

[FOR IMMEDIATE RELEASE]

**CEC ANNOUNCES 2002/2003 INTERIM RESULTS
TURNOVER EXPANDS 34.6% TO REACH HK\$247,959,000**

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**CONTINUE TO ACHIEVE ENCOURAGING GROWTH IN BOTH
PRC AND EUROPEAN BUSINESSES**

(Hong Kong, 19th December 2002)—Leading electronic components manufacturer CEC International Holdings Limited (“CEC” or the “Group”) (Stock Code: 759) today announced its interim results for the six months ended 31st October 2002. The Group recorded a turnover of HK\$247,959,000 (2001: HK\$184,253,000), representing an increase of approximately 34.6% against the turnover attained in the previous corresponding period. Profit attributable to shareholders reached HK\$5,294,000 compared to the HK\$10,477,000 recorded in the last corresponding period. Earnings per share was HK0.77 cent. The Board of Directors did not recommend the payment of an interim dividend for the six months ended 31st October 2002 (2001: Nil).

Mr. Coils Lam, the Chairman of CEC said, “Although the market is only just stabilising, leveraging our solid foundations and outstanding marketing strategies, we recorded encouraging turnover growth despite the sluggish markets during the review period. This proves that we have been steering in the correct direction with our investments to expand and upgrade production facilities in recent years. Looking to the future, the Group will continue to reinforce cost control policies, sourcing quality but cost-competitive raw materials in Mainland China to sharpen our competitive edge.”

During the reporting period, the Group was fully committed to penetrating the market in Mainland China with its coils manufacturing segment. As a result, the Group enjoyed a considerable growth of 97.7% in its half-yearly turnover in Mainland China, with turnover reaching HK\$20,264,000 and accounting for 8.2% (2001: 5.6%) of the Group’s turnover. In view of the tremendous room for further expansion in this market, CEC has established a number of new wholly owned subsidiaries in major developed cities in Mainland China during the period under review. These include Chongqing and Kunshan, enabling the Group to foster closer relationships with customers and better understand their product needs.

Apart from the Mainland China market, the Group has also been putting continuing efforts into exploring the European market. During the period under review, the Group successfully achieved a 52.8% higher turnover from European customers, which accounted for 5.0% (2001: 4.4%) of total turnover. In particular, one of the most noteworthy achievements in this market was the growing popularity of a major component in mobile phone chargers supplied to major European mobile phone manufacturers.

Coils manufacturing continued to represent the Group's core business segment, generating 82.1% (2001: 80.4%) of the Group's turnover. For the six months ended 31st October 2002, the segment's turnover recorded encouraging growth of 37.3% to reach HK\$203,438,000. Nevertheless, the 40.6% increase in the segment's depreciation brought about by the Group's investment in property, plant and equipment, together with the fierce market competition which has squeezed product prices, have led to a drop in the profit from operations to HK\$15,896,000. The Group however believes that the expanded production facilities will enhance vertical integration of the segment's production processes, which will reduce production costs in the future, raising competitiveness in the long term.

For the six months ended 31st October 2002, the turnover generated from the capacitors manufacturing segment and power supply devices manufacturing segment amounted to HK\$22,413,000 and HK\$3,398,000, accounting for 9.0% and 1.4% of the Group's turnover respectively. To enhance overall operational efficiencies and in view of the similarity of the segment's products with those of the coils manufacturing segment, the Group is considering the integration of the power supply devices manufacturing segment into that of coils manufacturing in the near future. Additionally, the electronic components trading segment reported a turnover of HK\$18,710,000, up slightly by 3.1% from the corresponding period last year. Owing to the severe market competition, gross profit margin from this segment continued to drop. As such, coupled with the poor market prospects, the Group will be concentrating on the development of its core business in the future. Commencing October 2002, the Group ceased its trading of semiconductors and kit set for consumer electronic products while keeping its trading of Samsung passive components only in the future.

Mr. Lam continued, "With the global economy continuing to stabilise, the market appears to be showing fresh signs of recovery. The Group is always ready to consolidate its core business in order to expand market presence in the electronics arena even further. In Mainland China, many enterprises are currently automating their internal management systems. As such, the Group's subsidiary, CEC-Technology, has been driving its software development to benefit those rapidly developing enterprises in Mainland China and streamline our financial and general operations management efficiency, enhancing networks coherence."

Looking forward, in addition to expanding the European market, the Group will put additional effort into boosting its Mainland China business. To cater for increasing orders, the Group is planning the establishment of new production facilities in Kunshan to produce coils as well as the necessary ferrite cores and ferrite materials. These new facilities are expected to commence operations, contributing to the Group's operating results in the early half of the next financial year. This will not only strengthen the vertical integration of its production processes, but also relieve pressures on production capacities in Zhongshan. This will lead to shortened delivery lead-times and greater efficiencies in serving its customers.

Mr. Lam concluded, "We believe that the Group's sustainable development hinges on effective operational and marketing strategies. Looking to the second half of the year, the Group will continue to reinforce cost control in addition to improving its effective marketing strategies. Further efforts will also be made to source quality but cost-competitive raw materials in Mainland China, lowering the cost of raw materials, as well as shortening delivery lead-time, which will ultimately benefit the Group with higher operating efficiencies and returns. Additionally, the Group will maximize the benefits of its vertical integration to establish an even more competitive market position, sharing the resultant success with shareholders in the years to come."

About CEC International:

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

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