

The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this announcement, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



CEC INTERNATIONAL HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

PRIVATE PLACING OF WARRANTS

The Directors are pleased to announce that on 16 May, 2000, the Warrant Placing Agreement has been entered into between (1) the Company, (2) New Japan Securities International (Hong Kong) Limited (as placing manager) and (3) New Japan Securities International (Hong Kong) Limited, Yicko Securities Limited and Yicko GA Network Securities Limited (as placing agents) in relation to a private placing of 400,000,000 Warrants at an issue price of HK\$0.0625 per unit of Warrant, entitling the holders thereof to subscribe for the New Shares, on a best effort basis.

The Warrants will be issued in registered form by way of deed poll entitling holders thereof to subscribe for the New Shares at an initial subscription price of HK\$1.475 per New Share (subject to adjustment) during the period from the date of the issue of the Warrants to the expiry of the Warrants on 30 September, 2003, both dates inclusive. Completion of the Warrant Placing is conditional upon fulfilment of the conditions as stated below. It is intended that the total net proceeds of the Warrant Placing of approximately HK\$22.9 million will be used as to HK\$10 million for repayment of bank loans, as to HK\$2 million for the development of e-commerce functionality for its "on-line sales" systems and product specification simulation system as stated in the announcement of the Company dated 14 March, 2000, and as to the balance of HK\$10.9 million as general working capital.

At the request of the Company, trading of the Shares on the Stock Exchange was suspended with effect from 2:30 p.m. on 16 May, 2000. The Company has applied for resumption of trading of the Shares on the Stock Exchange with effect from 10:00 a.m. on 17 May, 2000.

I. WARRANT PLACING AGREEMENT DATED 16 May, 2000

1. Placing Manager

New Japan Securities International (Hong Kong) Limited

2. Placing Agents

New Japan Securities International (Hong Kong) Limited., Yicko Securities Limited and Yicko GA Network Securities Limited.

3. Independence of the Placing Manager, Placing Agents and the Placees

The Placing Agents will jointly and severally procure, on a best effort basis, not less than 100 Placees to subscribe for the Warrants. The Placing Manager and the Placing Agents are, and the Placees will be, independent of, not connected with and not acting in concert with any of the directors, chief executive or substantial shareholders of the Company and any of its subsidiaries, or any of their respective associates (as defined in the Listing Rules).

The Warrant Placing will comply with the requirements set out in Appendix 6 to and Chapter 15 of the Listing Rules. Under the Warrant Placing Agreement, the Placing Agents shall procure, on a best effort basis, the Placees to subscribe for the Warrants in respect of the Warrant Placing.

4. Amount of Warrants

400,000,000 Warrants exercisable in units of subscription rights of HK\$1.475 for every 10 units of Warrants will be issued entitling the holders thereof to subscribe up to a maximum aggregate amount of HK\$59 million for the New Shares.

Upon full exercise of the subscription rights attached to the Warrants, 40,000,000 New Shares will fall to be issued, representing 20% of the existing issued share capital of the Company of 200,000,000 Shares and approximately 16.7% of the issued share capital of the Company of 240,000,000 Shares as enlarged by the issue of the New Shares.

5. Warrant Placing Price and Warrant Subscription Price

The Warrant Placing Price is HK\$0.0625 per unit of Warrant and the proceeds to be received by the Company is HK\$25.0 million before expenses. The total estimated expenses in relation to the Warrant Placing is expected to be approximately HK\$2.1 million.

The Warrant Subscription Price of HK\$1.475 per New Share represents (i) a discount of approximately 29.8% to the closing price of HK\$2.1 per Share quoted on the Stock Exchange on 15 May, 2000 ; and (ii) a discount of approximately 28.0% to the average closing price of HK\$2.0495 per Share quoted on the Stock Exchange for the 10 trading days up to and including 15 May, 2000. The aggregate of the Warrant Placing Price and the Warrant Subscription Price of HK\$2.1 per New Share was the same as the closing price of HK\$2.1 per Share quoted on the Stock Exchange on 15 May, 2000.

The Warrant Placing Price and the Warrant Subscription Price were negotiated on an arm's length basis between the Company, the Placing Manager and the Placing Agents.

6. Rights

The subscription rights attached to the Warrants will only be exercisable from the date of the issue of the Warrants to the expiry of the Warrants on 30 September, 2003, both dates inclusive.

The New Shares, when fully paid, will rank pari passu in all respects with the then existing issued Shares save for any rights or entitlements to dividends or other rights or distributions the record date for which precedes the date on which the subscription rights attached to the Warrants are exercised in accordance with the terms of the Warrants.

7. Conditions of the Warrant Placing

Completion of the Warrant Placing Agreement shall be subject to and conditional upon:

- (a) the Placing Agents having successfully introduced the Placees to subscribe for all the Warrants;
- (b) the Shareholders passing at a special general meeting of the Company of ordinary resolutions approving the issue of the Warrants by way of private placement and the allotment and issue of the New Shares;
- (c) the Listing Committee of the Stock Exchange granting listing of, and permission to deal in, the Warrants and the New Shares;
- (d) the Bermuda Monetary Authority granting its consent to the issue of the Warrants and the allotment and issue of the New Shares;
- (e) the listing on the Stock Exchange of the Shares at Completion not having been revoked and such listing not being withdrawn as a result of the completion of the Warrant Placing Agreement;
- (f) (i) the delivery to the Stock Exchange a copy of the prospectus relating to the Warrant Placing, duly certified by two Directors (or by their agents duly authorised in writing) as having been approved by resolution of the Board and having annexed to it all documents required to be annexed thereto; and (ii) the filing and registration by the Registrar of Companies in Hong Kong of a copy of such prospectus and such documents as annexed thereto in accordance with Section 342C of the Companies Ordinance; and

- (g) the filing with the Registrar of Companies in Bermuda of a copy of the prospectus relating to the Warrant Placing (and all documents required to be annexed thereto) in accordance with the Companies Act.

The Placing Manager and the Placing Agents may waive the condition mentioned under sub-paragraph (e) above by notice in writing to the Company.

II. GENERAL

1. Use of Proceeds

The net proceeds of the Warrant Placing of approximately HK\$22.9 million are intended to be used as to HK\$10 million for repayment of bank loans, as to HK\$2 million for the development of e-commerce functionality for its "on-line sales" systems and product specification simulation system as stated in the announcement of the Company dated 14 March, 2000, and as to the balance of HK\$10.9 million as general working capital. As of the date of this announcement, the net proceeds of approximately HK\$45 million raised at the time of its listing as disclosed in the prospectus of the Company dated 3 November, 1999 have almost been fully applied on those plans as disclosed therein.

The Directors are of the view that part of the additional capital to be raised from the Warrant Placing helps reduce the interest expenses and the gearing level of the Group.

2. Reasons for the Warrant Placing

The Board believes that the Warrant Placing is an appropriate means of raising additional capital for the Company since the placement of Warrants will not have an instant dilutive effect on the shareholding of the existing Shareholders. In addition to the net proceeds that will be raised immediately upon the issue of the Warrants, further share capital will be raised upon exercise of the subscription rights attached to the Warrants by the holders of the Warrants during the subscription period.

The Board considers that the terms of the Warrant Placing Agreement, which were arrived at after arm's length negotiations between the Company, the Placing Manager and the Placing Agents, are fair and reasonable and are in the interests of the Company.

3. Application for listing

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Warrants and the New Shares.

4. Dealings in the Warrants

Subject to the satisfaction of the conditions of the Warrant Placing as referred to in paragraph I(7) headed "Conditions of the Warrant Placing" above, it is expected that the relevant Warrant certificates will be available on or about 3 July, 2000. Dealings in the Warrants are expected to commence on or about 6 July, 2000.

The Warrants will be traded in board lots of 40,000 units carrying rights to subscribe for 4,000 New Shares. A brokerage fee of 1% and the Stock Exchange transaction levy of 0.01% of the Warrant Placing Price are payable by the Placees in respect of each Warrant allotted.

5. Prospectus of the Warrant Placing

A prospectus containing further information relating to the Warrant Placing will be despatched to the Shareholders as soon as practicable for information purposes only.

6. Shareholding of the Controlling Shareholder

As at the date of this announcement, the Controlling Shareholder is beneficially interested in approximately 65.8% of the existing issued share capital of the Company. Upon exercise in full of the subscription rights attached to the Warrants at the

Warrant Subscription Price, 40,000,000 New Shares will be allotted and issued and the shareholding of the Controlling Shareholder would be reduced to approximately 54.8% of the issued share capital of the Company as enlarged by the allotment and issue of the New Shares.

7. Special general meeting

A circular containing further details of the Warrant Placing and the terms of the Warrants and a notice of a special general meeting of the Company to consider and, if thought fit, to approve, the issue of the Warrants and the allotment and issue of the New Shares and the granting of the New Issue Mandate, will be issued to the Shareholders as soon as practicable.

At the request of the Company, trading of the Shares on the Stock Exchange was suspended with effect from 2:30 p.m. on 16 May, 2000. The Company has applied for resumption of trading of the Shares on the Stock Exchange with effect from 10:00 a.m. on 17 May, 2000.

III. DEFINITIONS

"Board"	the board of Directors
"Companies Act"	the Companies Act 1981 of Bermuda (as amended)
"Companies Ordinance"	the Companies Ordinance (Chapter 32 of the Laws of Hong Kong)
"Company"	CEC International Holdings Limited, an exempted company incorporated in Bermuda with limited liability, the Shares of which are listed on the Stock Exchange
"Completion"	completion of the Warrant Placing Agreement in accordance with clause 3.1 of the Warrant Placing Agreement
"Controlling Shareholder"	Ka Yan China Development (Holding) Company Limited, a company incorporated in the British Virgin Islands with limited liability
"Director(s)"	the director(s) of the Company
"Group"	the Company and its subsidiaries
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"New Issue Mandate"	a new general mandate to the Directors to allot and issue Shares
"New Share(s)"	new Share(s) which may fall to be issued upon the exercise of the subscription rights attaching to the Warrants
"Placees"	not less than 100 selected independent professional, institutional and/or other investors
"Placing Agents"	New Japan Securities International (Hong Kong) Limited., Yicko Securities Limited and Yicko GA Network Securities Limited
"Placing Manager"	New Japan Securities International (Hong Kong) Limited
"PRC"	the People's Republic of China
"Share(s)"	share(s) of HK\$0.10 each in the share capital of the Company
"Shareholders"	shareholders of the Company from time to time

"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Warrant(s)"	400,000,000 Warrant(s) to be issued by the Company in registered form by way of deed poll in units of subscription rights of HK\$1.475 for every 10 units of Warrants, entitling the holder(s) thereof to subscribe in aggregate up to a maximum amount of HK\$59,000,000 in cash for New Shares at an initial subscription price of HK\$1.475 per New Share (subject to adjustment) at any time from the date of the issue of the Warrants to 30 September, 2003, both dates inclusive
"Warrant Placing"	a private placing of the Warrants at the Warrant Placing Price pursuant to the Warrant Placing Agreement on a best effort basis
"Warrant Placing Agreement"	a conditional placing agreement dated 16 May, 2000 made between the Company, the Placing Manager and the Placing Agents in relation to the Warrant Placing
"Warrant Placing Price"	HK\$0.0625 per unit of Warrant to be issued pursuant to the Warrant Placing
"Warrant Subscription Price"	an initial subscription price of HK\$1.475 per New Share (subject to adjustment) at which holders of the Warrants may subscribe for the New Shares
"HK\$" and "cents"	Hong Kong dollars and cents respectively
"% "	per cent.

By order of the Board
Lam Wai Chun
Chairman

Hong Kong, 16 May, 2000