

【Press Release】

CEC Announces 2007/08 Annual Results

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Turnover from Core Electronic Component Manufacturing Business Reached HK\$787,634,000

(Hong Kong, 15 August 2008) — **CEC International Holdings Limited** (“CEC”) and its subsidiaries (collectively the “Group”) (Stock Code: 759), a manufacturer of electronic components such as coils, transformers, etc., today announced its annual results for the year ended 30 April 2008.

The Group recorded a turnover of HK\$788,727,000, a 12.6% increase relative to last year (2007: HK\$ 700,279,000). Gross profit increased by 4.8% to HK\$142,340,000. The Group’s gross profit margin, however, had a drop to 18.0% (2007:19.4%) as a result of increased production costs from rising raw material, labour and energy costs, and the appreciation of RMB, and profit attributable to shareholders also dropped a slight 0.9% to HK\$23,601,000 (2007: HK\$23,810,000). Despite that, the Group recorded increase in net cash inflow from operating and financing activities, speaking to its ability to generate cash inflow and its strong financial position. Basic earnings per share for the year ended 30 April 2008 were HK3.29 cents (2007: HK3.32 cents).

The Board of Directors recommended the payment of a final dividend of HK0.50 cent per share (2007: HK0.95 cent) for the year ended 30 April 2008.

Mr. Coils Lam, Chairman of CEC, said, “The past financial year was ridden with challenges for most of the manufacturers with production bases in China. The adverse operating environment brought immense pressure on us. Despite the difficult operating environment, by continuing to focus on its core electronic component manufacturing business, pushing on with enhancing production efficiency and its production lines, and maintaining relationship with long-standing customers, the Group was able to grow its turnover for the year.”

During the year under review, turnover of electronic components manufacturing business, the Group’s core business, reached HK\$787,634,000, up 12.7% as compared to HK\$699,038,000 last year, accounting for 99.9% (2007: 99.8%) of the Group total. The increase was attributable to satisfactory growth of various consumer electronics segments particularly cell phone, flat-panel television, computer, electronic video game console and power-supply devices.

Along with the booming Mainland China economy, the problem of tight labour supply comes, which often gets yet tighter during festivals when employee turnover is high and recruitment is difficult. Furthermore, the average wage levels of different types of workers have been rising with inflation. Heeding this trend, the Group revealed staff remunerations and made appropriate adjustments during the year and that led to an increase in overall staff cost. To improve its production cost structure, the Group has been directing more resources into building new plants. Such initiatives included securing a 3-year transferable term loan of HK\$300,000,000 from a financial syndicate on 17 September 2007, which is used in construction of new factories in Zhongshan and Xiamen, production automation and purchase of equipment that can enhance output capacities and mitigate labour shortage and costs, thereby help the Group in maintain competitiveness in the market.

In coping with persistent cost pressure from fluctuating raw material prices, the Group resorted to make the best of its vertically integrated operation to produce major raw materials of magnetic components, from devising its own formulae for various ferrites, moulding, sintering, processing to production of different types of ferrite magnetic core and used it to assemble coil-related products. This move will help alleviate the pressure from high raw material prices and assure product quality in the long run. During the year, the Group actively negotiated with customers and suppliers for collaboration with the aim of maintaining stable pricing. Internally, it continued to increase investment in the research and development division in Hong Kong to facilitate creation of more high value and high quality products as a means to raise income and combat cost hikes.

The Group is also committed to providing proper training to its staff and supporting charitable causes. It offers on-the-job training and funds to support continuing education of employees to help them improve their professional knowledge and know how. The Group also works with and support different organisations on charitable, volunteer service and donation activities. It encourages staff to take part in those activities that they may achieve a balance between work and life. Its dedication to corporate citizenship not only has the support of staff, but is also endorsed by the community. In 2007, a subsidiary of the Group was named a “Caring Company” by The Hong Kong Council of Social Service.

Looking ahead, having to face global inflationary pressure and economic downturn and a fluctuating financial market, the Group will focus attention on operating its core electronic component manufacturing business. Its priority will be to restructure its customer base and direct resources on to producing high value-added products. The Group will also continue to prudently manage its operations and finance, step up control on and reduce expenses in relation to sales, distribution, and general operation and administration so as to maintain competitiveness.

Mr. Lam concluded, “The operating environment for the manufacturing industry will continue to be challenging in the coming year. The Group expects persistently high cost of raw materials, labour and production and appreciation of the RMB to pose pressure on its gross profit margin. However, it has long-term strategies in place to address the different challenges and will also actively explore business opportunities in related industries aiming to boost sales and grow profit in the future.”

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About CEC International

CEC International was listed on The Stock Exchange of Hong Kong Limited on 15 November 1999. It is a reputable electronic components manufacturer, engaging in the design, development, manufacture and sale of a wide range of coils, transformers, capacitors, and other electronic components. CEC’s products are commonly found in IT products, telecommunication products, home appliances and audio-visual products. Accredited with ISO 9001 & ISO 14001 certification in 1995 and 2005 respectively, the Company also has more than 500 engineers and quality control staff ensuring its product quality.

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Remarks:

This media release and the other corporate information of CEC can also be accessed at the following website: <http://www.0759.com>