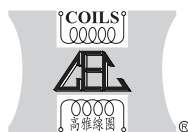

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) takes no responsibility for the contents of this circular, 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 circular.

If you have sold all your shares and/or warrants in CEC International Holdings Limited (the “Company”), you should at once hand this circular and the accompanying form of election to the purchaser or to the bank, stockbroker or other agent through whom the sale was effected for transmission to the purchaser.

If you are in any doubt as to any aspect of this circular or as to any action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional advisers.



CEC INTERNATIONAL HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

Executive Directors:

Mr. Lam Wai Chun
Mr. Saito Misao
Ms. Tang Fung Kwan
Ms. Hu Yan Huan

Registered Office:

Cedar House
41 Cedar Avenue
Hamilton HM 12
Bermuda

Non-executive Directors:

Mr. Tang Tin Sek
Mr. Au Son Yiu (*Independent*)
Mr. Lee Wing Kwan, Denis (*Independent*)

*Principal Place of Business
in Hong Kong:*

Flats A and B, 2nd Floor
Hing Win Factory Building
110 How Ming Street
Kwun Tong
Kowloon
Hong Kong

18th September, 2001

*To shareholders of the Company and,
for information only, the shareholders of the Company whose
registered addresses are outside Hong Kong,
the holders of warrants of the Company and
the holders of the options granted under
the Company's share option scheme*

Dear Sir or Madam,

SCRIP DIVIDEND SCHEME

INTRODUCTION

The board of directors of the Company announced on 31st July, 2001 to recommend a final dividend of 1 HK cent per share of HK\$0.10 held in the share capital of the Company (the “Share”) for the year ended 30th April, 2001 (the “Final Dividend”) to be payable to shareholders of the Company (the “Shareholders”) whose names appeared on the register of members of the Company (the “Register of

Members”) at the close of business on 14th September, 2001 (the “Record Date”) in cash with an option to receive new fully paid Shares of HK\$0.10 each (the “Scrip Shares”) in lieu of cash dividend (the “Scrip Dividend Scheme”). A resolution was passed at the annual general meeting of the Company held on Friday, 14th September, 2001 to approve the Final Dividend and the related Scrip Dividend Scheme.

The Scrip Dividend Scheme will give Shareholders the opportunity to increase their investment in the Company without incurring brokerage fees, stamp duty and related dealing costs. The Scrip Dividend Scheme will also benefit the Company, as to the extent the Shareholders entitled thereto elect to receive Scrip Shares in lieu of cash dividend, the cash which would otherwise have been paid to Shareholders entitled thereto will be retained for use by the Company.

The purpose of this circular is to set out such information in relation to the Scrip Dividend Scheme.

PAYMENT OF SCRIP DIVIDEND

Your entitlement to Scrip Shares will be calculated by dividing the cash dividend you would otherwise be entitled to receive by the average of the closing price per Share on the Stock Exchange on the five consecutive trading days from 10th September, 2001 up to and including the Record Date and then rounding down the resultant figure (if a fraction) to the nearest whole number. The formula is set out below:

$$\text{Number of Scrip Shares to be received} = \frac{\text{Number of Shares held on the Record Date for which share election is made in lieu of cash}}{\text{1 HK cent}} \times \frac{\text{(Final Dividend per Share)}}{\text{HK\$0.676, being the average closing price per Share of the five consecutive trading days up to and including the Record Date}}$$

Fraction of Scrip Shares under the Scrip Dividend Scheme will not be issued to Shareholders entitled thereto. The benefit of fractional entitlements will be aggregated and sold and the net proceeds from such sales will be retained for the benefit of the Company. The Scrip Shares to be issued under the Scrip Dividend Scheme are identical and will rank *pari passu* in all respects with the existing issued Shares when issued, save in respect of the entitlements to the Final Dividend and the Bonus Share Issue (as defined in the circular of the Company dated 20th August, 2001) but will rank in full for all future dividends and distributions which may be declared, made or paid after the date of issue thereof.

EFFECT OF THE SCRIP DIVIDEND SCHEME

If no elections for Scrip Shares are received, the total Final Dividend payable by the Company would be HK\$5,290,771.08 in cash. The Company, being an exempted company in Bermuda, is designated as non-resident for Bermuda exchange control purposes and has been granted an assurance by the Minister of Finance in Bermuda under the Exempted Undertakings Tax Protection Act 1966 for the imposition of any tax in Bermuda up to the year 2016, should tax be introduced in the future. Accordingly, no Bermuda withholding tax on dividends or other distributions, nor any Bermuda tax computed on profits or income or on any capital assets, gain or appreciation will be payable by it or its operations, nor is there any Bermuda tax in the nature of estate duty or inheritance tax applicable to Shares, debentures or other obligations of the Company held by non-residents of Bermuda.

OVERSEA SHAREHOLDERS

Shareholders whose registered addresses in the Register of Members were outside Hong Kong on the Record Date will not be permitted to participate in the Scrip Dividend Scheme, and accordingly they will receive the Final Dividend wholly in cash. No form of election will be sent to Shareholders whose registered addresses in the Register of Members were outside Hong Kong on the Record Date and no person in any territory outside Hong Kong receiving a copy of this circular and/or a form of election may treat the same as an invitation to him/her.

CONDITIONS OF THE SCRIP DIVIDEND SCHEME

All the conditions in respect of the Scrip Dividend Scheme described in the circular of the Company dated 20th August, 2001 have been satisfied.

ELECTION FOR SCRIP DIVIDEND

You will have the choice of receiving your Final Dividend in the following form:

- (a) to receive your Final Dividend wholly in cash. In this case, you need not complete the form of election; or
- (b) to receive Scrip Shares in lieu of the cash dividend in whole. In this case, you should complete and sign the form of election in accordance with the instructions printed thereon and return it to the Company's branch share registrar (the "Registrar"), Central Registration Hong Kong Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong, by no later than 4:00 p.m. on 8th October, 2001; or
- (c) to receive partly cash and partly Scrip Shares. In this case, you should complete and sign the form of election in accordance with the instructions printed thereon and specify the number of Shares as at the Record Date in respect of which you wish to receive Scrip Shares in lieu of the Final Dividend in cash and return it to the Registrar, Central Registration Hong Kong Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong, by no later than 4:00 p.m. on 8th October, 2001.

If you do not complete and return the form of election before the time stated above, you will receive the whole of your Final Dividend in cash.

If you complete the form of election but do not specify the number of Shares in respect of which you wish to receive Scrip Shares in lieu of the Final Dividend in cash, or if you elect to receive Scrip Shares in respect of a greater number of Shares than your registered holding as at the Record Date, then in either case you will be deemed to have exercised your election to receive entirely Scrip Shares in respect of all the Shares registered in your name.

No acknowledgement of receipt of the form of election will be issued.

Any election made pursuant to the form of election lodged with the Registrar will be irrevocable.

It is the responsibility of the Shareholders to decide whether or not to exercise their rights to receive their entitlements to the Final Dividend in Scrip Shares in lieu of cash. Whether it is to their

advantage to receive the Final Dividend in cash or Scrip Shares, in whole or in part, will depend upon their own individual circumstances. The decision in this regard, and all effects resulting thereon, is solely the responsibility of each Shareholder. In addition, the tax effects of an election may vary from Shareholder to Shareholder. If you are in doubt as to your tax position, you should consult your financial adviser. Shareholders who are trustees are recommended to take professional advice as to whether the election to receive Scrip Shares in lieu of cash dividend is within their powers and as to its effect having regard to the terms of the relevant trust instruments.

Shareholders should note that an acquisition of Scrip Shares under the Scrip Dividend Scheme may give rise to notification requirements under the Securities (Disclosure of Interests) Ordinance (Chapter 396 of the Laws of Hong Kong) for Shareholders who have notifiable interests (i.e. 10% or more interest in the issued share capital) in the Company. Shareholders who are in any doubt as to how these provisions may affect them are recommended to seek their own professional advice.

DEALINGS IN THE SCRIP SHARES

Dividend warrants and/or share certificates for the Scrip Shares to be issued under the Scrip Dividend Scheme are expected to be sent by ordinary post to the Shareholders entitled thereto on or before 15th October, 2001 at their own risk.

Dealings in the Scrip Shares are expected to commence in Hong Kong on 18th October, 2001 and will be subject to Hong Kong stamp duty.

REGISTRATION OF THE CIRCULAR

This circular will not be registered under any securities legislation of any jurisdiction outside Hong Kong.

LISTING AND TRADING ARRANGEMENTS

The Shares and warrants of the Company are listed and dealt in on the Stock Exchange. No part of the equity or debt securities of the Company is otherwise listed or dealt in on any other stock exchange nor is any such listing or permission to deal in the Company's securities being or proposed to be sought. Application has been made to and approval has been granted by the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Scrip Shares to be issued pursuant to the Scrip Dividend Scheme.

The Scrip Shares will be accepted as eligible securities by Hong Kong Securities Clearing Company Limited for deposit, clearance and settlement in Central Clearing and Settlement System ("CCASS") with effect from the commencement date of dealings, which is expected to be 18th October, 2001. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Yours faithfully,
For and on behalf of
CEC International Holdings Limited
Lam Wai Chun
Chairman