Offer or the Combination Offer.

If any of the Connected Persons elects to accept the Cash Consideration, the transfer of the E&E Shares from the Connected Persons to the Company in return for the Cash Consideration will constitute a connected transaction subject to the reporting and announcement requirements and will be exempt from the independent shareholders' approval requirement under the Listing Rules, as each of the percentage ratios of the aggregate connected transactions as at the date of this announcement is less than 2.5% pursuant to Rule 14A.32(1) of the Listing Rules.

If any of the Connected Persons elects to accept the Share Exchange Offer or the Combination Offer, the Connected Share Transaction will constitute a connected transaction subject to the independent shareholders' approval requirements under the Listing Rules. On this basis, the Company agreed that an Independent Board Committee shall be formed to consider the Connected Share Transaction, and the Company will appoint an independent financial adviser to advise the Independent Board Committee and the Independent Shareholders as to whether the Connected Share Transaction is fair and reasonable and whether the Connected Share Transaction is in the interests of the Company and the Shareholders as a whole.

A circular containing, among other things, details of the Connected Share Transaction, the recommendation of the Independent Board Committee, the advice of its independent financial adviser and the notice of the EGM will be despatched to the Shareholders as soon as practicable.

The Board (including the independent non-executive Directors) believes that the terms of the Exit Offer are fair and reasonable, on normal commercial terms, and in the interests of the Company and the Shareholders as a whole.

As the Delisting may or may not come into effect, subject to satisfaction of the conditions set out in the Delisting Proposal, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

DEFINITIONS

For the purposes of this announcement, capitalised terms appearing herein shall, unless the context otherwise admits, have the meanings set out below:

“2002 ESOS”	the 2002 Elec & Eltek Employees’ Share Option Scheme
“2008 ESOS”	the 2008 Elec & Eltek Employees’ Share Option Scheme
“Board”	the board of Directors
“Business Day”	a day (other than Saturday, Sunday or public holiday) on which commercial banks are open for business in Hong Kong and Singapore
“Companies Act”	the Companies Act, Chapter 50 of Singapore
“Company”	Kingboard Chemical Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the securities of which are listed on the Main Board of the Stock Exchange (Stock Code: 148)
“Connected Persons”	(i) Messrs. Cheung Kwok Wing, Mok Cham Hung, Chadwick, Chan Wing Kwan and Chang Wing Yiu, all being Directors and directors of E&E, (ii) Mr. Cheung Kwok Wa, being the brother to Mr. Cheung Kwok Wing, and (iii) Messrs. Li Muk Kam, Chan Sai Kit, Philip, Clement Sun, Heng Nguan Leng, Claudia, Li Chiu Cheuk, Wong Yu Hong, Philip and Lai Chong Tuck, Larry, all being directors of E&E
“Connected Share Transaction”	allotment and issuance of the Consideration Shares to the Connected Persons
“Consideration Shares”	an aggregate of up to 23,720,444 new Shares to be issued and allotted to the Relevant E&E Shareholders, assuming completion of the Delisting and the consideration for the Delisting is satisfied in full by way of the allotment and issuance of the new Shares to the Relevant E&E Shareholders
“DBS Bank”	DBS Bank Ltd., the financial adviser to the Company on the Exit Offer
“Delisting”	proposed privatisation of E&E by way of a voluntary delisting from the Official List of the SGX-ST pursuant to Rule 1307 of the SGX-ST Listing Manual

“Delisting Proposal”	a proposal made by the Company in relation to the Delisting
“Delisting Resolution”	a resolution to approve the Delisting by the E&E Shareholders at the E&E EGM in compliance with Rule 1307 of the SGX-ST Listing Manual
“Directors”	the directors of the Company
“E&E”	Elec & Eltek International Company Limited, a company incorporated in Singapore, the securities of which are listed on the Main Board of the SGX-ST
“E&E Circular”	a circular to be issued by E&E to the E&E Shareholders containing details of the Exit Offer incorporating the letter from an IFA advising the Independent E&E Directors
“E&E Shareholder(s)”	holder(s) of E&E Shares
“E&E Share(s)”	ordinary share(s) in the issued share capital of E&E. For the purpose of the Exit Offer, the expression “E&E Shares” shall include all new E&E Shares unconditionally issued or to be issued pursuant to the valid exercise of the Options prior to the close of the Exit Offer
“E&E EGM”	an extraordinary general meeting to be convened by E&E to approve, among other matters, the Delisting Resolution
“EGM”	an extraordinary general meeting of the Company to be convened to approve the Connected Share Transaction and the transactions contemplated thereunder
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“IFA”	an independent financial adviser appointed by E&E to advise the Independent E&E Directors on the Exit Offer
“Independent Board Committee”	an independent committee of the Board composed of all independent non-executive Directors, namely Mr. Cheng Wai Chee, Christopher, Mr. Henry Tan, Mr. Lai Chung Wing, Robert and Mr. Tse Kam Hung

“Independent E&E Directors”	the directors of E&E who consider themselves to be independent for the purposes of the Exit Offer
“Independent Shareholders”	has the meaning ascribed to it under Rule 14A.10(5) of the Listing Rules, and in relation to the Company means the Shareholders other than Hallgain Management Limited, the Connected Persons and their respective associates
“Last Trading Day”	21 May 2009, the last trading day on which the Shares were traded on the Stock Exchange immediately preceding the date of this announcement
“Listing Rules”	Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Options”	options granted under the 2002 ESOS and 2008 ESOS to the E&E Shareholders to subscribe for new E&E Shares
“Relevant E&E Shareholder(s)”	the E&E Shareholder(s), excluding the subsidiaries of the Company which hold E&E Shares
“SGX-ST”	The Singapore Exchange Securities Trading Limited
“SGX-ST Listing Manual”	the listing manual of the SGX-ST
“Shareholder(s)”	holder(s) of the Shares
“Share(s)”	ordinary share(s) of nominal value of HK\$0.10 each in the issued share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“US\$”	United States dollars, the lawful currency of the United States of America
“%”	per cent.

In this announcement, for purpose of illustration only, amounts quoted in US\$ has been converted into HK\$ at the rate of US\$1.00 to HK\$7.75. Such exchange rate has been used, where applicable, for purposes of illustration only and does not constitutes a representation that any amounts were or may have been exchanged at this or any other rates or at all.

By Order of the Board
Kingboard Chemical Holdings Limited
Cheung Kwok Wing
Chairman

Hong Kong, 22 May 2009

As at the date hereof, the Board consists of Messrs. Cheung Kwok Wing, Chan Wing Kwan, Chang Wing Yiu, Cheung Kwong Kwan, Ho Yin Sang, Cheung Wai Lin, Stephanie and Mok Cham Hung, Chadwick, being the executive Directors, and Messrs. Cheng Wai Chee, Christopher, Henry Tan, Lai Chung Wing, Robert and Tse Kam Hung, being the independent non-executive Directors.

The Directors (including any who may have delegated detailed supervision of the preparation of this announcement) have taken all reasonable care to ensure that the facts stated and all opinions expressed in this announcement are fair and accurate and that no material facts in relation thereto have been omitted from this announcement, and they jointly and severally accept responsibility accordingly.

Where any information has been extracted or reproduced from published or otherwise publicly available sources, the sole responsibility of the Directors has been to ensure that, through reasonable enquiries, such information is accurately extracted from such sources or, as the case may be, reflected or reproduced in this announcement.