

[FOR IMMEDIATE RELEASE]

CEC ANNOUNCES 2004/2005 ANNUAL RESULTS

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**FOCUS ON CORE COILS MANUFACTURING BUSINESS PAYS OFF
PROFIT ATTRIBUTABLE TO SHAREHOLDERS UP 23.2% TO HK\$19,530,000**

(Hong Kong, 15 August 2005) — CEC International Holdings Limited (“CEC” or together with its subsidiaries, the “Group”) (Stock Code: 759), a manufacturer of electronic components such as coils, capacitors, etc, today announced its annual results for the year ended 30 April 2005.

The Group recorded a turnover of HK\$554,291,000, an increase of approximately 12.7% against HK\$491,663,000 in the previous year. Gross profit increased to HK\$125,136,000 as compared with HK\$123,647,000 last year, representing an increase of 1.2%. The persistent high raw materials prices and increase in labour cost slightly reduced the Group’s gross profit margin to 22.6% (2004: 25.1%). Nonetheless, the Group implemented vigorous internal control to improve efficiency, and was dedicated to controlling sales and distribution, and its general and administrative expenses, resulting in an increase in profit attributable to shareholders of 23.2% to HK\$19,530,000 (2004: HK\$15,857,000).

Earnings per share were HK2.82 cents (2004: HK2.29 cents). The Board of Directors recommended the payment of a final dividend of HK0.7 cent per share (2004: HK0.5 cent) for the year ended 30 April 2005 to shareholders whose names appear on the register of members of the Company on 23 September 2005. In addition, the Board has resolved to revise the dividend policy. The dividend payout ratio will not exceed 30% of the Group’s profit attributable to the shareholders for each of the relevant financial year commencing from the next financial year to reward shareholders for their continued support.

Mr. Coils Lam, Chairman of CEC, said, “I am pleased to see the continuous growth in both profit attributable to shareholders and turnover during the year, which have corroborated the effectiveness of our focusing efforts on core electronic components manufacturing business. Although the persistent high raw materials prices and increase in wages of staff posed pressure on our gross profit margin, we were still able to maintain satisfactory growth in overall results riding on our management’s proactive cost control measures.”

During the year under review, the turnover of the core electronic components manufacturing business reached HK\$549,928,000, an increase of 19.8% as compared with HK\$459,040,000 last year, accounting for 99.2 % of the Group’s turnover (2004: 93.4%). The gross profit of the business rose to HK\$123,471,000 (2004: HK\$119,929,000), 3% higher than last year. Gross profit margin decreased to 22.5 % (2004: 26.1%) as a result of increased raw material prices and labour costs.

The Group produces a full range of electronic components for various electronic consumer products and provides tailor-made coil solutions to customers. The global electronic industry is feeling the boost of the generally favourable economic environment, and various electronic consumer products have achieved desirable growth, which in turn spurred the increase in overall demand for electronic components. Meanwhile, the Group expects the trend of manufacturers' outsourcing electronic components manufacturing and their seeking of lower production cost to prevail. As an electric coil sub-contracting manufacturer, CEC is capable of providing competitive coil sub-contracting manufacturing services to its customers and major business partners.

In terms of market distribution, as more and more overseas customers opt to source electronic components from suppliers in Mainland China, the Group's sales to all major overseas regions has grown. During the year under review, turnover from Mainland China rose by 66.4% to HK\$182,972,000 (2004: HK\$109,976,000). Turnover from other regions also increased to HK\$34,542,000 (2004: HK\$15,267,000).

Going forward, competition in the electronic component industry will remain fierce. To cope with it, the Group plans to position itself as a highly competitive electronic components provider and steadily evolve into an electric coil sub-contracting manufacturer with competitiveness and expansibility. CEC's development focus will be on improving and streamlining its cost structure. The Group will continue to strictly control the head count of each production unit and actively look for regions with lower labour costs for establishing production facilities. In addition, the Group also intends to identify some cost-effective processing contractors to outsource part of its production processes. It will gradually restructure under-performing coil product production units and materials and parts production units.

Regarding the persistent high prices of raw materials, the Group will also negotiate with its major suppliers for more competitive payment terms in return for support in price, discount and delivery date from the suppliers. The Group will also continue to improve production flow and know-how to reduce material wastage. Although this strategy will shorten the turnover of the Group's trade payables, it will allow the Group to secure more competitive supplies, and ultimately bring mutual benefits to both sides.

In view of the development in sales and marketing promotion, the Group is forming sales and customer service teams comprising more high calibre staff to further extend its customer network. By establishing a diversified customer portfolio – with customers from different industries in different regions producing different products, the Group can protect itself from being hit by fluctuations in a single market.

Environmental protection has always been one of our prime focuses. In the year under review, the Group obtained the ISO 14001 Management System Certificate, which signifies the turning of a new stage for the Group's systemization of its environmental protection management. In addition, the Group has also established an "Environment Management Promotion Committee" to review the environmental management standards for its Zhongshan plant and to supervise the implementation of those standards. And the Group's products are already on par with the standards stipulated in the directive of the Restriction of Hazardous Substances in Electrical and Electronic Equipment (RoHS), which will be fully implemented in Europe in July 2006. CEC will put more resources into improving its environmental protection system and provide training for relevant qualified system personnel, so as to keep the Group abreast of international environmental protection development.

Mr. Lam concluded, "CEC will continue the relatively effective management model in adopting localized Chinese style, which comprises major functional management centers with manufacturing, sales, finance, purchase, warehouse and quality assurance. The initiative will allow us to re-structure our China-based operational model and accelerate the integration of the Group's management personnel resources. Moreover, we will continue our stringent control in credit management to assure that a low level of bad debt can be maintained in future and reasonable operating cash flow can be controlled. The Group will actively explore opportunities to establish closed partnership with leading enterprises in China, which we believe will enable us to ensure stable growth in the future. The management will strive to bring better returns to our shareholders."

About CEC International:

CEC International was listed on The Stock Exchange of Hong Kong Limited on 15 November 1999. It is a reputable electronic components manufacturer, engaged in the design, development, manufacture and sale of a wide range of coils, inductors, transformers, capacitors, and other electronic components. CEC's products are commonly found in IT products, telecommunication products, home appliances and audio-visual products. Accredited with ISO 9001 & ISO14001 certification in 1995 and 2005 respectively, the Company also has more than 400 engineers and quality control staff ensuring its product quality.

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Remarks:

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