

---

## THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

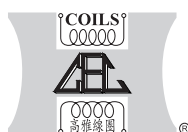
---

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 or transferred** all your shares in CEC International Holdings Limited (the “Company”), you should at once hand this circular and the accompanying form of election to the purchaser or transferee 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

### CEC 國際控股有限公司\*

*(Incorporated in Bermuda with limited liability)*

(Stock Code: 0759)

*Executive Directors:*

Mr. Lam Wai Chun (*Chairman*)

Ms. Tang Fung Kwan

*(Deputy Chairman and Managing Director)*

Mr. Chua You Sing

Ms. Li Hong

*Registered Office:*

Canon's Court

22 Victoria Street

Hamilton HM 12

Bermuda

*Independent Non-executive Directors:*

Dr. Tang Tin Sek

Mr. Au Son Yiu

Mr. Lee Wing Kwan, Denis

*Principal Place of Business*

*in Hong Kong:*

2nd Floor, Hing Win Factory Building

110 How Ming Street

Kwun Tong

Kowloon

Hong Kong

27th September, 2005

*To shareholders of the Company*

Dear Sir or Madam,

### SCRIP DIVIDEND SCHEME

#### INTRODUCTION

The board of directors of the Company announced on 15th August, 2005 to recommend a final dividend of HK0.7 cent per share of HK\$0.10 held in the share capital of the Company (the “Share”) for

\* For identification purpose only

the year ended 30th April, 2005 (the “Final Dividend”) to be payable to shareholders of the Company (the “Shareholders”) whose names appear on the register of members of the Company (the “Register of Members”) at the close of business on 23rd September, 2005 (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”). Resolutions were passed at the annual general meeting of the Company held on Friday, 23rd September, 2005 to approve the Final Dividend and the 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 prices per Share on the Stock Exchange on the five consecutive trading days from 16th September, 2005 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:–

$$\begin{array}{rcl}
 \text{Number of Scrip Shares} & & \text{Number of Shares held on the} \\
 \text{to be received} & = & \text{Record Date for which share} \\
 & & \text{election is made in lieu of the} \\
 & & \text{payment in cash of the Final} \\
 & & \text{Dividend} \\
 & & \times \frac{\text{HK\$0.007}}{\text{(Final Dividend per Share)}} \\
 & & \text{HK\$0.143, being the average} \\
 & & \text{closing prices per Share of the} \\
 & & \text{five consecutive trading days up} \\
 & & \text{to and including the Record Date}
 \end{array}$$

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 entitlement to the Final Dividend 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 election for the Scrip Shares is received, the total Final Dividend payable by the Company to the Shareholders would be approximately HK\$4,851,201.68 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, nor is there any Bermuda tax in the nature of estate duty or inheritance tax applicable to the Shares or debentures held by non-residents of Bermuda.

## **OVERSEAS SHAREHOLDERS**

This circular will not be registered under any securities legislation of any jurisdiction outside Hong Kong. The Company has made due enquiries regarding feasibility of extending the Scrip Dividend Scheme to Shareholders with registered addresses outside Hong Kong. Based on the legal opinions provided by the legal advisers to the Company as to the laws of Japan and Singapore, those Shareholders with registered addresses in Japan and Singapore as shown in the Register of Members on the Record Date will be permitted to participate in the Scrip Dividend Scheme. However, based on the legal opinion provided by the legal advisor to the Company as to the laws of the People's Republic of China (the "PRC") (the "PRC Legal Opinion"), the Company has decided to exclude the Shareholder with registered address in the the PRC as shown in the Register of Members on the Record Date (the "Excluded Shareholder") from the Scrip Dividend Scheme and accordingly, the Excluded Shareholder will only receive the Final Dividend wholly in cash. Having taken into account the PRC Legal Opinion, the Directors consider that such exclusion is necessary and expedient on account of the legal restrictions under the laws of the PRC and the requirements of the relevant regulatory bodies or stock exchange in the PRC. No form of election will be sent to the Excluded Shareholder. No person receiving a copy of this circular and/or a form of election in any territory outside Hong Kong may treat the same as an invitation to him/her. It is the responsibility of any person outside Hong Kong who wishes to receive Scrip Shares under the Scrip Dividend Scheme to consult their professional advisers as to whether or not they are permitted to receive the Scrip Shares or whether any government or other consents are required or other formalities need to be observed.

## **CONDITIONS OF THE SCRIP DIVIDEND SCHEME**

The Scrip Dividend Scheme is conditional upon (i) the Shareholders' approval at the Annual General Meeting and (ii) the Listing Committee of the Stock Exchange granting listing of, and permission to deal in, the Scrip Shares.

Save in respect of the approval of listing of the Scrip Shares, the above condition (i) has been satisfied.

## **ELECTION FOR SCRIP DIVIDEND**

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

- (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 Hong Kong branch share registrar, Computershare Hong Kong Investor Services 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 Monday, 17th October, 2005; 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 cash dividend and return it to the Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services 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 Monday, 17th October, 2005.

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 Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited, 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 dividend. 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 Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong). 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 are expected to be sent by ordinary post to the Shareholders entitled thereto on or before Monday, 24th October, 2005 at their own risk.

Dealings in the Scrip Shares are expected to commence in Hong Kong on Tuesday, 25th October, 2005 and will be subject to Hong Kong stamp duty.

## **LISTING AND TRADING ARRANGEMENTS**

The Shares 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 shares is being or is proposed to be sought. Application has been made to 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.

Subject to the granting of listing of, and permission to deal in, the Scrip Shares on the Stock Exchange, 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 in the Scrip Shares, which is expected to be Tuesday, 25th October, 2005. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. Shareholders should seek the advice of their stockbrokers or other professional advisers for details of those settlement arrangements and how such arrangements will affect their rights and interests.

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