

[FOR IMMEDIATE RELEASE]

**CEC ANNOUNCES 2002/2003 FIRST QUARTER RESULTS
TURNOVER INCREASES 44.6% TO REACH HK\$115,364,000**

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REMARKABLE GROWTH IN BOTH PRC AND EUROPEAN BUSINESSES

(Hong Kong, 26th September 2002)—Leading electronic components manufacturer CEC International Holdings Limited (“CEC” or the “Group”) (Stock Code: 759) today announced its first quarter results for the three months ended 31st July 2002. The Group recorded a turnover of HK\$115,364,000, which increased by approximately 44.6% against the turnover attained in the first quarter of the previous year. Profit attributable to shareholders reached HK\$3,199,000 compared to HK\$5,747,000 recorded in the previous corresponding period.

Mr. Coils Lam, the Chairman of CEC said, “Building on our established foundations and operating philosophy, we have achieved encouraging growth of turnover. We strongly believe the rise in turnover shows that the market is stabilizing and the demand for electronic components is gradually picking up. However, the competition was still very fierce during the period under review, with prices for electronic components still remaining at extremely unreasonable levels. This has pushed down the Group’s gross profit margin to 18.0%, resulting in an inevitable and significant adverse influence on the Group’s profit. We are, however, pleased to note that under the current difficult electronic components market, which has entered a knockout stage, the Group was still able to remain profitable and out-perform many other market players.”

During the reporting period, the Group recorded a 83.1% growth in turnover in the Mainland China business, accounting for 7.3% of the Group’s turnover. There is no doubt that there is enormous potential for business growth in Mainland China. In view of this, the Group is committed to raising its share in this positive market, strategically investing in the country and preparing the establishment of new subsidiaries in major developed cities, such as Chongqing, Qingdao, Kunshan and Zhuhai. These strategic investments not only round out its comprehensive sales network, but also enable the Group to stay closer to customers, better understand their product requirements and respond more promptly to their needs. The increase in the Group’s business in Mainland China was simply a proof that the Group is on the right track in developing its business in the country.

The European market is also a target. During the period under review, the Group actively explored new and valued customers in the market. The Group's electronic components with its electromagnetic compatibility ("EMC") has enabled it to outperform the market, and has received overwhelming responses from demanding European manufacturers. During the first quarter of the year, the Group received steadily growing orders from a leading mobile phone manufacturer in Europe for a major component in its mobile phone chargers. This has contributed to 40.7% growth in turnover in the European market, which accounted for 4.0% of the Group's turnover. This has laid the foundations for the Group's further penetration into the European market.

For the three months ended 31st July 2002, the Group's core business segment, coils manufacturing, accounted for 82.4% of the Group's turnover, reaching HK\$95,059,000, and rising 46.0% from the corresponding period in the previous year. However, the Group's bid to raise the coils manufacturing segment's productivity through additional investments in property, plant and equipment last year has driven up depreciation in the segment by 36.0% to HK\$14,249,000. Together with the substantial price cuts of 10% to 20% which began affecting the business from the third quarter of the previous year, the coils manufacturing segment suffered a decline in the gross profit margin. Profit from operations fell 23.4% to HK\$8,598,000. However, due to the Group's persistent efforts to expand the coils manufacturing segment, the segment actually achieved significant growth in terms of both production output and sales volume. Given its strong coils production capabilities, the Group is well positioned to capture business opportunities once the market fully recovers.

In the capacitors manufacturing segment, the Group attained a turnover of HK\$8,803,000 with 85.2% growth against the corresponding quarter last year, accounting for 7.6% of the Group's turnover. However, owing to climbing production costs, distribution and selling expenses, as well as general and administrative expenses, the profit from operations dropped to HK\$549,000. Nevertheless, the growth in turnover indicates that there is still room for further development in the capacitors market. The Group will maintain controls on its operating costs to strive for more satisfactory results in the future. In the power supply devices manufacturing segment, the wide variety of products and the broad range of applications have pushed the turnover up by 144.3% against the figure attained in the fourth quarter last year to HK\$1,698,000, maintaining steady growth and accounting for 1.5% of the Group's turnover. The electronic components trading segment recorded a turnover of HK\$9,804,000, accounting for 8.5% of the Group's turnover. Owing to the increasingly keen competition facing the electronic components trading segment, both gross profit margins and the profit from operations shrank. With regard to the poor prospects in this area, the Group will reallocate its resources in the future, lowering its share in the electronic components business and concentrating more on developing its core business.

Mr. Lam continued, “In view of the intense market competition, we fully realize the importance of consolidating our core business. In the meantime, we will put our best efforts into grasping possible opportunities to broaden our source of revenue. Recently, many Mainland Chinese corporations have started to automate their internal management systems. Therefore, we will be actively speeding up our software development business. During the period under review, we indirectly acquired 12.5% of the registered capital of 上海圖王科技有限公司 (Shanghai Signking Science & Technology Co. Ltd.), a company that engages in software development, the sale of software products and systems integration. Customers mainly include local government entities and private enterprises. We see this acquisition as a valuable opportunity for our further development in the computer software business, commercializing the Group’s software products and benefiting more enterprises in Mainland China.”

Looking to the future, the Group will continue to focus on its core business segment, coils manufacturing, further enhancing its product competitiveness and establishing a more extensive sales network, with a view to propelling the Group’s business even further.

Mr. Lam concluded, “We understand that customers from different areas may have different product requirements. With our successful strategy to establish a more extensive sales network in Mainland China, the Group has achieved promising business growth. Building on this success, the Group remains committed to this strategy. Therefore, the Group is planning to set up new production facilities in cities such as Zhuhai, Kunshan and Qingdao, etc., for the manufacturing of coils and ferrite materials, its core components. We believe this will not only drive the Group’s production capabilities and shorten lead-times, but also enable the Group to stay closer to local customers, allowing faster responses to customer needs with the most updated market intelligence, and providing the best possible customer services to drive the Group’s sales. At the same time, the Group will pay extra attention to the development of the European market, broadening its customer base and establishing a sound customer network, to speed up the pace of business development in Europe, as we strive to bring in better returns to our shareholders.”

About CEC International:

CEC International was listed on The Stock Exchange of Hong Kong Limited on 15th November 1999. It is a reputable electronic components manufacturer, engaged in the design, development, manufacture and sale of a wide range of coils, capacitors, power supply devices and other electronic components. CEC's products can be commonly found in IT products, telecommunication products, home appliances and audio-visual products. Accredited with ISO 9001 certification in 1995, the Company also has more than 400 engineers and quality control staff ensuring its product quality.

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Remarks:

This media release and the other corporate information of CEC International Holdings Limited can also be accessed at the following website:

<http://www.0759.com>

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