

[FOR IMMEDIATE RELEASE]

**CEC ANNOUNCES 2003/2004 THIRD QUARTERLY RESULTS  
TURNOVER AND PROFIT INCREASED BY 2% AND 92% RESPECTIVELY**

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**CORE BUSINESS IN COILS MANUFACTURING SEGMENT RECORDED  
CONTINUOUS GROWTH**

(Hong Kong, 25<sup>th</sup> March 2004) — CEC International Holdings Limited (“CEC” or the “Group”) (Stock Code: 759), a manufacturer of coils, capacitors, electronic components and ferrite powder today announced the third quarterly results for the nine months ended 31<sup>st</sup> January 2004. The Group recorded a turnover of approximately HK\$346,945,000 (2003: HK\$341,184,000), with an increase of 1.7% as compared with the same period last year. Profit attributable to shareholders rose to HK\$10,206,000 (2003: HK\$5,310,000), with an increase of 92.2% as compared with the same period last year. These improvements resulted from the Group’s intensive development of its core manufacturing business, the trimming and restructure of under-performing businesses as well as the enhancement of the Group’s overall operating efficiency.

For the nine months ended 31<sup>st</sup> January 2004, the Group’s turnover for its coils manufacturing segment was HK\$303,859,000 (2003: HK\$277,568,000), up 9.5% as compared with the same period last year. Gross profit recorded an increase of 10.8%, to HK\$86,432,000 (2003: HK\$78,028,000) as compared with the same period last year, with a gross profit margin of 28.4% (2003: 28.1%). The increase in turnover was mainly due to the increasing demand from power-supply product manufacturers, which led to an increase in sales for the Group’s highly promoted power-supply coils, including its switching-mode transformers and line filters.

With regard to its sales market, the turnover of European and Mainland China markets accounted for 7.0% and 16.1% respectively of the Group’s total turnover for the period under review. The Group has been actively developing these two markets which recorded a significant growth of 32.4% and 82.7% respectively for the period. Apart from the success in securing a number of new European customers, the Group also recorded an increase of more than 80% in turnover from Mainland China, primarily because there is an increasing tendency for electronic and electrical appliance manufacturers from all over the world setting up their manufacturing bases and making their purchases in Mainland China. This has benefited the Group which has a core and well-established presence in the country.

Mr. Coils Lam, the Chairman of CEC said, “The Group has been actively developing the European market as the major market for our marketing power-supply coils and anti-electromagnetic interference filters. Leveraging on the enhanced customer recognition for the Group’s quality, pricing and services, we have maintained excellent relationships with our existing customers. In addition, we succeeded in securing a number of new customers in Europe, leading to a significant increase in sales to this market. We also introduced our successful European operating model into Mainland China, achieving the outstanding results, which have greatly enhanced the Group’s total sales.”

Turnover of the capacitors manufacturing segment for the period was HK\$10,881,000 (2003: HK\$30,625,000), reduced significantly by 64.5%, primarily because the Group restructured its client base for this segment and revised the credit terms granted to certain customers with long credit periods so as to enhance the cash-flow liquidity and to alleviate credit risk. The Group’s information technology segment recorded a turnover of HK\$3,541,000 (2003: Nil), with a gross profit of HK\$1,423,000 (2003: Nil). The on-going development of the Group’s incumbent operating systems will continue as scheduled to complement the Group’s core business development.

The Group has been actively expanding its core business in coils manufacturing segment, while scaling down its existing business in the electronic components trading segment and information technology segment. In particular, the Group will cease to make further new investment in its information technology business. The Group expects to substantially phase out its electronic components trading segment in the next quarter, enabling the Group to further focus its resources on the development of the core business.

Following the completion of the Nanjing Project’s plant construction and production equipment installation in October 2003, Nanjing Guo Zhong Magnetic Material Co., Ltd. (“Nanjing Guo Zhong”), a wholly-owned subsidiary of the Group, completed the pilot production and the tuning of equipment in this quarter. Product specifications have also been sent to the Group’s joint venture partner LG.Philips Displays’ subsidiary, Nanjing Fei Jin Magnetic Products Co., Ltd. (“Nanjing Fei Jin”). It is the first time for Nanjing Guo Zhong to record a turnover of HK\$ 3,374,000 (2003: Nil) in this quarter. Nanjing Guo Zhong is currently working in matching the equipment and improving the manufacturing workflow in order to increase the production output and efficiencies, and is also teaming up with Nanjing Fei Jin to work out the formulae of relative low-cost raw materials and to source the relevant suppliers of such materials.

Mr. Lam concluded, “The board of directors believes that one of the Group’s most successful developments is its comprehensive management and operating base established in Mainland China. Therefore, the Group will return to its full China-focused operating model with a gradual trimming of the operating structure in Hong Kong and the transfer of the relevant operations back to the headquarter in Mainland China. We expect that this policy enables the Group to achieve a better performance and to continue to bring in a promising return for our shareholders.”

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**About CEC International:**

CEC International was listed on The Stock Exchange of Hong Kong Limited on 15<sup>th</sup> November 1999. It is a reputable electronic components manufacturer, engaged in the design, development, manufacture and sale of a wide range of coils, capacitors 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 also 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 can also be accessed at the following website: <http://www.0759.com>*