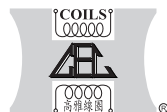


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CEC INTERNATIONAL HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

SHARE TRANSACTION

The Company and the Vendor entered into an agreement on 14th May, 2002 for the acquisition of the entire issued share capital of, and the benefit of a loan of HK\$9,367,720 advanced to, Good Signal by the Company itself or through its nominated wholly-owned subsidiary for the Vendor for an aggregate consideration of HK\$8,320,000 to be satisfied by the issue of the Consideration Shares to the Vendor or his nominee upon completion of the Agreement.

The Consideration Shares represent approximately 4.8 per cent. of the existing issued share capital of the Company and approximately 4.6 per cent. of the issued share capital of the Company as enlarged by the issue of the Consideration Shares.

The Vendor is independent of and not connected with any directors, chief executives or substantial shareholders of the Company or any of its subsidiaries or their respective associates.

The Acquisition constitutes a share transaction for the Company under the Listing Rules.

The Consideration Shares will be issued pursuant to the general mandate granted to the Directors at the annual general meeting of the Company held on 14th September, 2001.

Trading of Shares has been suspended at the Company's request with effect from 9:30 a.m. on 15th May, 2002 pending the release of this announcement. Application has been made for resumption of trading of Shares with effect from 9:30 a.m. on 16th May, 2002.

Agreement dated 14th May, 2002 (the "Agreement")

Parties:

Vendor : Mr. Chen Guo Luan (the "Vendor")

Purchaser : CEC International Holdings Limited (the "Company")

Asset acquired:

The entire issued share capital of, and the benefit of a loan of HK\$9,367,720 advanced to, Good Signal Holdings Limited ("Good Signal") will be acquired by the Company itself or through its nominated wholly-owned subsidiary upon completion of the Agreement (the "Acquisition").

Good Signal is a company incorporated in the British Virgin Islands on 21st March, 2002. It is an investment holding company and has 50 per cent. beneficial interest in Signking Science Ltd. ("BVI Company") which in turn holds 25 per cent. of the registered capital of 上海圖王科技有限公司 (Shanghai Signking Science & Technology Co., Ltd.)* ("PRC Company"), a company established in the People's Republic of China (the "PRC"). According to the unaudited financial statements of Good Signal as at 15th April, 2002, (i) besides the cost of investments and the said loan, Good Signal has no other major assets or liabilities; and (ii) the net liability was about HK\$7,720 and a loss of about HK\$8,500 was recorded from the date of incorporation to 15th April, 2002. No audited financial statements of Good Signal have been prepared.

PRC Company is owned as to 75 per cent. by a Chinese party and as to 25 per cent. by BVI Company and is principally engaged in software development, sale of software products and system integration. The customers of PRC Company mainly include local government entities and local private enterprises. According to the audited accounts of PRC Company as at 31st December, 2001, the net asset value was approximately RMB2,200,701.47, and a profit of approximately RMB1,222,081.47 was recorded for the year ended 31st December, 2001. BVI Company and PRC Company will be treated as jointly controlled entity and investment company respectively when preparing the consolidated accounts of the Company.

Each of the Chinese party, BVI Company and the remaining shareholder which holds 50 per cent. shareholding in Good Signal is independent of and not connected with any directors, chief executives or substantial shareholders of the Company or any of its subsidiaries or their respective associates (as defined under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules")).

Consideration:

The aggregate consideration of HK\$8,320,000 will be satisfied by the allotment and issue of 32,000,000 new shares of HK\$0.10 each in the share capital of the Company (the "Consideration Shares"), credited as fully paid at HK\$0.26 per Consideration Share, to the Vendor or his nominee upon completion of the Agreement. The issue price of the Consideration Shares represents a premium of about 1.96 per cent. over the closing price of HK\$0.255 per share of HK\$0.10 of the Company ("Share") quoted on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 14th May, 2002.

The Consideration Shares represent approximately 4.8 per cent. of the existing issued share capital of the Company and approximately 4.6 per cent. of the issued share capital of the Company as enlarged by the issue of the Consideration Shares.

The consideration was arrived at after arm's length negotiations and with reference to and based on a discount proportional to the attributable interest in the valuation of PRC Company (including its potential in software development) as at 31st July, 2001 at RMB80,070,000 (equivalent to about HK\$75,537,736) by 上海天瑞資產評估有限公司 (Shanghai Tian Rui Assets Appraisal Co. Ltd.)*, an independent valuer. The valuation report is valid for one year to 30th July, 2002. The Vendor also represented and warranted to the Company under the Agreement that, inter alia, there has been no material adverse change in the financial condition or prospects of PRC Company since 31st December, 2001 and there will be no such material adverse change up to the completion date of the Agreement. The directors of the Company (the "Directors") consider that the terms of the Agreement are fair and reasonable.

Ranking of the Consideration Shares:

The Consideration Shares will, when credited as fully paid and issued, rank pari passu in all respects with the then issued Shares.

General mandate:

The Consideration Shares will be issued pursuant to the general mandate granted to the Directors at the annual general meeting of the Company held on 14th September, 2001.

Conditions precedent of the Agreement:

Completion of the Agreement is conditional upon:

- the granting by the Listing Committee of the Stock Exchange of a listing of and permission to deal in the Consideration Shares;
- the receipt by the Company of a legal opinion issued by a law firm qualified practising law in the PRC in form and substance reasonably satisfactory to the Company confirming the validity of the change of corporate entity and the subsistency and good standing of PRC Company; and
- the Company is satisfied with a due diligence review of the financial, trading and legal position of Good Signal, BVI Company and PRC Company and such review not revealing any breach of the representations, warranties or undertakings in respect of the said companies given by the Vendor.

If the conditions precedent have not all been fulfilled on or before 31st May, 2002 (or such other date as the Company and the Vendor may mutually agree in writing), the Agreement shall lapse and no party to the Agreement shall have any claim against the other except in respect of any antecedent breach.

Application for listing:

Application will be made by the Company to the Listing Committee of the Stock Exchange for the listing of and permission to deal in the Consideration Shares.

Completion date:

The Agreement is expected to be completed on the second business day after the Company has informed the Vendor in writing of the fulfillment of all the conditions precedent (or such other date as the Company and the Vendor may mutually agree in writing).

Reasons for the Acquisition:

The Company and its subsidiaries (the "Group") are principally engaged in the design, development, manufacture and sale of a wide range of coils, capacitors and other electronic components. One of the Company's subsidiaries, CEC-Technology Limited ("CEC-Technology"), serving as the information technology and communication management centre, is mainly responsible for the management of the Group's on-line sales system, e-mail system etc. and the development of the internet version of the enterprise resource planning software. The Directors believe that the Acquisition represents an excellent opportunity for the Group to diversify into the computer software business, to take advantage of the synergy between CEC-Technology and PRC Company and to benefit from the possible commercialization of the software products developed by CEC-Technology.

Connection between the parties:

The Vendor is independent of and not connected with any directors, chief executives or substantial shareholders of the Company or any of its subsidiaries or their respective associates as defined under the Listing Rules.

Information for shareholders:

For the Company, the Acquisition constitutes a share transaction under the Listing Rules.

Suspension and resumption of trading:

Trading of Shares has been suspended at the Company's request with effect from 9:30 a.m. on 15th May, 2002 pending the release of this announcement. Application has been made for resumption of trading of Shares with effect from 9:30 a.m. on 16th May, 2002.

By Order of the Board
Lam Wai Chun
Chairman

Hong Kong, 15th May, 2002

* for identification purpose

*Please also refer to the published version of this announcement in
Hong Kong iMail and Hong Kong Economic Times.*