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 INTERIM 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 six months ended 31 October 2008 as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

		Three months ended 31 October		**Six months ended 31 October**	
		2008	2007	**2008**	2007
	Note	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
		(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
Revenue	*2*	**196,116**	216,429	**394,959**	393,561
Cost of sales	*5*	**(161,138)**	(173,264)	**(327,564)**	(313,906)
Gross profit		**34,978**	43,165	**67,395**	79,655
Other income	*3*	**151**	466	**316**	793
Other loss	*4*	**(76)**	(124)	**(98)**	(137)
Selling and distribution expenses	*5*	**(3,908)**	(4,435)	**(7,739)**	(7,933)
General and administrative expenses	*5*	**(23,210)**	(25,595)	**(43,854)**	(46,579)
Operating profit		**7,935**	13,477	**16,020**	25,799
Finance costs	*6*	**(4,037)**	(5,678)	**(7,694)**	(9,834)
Profit before taxation		**3,898**	7,799	**8,326**	15,965
Taxation	*7*	**(946)**	(626)	**(1,190)**	(1,892)
Profit for the period		**2,952**	7,173	**7,136**	14,073
Attributable to:					
– equity holders of the Company		**2,945**	7,305	**7,129**	14,429
– minority interest		**7**	(132)	**7**	(356)
		2,952	7,173	**7,136**	14,073
Earnings per share, basic and diluted	*9*	**0.41 cent**	1.02 cents	**0.99 cent**	2.01 cents

CONDENSED CONSOLIDATED BALANCE SHEET

	Note	As at 31 October 2008 HK$'000 (Unaudited)	As at 30 April 2008 HK$'000 (Audited)
ASSETS			
Non-current assets			
Leasehold land and land use rights		**40,049**	40,154
Property, plant and equipment		**380,718**	364,474
Investment properties		**26,705**	26,705
Prepayment for construction of building		**–**	17,843
Available-for-sale financial assets		**7,612**	8,528
		455,084	457,704
Current assets			
Inventories		**134,343**	114,396
Accounts receivable	*10*	**195,932**	181,095
Prepayments, deposits and other receivables		**8,874**	8,749
Tax recoverable		**–**	61
Pledged bank deposits		**27,615**	27,446
Bank balances and cash		**41,409**	70,316
		408,173	402,063
Total assets		**863,257**	859,767
EQUITY			
Share capital		**71,661**	71,661
Reserves			
Proposed final dividend		**–**	3,583
Others		**365,235**	352,371
		436,896	427,615
Minority interest		**255**	248
Total equity		**437,151**	427,863
LIABILITIES			
Non-current liabilities			
Borrowings		**101,927**	154,571
Deferred income tax		**7,776**	9,250
		109,703	163,821
Current liabilities			
Borrowings		**241,409**	184,049
Accounts payable	*11*	**47,018**	45,655
Accruals and other payables		**26,346**	34,525
Taxation payable		**1,630**	3,854
		316,403	268,083
Total liabilities		**426,106**	431,904
Total equity and liabilities		**863,257**	859,767
Net current assets		**91,770**	133,980
Total assets less current liabilities		**546,854**	591,684

Notes:

1. **Basis of preparation and accounting policies**

These unaudited condensed consolidated interim financial statements (the "Interim 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 ("HKICPA"). The Interim Financial Statements should be read in conjunction with the annual financial statements for the year ended 30 April 2008.

The accounting policies used in the preparation of the Interim Financial Statements are consistent with those used in the annual financial statements for the year ended 30 April 2008.

The following new interpretations are mandatory for the first time for the financial year beginning 1 May 2008 but are currently not relevant to the Group.

HK(IFRIC) – Int 12	Service Concession Arrangements
HK(IFRIC) – Int 14	HKAS19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

The Group has not early adopted any new standards, amendments or interpretations which have been issued on or before 31 October 2008 but are not effective for the financial year ending 30 April 2009. The Group is in the process of assessing their impact on the Group's results and operations.

2. **Segment information**

(a) Primary segments

	Six months ended 31 October 2008			Six months ended 31 October 2007		
	Electronic components manufacturing	**Others**	**Total**	Electronic components manufacturing	Others	Total
	HK$'000	***HK$'000***	***HK$'000***	*HK$'000*	*HK$'000*	*HK$'000*
Revenue						
Total sales	**394,234**	**2,130**	**396,364**	392,958	2,243	395,201
Intersegment sales	**–**	**(1,405)**	**(1,405)**	–	(1,640)	(1,640)
External sales	**394,234**	**725**	**394,959**	392,958	603	393,561
Operating results						
Operating profit	**15,666**	**354**	**16,020**	25,471	328	25,799
Finance costs			**(7,694)**			(9,834)
Profit before taxation			**8,326**			15,965
Taxation			**(1,190)**			(1,892)
Profit for the period			**7,136**			14,073
Capital expenditures	**48,319**	**–**	**48,319**	43,350	31	43,381
Depreciation	**35,905**	**26**	**35,931**	36,025	23	36,048
Amortisation	**484**	**–**	**484**	408	–	408

	Electronic components manufacturing		Others		Total	
	As at	As at	**As at**	As at	**As at**	As at
	31/10/2008	30/4/2008	**31/10/2008**	30/4/2008	**31/10/2008**	30/4/2008
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Other information						
Segment assets	**835,053**	830,902	**28,204**	28,804	**863,257**	859,706
Unallocated assets					**–**	61
Total assets					**863,257**	859,767
Segment liabilities	**416,434**	418,409	**266**	391	**416,700**	418,800
Unallocated liabilities					**9,406**	13,104
Total liabilities					**426,106**	431,904

(b) Secondary segments

	Revenue		Total assets		Capital expenditures	
	Six months ended 31 October		**As at**	**As at**	Six months ended 31 October	
	2008	2007	**31/10/2008**	30/4/2008	**2008**	2007
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Hong Kong	**104,771**	114,918	**176,610**	188,703	**3,102**	11,540
Mainland China	**207,252**	193,881	**645,140**	629,009	**45,212**	31,793
Other Asian countries	**57,814**	57,541	**32,364**	32,392	**5**	48
Europe and America	**25,122**	27,221	**9,143**	9,663	**–**	–
	394,959	393,561	**863,257**	859,767	**48,319**	43,381

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

(c) Analysis of turnover by category

	Six months ended 31 October	
	2008	2008
	HK$'000	*HK$'000*
Sales of goods	**394,234**	392,958
Rental income	**542**	447
Service income from provision of information technology services	**183**	156
	394,959	393,561

3. Other income

	Three months ended 31 October		Six months ended 31 October	
	2008	2007	**2008**	2007
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Interest income	**151**	444	**316**	771
Dividend income	**–**	22	**–**	22
	151	466	**316**	793

4. Other loss

	Three months ended 31 October		Six months ended 31 October	
	2008	2007	**2008**	2007
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Net loss on disposals and written offs of property, plant and equipment	**76**	124	**98**	137

5. Expenses by nature

	Three months ended 31 October		Six months ended 31 October	
	2008	2007	**2008**	2007
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Amortisation of leasehold land and land use rights	**238**	221	**484**	408
Cost of inventories sold	**160,491**	172,397	**326,118**	312,197
Depreciation of property, plant and equipment	**18,028**	18,370	**35,931**	36,048
Employee benefit expenses (including directors' emoluments)	**52,696**	49,787	**105,712**	98,822
(Reversal of)/provision for impairment of accounts receivable	**(47)**	(232)	**139**	(357)

6. Finance costs

	Three months ended 31 October		Six months ended 31 October	
	2008	2007	**2008**	2007
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Interest expense	**3,615**	5,214	**6,807**	9,172
Amortisation of deferred borrowing costs	**422**	464	**887**	662
	4,037	5,678	**7,694**	9,834

7. Taxation

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% (2007: 17.5%) on the estimated assessable profit for the period. Subsidiaries of the Group in Mainland China are subject to Mainland China enterprise income tax ranging from 12.5% to 25% (2007: 12% to 27%) on their taxable income determined according to Mainland China tax laws. Other 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 October		Six months ended 31 October	
	2008	2007	**2008**	2007
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Hong Kong profits tax				
– current tax	**584**	244	**917**	1,787
– over-provision in prior year	**(37)**	–	**(137)**	–
Overseas taxation including Mainland China – current tax	**205**	1,463	**1,884**	2,420
Deferred taxation	**194**	(1,081)	**(1,474)**	(2,315)
	946	626	**1,190**	1,892

8. Dividend

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

9. Earnings per share

The calculation of basic earnings per share for the three months ended 31 October 2008 is based on the profit attributable to equity holders of the Company of approximately HK$2,945,000 (2007: HK$7,305,000) and 716,610,798 (2007: 716,610,798) shares in issue during the period.

The calculation of basic earnings per share for the six months ended 31 October 2008 is based on the profit attributable to equity holders of the Company of approximately HK$7,129,000 (2007: HK$14,429,000) and 716,610,798 (2007: 716,610,798) shares in issue during the period.

For the three months and six months ended 31 October 2008 and 3l October 2007, diluted earnings per share equals basic earnings per share as there was no dilutive potential share.

10. Accounts receivable

The aging analysis of accounts receivable is as follows:

	As at 31 October 2008	As at 30 April 2008
	HK$'000	*HK$'000*
Current	**171,165**	168,308
Overdue by 0 – 1 month	**16,507**	9,640
Overdue by 1 – 2 months	**5,926**	1,385
Overdue by 2 – 3 months	**2,334**	1,762
Overdue by more than 3 months	**2,236**	2,099
	198,168	183,194
Less: provision for impairment of accounts receivable	**(2,236)**	(2,099)
	195,932	181,095

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.

11. Accounts payable

The aging analysis of accounts payable is as follows:

	As at 31 October 2008	As at 30 April 2008
	HK$'000	*HK$'000*
Current	**45,853**	42,541
Overdue by 0 – 1 month	**651**	2,662
Overdue by 1 – 2 months	**241**	8
Overdue by 2 – 3 months	**–**	–
Overdue by more than 3 months	**273**	444
	47,018	45,655

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

For the six months ended 31 October 2008, revenue of the Group amounted to HK$394,959,000 (2007: HK$393,561,000), which approximates that of the corresponding period last year. Revenue of the first quarter for this year was HK$198,843,000 (2007: HK$177,132,000), rising 12.3% as compared with that of the corresponding period last year; while revenue of this second quarter for the three months was HK$196,116,000 (2007: HK$216,429,000), slipping 9.4% as compared with that of the corresponding period last year, which indicates that the Group has been strictly adhering to its operating direction as laid down in the last financial year: focusing on strengthening the sustainability of its core business; phasing out some of the products series with low value added and not in line with the Group's long-term operating and development strategies and allocating resources on development of products series, which can be extensively applied with value added potential. In view of the tightening of credit flows in markets, the Group has implemented rapid, flexible and stringent risk management measures and capital application strategies.

During the period under review, the Group's profit was HK$7,136,000 (2007: HK$14,073,000), reducing 49.3% over the corresponding period last year. Gross profit recorded HK$67,395,000 (2007: HK$79,655,000), reducing 15.4% as compared with that of the corresponding period last year. Gross profit margin was 17.1% (2007: 20.2%), down 3.1% as compared with the corresponding period last year. The fall in operating profit was primarily affected by the market factors including appreciation of Renminbi, volatile raw materials prices, soaring costs in energy and labour, etc. Gross profit margin of the second quarter for the three months of this year was 17.8%, rebounding 1.5% when compared with 16.3% of the first quarter. This demonstrates the results of the cost control measures taken by the Group.

As at 31 October 2008, the accounts receivable of the Group was HK$195,932,000 (30 April 2008: HK$181,095,000), reporting an increase of 8% when compared with that of the financial year-end date of last year. The uplift of accounts receivable mainly attributed to the rise in revenue. The revenue for the second quarter of this financial year was HK$196,116,000 in comparison with revenue amounting to HK$185,277,000 for fourth quarter of the last financial year increased by approximately 6%. Furthermore, the accounts receivable of some of the partnering customers and long-term strategic partnering customers were affected by macro-economic policies in China. The Group considers the rise of accounts receivable during the period under review should be highly recoverable, which can be fully recovered under the payment schedules of the agreements made with the partnering customers. Following the ease of monetary policy for the financial market in Mainland China, the Group believes that payment term for the relevant partnering customers can resume to normally agreed terms. As at 31 October 2008, inventories of the Group amounted to HK$134,343,000 (30 April 2008: HK$114,396,000), registering an increase of 17% as compared with that of the financial year-end date of last year, which was mainly affected by some customers' delayed or cancelled orders resulting from their worries about the market outlook during the second quarter of this year. This led to increases in inventories of raw materials and finished products. General and administrative expenses of the Group for the period was HK$43,854,000 (2007: HK$46,579,000), slightly lower than that of the corresponding period last year, reflecting that the Group's colleagues at all levels understand the proactive cost control is the primary objective at present.

FINANCIAL REVIEW

Fund Surplus and Liabilities

As at 31 October 2008, the Group's bank balances and cash (denominated mainly in Hong Kong dollar, United States dollar and Renminbi) was HK$41,409,000 (30 April 2008: HK$70,316,000). As at 31 October 2008, the Group had aggregate banking facilities of approximately HK$455,532,000 (30 April 2008: HK$502,324,000) for overdrafts, loans, trade financing, factoring of accounts receivable etc. Unused facilities as at the same date amounted to approximately HK$110,474,000 (30 April 2008: HK$144,640,000). These facilities were secured by corporate guarantees executed by the Company and certain of its subsidiaries. As at 31 October 2008, approximately HK$113,653,000 (30 April 2008: HK$51,881,000) of the total used facilities were secured by charges on the Group's certain accounts receivables, 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 October 2008, the Group could comply with such financial covenants, which indicates that the Group's financial position remained normal.

As at 31 October 2008, the Group's total borrowings granted from banks and financial institutions amounted to HK$343,336,000 (30 April 2008: HK$338,620,000), of which HK$241,409,000 (30 April 2008: HK$184,049,000) was current and will be repayable within one year, and HK$101,927,000 (30 April 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. As at 31 October 2008, the Group's gearing ratio* was 0.79 (30 April 2008: 0.79), the same as that of the financial year-end date of last year.

(The ratio of (total borrowings) over (total equity))*

Financial Resources and Capital Structure

For the six months ended 31 October 2008, the Group's net cash outflow (decrease in cash and cash equivalents) was HK$39,494,000 (2007: net cash inflow of HK$140,454,000). The net cash inflow from operating activities was HK$7,796,000 (2007: HK$32,433,000), reducing 76% as compared with the corresponding period last year. Importantly, lower profit and profit margins in comparison with those of last year resulting from the influence of the stern operating environment is significant, in addition to the increase in accounts receivable by HK$14,837,000 as compared with that of the financial year-end date of last year and increase in inventories by HK$19,947,000 as compared with that of the financial year-end date of last year. Secondly, accruals and other payables amounted to HK$26,346,000 (30 April 2008: HK$34,525,000), reducing 23.7% as compared with that of the financial year-end date of last year, which was mainly attributable to the expedite wage payments for the Group's production workforce, technical staff and management in Mainland China. Such move aimed at harmonizing the labour relations and releasing the worries of the workforce, which brought forth by the hit of the financial tsunami and the volatile general manufacturing environment. Besides, the days of accounts payable turnover further shortened to 25 days for the period under review from 31 days for the corresponding period last year. As a result, the bank borrowings amounting to HK$343,256,000 (30 April 2008: HK$338,400,000) reported a corresponding rise of approximately HK$4,856,000 when compared with that of the financial year-end date of last year. The Group will be dedicated to improving the effectiveness in managing cash flow utilization to increase the cash inflow from operating activities in future. The net cash outflow from financing activities was HK$17,030,000 (2007: net cash inflow of HK$149,231,000) and this great disparity in comparison with that of the corresponding period last year was mainly due to the draw-down of a syndicated loan for the aggregate amount of HK$300,000,000 made during the last year. For the six months ended 31 October 2008, the Group's interest expenses amounted to HK$6,807,000 (2007: HK$9,172,000), reducing 25.8% as compared with that of the corresponding period last year.

For the six months ended 31 October 2008, net cash outflow from investing activities was HK$30,260,000 (2007: HK$41,210,000), of which capital expenditure amounting to approximately HK$20,000,000 was used for purchasing machinery and equipment to improve the level of automated production. The Board considers that the investment on large-scale infrastructure for coils manufacturing business for the period up to 2012 had been completed.

Cash Flow Summary

	For the six months ended 31 October	
	2008	2007
	HK$'000	*HK$'000*
Net cash inflow from operating activities	**7,796**	32,433
Net cash outflow from investing activities	**(30,260)**	(41,210)
Net cash (outflow)/inflow from financing activities	**(17,030)**	149,231
(Decrease)/Increase in cash and cash equivalents	**(39,494)**	140,454

Charges On Assets

As at 31 October 2008, certain assets of the Group with an aggregate carrying value of approximately HK$ 64,801,000 (30 April 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 Mainland China, Hong Kong and Southeast Asia. The major revenue currencies are primarily denominated in Hong Kong dollar, United States dollar, Renminbi and New Taiwan dollar; whilst the major currencies in purchase commitments are primarily denominated in Hong Kong dollar, Renminbi, Japanese Yen, United States dollar and New Taiwan dollar. Given that Renminbi has a remarkable appreciation, there would be a material negative impact on the Group's profit performance. Recently, there are signs of slower appreciation in Renminbi, whilst Japanese Yen mostly experienced cyclic rises, which can be hedged with purchase plans. As such, the Board considers that it is not necessary for the Group to enter into any highly cost foreign exchange futures or options contract for hedging against exchange risks, but will continue to closely monitor the fluctuations in exchange rates of the currencies. The Group's financing loans are all settled in Hong Kong dollars; whilst trust receipts are mainly settled in Hong Kong dollars and United States dollars. In addition, the settlements of accounts payable are in Hong Kong dollars, Renminbi and United States dollars. The Board believes that there is no substantial exchange risk in this respect.

FUTURE STRATEGIC PLAN AND LAYOUT OF SHORT-TERM WORK

Being hit by the global financial tsunami, the Group expects that the operating environment would be more challenging in the near future. The falling consumer confidence and demand will further affect the electronic consumer products market. Shrinkage in product orders has been emerging gradually. However, the Group's sales departments have reassessed the market opportunities and will work with their most sincere dedication even in the gloomy market. Resources will be allocated on development projects in meeting the Group's objectives. For the Chinese saying "one does not advance, he will fall backward". It is expected that the joint forces of the sales departments will lead the Group to another way open even if there are full of challenges.

Over the years, the Group has been operating and developing with bank financing. Under the shadow of the financial tsunami, banks have implemented new monitoring standards on credit and imposed more stringent requirements on repayment qualities. In view of this, the Group has reviewed the operating direction, production scale, adjustment and change of facilities, job duties assignment, credit policy, business divisioning, partnering relations, etc. to make changes that can adapt to the environment.

The adjustments for the Group's productivity are underway. With the assistance from department of Foreign Trade and Economic Corporation and department of labour in Mainland China, the production facilities of Kunshan plant will be merged into Zhongshan main plant according to procedures and the laws during the third quarter. The two plants in Dongguan will also be combined to reduce the costs in overall production and management.

The Group will keep on improving industrial flow and undertaking research and development on more competitive applied raw materials. It will also make its utmost endeavour in raising the production efficiency and reducing waste, as well as further enhancing the competitiveness and flexibility of its business in future based on quality-oriented approach.

The Group has revised the purchase order plan to reduce the inventory level and control the time for releasing the materials to turn to work in progress in workshops. The heads and colleagues at all levels in production have been urged to proactively co-ordinate to turn the inventory into products that can generate more working capital in short-term.

The Group has been well aware that maintaining the policy of offering favourable payment terms to its suppliers can effectively wipe away unnecessary worries in time of financial tsunami! This will allow the Group to obtain competitive raw materials supply in the gloomy market. To reserve more cash to meet the accounts payable as planned in the first quarter of this year provides a sound basis for the Group to reduce its materials inventory level with stable supply secured and to procure arrangement of reliable payment in the future.

Despite the current gloomy and uncertain economic circumstances, the Group strongly believes that the allocation of resources on Hong Kong headquarter to set up a center for its research and development, technology and inspection functions in terms of the Group's long-term strategic objective can effectively enhance the technological development, effectiveness of sales and marketing, adjustment and control on production and abilities of capital and financial management. More efforts to reduce all the expenses on unnecessary entertainment and non-business related activities and corresponding changes on its business structure have been made. Human resources is the Group's strong investment and reserve. The Group will not recklessly reduce its valuable talents resources, which are the hard-earned results, even in time of financial tsunami. The overall organization structure will be reasonably evaluated. Taking this favourable opportunity, the Group will re-organise positions, where appropriate, with replacement recruitment. The Board believes that the optimized human resources will be the important impulsion to catch up future opportunities.

EMPLOYEES

As at 31 October 2008, the Group employed approximately 7,600 (2007: 8,500) employees, down 10.6% when compared with the same period last year. Due to the volatile market, policy is adopted to have natural attrition for low-yield positions and flexible transfer for key positions to maintain an effective productivity, which shows that the Group's production capacity has high flexibility riding on its harmonious labour relations. The remuneration of the employees is determined by reference to market benchmark, individual performance and work experience, subject to periodic review. In spite of the queasy operating environment, the Group still provides incentives to those with outstanding performance with appropriate salary adjustments. Other agreed employee benefits include pension scheme, medical insurance, subsidies for on-job training and education and those as required by the relevant jurisdiction of places of operation including social security fund, paid leaves, etc. 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 six months ended 31 October 2008. Neither the Company nor any of its subsidiaries had purchased or sold any of the Company's listed shares during the six months ended 31 October 2008.

CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has applied 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 for the six months ended 31 October 2008, except 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 considers that sufficient measure has been taken to ensure that the Company's corporate governance practices are no less exacting than those in the Code.

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

   The Chairman of the Board did not attend the Annual General Meeting of the Company held on 26 September 2008 ("2008 AGM") due to illness at the material time. The Managing Director of the Company, who chaired 2008 AGM, and all other members of the Board (including the chairman of each of the Audit Committee and Remuneration Committee) attended 2008 AGM to ensure effective communication with shareholders of the Company.

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 interim results for the six months ended 31 October 2008.

By Order of the Board
Lam Wai Chun
Chairman

Hong Kong, 19 December 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*