

For immediate release

**Elec & Eltek International Company Limited
Announces Proposed Dual Primary Listing on the Main Board of SEHK**

Investment Highlights

- Established PCB manufacturer with significant scale and strong reputation, having a total annual production capacity of approximately 60 million sq.ft.
- Significant presence in the PRC with strategic operations in Hong Kong and Thailand.
- Strong statement of financial position with low net gearing ratio.
- Extensive product portfolio and high quality standard.
- Access to a stable source of raw materials and vertically integrated business model.
- Diverse customer base including industry leading customers.
- Experienced and proven management team.
- Dividend policy of declaring an annual dividend of more than 50% of profits after tax and non-controlling interests during the period comprising the three years ended December 31, 2010 and intend to continue this policy going forward.

Hong Kong, July 4, 2011 – Elec & Eltek International Company Limited (“EEIC” or the “Company”; stock code: 1151), an established manufacturer of printed circuit boards (“PCB”) and PCB materials, today announced details of its proposed dual primary listing on the Main Board of the Stock Exchange of Hong Kong (“SEHK”) by way of introduction. EEIC is 69.17% held directly and/or indirectly by Kingboard Chemical Holdings Limited (“Kingboard”; Stock code: 148), which has a diversified mix of businesses and a market capitalization of US\$3,953.4 million as at 30 June 2011.

Standard Chartered Securities (Hong Kong) Limited is the sole sponsor of EEIC’s proposed listing by way of introduction. Dealings in shares of the Company on SEHK are expected to commence on Friday, July 8, 2011.

EEIC currently has seven offices worldwide and 14 production facilities across Asia (with one in Hong Kong, two in Thailand and 11 in the PRC). It was named “PCB Company of the Year” by Frost & Sullivan, an independent global consulting company, in 2009. As of December 31, 2010, EEIC had an annual PCB production capacity of approximately 60 million sq.ft..

The Company has a significant presence in the PRC, with approximately 49.1 million sq.ft. of total annual production capacity from its PRC facilities as at December 31, 2010. Its production capacity in China grants it significant scale advantage and further boosts its profit margins with the lower direct labor, engineering, management and overheads costs that it enjoys relative to its peers in other parts of the world due to its significant presence in China. The Company believes that the PRC domestic market will continue to require locally-produced PCBs from low-end to very high-end product ranges, providing promising business opportunities for PCB manufacturers in China. According to the Prismark Printed Circuit Report for fourth quarter 2010, the PCB industry in China is predicted to grow at a CAAGR of approximately 10.8% between 2010 and 2015, compared to a world average of approximately 6.5%, and higher than any other region of the world.

EEIC first commenced its operations in 1972 and its shares have been listed on the SGX-ST since 1994. In late 2004, the Company was acquired by Kingboard as part of the latter’s expansion to have a stronger presence in the PCB industry. Kingboard and its subsidiaries now operate more than 60 manufacturing plants, with business activities ranging from chemicals and property development in the PRC, to laminates and PCBs. In 2010, Kingboard was named by Forbes Magazine as one of the Global 2000 leading companies and by Bloomberg Businessweek as one of the leading Tech 100 companies.

EEIC provides a full spectrum of integrated, value-added products and services to some of the world's major OEM manufacturers, who market products under their own brand names, and leading contract manufacturing services providers, who provide proprietary products for OEMs. This includes the manufacturing and distribution of double-sided, multi-layer and HDI PCBs. EEIC's PCBs have product applications in the communication and networking sector, such as mobile phones, handheld devices and networking products, computers and computer peripherals sector, automotives and other electronic products. The Company's customers include global leaders in different electronics sectors. Its customer base is diversified, with no single customer contributing more than 15% of its total revenue during the track record period.

With its 11 ISO-certified PCB production facilities located in Hong Kong, the PRC and Thailand, EEIC is able to mass-produce products ranging in complexity from simple 2-layer PCBs to more sophisticated HDI PCBs and 42-layer PCBs that use high-speed specialty materials supplied by the three production facilities in its own in-house laminate division. It also provides small volume quick turnaround services to its customers with turnaround as short as three to four days.

Mr. Chadwick Mok Cham Hung, Executive Director, Vice-chairman and Chief Executive Officer (Acting) of EEIC, remarked: "Our goal is to provide our customers with high performance and cost-effective products and services by optimizing our design, engineering and manufacturing facilities, as well as utilizing our research and development expertise. We believe that our breadth of technical expertise as well as strong design and engineering capabilities put us in a favorable position to exploit growth opportunities that arise. The markets in which we operate are highly competitive and one of our strategies is to focus on the development of new products using advanced process technologies while maintaining high quality standards and improving production efficiency."

The Company's revenue decreased from approximately US\$517.9 million in 2008, to approximately US\$434.6 million in 2009 and increased to approximately US\$598.9 million in 2010. The decrease in revenue in 2009 can be attributed to the global decline in the PCB industry of that year. Notwithstanding this, the Company is able to increase its profit year-on-year during each year of the track record period. Its profit after taxation and non-controlling interests for the year increased from approximately US\$42.6 million in 2008 to approximately US\$45.7 million in 2009, and further increased to approximately US\$81.6 million in 2010. The Company was able to achieve this increase in profitability due, in part, to its lower upstream material costs as a result of its vertically integrated business model and in-house laminate supplies, its labor and production efficiency and its significant presence in the PRC which resulted in a lower cost base relative to its peers in the US, Europe, Japan, South Korea and Taiwan. The Company believes that its ongoing efforts to improve yields and operational costs will further strengthen its financial performance.

The Company has a strong statement of financial position with low net gearing ratio. During the global economic downturn of 2009, many of its suppliers offered to cut prices in return for faster payment of goods. Unlike some of its competitors, EEIC was able to take advantage of this offer due to its strong statement of financial position. The Company's net gearing ratio (computed as net debt divided by total equity) improved to approximately 8.3% for the year ended December 31, 2010 as compared to 15.2% for the year ended December 31, 2009.

The Company's strong statement of financial position and low net gearing ratio also allowed it to declare and pay out high dividends to its shareholders during the period comprising the three years ended December 31, 2010. Its dividend yield as of the last trading day of the relevant year, as at December 31, 2008, 2009 and 2010 was approximately 21.6%, 13.8% and 12.4%, respectively.

The Company expects to declare and pay out a one-tier tax-exempt interim dividend in August 2011. In the absence of any special circumstances and unforeseen circumstances, the Company has during the track record period declared, and intends going forward to declare, an annual dividend of more than 50% of the profits after tax and non-controlling interests.

The Company considers that it is desirable and beneficial for it to have dual primary listing status in Singapore and Hong Kong which allows it to have ready access to these two different equity markets and further increases its visibility in the Asia Pacific region. The Company considers that the introduction is important for its growth and long-term development, particularly bearing in mind that its operations are principally located in the PRC, which is important to its growth and long-term development strategy.

According to the Prismark Printed Circuit Report for fourth quarter 2010, the global production value for PCB products will grow from approximately US\$51.0 billion to approximately US\$69.8 billion between 2010 and 2015 at an CAAGR of approximately 6.5%. It also forecasts that all growth is to benefit Asia (excluding Japan), with particularly strong growth in the PRC, and with all other regions declining over the five-year period amid heavy Chinese competition. The significant growth recorded in the PCB market in the PRC has been primarily a result of continued relocation of production facilities of PCB manufacturers to the PRC in order to take advantage of its relatively low labor cost, strong domestic demand and the proximity to electronics manufacturing service providers which have also established their manufacturing bases in the PRC.

The Company will seek to capture the market growth potential through increasing market share by strengthening relationships with existing customers; developing business relationships with new customers for higher value-added and technology products; continuing to enhance production and operational efficiencies using its total quality management system; and taking advantage of its technical expertise to expand its product portfolio.

Track Record

(In US\$'000)

	Year ended December 31,			Three months ended
	2008	2009	2010	March 31, 2011 (unaudited)
Revenue	517,931	434,565	598,853	147,121
2- to 6-layer PCBs	333,684	284,247	364,621	84,424
8-layer and above PCBs	152,841	107,067	132,435	29,917
HDI PCBs	14,356	25,716	57,807	20,173
Laminate and Prepreg	17,050	17,535	43,990	12,607
Gross profit	87,700	82,808	129,589	27,260
Profit before taxation	45,137	49,317	88,420	17,265
Profit for the year after taxation and non-controlling interests	42,628	45,677	81,622	15,870
Earnings per share				
Basic	US23.83 cents	US25.53 cents	US44.22 cents	US8.500 cents
Diluted	US23.83 cents	US25.53 cents	US44.12 cents	US8.496 cents
Full-year ordinary dividend per share	US20.5 cents	US25.0 cents	US40.0 cents	

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