CEC INTERNATIONAL HOLDINGS LIMITED
CEC國際控股有限公司*

(Incorporated in Bermuda with limited liability)
(Stock Code: 0759)

2007/2008 THIRD QUARTER RESULTS ANNOUNCEMENT

The Board of Directors (the "Board") of CEC International Holdings Limited (the "Company") is pleased to announce that the unaudited consolidated results of the Company and its subsidiaries (collectively referred to as the "Group") for the three months and nine months ended 31 January 2008 as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

	Note	Three months ended 31 January **2008** *HK$'000* **(Unaudited)**	2007 *HK$'000* (Unaudited)	Nine months ended 31 January **2008** *HK$'000* **(Unaudited)**	2007 *HK$'000* (Unaudited)
Turnover	*2*	**209,889**	177,609	**603,450**	529,527
Cost of sales	*4*	**(169,144)**	(143,037)	**(483,050)**	(423,846)
Gross profit		**40,745**	34,572	**120,400**	105,681
Other income	*3*	**2,446**	360	**3,239**	1,145
Other gain – gain on disposal of investment property		**–**	855	**–**	855
Selling and distribution expenses	*4*	**(4,763)**	(4,203)	**(12,696)**	(11,285)
General and administrative expenses	*4*	**(26,087)**	(21,742)	**(72,803)**	(59,821)
Operating profit		**12,341**	9,842	**38,140**	36,575
Finance costs	*5*	**(6,082)**	(4,980)	**(15,916)**	(14,729)
Profit before taxation		**6,259**	4,862	**22,224**	21,846
Taxation	*6*	**(1,614)**	(558)	**(3,506)**	(3,532)
Profit for the period		**4,645**	4,304	**18,718**	18,314
Attributable to:					
– equity holders of the Company		**4,690**	4,453	**19,119**	18,463
– minority interest		**(45)**	(149)	**(401)**	(149)
		4,645	4,304	**18,718**	18,314
Earnings per share for profit attributable to equity holders of the Company during the period	*8*				
– basic		**0.65 cent**	0.62 cent	**2.67 cents**	2.58 cents
– diluted		**N/A**	N/A	**N/A**	N/A

CONDENSED CONSOLIDATED BALANCE SHEET

	Note	As at 31 January 2008 HK$'000 (Unaudited)	As at 30 April 2007 HK$'000 (Audited)
ASSETS			
Non-current assets			
Leasehold land and land use rights		**37,529**	31,117
Property, plant and equipment		**368,258**	355,836
Investment properties		**9,148**	9,148
Available-for-sale financial assets		**8,280**	7,895
Deposit for acquisition/construction of property, plant and equipment		**12,969**	3,623
		436,184	407,619
Current assets			
Inventories		**123,180**	79,574
Accounts receivable	*9*	**193,241**	173,801
Prepayment, deposits and other receivables		**8,739**	8,477
Tax recoverable		**–**	21
Pledged bank deposits		**27,279**	26,509
Bank balances and cash		**84,612**	31,586
		437,051	319,968
Total assets		**873,235**	727,587
EQUITY			
Share capital		**71,661**	71,661
Reserves			
Proposed final dividend		**–**	6,808
Others		**339,718**	295,782
		411,379	374,251
Minority interest		**199**	–
Total equity		**411,578**	374,251
LIABILITIES			
Non-current liabilities			
Borrowings		**196,451**	38,329
Deferred income tax		**7,790**	10,777
		204,241	49,106
Current liabilities			
Borrowings		**164,799**	224,972
Accounts payable	*10*	**56,997**	47,424
Accruals and other payables		**31,044**	25,204
Taxation payable		**4,576**	6,630
		257,416	304,230
Total liabilities		**461,657**	353,336
Total equity and liabilities		**873,235**	727,587
Net current assets		**179,635**	15,738
Total assets less current liabilities		**615,819**	423,357

Notes:

1. Basis of preparation and accounting policies

These unaudited condensed consolidated third quarterly financial statements (the "Financial Statements") have been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim financial reporting", issued by the Hong Kong Institute of Certified Public Accountants. The Financial Statements should be read in conjunction with the annual financial statements for the year ended 30 April 2007.

The accounting policies used in the preparation of the Financial Statements are consistent with those used in the annual financial statements for the year ended 30 April 2007, except for the adoption of the standards, amendments and interpretations issued by the HKICPA mandatory for the financial year beginning 1 May 2007. The adoption of such standards, amendments and interpretations has no significant effect on the Group's results but will have certain disclosure impacts on the annual financial statements of this financial year.

The Group has not early adopted any new standards, amendments or interpretations which have been issued on or before 31 January 2008 but are not effective for the financial year ending 30 April 2008. The Group is in the process of assessing their impact on the Group's results and operations.

2. Segment information

(a) Primary segments

	Nine months ended 31 January 2008			Nine months ended 31 January 2007		
	Electronic components manufacturing	**Others**	**Total**	Electronic components manufacturing	Others	Total
	HK$'000	***HK$'000***	***HK$'000***	*HK$'000*	*HK$'000*	*HK$'000*
Sales	**602,606**	**3,298**	**605,904**	528,265	3,302	531,567
Intersegment sales	**–**	**(2,454)**	**(2,454)**	–	(2,040)	(2,040)
External sales	**602,606**	**844**	**603,450**	528,265	1,262	529,527
Operating profit	**37,665**	**475**	**38,140**	35,134	1,441	36,575
Finance costs			**(15,916)**			(14,729)
Profit before taxation			**22,224**			21,846
Taxation			**(3,506)**			(3,532)
Profit for the period			**18,718**			18,314
Capital expenditures	**58,415**	**31**	**58,446**	44,162	300	44,462
Depreciation	**54,123**	**34**	**54,157**	50,165	69	50,234
Amortisation	**634**	**–**	**634**	487	–	487

	Electronic components manufacturing		Others		Total	
	As at 31/1/2008	As at 30/4/2007	**As at 31/1/2008**	As at 30/4/2007	**As at 31/1/2008**	As at 30/4/2007
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Other information						
Segment assets	**862,154**	716,216	**11,081**	11,350	**873,235**	727,566
Unallocated assets					**–**	21
Total assets					**873,235**	727,587
Segment liabilities	**448,946**	335,422	**345**	507	**449,291**	335,929
Unallocated liabilities					**12,366**	17,407
Total liabilities					**461,657**	353,336

(b) Secondary segments

	Sales Nine months ended 31 January		Capital expenditures Nine months ended 31 January		Total assets	
					As at	As at
	2008	2007	**2008**	2007	**31/1/2008**	30/4/2007
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Hong Kong	**163,468**	173,902	**15,892**	12,661	**183,999**	123,617
Mainland China	**313,256**	241,697	**42,506**	31,050	**635,350**	544,549
Taiwan	**30,296**	37,257	**48**	716	**15,305**	26,203
Europe	**16,110**	17,777	**–**	–	**2,439**	4,525
Singapore	**19,226**	31,402	**–**	–	**18,691**	19,011
Others	**61,094**	27,492	**–**	35	**17,451**	9,682
	603,450	529,527	**58,446**	44,462	**873,235**	727,587

3. Other income

	Three months ended 31 January		Nine months ended 31 January	
	2008	2007	**2008**	2007
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Interest income	**599**	360	**1,370**	1,145
Tax refund for reinvestment in subsidiaries of Mainland China	**1,847**	–	**1,847**	–
Dividend income	**–**	–	**22**	–
	2,446	360	**3,239**	1,145

4. Expenses by nature

	Three months ended 31 January		Nine months ended 31 January	
	2008	2007	**2008**	2007
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Amortisation of leasehold land and land use rights	**226**	179	**634**	487
Depreciation of property, plant and equipment	**18,109**	16,961	**54,157**	50,234
Cost of inventories sold	**168,301**	142,926	**480,498**	423,499
Employee benefit expense (including directors' emoluments)	**59,560**	45,285	**158,382**	128,105
Impairment loss on goodwill	**–**	300	**–**	300
Provision for slow moving and obsolete inventories	**112**	771	**462**	771
Provision for/(reversal of) impairment of receivables	**576**	(1,531)	**219**	(3,428)

5. Finance costs

	Three months ended 31 January		Nine months ended 31 January	
	2008	2007	**2008**	2007
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Interest expenses	**5,515**	4,720	**14,687**	13,823
Amortisation of deferred borrowing costs	**567**	260	**1,229**	906
	6,082	4,980	**15,916**	14,729

6. Taxation

The Company is exempted from taxation in Bermuda until 2016. Hong Kong profits tax has been provided at the rate of 17.5% (2007: 17.5%) on the estimated assessable profit for the period. Overseas taxation has been calculated on the estimated assessable profits for the period at the rates prevailing in the respective jurisdictions.

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

	Three months ended 31 January		Nine months ended 31 January	
	2008	2007	**2008**	2007
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Hong Kong profits tax – current tax	**505**	(353)	**2,292**	1,687
Overseas taxation – current tax	**1,781**	1,469	**4,201**	3,790
Deferred taxation	**(672)**	(558)	**(2,987)**	(1,945)
	1,614	558	**3,506**	3,532

7. Dividend

The Board resolved not to declare any dividend in respect of the nine months ended 31 January 2008 (2007: Nil).

8. Earnings per share

The calculation of basic earnings per share for the three months ended 31 January 2008 is based on the profit attributable to equity holders of the Company of approximately HK$4,690,000 (2007: HK$4,453,000) and 716,610,798 (2007: 716,610,798) shares in issue during the period.

The calculation of basic earnings per share for the nine months ended 31 January 2008 is based on the profit attributable to equity holders of the Company of approximately HK$19,119,000 (2007: HK$18,463,000) and 716,610,798 (2007: 716,610,798) shares in issue during the period.

For the three months and nine months ended 31 January 2007 and 31 January 2008, diluted earnings per share equals basic earnings per share as there was no dilutive potential share.

9. Accounts receivable

The aging analysis of accounts receivable is as follows:

	As at 31 January 2008 *HK$'000*	As at 30 April 2007 *HK$'000*
Current	**176,596**	158,243
Overdue by 0 – 1 month	**9,793**	11,506
Overdue by 1 – 2 months	**5,530**	1,979
Overdue by 2 – 3 months	**1,322**	2,004
Overdue by more than 3 months	**1,536**	1,386
	194,777	175,118
Less: provision for impairment of accounts receivable	**(1,536)**	(1,317)
	193,241	173,801

Management of the Group and the Company's Accounts Receivable Supervisory Committee perform on-going credit and collectibility 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.

10. Accounts payable

The aging analysis of accounts payable is as follows:

	As at 31 January 2008	As at 30 April 2007
	HK$'000	*HK$'000*
Current	**55,382**	45,567
Overdue by 0 – 1 month	**1,342**	902
Overdue by 1 – 2 months	**20**	257
Overdue by 2 – 3 months	**–**	479
Overdue by more than 3 months	**253**	219
	56,997	47,424

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

For the nine months ended 31 January 2008, the turnover of the Group was HK$603,450,000 (2007: HK$529,527,000), posting a 14.0% growth over the corresponding period last year, whilst the Group's gross profit was HK$120,400,000 (2007: HK$105,681,000), up 13.9% over the same period last year. Gross profit margin of 20.0% (2007: 20.0%) was similar to that of the same period last year. Profit attributable to equity holders of the Company for the period was HK$19,119,000 (2007: HK$18,463,000), similar to that of the corresponding period last year.

During the period, the substantial rise in turnover of the Group was primarily fueled by the growth in traditional coils business and the change of the Group's product mix since September of last year. A lower production cost in traditional coils has been achieved, thanks to the Group's rather comprehensive production facilities and skills in producing traditional coils, enhanced by economies of scale. The gap in gross profit margin between traditional coils and power supply coils had further widened in favour of the traditional coils due to the rising prices of raw materials for power supply coils during the same period and its labour intensive product structure. By virtue of the above factors, the Group's gross profit margin could be maintained at similar level of the same period last year. The Group will therefore shift to expedite the development of traditional coils which have a higher gross profit margin. During the period, the uptrend of Renminbi and soaring labour cost and operating expenses in Mainland China exerted a great pressure on the Group's production cost.

During the period under review, general and administrative expenses of the Group rose to HK$72,803,000 (2007: HK$59,821,000). The increase was partly due to no reversal of provision for impairment of accounts receivable made for the period but instead a provision for impairment of accounts receivable of HK$219,000 (2007: reversal of provision for impairment of accounts receivable of HK$3,428,000). Furthermore, a loss in foreign exchange amounted to approximately HK$3,360,000 arisen from the rising Renminbi, Japanese Yen and other currencies against United States dollar during the period. Excluding the aforesaid reversal and loss in foreign exchange, the other general and administrative expenses increased by approximately 11.7%, which accounted for approximately 11.5% (2007: 11.7%) of the Group's turnover at similar level of the same period last year, for business expansion.

As at 31 January 2008, the Group's inventories amounted to HK$123,180,000 (30 April 2007: HK$79,574,000), reporting an increase of approximately 54.8% as compared with that of the financial year-end date of last year. Such rise was mainly driven by the turnover growth. In addition, during this quarter, the Group raised its permitted inventory level for common used raw materials as planned, coupled with more purchases of high-priced metal materials, such as copper, tin, nickel oxide, zinc and manganese, etc. so as to achieve a better balanced effect of price fluctuations of raw materials on its operation. The increased purchases were all funded out of cash inflow from operating activities during the period without a squeeze on the Group's working capital. For the nine months ended 31 January 2008, net cash inflow from operating activities of the Group was HK$43,771,000 (2007: HK$43,157,000), similar to that of the corresponding period last year.

In addition, the relocation of Singapore plant to Zhongshan main plant had been completed during this quarter. The subsequent integration of productivity has been also nearly completed. Hereafter, the subsidiary in Singapore will mostly focus on developing the sales in the region.

FINANCIAL REVIEW

Fund Surplus and Liabilities

As at 31 January 2008, the Group's bank balances and cash (denominated mainly in Hong Kong dollar, United States dollar and Renminbi) was HK$84,612,000 (30 April 2007: HK$31,586,000). The banking facilities amounting to HK$375,487,000 were secured by corporate guarantees provided by the Company and its certain subsidiaries, mortgages on the Group's certain land and buildings and pledges of the Group's bank deposits and available-for-sale financial assets. In addition, the Group is required to comply with certain restrictive financial covenants imposed by the major financing banks. As at 31 January 2008, the Group could comply with such financial covenants, which indicates that the Group's financial position remained satisfactory.

As at 31 January 2008, the Group's total borrowings granted from banks and financial institutions (including a 3-year transferable term loan facility agreement of up to an aggregate amount of HK$300,000,000 entered into between the Company and a group of banks on 17 September 2007) amounted to HK$361,250,000 (30 April 2007: HK$263,301,000), of which HK$164,799,000 (30 April 2007: HK$224,972,000) will be repayable within one year and HK$196,451,000 (30 April 2007: HK$38,329,000) will be repayable within a period of more than one year but not exceeding five years. As at 31 January 2008, the Group's net gearing ratio* was 0.61 (30 April 2007: 0.56). The rise in net gearing ratio mainly related to the expansion of the Group's core business by purchasing production facilities for its coils business. For the nine months ended 31 January 2008, the capital expenditure was HK$58,446,000 (2007: HK$44,462,000), up approximately 31.5% over the corresponding period last year.

(* *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))*

Financial Resources and Capital Structure

For the nine months ended 31 January 2008, the Group's net cash inflow (increase in cash and cash equivalents) was HK$52,405,000 (2007: net cash outflow (decrease in cash and cash equivalents) was HK$16,483,000). As mentioned above, the strategic increase in inventories of raw materials was wholly funded by the cash inflow generated from operating activities during the period. The net cash inflow from operating activities for the period was HK$43,771,000 (2007: HK$43,157,000), at similar level of the same period last year with a slight rise showing a satisfactory performance of the Group's core business. The net cash inflow from financing activities was HK$75,825,000 (2007: outflow of HK$16,795,000), mainly attributable to the wholly draw-down of the aforesaid syndicated loan by the Company during the period. The syndicated loan, part of which was used as working capital and for purchase of production facilities and expansion of plants, had effectively better re-organised the structure of term of the Group's borrowings. As at 31 January 2008, the Group's total borrowings amounted to HK$361,250,000 (30 April 2007: HK$263,301,000), up approximately HK$97,949,000 as compared with that of the financial year-end date of last year. The Group's bank balances and cash was HK$84,612,000 (30 April 2007: HK$31,586,000), up approximately HK$53,026,000 as compared with that of the financial year-end date of last year. During the period, the capital expenditure was HK$58,446,000. For the nine months ended 31 January 2008, the Group's interest expenses amounted to HK$14,687,000 (2007: HK$13,823,000), up approximately 6.3% over the corresponding period last year.

For the nine months ended 31 January 2008, net cash outflow from investing activities was HK$67,191,000 (2007: HK$42,845,000), mainly used for capital expenditure including the purchase of properties for self-use to meet the development needs of research and development center in Hong Kong headquarters as well as purchase of machinery and equipment and expansion of plants for raising its productivity.

Cash Flow Summary

	For the nine months ended 31 January	
	2008	2007
	HK$'000	*HK$'000*
Net cash inflow from operating activities	**43,771**	43,157
Net cash outflow from investing activities	**(67,191)**	(42,845)
Net cash inflow/(outflow) from financing activities	**75,825**	(16,795)
Increase/(decrease) in cash and cash equivalents	**52,405**	(16,483)

Charges On Assets

As at 31 January 2008, certain assets of the Group with an aggregate carrying value of approximately HK$39,273,000 (30 April 2007: HK$38,620,000) were pledged to secure banking facilities and finance lease of the Group.

Exchange Risks

The Group's business is mainly conducted in Mainland China, Hong Kong and South-east Asia. The major revenue currencies are primarily denominated in Hong Kong dollar, Renminbi and United States dollar; whilst the major currencies in purchase commitments are primarily denominated in Hong Kong dollar, Renminbi, United States dollar and Japanese Yen. As most of the Group's operating expenses in production were incurred in Mainland China, the sustained rise in Renminbi has some negative impact on the Group's certain payments for purchase commitments in Renminbi. The Board will closely monitor the fluctuations in exchange rates of the currencies.

The Group's borrowings are mainly settled in Hong Kong dollars. In December 2007, all Renminbi short-term borrowings were repaid in full. The Board believes that there is no substantial exchange risk in this aspect.

FUTURE PLAN AND PROSPECTS

Facing with the volatile market, the rising Renminbi and the surging costs in labour and welfare of Mainland China, the Group will further monitor closely the market movements in the fourth quarter and going forward and will also deploy more resources in its traditional coil business which is yielding a higher profit.

EMPLOYEES

The Group employed approximately 7,900 (2007: 7,400) employees as at 31 January 2008. The remuneration of the employees is determined by reference to market benchmark, individual performance and work experience, subject to periodic review, while bonus entitlement depends on the Group's results and employees' individual performance. Other employee benefits include pension scheme and medical insurance. Subsidies on training and education are also provided. Under the share option scheme of the Company, 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 (2007: Nil).

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

The Company had not redeemed any of its listed shares during the nine months ended 31 January 2008. Neither the Company nor any of its subsidiaries had purchased or sold any of the Company's listed shares during the nine months ended 31 January 2008.

AUDIT COMMITTEE

The Audit Committee of the Company presently comprises four independent non-executive directors, with Dr. Tang Tin Sek, who is a Certified Public Accountant practising in Hong Kong with substantial experience in corporate finance, auditing and financial management, acting as chairman of the Audit Committee. Regular meetings have been held by the Audit Committee since its establishment and it meets at least twice each financial year.

The Audit Committee has reviewed the accounting principles and practices adopted by the Group, the internal control of the Group and the third quarter results for the nine months ended 31 January 2008.

By Order of the Board
Tang Fung Kwan
Deputy Chairman and Managing Director

Hong Kong, 19 March 2008

As at the date of this announcement, the Board of the Company 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*