CEC-COILS®

CEC INTERNATIONAL HOLDINGS LIMITED

（CEC 國 際 控 股 有 限 公 司）*

(Incorporated in Bermuda with limited liability)

(Stock Code: 759)

2008/2009 ANNUAL RESULTS ANNOUNCEMENT

The board of directors (the "Board") of CEC International Holdings Limited (the "Company") is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 30 April 2009 as follows:

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 30 APRIL 2009

	Note	**2009** *HK$'000*	2008 *HK$'000*
Revenue	*2*	**614,532**	788,727
Cost of sales	*5*	**(520,018)**	(646,387)
Gross profit		**94,514**	142,340
Other income	*3*	**470**	3,489
Other (losses)/gains, net	*4*	**(1,196)**	14,859
Selling and distribution expenses	*5*	**(12,399)**	(15,902)
General and administrative expenses	*5*	**(93,243)**	(95,667)
Operating (loss)/profit		**(11,854)**	49,119
Finance costs	*8*	**(14,118)**	(20,453)
(Loss)/profit before taxation		**(25,972)**	28,666
Taxation	*9*	**1,170**	(5,417)
(Loss)/profit for the year		**(24,802)**	23,249
Attributable to:			
– equity holders of the Company		**(24,802)**	23,601
– minority interest		**–**	(352)
		(24,802)	23,249
(Loss)/earnings per share, basic and diluted	*10*	**(HK 3.46 cents)**	HK 3.29 cents
Dividend	*11*	**–**	3,583

CONSOLIDATED BALANCE SHEET
AS AT 30 APRIL 2009

	Note	**2009** *HK$'000*	2008 *HK$'000*
ASSETS			
Non-current assets			
Leasehold land and land use rights		**40,043**	40,154
Property, plant and equipment		**351,132**	364,474
Investment properties		**26,804**	26,705
Prepayment for construction of building		**–**	17,843
Available-for-sale financial assets		**8,177**	8,528
		426,156	457,704
Current assets			
Inventories		**92,084**	114,396
Accounts receivable	*12*	**124,307**	181,095
Prepayments, deposits and other receivables		**5,757**	8,749
Tax recoverable		**652**	61
Pledged bank deposits		**27,690**	27,446
Cash and cash equivalents		**30,212**	70,316
		280,702	402,063
Total assets		**706,858**	859,767
EQUITY			
Share capital		**71,661**	71,661
Reserves			
Proposed final dividend		**–**	3,583
Others		**334,913**	352,371
		406,574	427,615
Minority interest		**–**	248
Total equity		**406,574**	427,863
LIABILITIES			
Non-current liabilities			
Borrowings		**54,012**	154,571
Deferred income tax		**5,871**	9,250
		59,883	163,821
Current liabilities			
Borrowings		**201,544**	184,049
Accounts payable	*13*	**18,145**	45,655
Accruals and other payables		**20,236**	34,525
Taxation payable		**476**	3,854
		240,401	268,083
Total liabilities		**300,284**	431,904
Total equity and liabilities		**706,858**	859,767
Net current assets		**40,301**	133,980
Total assets less current liabilities		**466,457**	591,684

Notes:

1. Basis of preparation and accounting policies

The consolidated financial statements of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS") and under the historical cost convention, as modified by the revaluation of investment properties and available-for-sale financial assets which are carried at fair value.

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies.

(a) Amendments and interpretations of HKFRS effective in current year

- HKAS 39, 'Financial instruments: Recognition and measurement', amendment on reclassification of financial assets permits reclassification of certain financial assets out of the held-for-trading and available-for-sale categories if specified conditions are met. The related amendment to HKFRS 7, 'Financial instruments: Disclosures', introduces disclosure requirements with respect to financial assets reclassified out of the held-for-trading and available-for-sale categories. The amendment is effective prospectively from 1 July 2008. This amendment does not have any impact on the Group's financial statements, as the Group has not reclassified any financial assets.

(b) Interpretations effective in current year but not relevant to the Group

The following interpretations to published standards are mandatory for the Group's accounting periods beginning on or after 1 May 2008 but they are not relevant to the Group's operations:

- HK(IFRIC)-Int 12, 'Service concession arrangements'

- HK(IFRIC)-Int 14, 'HKAS 19 – The limit on a defined benefit asset, minimum funding requirements and their interaction'

2. Segment information

(a) Primary segments

The Group is organised into two major operating units: (i) Electronic components manufacturing and (ii) Others (comprise rental income and service income from provision of information technology services). An analysis by business segment is as follows:

	Electronic components manufacturing		Others		Eliminations		Total	
	2009	2008	**2009**	2008	**2009**	2008	**2009**	2008
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment revenue								
External sales	**613,265**	787,634	**1,267**	1,093	**–**	–	**614,532**	788,727
Intersegment sales	**–**	–	**2,370**	3,000	**(2,370)**	(3,000)	**–**	–
	613,265	787,634	**3,637**	4,093	**(2,370)**	(3,000)	**614,532**	788,727
Segment results								
Operating (loss)/profit	**(11,146)**	33,969	**(708)**	15,150	**–**	–	**(11,854)**	49,119
Finance costs	**(13,906)**	(20,091)	**(212)**	(362)	**–**	–	**(14,118)**	(20,453)
(Loss)/profit before taxation							**(25,972)**	28,666
Taxation							**1,170**	(5,417)
(Loss)/profit for the year							**(24,802)**	23,249
Other information:								
Segment assets	**678,064**	830,902	**28,142**	28,804	**–**	–	**706,206**	859,706
Unallocated assets							**652**	61
Total assets							**706,858**	859,767
Segment liabilities	**38,140**	79,789	**241**	391	**–**	–	**38,381**	80,180
Borrowings	**255,556**	338,620	**–**	–	**–**	–	**255,556**	338,620
Unallocated liabilities							**6,347**	13,104
Total liabilities							**300,284**	431,904
Capital expenditures	**55,123**	69,517	**1,296**	1,173	**–**	–	**56,419**	70,690
Prepayment for construction of building	**–**	17,843	**–**	–	**–**	–	**–**	17,843
Depreciation	**71,080**	71,938	**50**	47	**–**	–	**71,130**	71,985
Amortisation	**974**	860	**–**	–	**–**	–	**974**	860

(b) **Secondary segments**

The Group has business operations in Hong Kong, Mainland China, other Asian countries, Europe and America. An analysis by geographical location is as follows:

	Revenue		**Total assets**		**Capital expenditures**		**Prepayment for construction of building**	
	2009	2008	**2009**	2008	**2009**	2008	**2009**	2008
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Hong Kong	**172,924**	208,452	**160,025**	188,703	**6,461**	23,166	**–**	–
Mainland China	**314,524**	410,389	**528,180**	629,009	**49,931**	47,064	**–**	17,843
Other Asian countries	**85,052**	113,844	**13,800**	32,392	**27**	460	**–**	–
Europe and America	**42,032**	56,042	**4,853**	9,663	**–**	–	**–**	–
Total	**614,532**	788,727	**706,858**	859,767	**56,419**	70,690	**–**	17,843

Segment assets consist primarily of leasehold land and land use rights, property, plant and equipment, investment properties, prepayment for construction of building, inventories, receivables, pledged bank deposits, and cash and cash equivalents. Tax recoverable and investments in associates are included as unallocated and excluded from segment assets.

Segment liabilities comprise mainly operating liabilities. They exclude deferred income tax and taxation payable.

Capital expenditures comprise additions to leasehold land and land use rights, property, plant and equipment and investment properties.

In respect of geographical segment reporting, revenue is determined on the basis of the destination of shipment; while total assets and capital expenditure are determined based on the location of the relevant assets.

(c) **Analysis of revenue by category**

	2009	2008
	HK$'000	*HK$'000*
Sales of goods	**613,265**	787,634
Rental income	**1,051**	880
Service income from provision of information technology services	**216**	213
	614,532	788,727

3. Other income

	2009	2008
	HK$'000	*HK$'000*
Interest income on bank deposits	**470**	1,620
Dividend income	**–**	22
Tax refund	**–**	1,847
	470	3,489

Tax refund represents incentives received from the Mainland China tax authority for reinvestment in subsidiaries in Mainland China.

4. Other (losses)/gains, net

	2009	2008
	HK$'000	*HK$'000*
Fair value (losses)/gains on investment properties	**(1,181)**	15,013
Negative goodwill on acquisition of additional interest in a subsidiary	**248**	–
Loss on deregistration of a subsidiary	**(157)**	–
Net loss on disposal of property, plant and equipment	**(106)**	(154)
	(1,196)	14,859

5. Expenses by nature

Expenses included in cost of sales, selling and distribution expenses, and general and administrative expenses are analysed as follows:

	2009	2008
	HK$'000	*HK$'000*
Auditors' remuneration	**1,635**	1,736
Amortisation of leasehold land and land use rights	**974**	860
Cost of inventories sold	**274,696**	354,963
Depreciation of property, plant and equipment		
– owned assets	**71,130**	71,643
– assets held under finance leases	**–**	342
Direct operating expenses arising from investment properties that generate rental income	**228**	242
Rental compensation arising from restructuring *(Note 7)*	**730**	–
Employee benefit expenses (including directors' emoluments) *(Note 6)*	**182,451**	210,553
Net exchange (gains)/losses	**(216)**	3,505
Operating lease rentals	**4,164**	5,344
Provision for impairment of accounts receivable	**1,009**	777
Impairment/write off of property, plant and equipment arising from restructuring *(Note 7)*	**945**	–
Impairment loss of available-for-sale financial assets	**320**	–
Other expenses	**87,594**	107,991
Total cost of sales, distribution and selling expenses and general and administrative expenses	**625,660**	757,956

6. Employee benefit expenses

	2009	2008
	HK$'000	*HK$'000*
Wages and salaries	**164,240**	194,974
Pension costs – defined contribution plans	**12,695**	13,302
Staff welfare	**1,204**	2,277
Compensation to employees arising from restructuring	**4,312**	–
	182,451	210,553

7. Restructuring cost

During the year, the Group underwent a restructuring exercise whereby certain manufacturing and distribution facilities were consolidated and certain factories were closed. As a result of such exercise, the Group incurred additional one-off expense of approximately HK$5,987,000 (2008: Nil), details of which are as follows:

	2009	2008
	HK$'000	*HK$'000*
Additional employees' compensation as a result of redundancy	**4,312**	–
Impairment/write off of property, plant and equipment	**945**	–
Rental compensation arising from restructuring	**730**	–
	5,987	–

The above expenses were charged to general and administrative expenses (Note 5).

8. Finance costs

	2009	2008
	HK$'000	*HK$'000*
Interest expense on:		
– Bank borrowings wholly repayable within five years	**12,524**	18,653
– Finance lease liabilities	**19**	58
Total interest expense incurred during the year	**12,543**	18,711
Amortisation of loan arrangement costs	**1,575**	1,742
Finance costs	**14,118**	20,453

9. Taxation

The amount of taxation charged to the consolidated income statement represents:

	2009	2008
	HK$'000	*HK$'000*
Hong Kong profits tax		
– current tax	**–**	1,756
– under/(over) provision in prior years	**58**	(41)
Overseas taxation including Mainland China		
– current tax	**2,665**	5,277
– overprovision in prior years	**(514)**	–
Deferred taxation	**(3,379)**	(1,575)
Total taxation	**(1,170)**	5,417

The Company is incorporated in Bermuda and is exempted from taxation in Bermuda until 2016. Hong Kong profits tax has been provided at the rate of 16.5% (2008: 17.5%) on the estimated assessable profit for the year. Subsidiaries of the Group in Mainland China are subject to Mainland China enterprise income tax ranging from 12.5% to 25% (2008: 12% to 25%) on their taxable income determined according to Mainland China tax laws. Other overseas taxation has been calculated on the estimated assessable profits for the year at the rates prevailing in the respective jurisdictions.

10. (Loss)/earnings per share

The calculation of basic (loss)/earnings per share is based on the consolidated loss attributable to equity holders of the Company of approximately HK$24,802,000 (2008: profit of HK$23,601,000) and the weighted average number of 716,610,798 (2008: 716,610,798) shares in issue during the year.

For the years ended 30 April 2009 and 30 April 2008, diluted (loss)/earnings per share equals basic (loss)/earnings per share as there was no dilutive potential share.

11. Dividend

At a meeting of the Board of the Company held on 14 August 2009, the Board resolved not to propose any final dividend for the year ended 30 April 2009 (2008: HK$3,583,000).

12. Accounts receivable

The aging analysis of accounts receivable is as follows:

	2009	2008
	HK$'000	*HK$'000*
Current	**112,380**	168,308
Overdue by 0 – 1 month	**8,701**	9,640
Overdue by 1 – 2 months	**1,192**	1,385
Overdue by 2 – 3 months	**2,034**	1,762
Overdue by more than 3 months	**3,093**	2,099
	127,400	183,194
Less: provision for impairment of receivables	**(3,093)**	(2,099)
	124,307	181,095

As at 30 April 2009 and 30 April 2008, the carrying amount of accounts receivable approximated its fair value.

Top management of the Group and an Accounts Receivable Supervisory Committee set up by the Company perform on-going credit and collectability evaluation of each customer. The Group offers an average credit period ranging from one to four months to its customers who have good payment records and well-established relationships with the Group.

13. Accounts payable

The aging analysis of accounts payable is as follows:

	2009	2008
	HK$'000	*HK$'000*
Current	**17,635**	42,541
Overdue by 0 – 1 month	**111**	2,662
Overdue by 1 – 2 months	**33**	8
Overdue by 2 – 3 months	**71**	–
Overdue by more than 3 months	**295**	444
	18,145	45,655

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Wednesday, 23 September 2009 to Tuesday, 29 September 2009 (both dates inclusive), during which period no transfer of shares will be effected. In order to qualify to attend and vote at the annual general meeting of the Company to be held on Tuesday, 29 September 2009 (the "2009 Annual General Meeting"), all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong, no later than 4:30 p.m. on Tuesday, 22 September 2009.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Fiscal year 2008/2009 was a year of volatility. The financial tsunami emerged during the year further precipitated the recession of global consumer market and triggered the rapid slowdown in the demand for electronic consumables, resulting in serious shrinkage of the production orders of related manufacturing industries. The amount of orders for electronic coil of the Group was also hardly hit and fell dramatically. For the year ended 30 April 2009, the Group recorded a drop in revenue for the first time since its listing in 1999, amounting to HK$614,532,000 (2008: HK$788,727,000), slipping 22.1% as compared with that of last year. At year-end, the Group devoted great effort in cutting the variable cost of production in response to the severe business environment. However, fixed cost of production, which included operating expenditure and equipment depreciation, was unchangeable within a short period of time. As a result, the fall of revenue forced the uplift of average unit production cost of the Group, causing the gross profit plunged by a percentage of 2.6, as compared with that of last year, to 15.4% (2008: 18.0%). If the production-related depreciation is excluded, the Group's profit margin would be about 26.5% (2008: 26.9%), similar to that of last year. In addition, investment property revaluation recorded loss, amounting to HK$1,181,000 (2008: appreciated HK$15,013,000), and closure of two plants in Kunshan and Dongguan Shijie and one-off restructuring expense and provision in relation to staff severance reached HK$5,987,000.

Loss attributable to equity holder of the Company for the year was HK$24,802,000 (2008: profit of HK$23,601,000). One of the major reasons for the loss recorded for the year was the fact that, in facing the long-brewed economic crisis, the Group's chairman, who masterminded the operating strategy, over-estimated the effectiveness of the Group's vertical integration strategy, mistakenly under-estimated the pace of orders' contraction affected by the crisis' impact on the market and failed to timely launch responsive measures for adjusting its operation scale and cutting production cost. In the first half of the year, the Group did not halt decisively the expansion plan of its Zhongshan main plant and Hong Kong headquarter and also hesitated to implement cost cutting measures. Delayed until the period-end of the year, the Group then carried out staff deployment, closed Kunshan and Dongguan Shijie factories and gradually minimized the operating scale of Dongguan Huangjiang workshop. The rectification work, albeit too late, was finally redeveloped. Over the years, the operation and development of the Group was coordinated by its proper utilization of bank financing; hence the Group had to strictly monitor the performance of its cash flow in order to fulfill the facility terms agreed with the banks. The Group's cash inflow from operating activities for the year was HK$98,522,000 (2008: HK$72,026,000), rising approximately 37% as compared with that of last year. Cash outflow from investing activities was HK$38,136,000 (2008: HK$84,888,000), which was mainly for expanding the production facilities of electronic coil in Zhongshan main plant. Cash outflow from financing activities was HK$100,851,000 (2008: inflow of HK$50,291,000). As at 30 April 2009, the aggregate bank borrowings provided by various banks and financial institutions were HK$255,556,000 (2008: HK$338,620,000).

The management recognizes that by maintaining a sound logistics turnover rate, the Group can effectively respond to the dramatic downturn of market situation. Despite that the prices of metal and plastic raw materials were extremely volatile in recent years, the Group succeeded in adhering to the principles of purchasing raw materials by amount according to the actual demand of customers' orders. As a result, inventory level during the period did not exceed the demand level of customers' orders. As at 30 April 2009, inventory of the Group amounted to HK$92,084,000 (2008: HK$114,396,000), reducing approximately 20% as compared with that of the financial year-end date of last year.

Despite the uncertain market condition, the Group was strongly supported by some outstanding customer groups and pragmatic suppliers. While the consumption market was shrinking, distinguished customers still offered valuable orders and demand forecast information. In the gloomy days, suppliers still dedicated to providing stable raw materials supply, efficient and accurate delivery and effective forecast stock arrangement. The Group greatly cherished the mutual trust and cooperation relationship with its customers and suppliers.

FINANCIAL REVIEW

Fund Surplus and Liabilities

As at 30 April 2009, the Group's credit facilities granted from banks (excluding that of foreign exchange derivative financial instrument) amounted to HK$396,613,000 (2008: HK$502,324,000), of which HK$138,239,000 (2008: HK$144,640,000) remained unutilised. The balance and the credit limit of the non-revolving loan were decreasing in phase after repaying the principle on schedule. The revolving facilities as at 30 April 2009 amounted to HK$224,300,000 (2008: HK$216,604,000), of which HK$86,061,000 (2008: HK$71,964,000) was utilized. The utilized non-revolving loan facilities amounted to HK$172,313,000 (2008: HK$285,720,000), declining 40% as compared with that of last year. As at 30 April 2009, the Group's bank balances and cash (denominated mainly in Hong Kong dollar, United States dollar and Renminbi) was HK$57,902,000 (2008: HK$97,762,000). The utilised banking facilities amounting to HK$91,374,000 were secured by charges on the Group's certain accounts receivables, pledges of the Group's bank deposits and available-for-sale financial assets and by corporate guarantees executed by the Company and certain of its subsidiaries. In addition, as at 30 April 2009, the Group has fully complied with the specific restrictive financial covenants agreed with the financing banks.

As at 30 April 2009, the Group's total borrowings granted from banks and financial institutions amounted to HK$255,556,000 (2008: HK$338,620,000), of which HK$201,544,000 (2008: HK$184,049,000) was current, included the portion of long-term borrowings repayable within one year, and HK$54,012,000 (2008: HK$154,571,000) was non-current and will be repayable within a period of more than one year but not exceeding five years. The Group had no non-current borrowings which will be repayable with a period exceeding five years. As at 30 April 2009, the Group's gearing ratio* dropped to 0.36 (2008: 0.39). Moreover, the Group did not have any contingent liabilities (2008: Nil) as at the same date.

(The ratio of (total borrowings less cash and cash equivalents) over (total borrowings less cash and cash equivalents plus total equity))*

Interest Expenses

For the year ended 30 April 2009, the Group's interest expenses amounted to HK$12,543,000 (2008: HK$18,711,000), reducing approximately 33% as compared with that of last year. It primarily resulted from the reduction of the Group's total borrowings during the year.

Financial Resources and Capital Structure

The Group's cash flow for the year ended 30 April 2009 is summarized as follows:

Cash Flow Summary

	2009	2008
	HK$'000	*HK$'000*
Net cash inflow from operating activities	**98,522**	72,026
Net cash outflow from investing activities	**(38,136)**	(84,888)
Net cash (outflow)/inflow from financing activities	**(100,851)**	50,291
(Decrease)/Increase in cash and cash equivalents	**(40,465)**	37,429

As at 30 April 2009, the net current assets was HK$40,301,000 (2008: HK$133,980,000) and the current ratio was 1.17 (2008: 1.50).

Charges On Assets

As at 30 April 2009, certain assets of the Group with an aggregate carrying value of approximately HK$50,871,000 (2008: HK$39,516,000) were pledged to secure banking facilities and finance lease of the Group.

Exchange Risks

The Group's business is mainly conducted in Hong Kong, Mainland China and South-east Asia. The major revenue currencies are primarily denominated in Hong Kong dollar, Renminbi and United States dollars; whilst the major currencies in purchase commitments are primarily denominated in Hong Kong dollar, Renminbi and United States dollars. If Renminbi has a remarkable appreciation or depreciation, there would be a material impact on the Group's operation. In this connection, the management will closely monitor the fluctuation trend of Renminbi.

EMPLOYEES

Confronting with the century's rare financial tsunami over this year, market demand plummeted dramatically and the order of the Group contracted considerably. At the year-end, the management substantially, yet unwillingly, laid off 3,715 production staff and 185 management staff at all levels. As at 30 April 2009, the Group employed approximately 4,700 staff (2008: 8,600), of which 4,175 (2008: 7,890) are production staff and 525 (2008: 710) are management staff at all levels. The remuneration of the employees is determined by reference to market benchmark, individual performance and work experience, subject to periodic review. Other agreed employee benefits include pension scheme, medical insurance, on-job training, education subsidy and other social security fund and paid leaves stipulated under the relevant jurisdiction of places of operation. Pursuant to the Company's share option scheme, options may be granted to eligible employees to subscribe for shares in the Company. During the period under review, no option was granted under the scheme (2008: Nil).

CORPORATE SOCIAL RESPONSIBILITY

The Group has taken active role in corporate citizenship practice through participating in various forms of charity, volunteer services and health activities, encouraging its staff to care for the society and promoting their mental and physical development in a healthier and balanced way. The Group has also dedicated in participating charitable community activities by granting donations to charitable organizations and education institutions. In 2008, Coils Electronic Co., Ltd, the main subsidiary of the Group, was again awarded the "Caring Company" logo by the Hong Kong Council of Social Service.

FUTURE PROSPECTS

Looking forward, the global economy is still under an uncertain and passive environment. The management will adopt "measuring expenditure by income" as its operating principle and eliminate all unnecessary expense. It will endeavor its best effort in improving the efficiency and attrition rate of production procedures and will carry out thorough reform on its internal management and control ability, thereby lowering the operating variable cost and enhancing its profit margin.

To enhance the Group's operation safety, the management will carefully re-consider the position of the Hong Kong headquarter and will eliminate those non-functional posts at all levels of each department of all plants and offices. It is expected that the overall fixed cost can be further reduced. On the other hand, the Group has comparatively automated and highly mature mode of production as well as production facilities at comprehensive level. Therefore, the management will adopt prudent approach and good use of resources as its principle and it is expected that future capital expenditure will decrease to a lower level.

To conclude, "progressive, strong, dedicated" are main operating principles which the Group upholds. The management is geared to enhance its organization structure, quality system and work flow in an orderly manner. It is also committed to expanding electronic consumer market on a step by step basis, while strengthening in aspects such as product quality, technological advancement, as well as customer service and operation effectiveness. The management firmly believed that all staff of the Group is dedicated to achieving sustainable development for the Company's core business, manufacturing of electronic coil.

APPRECIATION

On behalf of the management, I would like to express my regret to the shareholders for the performance over the year! Besides, we would like to extend our heartfelt thanks to those staff who had made significant contribution to the Group over the year. We also need to tender our thanks to all clients, suppliers and financing banks for their support!

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SHARES

The Company had not redeemed any of its listed shares during the year ended 30 April 2009. Neither the Company nor any of its subsidiaries had purchased or sold any of the Company's listed shares during the year ended 30 April 2009.

CORPORATE GOVERNANCE

The Board believes that good corporate governance is not only in the interest of the Company and its shareholders as a whole, but also increasingly important for maintaining and promoting investor confidence. The Board is responsible for ensuring a high quality of corporate governance. The Company has adopted the principles and complied with the applicable code provisions of the Code on Corporate Governance Practices (the "Code") as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") for the year ended 30 April 2009, except for the following deviations:

1. Under Code Provision A.4.1, non-executive directors should be appointed for a specific term, subject to re-election.

   All the independent non-executive directors of the Company have not been appointed for a specific term, but are subject to retirement by rotation at the annual general meeting of the Company at least once every three years in accordance with the Bye-laws of the Company. The Company intended to comply with Code Provision A.4.1 by entering into a letter of appointment with specific term with each of the non-executive directors of the Company upon their respective re-election.

2. Under Code Provision E.1.2, the Chairman of the Board should attend the annual general meeting of the Company.

   The Chairman of the Board did not attend the annual general meeting of the Company held on 26 September 2008 (the "2008 AGM") due to illness at the material time. Ms. Tang Fung Kwan, the Deputy Chairman and Managing Director of the Company, who took the chair of 2008 AGM, and all other members of the Board (including the chairman of each of the Audit Committee and the Remuneration Committee) attended the 2008 AGM to ensure effective communication with the shareholders of the Company.

The Audit Committee of the Company, currently comprising four independent non-executive directors, has reviewed the accounting principles and practices adopted by the Group, the internal control of the Group and the annual results of the Company for the year ended 30 April 2009.

Further information on corporate governance practices of the Company will be set out in 2008/2009 annual report of the Company, which will be sent to the shareholders of the Company by the end of August 2009.

ANNUAL GENERAL MEETING

The 2009 Annual General Meeting of the Company will be held on Tuesday, 29 September 2009 and the Notice of Annual General Meeting will be published and despatched in accordance with the Listing Rules in due course.

By Order of the Board
Lam Wai Chun
Chairman

Hong Kong, 14 August 2009

As at the date hereof, the Board comprises three Executive Directors, namely Mr. Lam Wai Chun (Chairman), Ms. Tang Fung Kwan (Deputy Chairman and Managing Director) and Ms. Li Hong; and five Independent Non-executive Directors, namely Mr. Au Son Yiu, Mr. Lee Wing Kwan, Denis, Dr. Tang Tin Sek, Mr. Goh Gen Cheung and Professor Zhu Yuhe.

Websites: http://www.0759.com
http://www.ceccoils.com
http://www.irasia.com/listco/hk/cecint

* *For identification purpose only*