



CEC INTERNATIONAL HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

2003/2004 INTERIM RESULTS ANNOUNCEMENT

The Board of Directors (the “Directors”) of CEC International Holdings Limited (the “Company”) is pleased to announce that the unaudited consolidated income statement of the Company and its subsidiaries (collectively referred to as the “Group”) for the three months and six months ended 31st October 2003 together with unaudited comparative figures for the corresponding period in 2002, and the unaudited consolidated balance sheet of the Group as at 31st October 2003 together with audited comparative figures as at 30th April 2003, are as follows:

CONSOLIDATED INCOME STATEMENT

	<i>Notes</i>	Three months ended 31st October		Six months ended 31st October	
		2003 <i>HK\$'000</i> (Unaudited)	2002 <i>HK\$'000</i> (Unaudited)	2003 <i>HK\$'000</i> (Unaudited)	2002 <i>HK\$'000</i> (Unaudited)
Turnover	2	125,257	132,595	235,550	247,959
Cost of sales		(96,031)	(100,871)	(177,087)	(189,503)
Gross profit		29,226	31,724	58,463	58,456
Selling and distribution expenses		(2,771)	(4,332)	(5,608)	(7,935)
General and administrative expenses		(17,118)	(20,050)	(33,811)	(33,832)
Other operating expenses		(331)	(562)	(662)	(1,125)
Operating profit	2,3	9,006	6,780	18,382	15,564
Interest income		40	110	92	235
Interest expense		(4,507)	(4,477)	(9,055)	(9,430)
Share of profits less losses of associates		14	–	22	–
Share of profits less losses of jointly controlled entities		–	(17)	–	(35)
Profit before taxation		4,553	2,396	9,441	6,334
Taxation	4	(609)	(301)	(898)	(1,040)
Profit after taxation but before minority interests		3,944	2,095	8,543	5,294
Minority interests		4	–	–	–
Profit attributable to shareholders		3,948	2,095	8,543	5,294
Basic earnings per share	6	0.57 cent	0.30 cent	1.23 cents	0.77 cent

CONSOLIDATED BALANCE SHEET

	<i>Notes</i>	As at 31st October 2003 <i>HK\$'000</i> (Unaudited)	As at 30th April 2003 <i>HK\$'000</i> (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment	7	468,031	460,469
Investment properties	8	2,520	–
Investment in associates		4,304	4,193
Deposit with an associate		1,250	8,577
Deferred tax assets		415	413
Total non-current assets		476,520	473,652
CURRENT ASSETS			
Inventories		78,964	83,756
Trade receivables	9	84,317	77,680
Bills receivable		960	583
Prepayments, deposits and other current assets		10,385	9,713
Tax recoverable		432	436
Investment		8,191	7,939
Pledged bank deposits		25,044	24,983
Bank balances and cash		24,207	19,257
Total current assets		232,500	224,347
CURRENT LIABILITIES			
Short-term bank borrowings		(107,032)	(147,799)
Long-term bank loans, current portion		(77,470)	(42,996)
Finance lease obligations, current portion		(9,955)	(14,487)
Trade payables	10	(48,826)	(51,876)
Bills payable		(3,650)	(660)
Accruals and other payables		(21,354)	(21,788)
Tax payable		(149)	(140)
Total current liabilities		(268,436)	(279,746)
Net current liabilities		(35,936)	(55,399)
Total assets less current liabilities		440,584	418,253
NON-CURRENT LIABILITIES			
Long-term bank loans, non-current portion		(109,391)	(92,862)
Finance lease obligations, non-current portion		(4,598)	(8,226)
Deferred tax liabilities		(20,562)	(19,740)
Total non-current liabilities		(134,551)	(120,828)
MINORITY INTERESTS		(61)	(61)
Net assets		305,972	297,364
CAPITAL AND RESERVES			
Share capital		69,303	69,303
Reserves		236,669	228,061
Shareholders' equity		305,972	297,364

Notes:

1. Principal accounting policies

The interim financial statements for the three months and six months ended 31st October 2003 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 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 income statement. Where a decrease has previously been charged to the income statement and a revaluation increase subsequently arises, this increase is credited to the 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 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 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; and (ii) the provision of information technology services.

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

	Turnover			
	Three months ended 31st October		Six months ended 31st October	
	2003 <i>HK\$'000</i>	2002 <i>HK\$'000</i>	2003 <i>HK\$'000</i>	2002 <i>HK\$'000</i>
Coils manufacturing	109,680	103,562	206,871	195,733
Capacitors manufacturing	4,188	13,610	6,847	22,413
Electronic components trading	10,742	15,423	19,342	29,813
Information technology services	647	–	2,490	–
	125,257	132,595	235,550	247,959
	Operating profit/(loss)			
	Three months ended 31st October		Six months ended 31st October	
	2003 <i>HK\$'000</i>	2002 <i>HK\$'000</i>	2003 <i>HK\$'000</i>	2002 <i>HK\$'000</i>
Coils manufacturing	11,377	7,337	21,646	15,803
Capacitors manufacturing	(1,212)	456	(2,100)	1,005
Electronic components trading	195	(491)	581	(722)
Information technology services	(1,354)	(522)	(1,745)	(522)
	9,006	6,780	18,382	15,564

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

	Turnover			
	Three months ended 31st October		Six months ended 31st October	
	2003 <i>HK\$'000</i>	2002 <i>HK\$'000</i>	2003 <i>HK\$'000</i>	2002 <i>HK\$'000</i>
Hong Kong	77,158	82,830	147,928	164,371
Mainland China	18,757	11,837	31,959	20,264
Taiwan	10,820	20,027	20,335	33,956
Europe	8,993	7,827	15,338	12,486
Singapore	5,743	7,071	12,423	12,111
Others	3,786	3,003	7,567	4,771
	125,257	132,595	235,550	247,959
	Operating profit/(loss)			
	Three months ended 31st October		Six months ended 31st October	
	2003 <i>HK\$'000</i>	2002 <i>HK\$'000</i>	2003 <i>HK\$'000</i>	2002 <i>HK\$'000</i>
Hong Kong	4,977	4,181	10,722	8,416
Mainland China	394	542	2,806	3,418
Taiwan	(148)	603	(403)	1,502
Europe	1,016	427	1,569	763
Singapore	2,898	1,619	3,843	2,609
Others	(131)	(592)	(155)	(1,144)
	9,006	6,780	18,382	15,564