CEC INTERNATIONAL HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

2001/2002 ANNUAL RESULTS ANNOUNCEMENT

The Board of Directors (the "Directors") of CEC International Holdings Limited (the "Company") is pleased to announce that the audited consolidated results of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 30th April 2002 together with comparative figures for the year ended 30th April 2001 are as follows:

CONSOLIDATED INCOME STATEMENT

	Notes	Year ended 30th April 2002 HK$'000	2001 HK$'000
Turnover	1	**363,896**	347,004
Cost of sales		**(274,778)**	(237,448)
Gross profit		**89,118**	109,556
Distribution and selling expenses		**(10,833)**	(10,073)
General and administrative expenses		**(48,448)**	(47,736)
Profit from operations	1	**29,837**	51,747
Interest income		**1,031**	2,422
Interest expense		**(22,295)**	(19,499)
Share of profits less losses of jointly controlled entities		**(138)**	(2)
Profit before taxation	2	**8,435**	34,668
Taxation	3	**(2,361)**	(3,805)
Profit after taxation but before minority interests		**6,074**	30,863
Minority interests		**(101)**	–
Profit attributable to shareholders		**5,973**	30,863
Dividends	4		
– Final		**–**	5,280
Earnings per share	5		
– Basic		**0.92 cent**	5.01 cents
– Diluted		**0.92 cent**	4.72 cents

Notes:

1. **Turnover and segmental information**

The Company is an investment holding company. Its subsidiaries are principally engaged in the design, development, manufacture and sale of a wide range of coils, capacitors, power supply devices and other electronic components, which are generally used in the manufacture of various kinds of electronic and electrical products.

Analysis of turnover and profit (loss) from operations by business segment is as follows:

	Turnover 2002 HK$'000	Turnover 2001 HK$'000	Profit (loss) from operations 2002 HK$'000	Profit (loss) from operations 2001 HK$'000
Coils	**293,122**	309,886	**30,983**	51,908
Capacitors	**33,240**	21,899	**(368)**	332
Power supply devices	**3,380**	–	**202**	–
Other electronic components	**34,154**	15,219	**(980)**	(493)
	363,896	347,004	**29,837**	51,747

Analysis of turnover and profit (loss) from operations by geographical segment is as follows:

	Turnover 2002 HK$'000	Turnover 2001 HK$'000	Profit (loss) from operations 2002 HK$'000	Profit (loss) from operations 2001 HK$'000
Hong Kong	**253,463**	271,532	**23,785**	52,504
Mainland China	**21,919**	23,210	**2,938**	3,863
Taiwan	**45,456**	16,409	**829**	(125)
Europe	**16,879**	15,849	**2,162**	3,633
Singapore	**21,691**	15,320	**818**	(1,426)
Others	**4,488**	4,684	**(695)**	(6,702)
	363,896	347,004	**29,837**	51,747

2. **Profit before taxation**

Profit before taxation in the consolidated income statement is stated after crediting and charging the following:

	2002 HK$'000	2001 HK$'000
Crediting –		
Interest income from bank deposits	**1,031**	2,422
Charging –		
Cost of inventories	**274,276**	237,448
Provision for slow-moving and obsolete inventories	**502**	–
Depreciation of property, plant and equipment		
– owned assets	**43,616**	22,381
– assets held under finance leases	**7,342**	11,975
Amortisation of intangible asset	**1,066**	356
Employment costs (including directors' emoluments)	**91,264**	87,210
Interest expense on		
– bank overdrafts and loans wholly repayable within five years	**13,656**	8,831
– factoring of trade receivables	**2,372**	3,755
– finance leases	**6,267**	6,913

3. **Taxation**

Taxation consisted:

	2002 HK$'000	2001 HK$'000
Company and subsidiaries		
Current taxation –		
Hong Kong profits tax		
– current year	**200**	–
– over-provision in prior years	**–**	(51)
Mainland China enterprise income tax		
– current year	**485**	231
Deferred taxation – Hong Kong profits tax	**1,675**	3,625
	2,360	3,805
Jointly controlled entities		
Current taxation – Hong Kong profits tax	**1**	–
	2,361	3,805

The Company is exempted from taxation in Bermuda until 2016. Hong Kong profits tax has been provided at the rate of 16% (2001: 16%) on the estimated assessable profit arising in or derived from Hong Kong.

Zhongshan Tonichi Ferrite Products Co., Ltd., Zhongshan Coils Metalwork Co., Ltd. and Zhongshan Coils Electronic Co., Ltd., wholly foreign owned enterprises established in Zhongshan, the open coastal area of Mainland China, are subject to Mainland China enterprise income tax at a rate of 24%, while Xiamen Coils Electronic Co., Ltd., a wholly foreign owned enterprise established in Xiamen, a special economic zone in Mainland China, is subject to Mainland China enterprise income tax at a rate of 15%.

For all other companies within the Group, profits tax was provided at tax rates in the respective jurisdictions in which they operate.

4. **Dividends**

No interim dividend was declared in respect of the year ended 30th April 2002 (2001: Nil).

The Directors do not recommend the payment of a final dividend in respect of the year ended 30th April 2002 (2001: 1 HK cent per share (before adjusting for the bonus issue of shares on the basis of one bonus share for every five shares held by shareholders on 14th September 2001 (the "2001 Bonus Share Issue"))).

5. **Earnings per share**

The calculation of basic earnings per share for the year ended 30th April 2002 is based on the profit attributable to shareholders of approximately HK$5,973,000 (2001: HK$30,863,000) and on the weighted average number of 649,040,127 (2001: 615,628,735) shares in issue during the year.

The calculation of diluted earnings per share for the year ended 30th April 2002 is based on the profit attributable to shareholders of approximately HK$5,973,000 (2001: HK$30,863,000) and on the weighted average number of 649,040,127 (2001: 653,516,681) shares, adjusted to reflect the effect of all dilutive potential shares in issue during the year.

The comparative weighted average number of shares in issue, basic earnings per share and diluted earnings per share for the year ended 30th April 2001 have been adjusted to reflect the 2001 Bonus Share Issue.

A reconciliation of the weighted average number of shares used in the calculation of basic earnings per share for the year ended 30th April 2002 to that used in the calculation of diluted earnings per share is as follows:

	2002	2001
Weighted average number of shares used in the calculation of basic earnings per share	**649,040,127**	615,628,735
Weighted average number of shares assumed to have been issued at no consideration on the deemed exercise of all warrants outstanding during the year	**–**	37,887,946
Weighted average number of shares used in the calculation of diluted earnings per share	**649,040,127**	653,516,681

The outstanding share options and warrants during the year ended 30th April 2002 were anti-dilutive.

6. **Comparative figures**

Certain comparative figures have been reclassified to conform to the current year's presentation.

CLOSURE OF REGISTER OF MEMBERS

In order to qualify to vote at the annual general meeting, all transfer documents accompanied by the relevant share certificates and, in the case of warrantholders, all duly completed subscription forms accompanied by the relevant warrant certificates and the appropriate subscription monies must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong, not later than 4:00 p.m. on 19th September 2002. The register of members of the Company will be closed from 20th September 2002 to 26th September 2002, both dates inclusive, during which period no transfer of shares will be effected and no shares will be allotted and issued on the exercise of the subscription rights attaching to the outstanding warrants.

BUSINESS REVIEW

During the year 2001/2002, the global economy remained fragile, reflecting the impact of the US economy's brief encounter with recession during the year and subsequently the terrorist attacks on 11th September 2001. The demand for electronic products reduced, adversely affecting the electronics industry. To maintain sales and competitiveness, many industry players chose to reduce product prices, and often to unreasonable levels. For the Group, however, with our investment in expanding our plant and acquisition of manufacturing facilities last year, our production capacity has been significantly increased, allowing us to increase our turnover at competitive prices even under such a tough economic situation. Our turnover recorded an increase of 4.9% at HK$363,896,000, reflecting our judicious investment decisions.

Despite the Group's active pursuit to enhance its capability to cope with the poor economy, it still felt the blow of the stringent economic conditions. The Group's profit attributable to shareholders saw an inevitable decrease from HK$30,863,000 to HK$5,973,000. Product prices have dropped tremendously, leading to a substantial decline in gross profit margin from last year's 31.6% to current year's 24.5%. The situation was further worsened by the increase in net interest expense by HK$4,187,000 over the previous year, owing to the rise in total borrowings during the year.

The Group's performance in the financial year has been affected by the poor market situation. The market, however, began to show signs of reviving near the end of the fourth quarter and the Group's performance is expected to pick up accordingly. The market ruffle has resulted in some smaller-scale electronics manufacturers being expelled, and those who can withstand are the established manufacturers. Leveraging its reputation in the industry and its highly competitive quality products, and exercising active cost control measures, the Group continued to develop quality electronic components and successfully sustained its market position.

The following is an analysis of the performance of the Group's various business streams during the year:

Coils manufacturing segment

During the year under review, coils manufacturing remained as the Group's core business, accounting for 80.6% (2001: 89.3%) of the Group's turnover. The turnover for the coils manufacturing segment was HK$293,122,000, down slightly by 5.4% from the previous year. The drop in turnover was mainly due to the substantial price cuts by 10% to 20% for our products starting from the third quarter. Market prices in general declined to a very unreasonable level. Discounting for the impact of price cuts, the coils manufacturing segment actually has achieved a growth in terms of production output and sales volume, thanks to the Group's persistent effort in expanding the segment.

During the year under review, the plant expansion in Zhongshan has been completed as scheduled, with an expanded gross floor area of 53,797 sq. m. Installed with additional advanced and precise facilities, the expanded plant significantly increased the Group's production capacity for coils. For the year ended 30th April 2002, the Group has devoted HK$101,807,000 (2001: HK$216,247,000) to the addition of property, plant and equipment for the coils manufacturing segment. As such, there has been a 48.5% jump in depreciation of property, plant and equipment from last year's HK$33,739,000 to HK$50,088,000 in the current year. Owing to the price cuts and increase in depreciation, the segment's gross profit margin fell from previous year's 34.1% to current year's 27.6%. Profit from operations also suffered a drop of 40.3% from HK$51,908,000 last year to HK$30,983,000 this year.

On the other hand, the persistent efforts of the Group's research and development team bore fruit with the commencement of operations of the new production line for manganese-zinc series ferrite core products in the second quarter of the financial year, effectively improving the Group's product competitiveness. Equipped with the sophisticated and automated production facilities, the Group is now able to produce the best quality electronic components, with the manganese-zinc series ferrite core products and line filters enjoying strong support from electronics manufacturers, whose quality consciousness is more and more stringent nowadays. As the electronics industry undergoes drastic technological revolution, the long-term demand for quality electronic components will keep growing continuously. The Group believes the demand for its manganese-zinc series ferrite core products will rise correspondingly and bring in reasonable returns in future.

As new technologies are introduced every day, information technology is advancing at rocketing speed and the market competition for innovative products gets keener and keener. The requirement for electronic components from electronics manufacturers has also seen significant changes as they strive to adjust to the drastic technological changes. By the end of the fourth quarter of the financial year, the market has shown fresh signs of recovery. With all this in mind and the determination to meet the market's needs, the Group has taken a proactive approach throughout the year to facing the challenges ahead by actively expanding and strengthening its investment in property, plant and equipment. The Group is fully confident of its prevalence in the competitive electronics industry.

Capacitors manufacturing segment

CEC-ECAP Limited ("CEC-ECAP"), formed in March 2000, has been dedicating to the design, development, manufacture and sale of a wide range of high-quality aluminum electrolytic capacitors with high temperature endurance. Its factory premise is located in Dongguan, Guangdong Province.

For the year under review, the capacitors manufacturing segment attained a turnover of HK$33,240,000, with a 51.8% growth from last year's HK$21,899,000, accounting for 9.1% (2001: 6.3%) of the Group's turnover. The gross profit margin was 8.2% (2001: 6.6%). However, owing to the climbing distribution and selling expenses as well as general and administrative expenses arising from the expansion, CEC-ECAP incurred a loss from operations of HK$368,000 (2001: profit from operations of HK$332,000) for the year under review. To cater for the growth in turnover, CEC-ECAP has invested HK$1,094,000 (2001: HK$5,331,000) during the year in the acquisition of machinery and equipment, resulting in a 119.3% jump in depreciation of property, plant and equipment from the previous year.

Despite the harsh market environment, as a manufacturer of electronic components, CEC-ECAP has been adhering to its operating principles of exercising careful cost control while maintaining high product quality. CEC-ECAP has started to effectively put in check its human resources and material costs. It will also keep up its efforts in product research and development in future to meet the market demand and strive for more satisfactory operating results and growth prospects for the Group.

Power supply devices manufacturing segment

Starting from the second quarter of the year under review, CEC-Electric Co., Limited ("CEC-Electric") successfully transformed from a trader of electronic components to a manufacturer of power supply devices. Turnover was recorded at HK$3,380,000, accounting for 0.9% of the Group's turnover, with a gross profit margin of 35.7%. It achieved a profit from operations of HK$202,000.

CEC-Electric's factory premise is located in Dongguan, Guangdong Province. For the year ended 30th April 2002, it has invested HK$1,018,000 in machinery and equipment. CEC-Electric's product series include AC/DC power converters, battery chargers, power transformers, linear adaptors and switching power supply, etc. All such products are, in fact, indispensable components in many categories of electronic products. Therefore, CEC-Electric's products are widely applied in telecommunication and information technology equipment, office automation equipment, home electrical appliances, toys, audio and visual products, etc. Its major markets include Hong Kong, Mainland China, Southeast Asia, Europe, North America, Australia and New Zealand, etc. With the introduction of new business development initiatives, CEC-Electric's customer base is rising steadily. It has also commenced business negotiations with large-scale potential customers. The efforts of CEC-Electric to gather market and product intelligence are also expected to bring substantial contribution to its own and the Group's future development.

CEC INTERNATIONAL HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

2001/2002 ANNUAL RESULTS ANNOUNCEMENT

Electronic components trading segment
CEC-Smart Good Enterprises Limited ("CEC-Smart Good") and CEC-Unitech Electronics Limited ("CEC-Unitech") are respectively engaged in the distribution of various types of Samsung passive components, and the distribution of semiconductors, kit set of consumer electronic products and other electronic components. Both have contributed revenue for the Group's trading business. However, as a result of the precipitous downturn in worldwide economy, the electronics industry in general experienced a substantial drop in turnover. Many enterprises have to cut production in the wake of inventories accumulation. On the other hand, delays and cancellations of new product launch were not uncommon among market players. This has in turn led to deterioration in operating results of many companies. Both CEC-Smart Good and CEC-Unitech have been adopting a prudent operating philosophy, with emphasis on understanding their customers' positions and needs, and in turn forging closer relationships with them. Coping with the generally weak business environment in the past year, CEC-Smart Good and CEC-Unitech implemented a more cautious credit management policy. To minimise their credit risks, both of them have reshuffled their customer mix towards those who have good credit history.

CEC-Smart Good's and CEC-Unitech's external turnover for the financial year 2001/2002 was HK$21,311,000 and HK$12,843,000, respectively. Together, the segment accounted for 9.4% (2001: 4.4%) of the Group's turnover. On the whole, the electronic components trading segment suffered a fall in gross profit margin from last year's 15.8% to 12.6% in the current year. The segment also incurred an enlarged loss from operations of HK$980,000, up 98.8% as compared to a loss from operations of HK$493,000 in the previous year.

With the electronic components trading business facing increasingly keen competition, resulting in continuous reduction in gross profit margin, deterioration in loss from operations and constant difficulty in achieving cost efficiency targets, the Group has decided to reallocate its resources in its future development. It will concentrate more on developing its core business, expanding its coils manufacturing segment and gradually shrinking its electronic components trading segment.

Proactive approach to strategic alliances
Since the Company's listing, the Group has been committed to looking for opportunities to establish and reinforce strategic alliances. Currently, the Group has two close strategic partners, both of which are well-known and well-established listed companies in Japan. Nittoku Engineering Co., Ltd. ("Nittoku") supplies state-of-the-art technology and advanced equipment for the Group's coils manufacturing segment. On the other hand, Toko Inc. ("Toko"), a leading international coils manufacturer, acts as a secure distribution network for the Group. Adding value to the Group's overall operating cycle, the strategic alliances effectively strengthened the Group's technological, financial, as well as sales and marketing arms, which laid a firm foundation for the Group's future development.

The Group sees great value in the relationship it has built up with the strategic partners. Their confidence in the Group's business and also the electronics industry has been translated into unremittingly strong support for the Group. On 11th September 2001, the Company entered into an agreement with Nittoku for the subscription of 20,588,235 new shares in the Company at a subscription price of HK$0.68 per new share. Nittoku's beneficial interest in the Company's issued share capital was therefore raised from 4.8% to 7.7%. The subscription was completed on 9th October 2001, bringing in net proceeds of HK$13,808,000, which has been applied as general working capital of the Group. Apart from the benefit of additional finance provided by Nittoku, the Group strongly believes that Nittoku's subscription of new shares not only strengthened the partnership, but also evidenced Nittoku's confidence and support in the Group's business and future prospects.

Enhancement in capital structure
On 31st July 2001, the Company announced a scrip dividend scheme, under which shareholders of the Company may elect to receive new fully paid shares in lieu of cash in respect of part or all of the final dividend of HK$0.01 per share (before adjusting for the 2001 Bonus Share Issue) for the year ended 30th April 2001 (the "2001 Final Dividend"). Pursuant to the shareholders' election, a total of 5,548,047 new shares were issued at HK$0.676 per new share in lieu of cash in respect of the 2001 Final Dividend of approximately HK$3,751,000, representing 70.9% of the total 2001 Final Dividend. The Directors considered the popularity of the scrip dividend scheme to be an indication of strong shareholders' confidence in the Group's future prospects.

During the year ended 30th April 2002, 1,050,000 new shares were allotted and issued as a result of the exercise of 4,200,000 units of subscription rights of warrants totalling HK$619,500. The proceeds from the exercise of warrants have been applied as general working capital of the Group. Since the issue of warrants on 3rd July 2000 and up to 30th April 2002, an aggregate of 99,200,000 units of warrants have been exercised, representing 24.8% of the 400,000,000 units of warrants originally issued.

Changes in financial resources and gearing
The Group is committed to strengthening its financial position, for it believes that a healthy financial position is constructive to its future growth. The continuing financial support the Group has been enjoying from its principal banks speaks volume of the Group's prospects. On 31st January 2002, the Company successfully entered into a 3-year transferable term loan and revolving credit facility agreement for an aggregate amount of HK$100,000,000 with a group of banks. The facility consists of a term loan for an aggregate amount of HK$60,000,000 to repay then existing bank loans and other indebtedness of the Group, and a revolving credit facility for an aggregate amount of HK$40,000,000 used as general working capital of the Group. The facility was subsequently fully drawn down in February 2002. This agreement benefited the Group with an improved debt profile and enriched operating capital, which will contribute to a healthier financial position for its future development.

The Group's proactive approach to expansion of plant and production facilities in the previous year has pushed up the net gearing ratio (total borrowings less total cash and bank deposits and investment over net tangible assets less proposed final dividends). Nevertheless, the Group already agreed with its major bank in the second quarter of the year to relax the net gearing ratio limit from 0.60:1 to 0.85:1. As at 30th April 2002, the Group's total borrowings, which were mainly denominated in Hong Kong dollars and partly in United States dollars and Japanese yen, amounted to HK$300,089,000 (2001: HK$255,558,000), of which HK$151,709,000 (2001: HK$60,397,000) was non-current and will be repayable within a period of more than one year but not exceeding five years. Interest expense was levied on Hong Kong dollar prime or Hong Kong Interbank Offered Rate ("HIBOR") basis with competitive margins. Owing to the decreasing trend in interest rates over the financial year, the Group encountered a 57.4% fall in interest income, which amounted to HK$1,031,000 in current year. On the other hand, due to the increase in total borrowings, the Group's interest expense rose by 14.3% to HK$22,295,000 in the year under review. Total cash and bank deposits and investment, denominated mainly in Hong Kong dollars, United States dollars, Renminbi and New Taiwan dollars, were HK$52,804,000 (2001: HK$55,714,000). The net gearing ratio was 0.85:1 (2001: 0.76:1), complying with the financial covenants as agreed between the Group and the major bank. Besides, the net gearing ratio calculated in accordance with the 3-year transferable term loan and revolving credit facility agreement entered into between the Company and a group of banks on 31st January 2002 was 0.99:1, which also complied with the relevant financial covenants.

As at 30th April 2002, the current ratio was 0.85:1 (2001: 0.63:1). Contingent liabilities were HK$36,823,000 (2001: HK$31,817,000), represented mainly by factoring of trade receivables with recourse of HK$36,618,000 (2001: HK$30,415,000) and discounted bills with recourse of HK$205,000 (2001: HK$1,402,000). The Group's authorised and contracted capital commitments for acquisition of machinery and equipment were HK$270,000 (2001: HK$28,038,000).

As at 30th April 2002, the Group's aggregate banking facilities expanded to HK$391,747,000 (2001: HK$302,624,000), of which HK$68,786,000 (2001: HK$65,727,000) remained unutilised. The banking facilities were secured by mortgages over certain of the Group's land and buildings, pledges of bank deposits, investment, inventories and machinery, as well as corporate guarantees provided by the Company and certain of its subsidiaries. In addition, the Group is required to comply with certain restrictive financial covenants imposed by the banks. The financial covenants include, among other things, the maintenance of the following specific financial ratios: (1) the net gearing ratio, defined by the relevant bank as total borrowings plus contingent liabilities less total cash and bank deposits and investment over net tangible assets less proposed final dividends), shall not exceed 0.85:1; and (2) the amount of capital expenditures, as defined by the relevant banks, for the year ended 30th April 2002 shall not exceed HK$70,000,000. The Group did not fulfill these two financial covenants as at 30th April 2002, but obtained waivers from the relevant banks in respect of such non-compliance subsequent to 30th April 2002.

Exchange rate exposure
For the year under review, the Group has incurred a net exchange loss of HK$1,134,000 (2001: net exchange gain of HK$1,934,000), mainly arising from the fluctuation in the Japanese yen, in which part of the Group's purchases and capital expenditures were denominated. As the Group's sales and purchases were principally denominated in Hong Kong dollars, United States dollars and Renminbi, the Group considered its exchange rate risk to be minimal and adequately managed in this respect.

Employees and remuneration policy
As at 30th April 2002, the Group employed an aggregate of 5,537 (2001: 5,576) full-time employees, located in the various production facilities and offices in Hong Kong, Mainland China, Taiwan, Japan, Singapore and India. Remuneration packages included salary, wages and defined contribution provident funds, etc. Aggregate employment costs (including directors' emoluments) for the year amounted to HK$91,264,000 (2001: HK$87,210,000).

FUTURE PLANS AND PROSPECTS

Looking to the future, the Group believes that the market is on its way to a rebound. The severe economic downturn has already eliminated some smaller-scale electronics manufacturers. With its strong business foundations, the Group is optimistic that its business will bounce back and head towards a better future. Grasping every arising opportunity, the Group will keep actively expanding and seeking to penetrate both existing markets and markets with promising potential.

Actively exploring the market in Mainland China
Currently, the market in Mainland China contributes only a humble 6.0% (2001: 6.7%) of the Group's turnover. However, it is widely believed that, with China's accession to the World Trade Organisation ("WTO") in December of last year, numerous business opportunities will open up in the country for different industries. To live up to the requirements of its WTO membership, Mainland China will have to relax the restrictions previously imposed on foreign investors. One can expect to see positive development in the country's legal framework and infrastructure, making the investment environment more favourable for foreign investors and in turn making the country's economy ready for a rapid take-off. Mainland China's economic development rides on hard inputs in areas such as infrastructure and technology, complemented by strong market demands. The Group believes that this climate will create huge rooms for its further development.

With that in mind, the Group has started implementing strategic plans to tap the business opportunities arising in Mainland China. In November 2001, the Group established a new representative office in Chongqing, marking the laying of the cornerstone for its sales liaison service. The Group also frequently participated in electronics trade exhibitions held in Mainland China during the year. To further develop our sales services in Mainland China, we will consider setting up new production facilities and/or representative offices in major cities along the country's coastline such as Shanghai, Zhuhai and Qingdao, etc. The initiatives will allow the Group to benefit from the economical but quality human resources pool in Mainland China and also shorten significantly the lead-time for delivery on top of being there for local customers. Being right there in the market, the Group will also be able to more effectively gather information about potential customers, learn more about their needs, and hence, allowing the Group to better cater for their requirements and in turn boost the Group's sales and marketing.

Expanding the market share in Europe
Despite the weak global economy throughout the past year, the Group still achieved a 6.5% growth in turnover to the European market, which accounted for 4.6% (2001: 4.6%) of the Group's turnover. Looking ahead, the demand for electronic components in Europe is expected to rise following a rapid economic recovery and the appreciation of European euro. European manufacturers are particularly demanding in terms of quality and functionality in electronic components. The Group's products, such as toroidal transformers, line filters and anti-electromagnetic interference filters are well equipped with electromagnetic compatibility ("EMC"), which can effectively reduce interference in the transmission of signals in AV products and telecommunication products. With such enhancement as miniaturisation in design, the Group's quality products are highly competitive in the European market, where the needs of different electronics manufacturers in respect of designs and functions will be well catered for. This will effectively help the Group to further escalate its share and presence in the European market.

Broadening the source of revenue
To effect improvement in internal management efficiency and lower administration cost, the Group positioned CEC-Technology Limited ("CEC-Technology") as the Group's information technology and communication management center in 2000. The center's main responsibility is to manage the Group's website "www.0759.com", e-mail system, and to develop the internet version of the enterprise resource planning system. Recently, many enterprises in Mainland China have started to automate their internal management systems. The Group believes that CEC-Technology's software development can also be beneficial to those rapidly developing enterprises in Mainland China, by helping them to streamline their financial and general operations management efficiency.

Recognising the development of CEC-Technology, on 14th May 2002, the Company entered into a conditional agreement with an independent third party for the acquisition of the entire issued share capital of, and the benefit of a loan advanced to, Good Signal Holdings Limited ("Good Signal") by the Company or through its nominated wholly-owned subsidiary for an aggregate consideration of HK$8,320,000. The consideration for the acquisition, which was completed on 4th June 2002, was satisfied by the issue of 32,000,000 new shares in the Company. Upon completion of the acquisition, the Group indirectly holds 12.5% of the registered capital of Shanghai Signking Science & Technology Co., Ltd. ("Shanghai Signking"). Shanghai Signking is principally engaged in software development, sale of software products and system integration. The customers of Shanghai Signking mainly include local government entities and local private enterprises. The Group believes that the acquisition will be conducive to CEC-Technology's further development in the computer software business by taking advantage of the synergy between CEC-Technology and Shanghai Signking, and the possible commercialisation of the software products developed by CEC-Technology.

Conclusion
On the whole, with the market showing signs of an economic rebound as it stepped into the second half of 2002, the Group believes that the market prices of electronic components will resume to a comparatively tolerable level. With its expanded production facilities and rich experience, the Group will be able to grasp market opportunities, broaden its market share and keep up its advancement.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year ended 30th April 2002.

CODE OF BEST PRACTICE

In the opinion of the Directors, the Company has complied with the Code of Best Practice as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") throughout the year ended 30th April 2002, except that the independent non-executive directors have not been appointed for a specific term, and the non-executive director, whose service agreement expired on 30th September 2001, no longer has a specific term of appointment, but are subject to retirement by rotation and re-election at the annual general meetings of the Company in accordance with the Company's Bye-laws.

PUBLICATION OF DETAILED ANNUAL RESULTS ON THE WEBSITE OF THE STOCK EXCHANGE OF HONG KONG LIMITED

A detailed annual results announcement of the Company for the year ended 30th April 2002 containing all the information required by paragraphs 45(1) to 45(3) of Appendix 16 of the Listing Rules will be published on the website of The Stock Exchange of Hong Kong Limited in due course.

By Order of the Board
Lam Wai Chun
Chairman

Hong Kong, 15th August 2002

Web: http://www.ceccoils.com
http://www.0759.com
http://www.irasia.com/listco/hk/cecint