



CEC 國際 控 股 有 限 公 司  
CEC INTERNATIONAL HOLDINGS LIMITED  
*(Incorporated in Bermuda with limited liability)*



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[For Immediate Release]

## CEC INTERNATIONAL HOLDINGS LIMITED ANNOUNCED OUTSTANDING FIRST QUARTER RESULTS

### Turnover and Profit Recorded Substantial Growth

#### Financial Highlights (Three months ended July 31)

	2000 HK\$ '000	1999 HK\$ '000	Change (%)
Turnover	90,617	60,570	49.6
Profit attributable to shareholders	14,588	11,304	29.1
Gross Profit	31,238	20,974	48.9
Earnings per share (Basic)	7.29 cents	7.54 cents	-3.3

(September 14, 2000 - Hong Kong) – CEC International Holdings Limited (“CEC International” or “the Group”; HKSE: 0759) today announced its first quarter results for the three months ended July 31, 2000. The Group has once again successfully achieved outstanding earnings performance during the period under review. Both turnover and profit attributable to shareholders continued to record considerable growth. Turnover was approximately HK\$90,617,000, representing a substantial growth of 49.6% over the corresponding quarter in 1999 and profit attributable to shareholders was approximately HK\$14,588,000, up 29.1% over the same quarter last year.

CEC’s Chairman, Mr Lam Wai Chun, said, ‘The three months ended July 31, 2000 was another outstanding quarter for the Group, marked with strong and sustainable growth in business and profitability. We attributed the success to our effective strategies in capturing the opportunities arising from the trend and development in the global electronics industry by actively introducing new and tailor-made products to our customers and expanding the manufacturing facilities for products which suit the markets’ needs most.’

The new millennium saw the convergence of the telecommunication and information technology industries as well as the digital revolution in the audio-visual (AV) sector. These markets have been marked with dynamic growth in the demand for modern handheld electronic communication products and AV products such as personal digital assistants (PDA), digital cameras, DVD and MD players. In turn, this trend also has given rise to the amazing growth rate in demand for high-quality and miniaturised electronic components on a global basis.

During the period under review, in order to capture opportunities in this growing market, CEC expended efforts in expanding and upgrading its production facilities. The Group established a new branch factory in Zhuhai, Guangdong Province, in June 2000 to expand its production capacity in toroidal transformers, common mode chokes and electromagnetic interference (EMI) filters. The total capital invested for expansion during the first quarter was over HK\$10 million.

To further position itself well for both the future challenges and opportunities in the electronic data communication and transmission sectors, CEC further acquired a land lot in Zhongshan for approximately HK\$1.3 million in May 2000 to accommodate the new phase of the Group's Zhongshan factory blocks. Construction has commenced and the new phase is expected to be completed in the third quarter of the current financial year. It is for the production of manganese-zinc series ferrite cores, which are the key components of line filters and compact but high power converters.

The Group strongly believes that one of its strengths in the industry is its powerful capabilities and experience in developing the production technology and concoction formulae of ferrite powders and ferrite cores, which are the key components of coils. Over the past several years, the Group has successfully reduced its production cost and raised its profitability continually. During the first quarter of the current financial year, there has been a considerable surge in the price of petroleum products on a global basis, which in turn has led to the extra cost of power generation in the Group's factory in Zhongshan of approximately HK\$1,700,000. Despite the adverse impact resulting from this factor, the Group has still managed to keep its overall production cost under control and achieved a 48.9% growth in gross profit from approximately HK\$20,974,000 (gross margin: 34.6%) for the first quarter last year to approximately HK\$31,238,000 (gross margin: 34.5%) for the same quarter in the current financial year.

On July 3, 2000, the Company issued 400 million units of warrants at HK\$0.0625 per unit through a private placement, resulting in net proceeds of approximately HK\$22.9 million, after deducting related expenses. The issuance has strengthened the Group's financial frontier that further reinforced its horizon for business development.

Two focuses of CEC's future developments are development of complementary products and management information system. Mr Lam explained, 'Further to our successful introduction of the manufacture of electrolytic capacitors, a kind of electronic components complementary to coils, the Group plans to devote more resources to the research and development of electrolytes and forming of aluminium foils, which are one of the major materials in manufacturing electrolytic capacitors. The Group is in the process of developing and experimenting a number of new formulae for electrolytes during the first quarter, which will be scheduled for trial production in the second quarter. This accomplishment is expected to further elevate the Group's competitive edge in the industry and transform the Group from a capacitor assembler to a manufacturer of higher profit margin by equipping itself with powerful research and development capabilities.'

The Group plans to commence pilot-run of the production facilities of ceramic capacitors in Zhongshan in the second quarter of the current financial year. The investment is expected to bring in higher return starting from the third quarter. On the other hand, the Group will also implement the first phase of the expansion of production facilities for chip inductors in Zhongshan in the third quarter. The first phase of such expansion, which will consist of five production lines, is scheduled to be operational in the fourth quarter and to contribute to the growth in the Group's profitability. In order to reinforce the Group's prospects, the Group also plans to invest in the manufacture of machinery and equipment for the production of ceramic capacitors which is scheduled to be fully operational in the fourth quarter.

He continued, 'The Group has positioned one of its subsidiaries, CEC-Technology Limited, as the information technology and communication management center of the Group during the first quarter. The center is mainly responsible for the management of the Group's website "www.0759.com", e-mail system, on-line sales system, e-banking and development of the internet version of the enterprise resource planning system, which is expected to be completed in the second quarter, tested in the third quarter and implemented in stages in the fourth quarter. The enterprise resource planning system will comprise production management, financial management, sales and customer service management, purchasing and logistics management as well as product development, etc. The investment is expected to benefit the Group by streamlining its various business and management processes, improving its operational efficiency and substantially reducing its administrative expenses. '

Mr Lam concluded, 'Looking forward to the new era, we will adhere to our principles of proactive business development as and when opportunities arise. The mission of CEC is to grow the business in a manner to ensure delivery of superior value to all our shareholders.'

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**Corporate Information:**

CEC is a reputable coil manufacturer, engaged in the design, development, manufacture and sales of a wide range of coils. CEC coils can be commonly found in IT products, telecommunication products, home appliances and audio-visual products, etc. Accredited by the recognition of ISO 9001 in 1995, the Company has more than 400 engineers and quality control staff for the assurance of product quality. CEC has been a listed company on The Stock Exchange of Hong Kong Limited since November 1999.

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