

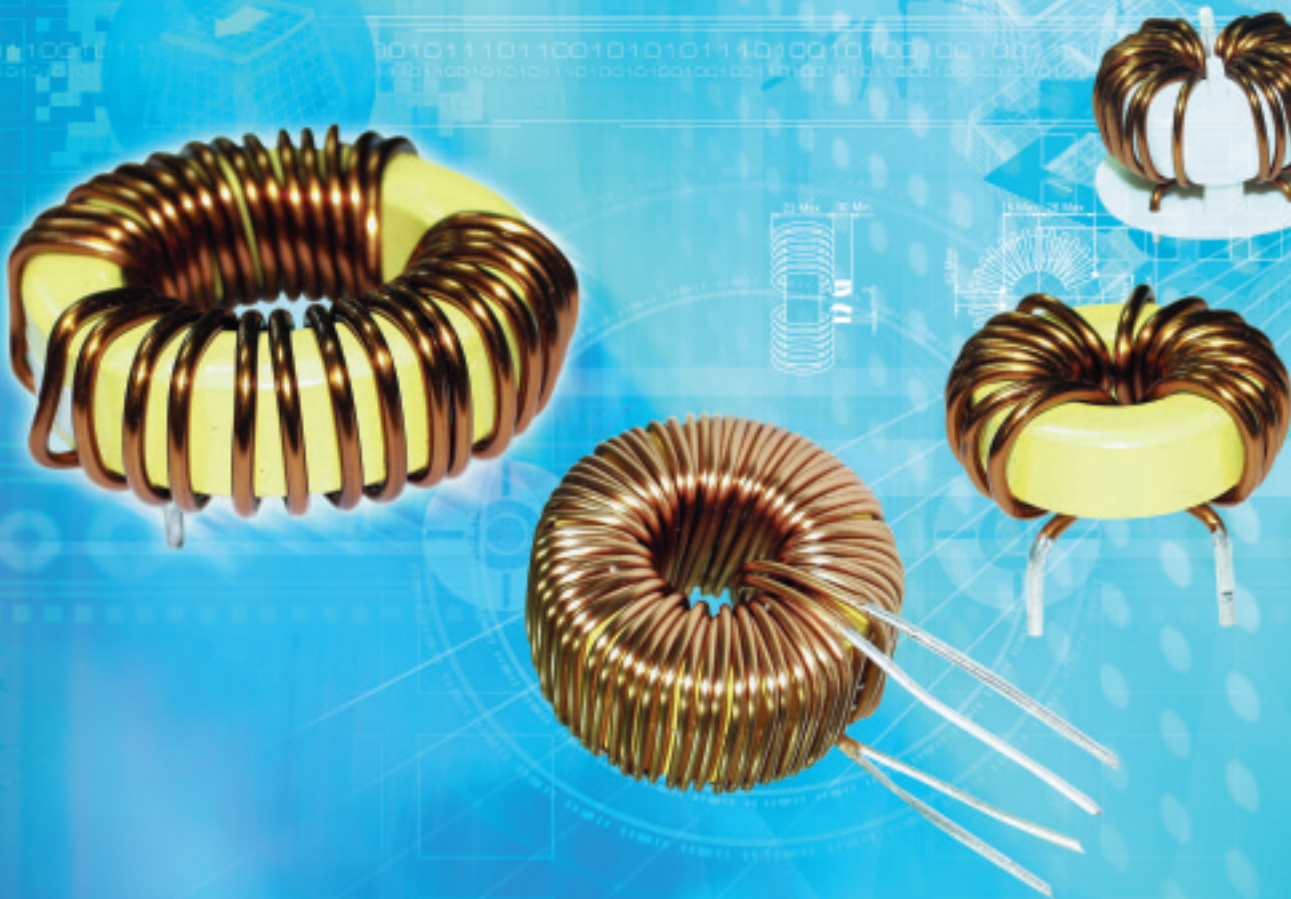
Chairman's Statement

Dear Shareholders,

On behalf of the Board of Directors (the "Directors") of CEC International Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group"), I am pleased to present the second annual report of the Group since the listing of the Company's shares on The Stock Exchange of Hong Kong Limited on 15th November, 1999.

RESULTS

The financial year ended 30th April, 2001 was a year filled with both challenges and opportunities. Despite a somewhat more difficult operating environment beginning late in the third quarter of 2000, the Group still managed to achieve a record high turnover with double-digit annual growth rate, and a moderate increase in earnings before interest, taxes, depreciation and amortisation for the year.





高雅線園

The following summarises the results of the Group for the year ended 30th April, 2001:

- Turnover climbed 27.9% from HK\$271,292,000 to HK\$347,004,000;
- Earnings before interest, taxes, depreciation and amortisation (“EBITDA”, defined as profit from operations plus depreciation and amortisation) grew by 10.8% from HK\$78,039,000 to HK\$86,457,000;
- Profit attributable to shareholders was HK\$30,863,000, down 26.4% from the previous financial year;
- Basic earnings per share was 6.02 HK cents, decreased by 37.6%; and
- Dividend per share was 1 HK cent.

DIVIDENDS AND DISTRIBUTIONS

No interim dividend was declared during the year ended 30th April, 2001 (2000: HK\$1,088,000 paid by a subsidiary of the Company to its then shareholders prior to the Group’s reorganisation and the listing of the Company’s shares on The Stock Exchange of Hong Kong Limited).

The Directors have recommended the payment of a final dividend of 1 HK cent per share (the “Proposed Final Dividend”) for the year ended 30th April, 2001 (2000: 2 HK cents per share after adjusting for the bonus issue of shares on the basis of three bonus shares for every two shares held by shareholders on 17th August, 2000 (the “2000 Bonus Share Issue”)) to shareholders whose names appear on the Company’s register of members on 14th September, 2001 (the “Record Date”). The Proposed Final Dividend will be paid in cash with an option to receive new fully paid shares in lieu of cash in respect of part or all of such dividend (the “Scrip Dividend Scheme”).

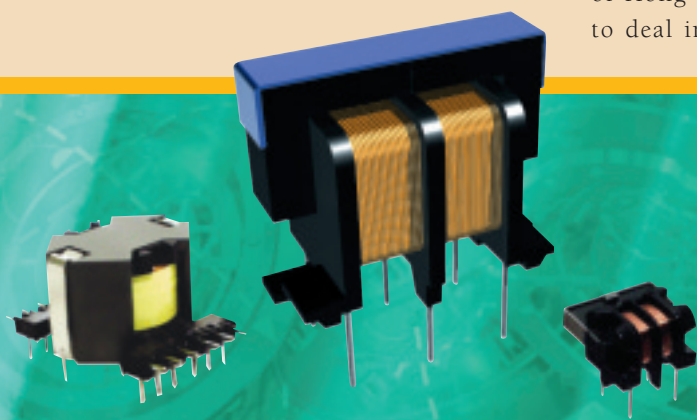
The Directors have also recommended a bonus issue of new shares of HK\$0.10 each in the share capital of the Company (the “Bonus Shares”) to shareholders whose names appear on the Company’s register of members on the Record Date (the “Proposed Bonus Share Issue”). The Proposed Bonus Share Issue will be made on the basis of one Bonus Share for every five existing shares held on the Record Date. The Bonus Shares will be credited as fully paid at par and will rank pari passu with the existing shares in all respects when issued, save in respect of the entitlement to the Proposed Final Dividend.

The Company will not allot any fractions of Bonus Shares pursuant to the Proposed Bonus Share Issue. Bonus Shares representing fractional entitlement will be aggregated and issued

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to a nominee to be nominated by the Directors. Such Bonus Shares (if any) will be sold and the net proceeds thereof (if any) will be retained by the Company for its own benefits. Subject to the conditions set out in the next paragraph being satisfied, certificates for the Bonus Shares are expected to be despatched to the shareholders by ordinary post at their own risk on or before 18th September, 2001. Dealings in the Bonus Shares are expected to commence on 21st September, 2001.

A circular containing details of, inter alia, the Scrip Dividend Scheme and the Proposed Bonus Share Issue, together with a form of election, will be sent to shareholders of the Company in due course. The issue of new shares under the Scrip Dividend Scheme and the Proposed Bonus Share Issue is subject to the Listing Committee of The Stock Exchange of Hong Kong Limited granting the listing of, and permission to deal in, such shares. The dividend warrants and the share



certificates in respect of the Scrip Dividend Scheme will be sent to shareholders on or before 15th October, 2001.

The adjustment to the subscription price of the outstanding Warrants (as defined below) of the Company as a result of the Proposed Bonus Share Issue will be announced in a separate announcement upon the Company obtaining the relevant confirmation from the auditors of the Company or an approved merchant bank.

CLOSURE OF REGISTER OF MEMBERS

In order to qualify for the Proposed Final Dividend and the Proposed Bonus Share Issue, all transfer documents accompanied by the relevant share certificates and, in the case of warrant holders, all duly completed subscription forms accompanied by the relevant warrant certificates and the appropriate subscription monies must be lodged with the Company's branch share registrar in Hong Kong, Central Registration Hong Kong Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong, not later than 4:00 p.m. on 7th September, 2001. The register of members of the Company will be closed from 10th September, 2001 to 14th September, 2001, both dates inclusive, during which period no transfer of shares will be effected and no shares will be allotted and issued on the exercise of the subscription rights attaching to the outstanding Warrants (as defined below).