CEC INTERNATIONAL HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

2003/2004 THIRD QUARTER RESULTS ANNOUNCEMENT

The Board of Directors (the "Directors") of CEC International Holdings Limited (the "Company") is pleased to announce the unaudited consolidated income statement of the Company and its subsidiaries (collectively referred to as the "Group") for the three months and nine months ended 31st January 2004 together with unaudited comparative figures for the corresponding period in 2003, and the unaudited consolidated balance sheet of the Group as at 31st January 2004 together with audited comparative figures as at 30th April 2003.

CONSOLIDATED INCOME STATEMENT

		Three months ended 31st January		**Nine months ended 31st January**	
		2004	2003	**2004**	2003
	Notes	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
		(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
Turnover	*2*	**111,395**	93,225	**346,945**	341,184
Cost of sales		**(82,435)**	(68,539)	**(259,522)**	(258,042)
Gross profit		**28,960**	24,686	**87,423**	83,142
Selling and distribution expenses		**(3,588)**	(3,307)	**(9,196)**	(11,242)
General and administrative expenses		**(18,559)**	(16,654)	**(51,670)**	(51,611)
Other operating expenses		**–**	–	**(662)**	–
Operating profit	*2,3*	**6,813**	4,725	**25,895**	20,289
Interest income		**34**	61	**126**	296
Interest expense		**(4,514)**	(4,752)	**(13,569)**	(14,182)
Share of losses of an associate		**(49)**	–	**(27)**	–
Share of profits less losses of jointly controlled entities		**–**	175	**–**	140
Profit before taxation		**2,284**	209	**12,425**	6,543
Taxation	*4*	**(621)**	(193)	**(2,219)**	(1,233)
Profit attributable to shareholders		**1,663**	16	**10,206**	5,310
Earnings per share – Basic	*6*	**0.240 cent**	0.002 cent	**1.473 cents**	0.771 cent

CONSOLIDATED BALANCE SHEET

	Notes	**As at 31st January 2004** *HK$'000* **(Unaudited)**	As at 30th April 2003 *HK$'000* (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment	*7*	**470,118**	460,469
Investment properties	*8*	**2,520**	–
Investment in associates		**1,453**	4,193
Deposit with an associate		**–**	8,577
Deferred tax assets		**428**	413
Total non-current assets		**474,519**	473,652
CURRENT ASSETS			
Inventories		**87,781**	83,756
Trade receivables	*9*	**76,362**	77,680
Bills receivable		**3,723**	583
Prepayments, deposits and other current assets		**9,442**	9,713
Tax recoverable		**432**	436
Investment		**8,317**	7,939
Pledged bank deposits		**25,051**	24,983
Bank balances and cash		**25,642**	19,257
Total current assets		**236,750**	224,347
CURRENT LIABILITIES			
Short-term bank borrowings		**(114,112)**	(147,799)
Long-term bank loans, current portion		**(76,203)**	(42,996)
Finance lease obligations, current portion		**(7,919)**	(14,487)
Trade payables	*10*	**(58,204)**	(51,876)
Bills payable		**(7,072)**	(660)
Accruals and other payables		**(22,068)**	(21,788)
Tax payable		**(1,656)**	(140)
Total current liabilities		**(287,234)**	(279,746)
Net current liabilities		**(50,484)**	(55,399)
Total assets less current liabilities		**424,035**	418,253
NON-CURRENT LIABILITIES			
Long-term bank loans, non-current portion		**(91,158)**	(92,862)
Finance lease obligations, non-current portion		**(3,730)**	(8,226)
Deferred tax liabilities		**(20,562)**	(19,740)
Total non-current liabilities		**(115,450)**	(120,828)
MINORITY INTERESTS		**(61)**	(61)
Net assets		**308,524**	297,364
CAPITAL AND RESERVES			
Share capital		**69,303**	69,303
Reserves		**239,221**	228,061
Shareholders' equity		**308,524**	297,364

Notes:

1. **Principal accounting policies**

The quarterly consolidated financial statements for the three months and nine months ended 31st January 2004 comply with Statement of Standard Accounting Practice ("SSAP") 25 "Interim financial reporting" issued by the Hong Kong Society of Accountants, and the same principal accounting policies and methods of computation are followed as compared with the most recent published annual financial statements for the year ended 30th April 2003, except that the Group has adopted SSAP 12 (revised) "Income taxes", which is effective for accounting periods commencing on or after 1st January 2003, and SSAP 13 "Accounting for investment properties", issued by the Hong Kong Society of Accountants for the first time in the current period.

SSAP 12 (revised) "Income taxes"

In prior years, deferred tax was recognised in respect of the taxation effect arising from material timing differences to the extent that a liability or an asset is expected to be payable or receivable in the foreseeable future. Under SSAP 12 (revised), a balance sheet liability method is adopted whereby deferred tax is recognised in respect of temporary differences between the tax bases of assets and liabilities and their carrying amounts. Provision for withholding tax that will arise on the remittance of retained profits is only made where there is a current intention to remit such profits. Deferred tax assets relating to unused tax losses are recognised to the extent that the future utilisation is probable. The new accounting policy has been adopted retrospectively. As a result, the property revaluation reserve as at 30th April 2003 has been reduced by HK$3,308,000 (2002: HK$3,300,000) and the retained profits as at 30th April 2003 have been increased by HK$413,000 (2002: HK$406,000). The deferred tax liabilities and deferred tax assets as at 30th April 2003 have been increased by HK$3,308,000 (2002: HK$3,300,000) and HK$413,000 (2002: HK$406,000), respectively. The loss attributable to shareholders for the year ended 30th April 2003 has been reduced by HK$7,000.

SSAP 13 "Accounting for investment properties"

Investment properties are completed properties which are held for their investment potential, any rental income being negotiated at arm's length. Investment properties are stated at their open market value. Any revaluation increase or decrease (if any) arising on the revaluation of investment properties is credited or charged to the investment property revaluation reserve unless the balance on this reserve is insufficient to cover a revaluation decrease, in which case the excess of the revaluation decrease over the balance on the investment property revaluation reserve is charged to the consolidated income statement. Where a decrease has previously been charged to the consolidated income statement and a revaluation increase subsequently arises, this increase is credited to the consolidated income statement to the extent of the decrease previously charged. On disposal of an investment property, the balance on the investment property revaluation reserve attributable to that property is transferred to the consolidated income statement. No depreciation is provided on investment properties except where the unexpired term of the relevant lease is 20 years or less. The adoption of this SSAP had no material effect on the Group's consolidated financial statements.

2. **Segment information**

The Company is an investment holding company. Its subsidiaries are principally engaged in (i) the design, development, manufacture and sale of a wide range of coils, capacitors and other electronic components, which are generally used in the manufacture of various kinds of electronic and electrical products; (ii) the provision of information technology services; and (iii) the manufacture and sale of ferrite powder which is a major raw material for the production of display tubes.

Analysis of turnover and operating profit/(loss) by business segment is as follows:

	Turnover			
	Three months ended 31st January		**Nine months ended 31st January**	
	2004	2003	**2004**	2003
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Coils manufacturing	**96,988**	81,835	**303,859**	277,568
Capacitors manufacturing	**4,034**	8,212	**10,881**	30,625
Electronic components trading	**5,948**	3,178	**25,290**	32,991
Information technology services	**1,051**	–	**3,541**	–
Ferrite powder manufacturing	**3,374**	–	**3,374**	–
	111,395	93,225	**346,945**	341,184

	Operating profit/(loss)			
	Three months ended 31st January		**Nine months ended 31st January**	
	2004	2003	**2004**	2003
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Coils manufacturing	**9,547**	4,939	**31,893**	20,219
Capacitors manufacturing	**(814)**	366	**(2,914)**	1,371
Electronic components trading	**(117)**	(580)	**464**	(1,301)
Information technology services	**(1,025)**	–	**(2,770)**	–
Ferrite powder manufacturing	**(778)**	–	**(778)**	–
	6,813	4,725	**25,895**	20,289

Analysis of turnover and operating profit/(loss) by geographical segment is as follows:

	Turnover			
	Three months ended 31st January		**Nine months ended 31st January**	
	2004	2003	**2004**	2003
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Hong Kong	**59,292**	54,611	**207,220**	218,982
Mainland China	**23,891**	10,301	**55,850**	30,565
Taiwan	**7,086**	13,502	**27,421**	47,458
Europe	**8,957**	5,866	**24,295**	18,352
Singapore	**8,324**	5,320	**20,747**	17,431
Others	**3,845**	3,625	**11,412**	8,396
	111,395	93,225	**346,945**	341,184

	Operating profit/(loss)			
	Three months ended 31st January		**Nine months ended 31st January**	
	2004	2003	**2004**	2003
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Hong Kong	**2,761**	3,855	**14,183**	12,271
Mainland China	**1,271**	710	**4,077**	4,128
Taiwan	**(97)**	315	**(500)**	1,817
Europe	**820**	297	**2,389**	1,060
Singapore	**1,710**	(26)	**5,553**	2,583
Others	**348**	(426)	**193**	(1,570)
	6,813	4,725	**25,895**	20,289

3. Operating profit

Operating profit is stated after crediting and charging the following:

	Three months ended 31st January		**Nine months ended 31st January**	
	2004	2003	**2004**	2003
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Crediting				
Unrealised gain on investment	**126**	178	**378**	430
Charging				
Depreciation of property, plant and equipment	**15,136**	11,437	**44,640**	43,869
Amortisation of distribution right	**–**	266	**–**	800
Cost of inventories sold	**81,709**	68,539	**257,405**	258,042
Staff costs (including directors' emoluments)	**27,969**	18,269	**81,405**	64,799

4. Taxation

The Company is exempted from taxation in Bermuda until 2016. Hong Kong profits tax has been provided at the rate of 17.5% (2003: 16%) on the estimated assessable profit for the period. Subsidiaries of the Company in Mainland China are subject to Mainland China enterprise income tax ranging from 15% to 33% (2003: 15% to 33%) on their taxable income determined according to Mainland China tax laws. Other overseas taxation has been calculated on the estimated assessable profit for the period at the rates of taxation prevailing in the respective jurisdictions.

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

	Three months ended 31st January		Nine months ended 31st January	
	2004	2003	**2004**	2003
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Hong Kong profits tax				
– current tax	**256**	248	**956**	756
– over-provision in prior periods	**–**	–	**(19)**	–
Mainland China enterprise income tax				
– current tax	**139**	(55)	**234**	477
– over-provision in prior periods	**(384)**	–	**(384)**	–
Taxation in other jurisdictions				
– current tax	**586**	–	**586**	–
Deferred taxation	**–**	–	**822**	–
	597	193	**2,195**	1,233
Share of taxation attributable to an associate	**24**	–	**24**	–
	621	193	**2,219**	1,233

5. Dividend

The Directors resolved not to declare any interim dividend in respect of the nine months ended 31st January 2004 (2003: Nil).

6. Earnings per share

The calculation of basic earnings per share for the three months ended 31st January 2004 is based on the profit attributable to shareholders of approximately HK$1,663,000 (2003: HK$16,000) and the weighted average number of 693,028,811 (2003: 693,028,811) shares in issue during the period.

The calculation of basic earnings per share for the nine months ended 31st January 2004 is based on the profit attributable to shareholders of approximately HK$10,206,000 (2003: HK$5,310,000) and the weighted average number of 693,028,811 (2003: 689,086,782) shares in issue during the period.

Diluted earnings per share is not presented as the outstanding share options and warrants during the three months and nine months ended 31st January 2003 and 31st January 2004 were anti-dilutive.

7. Property, plant and equipment

During the nine months ended 31st January 2004, the additions to property, plant and equipment were approximately HK$53,839,000 (2003: HK$15,883,000).

8. Investment properties

During the nine months ended 31st January 2004, the additions to investment properties were approximately HK$2,520,000 (2003: Nil).

9. Trade receivables

The aging analysis of trade receivables is as follows:

	As at 31st January 2004	As at 30th April 2003
	HK$'000	*HK$'000*
Current	**57,716**	52,393
Overdue by 0 – 1 month	**8,604**	9,472
Overdue by 1 – 2 months	**5,148**	3,879
Overdue by 2 – 3 months	**2,177**	5,923
Overdue by more than 3 months	**6,505**	8,922
	80,150	80,589
Less: Provision for bad and doubtful debts	**(3,788)**	(2,909)
	76,362	77,680

Management of the Group performs on-going credit and collectibility evaluations of each customer. Provisions for potential credit losses are maintained and such losses in aggregate have not exceeded management's estimation. The Group offers an average credit period ranging from one to three months to its trade customers who have good payment records and well-established relationships with the Group.

10. Trade payables

The aging analysis of trade payables is as follows:

	As at 31st January 2004	As at 30th April 2003
	HK$'000	*HK$'000*
Current	**35,536**	29,248
Overdue by 0 – 1 month	**7,114**	9,565
Overdue by 1 – 2 months	**3,639**	4,840
Overdue by 2 – 3 months	**2,571**	2,656
Overdue by more than 3 months	**9,344**	5,567
	58,204	51,876

11. Warrants

As at 1st May 2003, there were outstanding warrants of 300,800,000 units, which carry subscription rights of HK$1.475 for every 10 units of warrants entitling the holders thereof to subscribe in cash for 90,546,938 new shares in the Company at an adjusted subscription price of HK$0.49 per new share (subject to adjustment) from the date of issue (3rd July 2000) to 30th September 2003 (both dates inclusive). The subscription rights attached to all the outstanding warrants expired on 30th September 2003 and following such date, the warrants ceased to be valid for any purpose. Up to 30th September 2003, no warrant was exercised.

12. Contingent liabilities

Contingent liabilities not provided for in the consolidated financial statements are:

	As at 31st January 2004	As at 30th April 2003
	HK$'000	*HK$'000*
Factoring of trade receivables with recourse	**30,261**	25,286

13. Comparative figures

Certain comparative figures have been reclassified to conform to the current period's presentation.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Business Review

Reviewing the period for the nine months ended 31st January 2004, the Group has been carrying out the corporate strategy formulated last year, including the intensive development of the core manufacturing business, the trimming or restructure of under-performing projects, and the enhancement of the Group's overall operating efficiency. For the nine months ended 31st January 2004, the Group's turnover was HK$346,945,000 (2003: HK$341,184,000), up 1.7% as compared with the corresponding period last year. The increase in turnover was mainly contributed from the Group's core business – the coils manufacturing segment, the turnover of which for the period rose 9.5% as compared with the corresponding period last year. The turnover of low-profit-margin electronic components trading segment reduced by 23.3%, reflecting the Group's efforts in focusing its resources on the development of the core business.

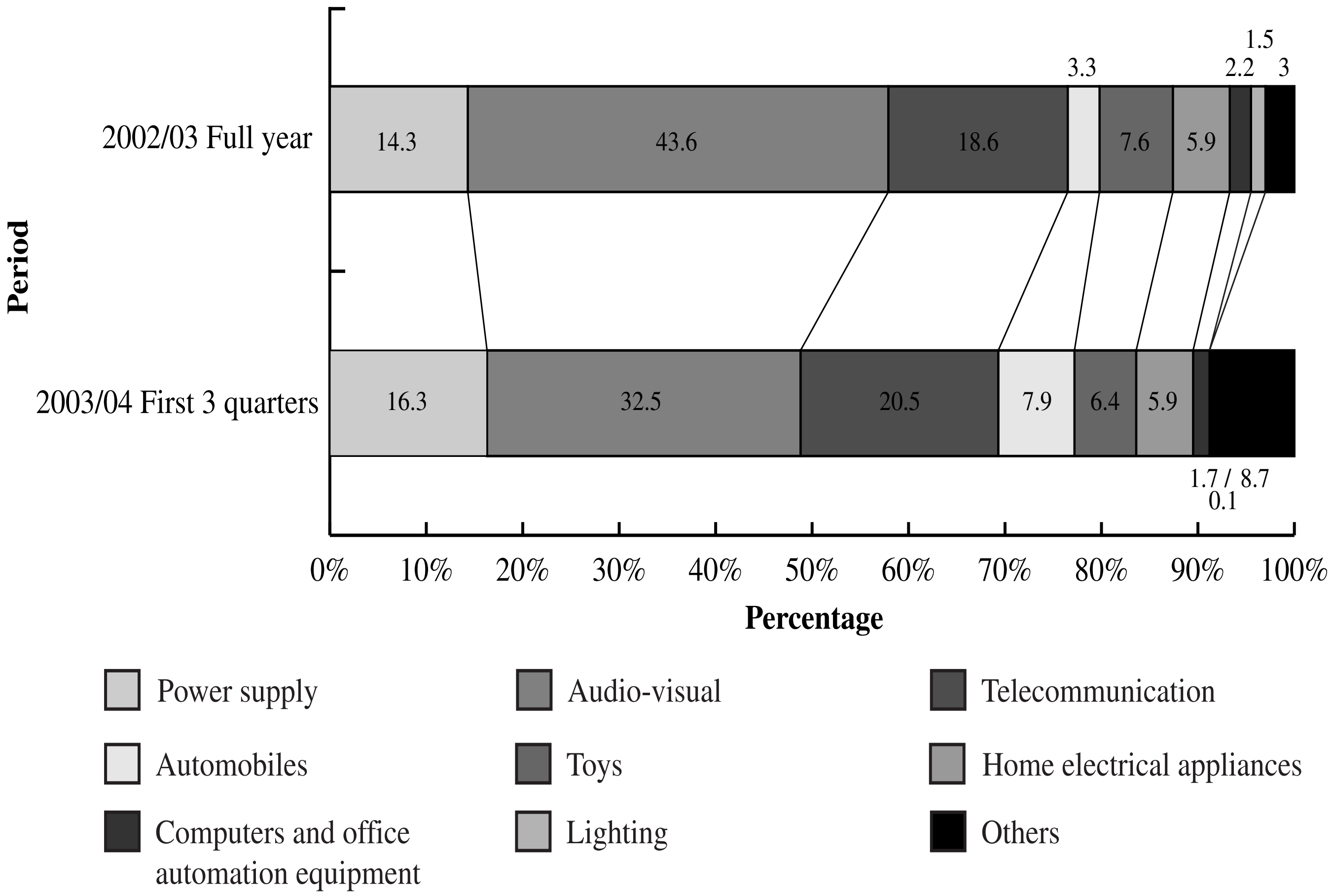
During the period under review, the Group recorded a gross profit of HK$87,423,000 (2003: HK$83,142,000), up 5.1% as compared with the same period last year. The overall gross profit margin was 25.2% (2003: 24.4%). Operating profit was HK$25,895,000 (2003: HK$20,289,000), up 27.6% as compared with the same period last year. Profit attributable to shareholders for the period amounted to 10,206,000 (2003: HK$5,310,000), with a growth of 92.2%. The increases in operating profit and profit attributable to shareholders were mainly due to the Group's intensive development of its core business, the coils manufacturing segment, the turnover of which for the period accounted for 87.6% (2003: 81.4%) of the total turnover whilst the proportions for the turnover of the relative low-profit-margin capacitors manufacturing and electronic components trading segments to the total turnover decreased to 3.1% and 7.3%, respectively (2003: 9.0% and 9.7%). The improvement in the overall profit margin and profit growth indicates the effectiveness of the Group's strategy in focusing its resources on the development of the core business.

	Turnover Nine months ended 31st January		Gross profit/(loss) Nine months ended 31st January	
	2004	2003	**2004**	2003
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Coils manufacturing	**303,859**	277,568	**86,432**	78,028
Capacitors manufacturing	**10,881**	30,625	**(2,166)**	3,226
Electronic components trading	**25,290**	32,991	**1,915**	1,888
Information technology services	**3,541**	–	**1,423**	–
Ferrite powder manufacturing	**3,374**	–	**(181)**	–
	346,945	341,184	**87,423**	83,142

Coils Manufacturing Segment

The Group dedicated its resources to develop the coils manufacturing business during the period. For the nine months ended 31st January 2004, the gross profit of the coils manufacturing segment yielded an increase of 10.8% as compared with the corresponding period last year up to HK$86,432,000 (2003: HK$78,028,000), with a gross profit margin of 28.4% (2003: 28.1%). Turnover of this segment also rose by 9.5%, to HK$303,859,000 (2003: HK$277,568,000) as compared with the corresponding period last year, which was mainly attributable to the increasing demand from power-supply product manufacturers. This rendered the sales of the Group's highly promoted power-supply coils, including switching-mode transformers and line filters, soared. The Group's other coils products also maintained a steady growth. Below is a chart that indicates the distribution of customers' industries for the coils manufacturing segment:

Distribution of Turnover by Customer's Industries



In respect of sales market, the Group's targeted European and Mainland China markets recorded a significant growth of 32.4% and 82.7%, respectively during the period under review. Through the proactive development on power-supply coils and anti-electromagnetic interference filters in European market in the recent years, the Group succeeded in securing a certain number of customers in Europe. The enhanced customer recognition in the Group's product quality, pricing and services led to a remarkable increase in turnover from Europe. Meanwhile, the Group also recorded an increase of more than 80% in turnover from Mainland China, primarily because more and more electronic and electrical appliance manufacturers from all over the world have been setting up their manufacturing bases and furnishing their purchases in Mainland China, therefore benefiting the Group which has a core and well-established presence in that country. In respect of the customers in Mainland China, the Group continues to adopt a prudent and cautious approach in market development. During the period under review, the world-wide metal prices have been continuously increasing. Prices of copper and metal oxides had already accumulated a single-digit and a double-digit growth, respectively. However, the Group's on-going improvement in production technology and materials application resulted in a reduction of material costs. In addition, as the Group had signed up long-term purchasing forecasts with major suppliers, a relative stable supply of raw materials can be maintained. The Group's shrewd ability to control cost of raw materials for the period was reflected in the increase of profit margin of the coils manufacturing segment. Given the volatility of prices of raw materials, the Group will continue to closely monitor the price fluctuation in the international metal markets.

Capacitors Manufacturing Segment
Turnover for the capacitors manufacturing segment for the period was HK$10,881,000 (2003: HK$30,625,000), reduced significantly by 64.5% as compared with the corresponding period last year. The decrease in turnover was directly related to the Group's restructure of the clientele of capacitors manufacturing segment and revised the credit terms granted to certain customers with long credit period for enhancing the Group's cash-flow liquidity and alleviating credit risk.

Electronic Components Trading Segment
The Group continued to shrink the electronic components trading segment. For the nine months ended 31st January 2004, the turnover for the Group's electronic components trading segment was HK$25,290,000 (2003: HK$32,991,000), reduced by 23.3% as compared with the corresponding period last year. The Group expects to substantially phase out the electronic components trading segment in the next quarter, and upon completion, the Group will be able to further focus its resources on the development of the core business.

Information Technology Segment
During the period under review, the Group's information technology segment recorded a turnover of HK$3,541,000 (2003: Nil), with a gross profit of HK$1,423,000 (2003: Nil). In line with the Group's dedication to develop its core business, the Group decided to scale down the existing business of the information technology segment and cease to make any further new investment in the information technology business. The on-going development of the Group's incumbent operating system will continue as scheduled to complement the Group's core business development.

Ferrite Powder Manufacturing
Following the completion of the Nanjing Project's plant infrastructure and production equipment installation in October 2003, Nanjing Guo Zhong Magnetic Material Co., Ltd. ("Nanjing Guo Zhong"), a wholly-owned subsidiary of the Group, also completed the pilot production and equipment tuning in the current quarter. Product specifications had been sent to the Group's joint venture partner LG.Philips Displays' subsidiary, Nanjing Fei Jin Magnetic Products Co., Ltd. ("Nanjing Fei Jin"). It was the first time for Nanjing Guo Zhong to record a turnover of HK$3,374,000 (2003: Nil) in this quarter. Nanjing Guo Zhong is currently working in matching equipment and improving the manufacturing workflow in order to increase the production output and efficiency, and is also actively teaming up with Nanjing Fei Jin to work out the formulae of the relative low-cost raw materials and to source the relevant suppliers of such materials.

Financial Review
As at 31st January 2004, the Group's aggregate banking facilities from banks amounted to HK$425,981,000 (as at 30th April 2003: HK$539,426,000), of which HK$106,047,000 (as at 30th April 2003: HK$222,320,000) remained unutilised. Cash and bank deposits were HK$50,693,000 (as at 30th April 2003: HK$44,240,000), denominated mainly in Hong Kong dollars, United States dollars, Renminbi, Singapore dollars and New Taiwan dollars. The Group is required to meet certain restrictive financial covenants with the major banks.

	Financial covenants with major banks	**As at 31st January 2004**	**Compliance with financial covenants**
Net tangible assets	Above HK$290,000,000	**HK$308,524,000**	Complied
Current ratio	Above 0.70	**0.82**	Complied
Interest coverage ratio	Above 3.50 times	**5.25 times**	Complied
Net gearing ratio (1)*	Below 1.05	**0.91**	Complied
Net gearing ratio (2)#	Below 0.85	**0.78**	Complied

* The ratio of (total borrowings plus bills payable and contingent liabilities less total cash and bank deposits) over (net tangible assets less proposed final dividend)

The ratio of (total borrowings plus bills payable less total cash and bank deposits and investment) over (net tangible assets plus minority interests less proposed final dividend)

Cash Flow Summary

	Nine months ended 31st January		
	2004	2003	**Change**
	HK$'000	*HK$'000*	
Cash inflow from operating activities	**74,817**	12,536	↑
Cash (outflow)/inflow from investing activities	**(41,733)**	3,915	↓
Cash outflow from financing activities	**(7,818)**	(25,624)	↑
Cash and cash equivalents, end of period	**16,113**	(17,655)	↑

The Group's net cash inflow for the nine months ended 31st January 2004 was HK$25,384,000 (2003: outflow of HK$6,872,000). As at 31st January 2004, cash and cash equivalents amounted to HK$16,113,000 (2003: minus HK$17,655,000). The increase in net cash inflow was mainly attributable to the net cash inflow from operating activities of HK$74,817,000 (2003: HK$12,536,000) during the period. The net cash outflow from investing activities was HK$41,733,000 (2003: inflow of HK$3,915,000). This was primarily due to the additions of the property, plant and equipment amounting to HK$48,225,000 for the period (2003: HK$6,431,000), which included the purchase of plant and equipment in connection with the major investment in Nanjing Project. The net cash outflow from financing activities was HK$7,818,000 (2003: HK$25,624,000), mainly attributable to a new long-term bank loan of HK$165,000,000 obtained in May 2003, which had positive impact on the Group's debt structure and cash flow. Besides, the Group also continued to repay certain balance of bank loans, reducing the net gearing ratios (1) and (2) to 0.91 and 0.78, respectively (2003: 1.00 and 0.89).

Corporate Governance

In line with the requirements of corporate governance, the Group has enhanced the transparency, efficiency and effectiveness of risk management and internal control with a view to protecting the interests of investors, creditors and shareholders. Accordingly, the Group newly established an Internal Audit Department during current quarter. The Internal Audit Department mainly focuses on scrutinizing and reviewing the Group's internal operation and financial control systems. Besides, it also performs independent review on the consolidated financial statements of each quarter (including the current quarter) and provides the corresponding recommendations on identified issues.

Future Plans and Prospects

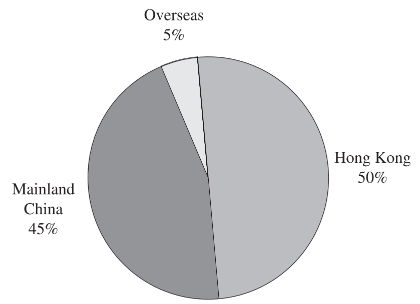
Re-organization to the China-focused Operating Model

Following the public listing of the Group, certain organizational structure and day-to-day operations that had been relocated to Mainland China were re-constructed in Hong Kong. This had an adverse effect on the synchronization of the Group's daily operation, thus diminishing operating efficiency while the expansion of Hong Kong organizational structure had also resulted in an increase in overall operating overheads. After thorough consideration, the Directors believe that the Group's most successful strength is its comprehensive management and operating base established in Mainland China. In view of this, the transfer of certain work procedures back to Hong Kong was a decision putting the cart before the horse. To rectify the mistake, the Directors have decided to return to use the full China-focused operating model as adopted by the Group before its public listing in 1999 by gradually stream-lining the operating structure in Hong Kong and transferring the relevant operations back to the headquarter in Mainland China.

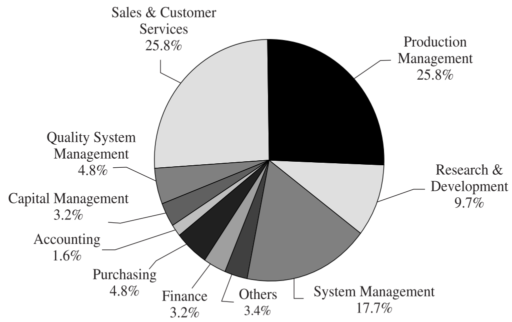
Executive Trainee Program

The "Executive Trainee Program" represents a crucial investment in human resources to the Group. The "Executive Trainee Program" aims at training and incubating quality people, bringing in new ideas and young talents, and developing a new generation of the management to support the Group's fast-growing business. The "Executive Trainee Program" comprises "Hong Kong Executive Trainees", who graduated from universities in Hong Kong, and also "Mainland Executive Trainees", who are talents recruited from Mainland China. Since the launch of the Program in November 2003, there are 64 executive trainees employed under the program, of which 36 are "Hong Kong Executive Trainees", and 28 are "Mainland Executive Trainees". Up to 31st January 2004, the Group had invested resources with a total amount of HK$1,263,000 into the "Executive Trainee Program" that spans across different departments in the core business, including production management, purchasing, sales, system management, capital analysis, research and development, and quality system management. The average age of the members of the "Executive Trainees Program" is about 25 years old and this young management team will further consolidate the foundation of the Group. The effectiveness of this crucial training program has a significant impact to the Group's future development. The Group will, therefore, continue to report the latest progress of this "Executive Trainee Program" every quarter.

Distribution of Trainees of "Executive Trainee Program" by Location of Universities Graduated as at 31st Janaury 2004



Distribution of Trainees of "Executive Trainee Programme" by Functional Department as at 31st Janaury 2004



The above was written by:
Cheung Ming Yat
Lai Mei Chi, Sara
Liu Man Wong
Capital Management Department

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 nine months ended 31st January 2004.

CODE OF BEST PRACTICE

None of the Directors is aware of any information that would reasonably indicate that the Company is not, or was not for any part of the nine months ended 31st January 2004, in compliance with the Code of Best Practice as set out in Appendix 14 of the Listing Rules, except that the non-executive director (Mr. Tang Tin Sek, who has been re-designated as an independent non-executive director with effect from 3rd June 2003) and 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.

By Order of the Board
Lam Wai Chun
Chairman

Hong Kong, 25th March 2004
Web: http//www.ceccoils.com
http//www.0759.com
http//www.irasia.com/listco/hk/cecint