CEC INTERNATIONAL HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

2000/2001 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, 2001 together with comparative figures for the year ended 30th April, 2000 are as follows:

CONSOLIDATED INCOME STATEMENT

	Notes	Year ended 30th April, 2001 HK$'000	2000 HK$'000
Turnover	1	**347,004**	271,292
Cost of sales		**(237,448)**	(178,359)
Gross profit		**109,556**	92,933
Distribution and selling expenses		**(10,073)**	(9,253)
General and administrative expenses		**(47,738)**	(28,483)
Profit from operations	1	**51,745**	55,197
Interest income		**2,422**	1,864
Interest expenses		**(19,499)**	(10,367)
Profit before taxation	2	**34,668**	46,694
Taxation	3	**(3,805)**	(4,860)
Profit after taxation but before minority interests		**30,863**	41,834
Minority interests		**–**	76
Profit attributable to shareholders		**30,863**	41,910
Dividends			
– Interim	4	**–**	1,088
– Final	4	**5,280**	10,000
Earnings per share			
– Basic	5	**6.02 cents**	9.65 cents
– Diluted	5	**5.67 cents**	N/A

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 and other electronic components. The Group's products are generally used in the manufacture of various kinds of electronic and electrical products.

An analysis of turnover and profit (loss) from operations by product category is as follows:

	Turnover 2001 HK$'000	Turnover 2000 HK$'000	Profit (loss) from operations 2001 HK$'000	Profit (loss) from operations 2000 HK$'000
Coils	**309,886**	265,468	**51,908**	54,920
Capacitors	**21,899**	3,292	**332**	908
Other electronic components	**15,219**	2,532	**(495)**	(631)
	347,004	271,292	**51,745**	55,197

An analysis of turnover by geographical location as determined on the basis of the location where merchandise is delivered is as follows:

	2001 HK$'000	2000 HK$'000
Hong Kong	**271,532**	217,637
Mainland China	**23,210**	24,911
Taiwan	**16,409**	6,392
Europe	**15,849**	14,558
Singapore	**15,320**	5,535
Others	**4,684**	2,259
	347,004	271,292

No analysis of profit (loss) from operations by geographical location is presented as it is generally in line with the distribution of turnover as set out above.

2. **Profit before taxation**

Profit before taxation in the consolidated income statement was determined after charging or crediting the following items:

	2001 HK$'000	2000 HK$'000
After charging –		
Depreciation of property, plant and equipment		
– owned assets	**22,381**	16,305
– assets held under finance leases	**11,975**	6,537
Amortisation of intangible asset	**356**	–
Staff costs (including directors' emoluments)	**87,210**	68,634
Interest expenses on		
– bank overdrafts and loans wholly repayable within five years	**8,831**	4,271
– factoring of trade receivables	**3,755**	2,727
– finance leases	**6,913**	3,369
After crediting –		
Interest income from bank deposits	**2,422**	1,864

3. **Taxation**

	2001 HK$'000	2000 HK$'000
Taxation comprises:		
Current taxation –		
Hong Kong profits tax		
– current year	**–**	405
– over-provision in prior years	**(51)**	–
Mainland China enterprise income tax		
– current year	**231**	385
Deferred taxation –		
Hong Kong profits tax	**3,625**	4,070
	3,805	4,860

The Company is exempted from taxation in Bermuda until 2016. Hong Kong profits tax was provided at the rate of 16% (2000: 16%) on the estimated assessable profit arising in or derived from Hong Kong for the year. Mainland China enterprise income tax was provided at the applicable rate relating to the profit of a subsidiary of the Company established in Zhongshan, Mainland China.

4. **Dividends and distributions**

No interim dividend was declared during the year ended 30th April, 2001 (2000: HK$1,088,000 paid by a subsidiary of the Company to its then shareholders prior to the Group's reorganisation and the listing of the Company's shares on The Stock Exchange of Hong Kong Limited).

The Directors have recommended the payment of a final dividend of 1 HK cent per share (the "Proposed Final Dividend") for the year ended 30th April, 2001 (2000: 2 HK cents per share after adjusting for the bonus issue of shares on the basis of three bonus shares for every two shares held by shareholders on 17th August, 2000 (the "2000 Bonus Share Issue")) to shareholders whose names appear on the Company's register of members on 14th September, 2001 (the "Record Date"). The Proposed Final Dividend will be paid in cash with an option to receive new fully paid shares in lieu of cash in respect of part or all of such dividend (the "Scrip Dividend Scheme").

The Directors have also recommended a bonus issue of new shares of HK$0.10 each in the share capital of the Company (the "Bonus Shares") to shareholders whose names appear on the Company's register of members on the Record Date (the "Proposed Bonus Share Issue"). The Proposed Bonus Share Issue will be made on the basis of one Bonus Share for every five existing shares held on the Record Date. The Bonus Shares will be credited as fully paid at par and will rank pari passu with the existing shares in all respects when issued, save in respect of the entitlements to the Proposed Final Dividend.

The Company will not allot any fractions of Bonus Shares pursuant to the Proposed Bonus Share Issue. Bonus Shares representing fractional entitlement will be aggregated and issued to a nominee to be nominated by the Directors. Such Bonus Shares (if any) will be sold and the net proceeds thereof (if any) will be retained by the Company for its own benefits. Subject to the conditions set out in the next paragraph being satisfied, certificates for the Bonus Shares are expected to be despatched to the shareholders by ordinary post at their own risk on or before 18th September, 2001. Dealings in the Bonus Shares are expected to commence on 21st September, 2001.

A circular containing details of, inter alia, the Scrip Dividend Scheme and the Proposed Bonus Share Issue, together with a form of election, will be sent to shareholders of the Company in due course. The issue of new shares under the Scrip Dividend Scheme and the Proposed Bonus Share Issue is subject to the Listing Committee of The Stock Exchange of Hong Kong Limited granting the listing of, and permission to deal in, such shares. The dividend warrants and the share certificates in respect of the Scrip Dividend Scheme will be sent to shareholders on or before 15th October, 2001.

The adjustment to the subscription price of the outstanding Warrants (as defined below) of the Company as a result of the Proposed Bonus Share Issue will be announced in a separate announcement upon the Company obtaining the relevant confirmation from the auditors of the Company or an approved merchant bank.

5. **Earnings per share**

The calculation of basic earnings per share for the year ended 30th April, 2001 was based on the profit attributable to shareholders of approximately HK$30,863,000 (2000: HK$41,910,000) and on the weighted average number of 513,023,946 (2000: 434,426,230) shares in issue during the year.

The comparative weighted average number of shares in issue and basic earnings per share for the year ended 30th April, 2000 have been adjusted to reflect the 2000 Bonus Share Issue.

The calculation of diluted earnings per share for the year ended 30th April, 2001 was based on the profit attributable to shareholders of approximately HK$30,863,000 and on the weighted average number of 544,597,234 shares, adjusted to reflect the effects of all dilutive potential shares in issue during the year.

A reconciliation of the weighted average number of shares used in the calculation of basic earnings per share for the year ended 30th April, 2001 to that used in the calculation of diluted earnings per share is as follows:

Weighted average number of shares used in the calculation of basic earnings per share	513,023,946
Weighted average number of shares assumed to have been issued at no consideration on the deemed exercise of all Warrants outstanding during the year	31,573,288
Weighted average number of shares used in the calculation of diluted earnings per share	544,597,234

The effect of dilutive potential shares resulting from the outstanding share options was not taken into account in the calculation of diluted earnings per share for the year ended 30th April, 2001 because it was anti-dilutive.

Diluted earnings per share for the year ended 30th April, 2000 was not presented because there was no dilutive potential shares in existence during that year.

6. **Summary of auditors' opinion**

The auditors' report on the Group's financial statements as at and for the year ended 30th April, 2001 has been modified to include an explanatory paragraph in relation to the existence of a fundamental uncertainty. In forming their opinion, the auditors have considered the adequacy of disclosures made in the financial statements concerning the non-compliance with one of the covenants required by certain banking facilities of the Group. Although the Directors are of the view that the Company will be able to successfully negotiate the loans to be maintained on similar terms and conditions, the future outcome of such negotiation cannot be assessed with certainty as at the date of the auditors' report. The financial statements have been prepared on a going concern basis, the validity of which depends upon the continued support of the Group's banks and on the success of future operations. The auditors consider that the fundamental uncertainty has been adequately accounted for and disclosed in the financial statements and their opinion is therefore not qualified on the truth and fairness of the Company's and the Group's financial statements as at and for the year ended 30th April, 2001.

CLOSURE OF REGISTER OF MEMBERS

In order to qualify for the Proposed Final Dividend and the Proposed Bonus Share Issue, 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, Central Registration Hong Kong Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong, not later than 4:00pm on 7th September, 2001. The register of members of the Company will be closed from 10th September, 2001 to 14th September, 2001, 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 (as defined below).

BUSINESS REVIEW

The financial year ended 30th April, 2001 was a year of varying market conditions. Strong worldwide economic growth was recorded in the first half of the year, followed by the precipitous downturn that began in late 2000. We delivered first half-yearly results in line with expectations. Even with the economic downturn that began late in the third quarter of 2000, the Group has executed very well to record outstanding turnover growth in a time of remarkable near-term market uncertainties. Turnover for the full year climbed 27.9% from HK$271,292,000 to a record high of HK$347,004,000 in the current financial year.

The growth was a reflection of the Group's success in preserving and strengthening its market position in the electronics industry, notwithstanding the noticeable downturn in the market. To a large extent, the growth was attributable to solid execution across the board – the Group's relentless efforts in expanding and upgrading its production capacity and sharp focus on building a stronger market presence.

Profit attributable to shareholders for the year was HK$30,863,000, a notable achievement given the news from leading global electronics manufacturers were generally not positive. This was down 26.4% from HK$41,910,000 in the previous year. It is, however, noteworthy that given the very tough conditions we face in our overall operating environment, where virtually all industries alike have been dampened, our core business in the markets for coils continued to report robust achievement and present attractive growth prospects. The gross profit margin for the coils business segment was maintained at approximately 34.1% for the current year, compared with approximately 34.6% in the previous year. Under these circumstances, the Group has been steering for the correct direction during the year by investing actively, meanwhile cautiously, in our core business segment, the manufacture of coils, with a view to serving our prestigious customers in the segment better and winning their votes of confidence in the Group.

Several factors had an impact on the Group's profit attributable to shareholders for the year, as revealed in the following review of operations.

Investment for Our Future

Although the second half of the financial year ended 30th April, 2001 was a time of worldwide economic slowdown, which was especially apparent in North America, Europe and Japan, the Group has been pushing very hard to speed up the pace of reinforcing its core business foundation in preparation for the expected market rebound. The Group remained focused on the substantial investment in a bid to boost its production facilities in Zhongshan, Guangdong Province, which comprised several new factory blocks fitted with sophisticated and advanced machinery for the manufacture of such components as chip inductors, fixed inductors and ceramic capacitors, etc. Installation of state-of-the-art automated production facilities for manganese-zinc series ferrite cores, line filters and electromagnetic interference ("EMI") filters was also underway as at 30th April, 2001.

Earnings before interest, taxes, depreciation and amortisation ("EBITDA", defined as profit from operations plus depreciation and amortisation) were HK$86,457,000, up 10.8% from HK$78,039,000 last year.

For the whole financial year ended 30th April, 2001, the Group has devoted more than HK$223,000,000 in the aggregate to the addition of property, plant and equipment. Of this amount, approximately HK$190,000,000 and HK$19,000,000, respectively, were spent on acquiring new machinery and building new factory premises. The Group's dedicated investment in enhancing the production infrastructure in the year under review has led to a 50.4% jump in depreciation of property, plant and equipment from HK$22,842,000 to HK$34,356,000 in the current year.

The expansion projects were mainly financed with new long-term bank loans and finance lease arrangements of HK$88,325,000 and HK$56,794,000, respectively, during the year. This has pushed up our interest expenses by 88.1% from HK$10,367,000 in the previous year to HK$19,499,000 for the current financial year, which substantially outpaced the 27.9% growth in turnover. On a before-interest basis, profit from operations has just decreased year-over-year by 6.3% from HK$55,197,000 to HK$51,745,000.

As to our investment on human resources, in order to reinforce all levels of management and staff to match with our expansion strategies and prepare for the kick-off of the newly installed production lines for manganese-zinc series ferrite cores and coils products, the Group has continued to devote a lot to the investment on our human assets. In particular, the Group's research and development arms were significantly strengthened during the year under review, with a view to enhancing our competitive edge in product innovation and refinement of production methodology. For the year ended 30th April, 2001, aggregate staff costs have risen by 27.1% from the previous year and reached HK$87,210,000.

Although each of the above factors individually had a relatively modest impact on our margins, taken together the effects were clearly significant on this year's overall operating and financial performance. The net profit margin was correspondingly down from 15.4% last year to 8.9% for the current year.

CEC INTERNATIONAL HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

2000/2001 ANNUAL RESULTS ANNOUNCEMENT

While the above large-scale capital investment in our core business segment did have an immediate and adverse impact on short-term profitability, the Group strongly believed that all such initiatives were essential and vital to building an even more promising future for the Group. Thanks to the information technology era as the world entered into the new millennium, it remains clear that the dynamic growth in global demand for high-quality and miniaturised electronic components will be sustained well into the future. With a vast amount of network deployment and upgrading throughout the world still ahead, the Group cannot afford to miss the business opportunities due to arise. The Group has therefore come up with the conclusion that no delay in the implementation of expansion strategies to take full advantage of the strong demand cycle in the data networking, telecommunications and power conversion markets is acceptable. The investment was simply a reflection of the Group's commitment to, as well as ability in, capturing the emerging business opportunities. With this upgraded production environment, the Group will soon be fully prepared to advance to a remarkably higher level of business pursuits.

Production Cost Management

During the past financial year, the Group continued to share the industry-wide problem resulting from the significant rise in petroleum price on a worldwide basis, leading to an adverse impact on our production cost. The Group experienced a mild drop in gross profit margin from 34.3% to 31.6% during the current financial year as a result of the increase in power generation cost for its manufacturing plant in Zhongshan.

The Group believes that continuous attention to production cost management is central to consistently strong earnings performance. This strategy continued to be the Group's game plan in the current year. While the unfavourable development in petroleum market has accounted for part of the drop in gross profit margin, the Group has, on the other hand, taken prompt actions to mitigate the impact on power generation cost by the installation of a new power conversion station for its factory in Zhongshan. Further, the commencement of self-production of tubular ceramic capacitors, which are one of the key parts of our products, near the end of the third quarter of the financial year has also begun saving the cost of parts and helped improve our gross profit margin since then.

Sales Network Reinforcement

During the financial year, the Group equipped itself with an experienced sales and marketing arm for the trading of a wide range of electronic components. Capitalising on the strengthened marketing capabilities, the Group diversified the categories of non-mainstream products offered, built up stronger customer relationships and successfully gained the distribution right for various types of Samsung passive components such as chip capacitors, chip resistors, electrolytic capacitors and ceramic capacitors. The diversification initiative is expected to play an appreciable role in contributing to the Group's turnover growth.

On the other hand, in view of the generally weak business environment that began in late 2000, the Group has adopted a more cautious approach in conducting business. In particular, the Group applied a more stringent and prudent credit management policy. Despite a resultant downward pressure on turnover growth, the Group considered this to be necessary in order to minimise the risk of uncollectible credit sales. As such, the Group was able to maintain a low bad debt to turnover ratio of lower than 0.9% for the current year.

Enhancement in Capital Structure

On 3rd July, 2000, the Company issued 400,000,000 units of warrants at HK$0.0625 per unit of warrant through a private placement (the "Warrants"), resulting in net proceeds of approximately HK$22,891,000, after deduction of related issuance expenses of approximately HK$2,109,000. The Warrants carry the subscription rights of HK$1.475 for every 10 units of Warrants entitling the holders thereof to subscribe in cash for new shares in the Company up to a maximum aggregate amount of HK$59,000,000 at a subscription price of HK$0.59 per new share (subject to adjustment). The subscription price has been adjusted from HK$1.475 per new share to HK$0.59 per new share with effect from 18th August, 2000 as a result of the 2000 Bonus Share Issue. The Warrants are exercisable at any time from 3rd July, 2000 to 30th September, 2003, both dates inclusive. During the year under review, 23,750,000 new shares were allotted and issued as a result of the exercise of 95,000,000 units of subscription rights of the Warrants totalling HK$14,012,500, representing approximately 23.8% of the maximum number of new shares that would have been issued had all Warrants been exercised.

The net proceeds from the private placement of Warrants in July 2000 have been applied up to 30th April, 2001 as follows:

– Approximately HK$10,000,000 was used for repayment of bank loans.
– Approximately HK$2,000,000 was used for the development of e-commerce functionality for the Group's on-line sales systems and product specification simulation system.
– The balance of approximately HK$10,891,000 was applied as general working capital of the Group.

On 13th July, 2000, 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$0.05 per share (before adjusting for the 2000 Bonus Share Issue) for the year ended 30th April, 2000 (the "2000 Final Dividend"). Pursuant to the elections of the shareholders, a total of 4,277,108 new shares were issued at HK$1.778 per new share in lieu of cash in respect of the 2000 Final Dividend of approximately HK$7,605,000, representing approximately 76.1% of the total 2000 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.

Changes in Financial Resources and Gearing

As at 30th April, 2001, total borrowings amounted to approximately HK$255,558,000 (2000: HK$97,234,000), of which approximately HK$60,397,000 (2000: HK$37,678,000) was non-current and will be repayable within a period more than one year but not exceeding five years. Interest expense was levied on Hong Kong dollar prime or HIBOR basis with competitive margin. With the recent decreasing trend in interest rates, the Group is well positioned to capture future opportunities to save interest cost. Contingent liabilities were approximately HK$31,817,000 (2000: HK$32,118,000), represented mainly by factoring of trade receivables with recourse of approximately HK$30,415,000 (2000: HK$31,803,000).

Net gearing ratio, defined as total borrowings less pledged bank deposits over net tangible assets, was approximately 79.0% (2000: 27.5%). As at 30th April, 2001, the Group was not in compliance with one of the covenants requiring that the net gearing ratio not exceed 0.6:1. The Group has made the bank aware of the breach of covenant and is in the process of negotiating with the relevant bank to maintain the loans on similar terms and conditions. However, should it be unable to do so, or should the bank demand repayments of the loans, alternative sources of financing would be required to repay the bank and to finance the Group's ongoing operations. The substantial rise in net gearing ratio was largely attributable to the new long-term bank loans and new finance lease obligations of approximately HK$88,325,000 and HK$56,794,000, respectively, for the purpose of financing the capital expenditure of approximately HK$223,000,000 during the year under review in order to boost the Group's production infrastructure in Mainland China and Singapore.

Despite the increase in net gearing ratio, the Directors considered the Group's overall financial position to be healthy. Total cash and bank deposits increased to approximately HK$55,714,000 (2000: HK$49,643,000). As at 30th April, 2001, the Group's aggregate banking facilities increased to approximately HK$302,624,000 (2000: HK$199,896,000), of which approximately HK$65,727,000 (2000: HK$95,090,000) was not yet utilised. The banking facilities were secured by mortgages over certain of the Group's land and buildings, pledges of bank deposits, inventories and machinery, as well as guarantees provided by the Company.

For the year under review, the Group has generated approximately HK$1,934,000 of net exchange gain, mainly arising from the depreciation of Japanese yen, in which part of the Group's purchases and capital expenditure 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.

FUTURE PLANS AND PROSPECTS

Players in the electronics arena recognise that valleys follow peaks. Driven by the downturn in worldwide economy, the Group has been operating temporarily in a valley over the past half-year. However, it is also worth noting that neither valley nor peak lasts forever, though the duration of neither is predictable. The upside is that there is a growing sense of optimism that the bottom was already near or just past.

While the business environment in which we operated during the second half of the financial year was substantially more competitive and no longer as favourable as it was a year ago, we strongly believe that the Group's primary markets will continue to present attractive long-term growth opportunities well into the future. The Group's fundamental outlook, therefore, remains bright and promising in the coming financial year and beyond. This is mainly attributable to the Group's long-established adherence to persistent improvement, which positions the Group well on its way to generate more rewarding results to the shareholders in the future. This is evidenced when we take an even closer look at the Group's prospects.

Preparation for Challenges and Opportunities

With the impending accession of China to the World Trade Organisation ("WTO"), economic globalisation will be an irresistible trend in the future. The development of a knowledge-based global economy as well as information and communication infrastructure to support the demand for international business applications will be gathering momentum and impetus again. In the market for electronic components, it is generally believed that the information and communication revolution and steadily increasing number of electronic features found in electrical and electronic appliances will continue to be a key growth-driver to the demand for electronic components.

The continual reduction in interest rates over the past few months is a very positive sign for the whole manufacturing industry and the electronics market in particular. The trend should induce the electronic and electrical appliance sectors to be re-positioned back on the right track to recovery and build ahead of anticipated demand. We also believe that the information technology and telecommunication market will resume to be a growth proposition, as the need to expand and upgrade information technology infrastructure remains an issue.

The Group is not going to be insulated from both the opportunities and challenges rapidly emerging in the electronics market arising from the above trend and development, because virtually all types of businesses realise that they simply cannot compete without up-to-the-minute information technology. We will insist on a proactive approach to operations that allows the Group to leverage the capabilities to achieve an even stronger market presence as a growing provider of quality electronic components.

Under the foreseen tougher and more demanding business environment on the international dimension, the best our existing and potential customers can do is to continue to reduce costs, while keeping their product quality intact or even improving continuously. With this rising trend of cost consciousness and quality awareness in global electronics producers, we believe that there appears to be fresh signs of opportunities for the Group. Thanks to the Group's efficient and carefully planned production methodology throughout its history, our bright spot continues to be cost competitiveness in our quality end products. Additional cost-saving initiatives are currently under review. The fruit, hopefully, will be accompanying market penetration and market presence for the Group, which will be translated into substantially enriched customer base for the long-term. We continue to stay close to customers and their technologies so that when markets recover, we will be in the best position to grow and progress.

Once capital spending and consumption on networks and information technology equipment, consumer electronics and appliances recover, we believe the Group will resume promising annual growth rate, as appreciable business volume for such miniaturised components as chip inductors, toroidal transformers, line filters and EMI filters, etc., is expected to result. Our dedication to building a more powerful production environment in Zhongshan for the manufacture of those components will eventually pay dividend in the near future to come.

On the strategic cooperation front, we are also in a superb position to capitalise on the attractive opportunities to leverage the value-added services we provide to our customers as we validate the proposition that customer out-sourcing of additional production activities to us is a win-win situation.

Expansion of Product Line

Looking forward to the expected rebound in the electronics market in the coming financial year, the Group will push ahead to enrich its product line and better serve the electronics market by launching the production of miniature multi-layer chip inductors. This family of inductive components, being complementary to the existing series of wire-wound chip inductors by catering for the different self-resonant frequencies required in such electronic products as MP3 players, mobile phones, cable modems, broadband network equipment and computers, etc., is expected to further add on our competitive edge well into the future.

Sharp Focus on Research and Development

With the continual high-tech advances in electronic applications throughout the world, the evolution of ferrite materials, being the core components of such electronic devices as inductors, line filters and EMI filters, etc., continues to play an indispensable role in sustaining those advances. The requirements for permeability and operating frequency of ferrite materials are becoming more and more demanding. The Group owed its dynamic growth in the past to its dedication in the research and development of ferrite powders and ferrite cores. Our capabilities and experience in refining the production technology of ferrite materials has enabled us to slash production cost successfully and enhance profitability throughout the Group's history.

In order to ensure that our technological and market strengths are maintained for the longer term, the Group will continue to intensify its efforts in the research and development of ferrite materials and make investments in people and technology in the coming year to accommodate the initiative. With the advancement in the Group's research and development facilities, the Group will be even more capable in breaking into new markets and will keep pursuing its strategy of constant innovation and strategic supply chain management, which will remain our twin pillars of success in the future.

Transparent Financial Reporting

The Group is a proponent of transparency and regular disclosure of reliable and comprehensive financial information to the general public. Our voluntary, timely and detailed quarterly reports and announcements will keep shareholders and the public informed of the latest progress of the Group's business performance faithfully and candidly in the future, in order to justify the continual and invaluable trust and support from our shareholders and the public.

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, 2001.

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, 2001, except that the independent non-executive directors have not been appointed for a specific term 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, 2001 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, 31st July, 2001