

[FOR IMMEDIATE RELEASE]

**CEC ANNOUNCES 2001/2002 THIRD QUARTER RESULTS  
GROSS PROFIT MARGIN MAINTAINED AT 27.6%**

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**ACTIVELY EXPANDING PRC AND EUROPEAN MARKETS**

(Hong Kong, March 18, 2002)-- Leading electronic components manufacturer CEC International Holdings Limited ("CEC" or the "Group") (Stock Code: 759) today announced its third quarter results for the three and nine months ended January 31, 2002. CEC recorded a turnover of HK\$91,988,000 and HK\$276,241,000 respectively, increasing slightly by 12.6% and 2.5% respectively, against the turnover attained during the corresponding periods in the previous year. Profit attributable to shareholders was HK\$2,320,000 and HK\$12,797,000 respectively, compared with the same period in the pervious year of HK\$6,529,000 and HK\$34,040,000.

Mr. Coils Lam, the Chairman of CEC said, "During the period under review, global economies were unfavorable with poor market sentiment. Price bargaining among electronics manufacturers intensified, which negatively affected the profit of the Group. Nevertheless, leveraging our effective and efficient cost control systems together with our strong research and development capabilities, pressure on the dramatic price falls in products was relieved, and resulted in a positive increase in turnover. During the period under review, we were also delighted to maintain our gross profit margin at a level of 27.6%."

During the third quarter, the depreciation of the Japanese Yen lowered the Group's costs of raw materials and machinery as part of the Group's raw materials, plant and machinery were imported from Japan. This has led to the lowering of the Group's overall costs of production. Furthermore, the Group's previous investments in plant expansion as well as its commitment to research and development have started to bear fruit, broadening the variety of products and increasing the turnover. As a result, the negative effects brought by the fall in prices of electronic components were effectively reduced and increased the competitiveness of the Group's products.

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On January 31, 2002, the Group successfully entered into a 3-year transferable term loan and revolving credit facility agreement for an aggregate amount of HK\$100 million with a group of banks. The facility consists of a term loan for an aggregate amount of HK\$60 million which was applied to repay existing bank loans and other indebtedness of the Group. The revolving credit facility for an aggregate amount of HK\$40 million will be used as general working capital of the Group. As at January 31, 2002, the net gearing ratio was approximately 0.80:1 (as at April 30, 2001: 0.76:1), complying with the financial covenants as agreed between the Group and the major bank.

Mr Lam said, "This agreement benefits the Group with a better debt structure and enlarged operating capital, which will contribute to a healthier financial position for its future development. The continuing financial support of the local banks reflect their confidence in our business and prospects."

Looking ahead, it is widely believed that China's membership in WTO will create a new outlook for business development in Mainland China. The Group strongly believes that the demand for its quality hi-tech electronic components from both national and foreign enterprises will increase sharply, fostering the Group's business development. Currently, the market in Mainland China accounts for approximately 6% of the Group's turnover. In view of the huge market potential in the mainland, the Group will actively expand its market share in Mainland China, increasing the proportion of the Group's turnover generated in the mainland. To materialise this goal, the Group has been preparing for the establishment of more representative offices in developed and coastal cities in the mainland such as Qingdao, Hefei and Changzhou. The Group already established a representative office in Chongqing in November 2001, demonstrating the Group's strong determination to develop the market in Mainland China.

Apart from the market in Mainland China, the Group is also actively exploring the European market. As the Group's products, such as toroidal transformers, line filters and EMI filters are well equipped with electromagnetic compatibility (EMC), which effectively reduces interference during the transmission of signals in AV products and telecommunications products, and thus enhances the quality, value and competitiveness of products. They have been well received by the European electronic manufacturers. This will help the Group to further penetrate the European market with higher market share, paving the way for further development in Europe.

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Mr. Lam concluded, “Despite the unfavorable factors in the environment, which has dragged the overall economy down, we will face future challenges with confidence by strengthening its own foundations, internal management and financial position to broaden revenue sources and minimise costs at the same time, in a bid to reward our shareholders with higher returns.”

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**About CEC International:**

CEC International was listed on The Stock Exchange of Hong Kong Limited on November 15, 1999. It is a reputable electronic components manufacturer, engaged in the design, development, manufacture and sale of a wide range of coils, capacitors, power supply devices and other electronic components. CEC’s electronic components can be commonly found in IT products, telecommunication products, home appliances and audio-visual products, etc. Accredited with ISO 9001 certification in 1995, the Company also has more than 400 engineers and quality control staff for the assurance of product quality.

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*Remarks:*

*This media release and the other corporate information of CEC International Holdings Limited can also be accessed at the following website:*

*<http://www.0759.com>*