

TARGET

Intelligence Report

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**CEC INTERNATIONAL HOLDINGS LTD:
IT WOULD APPEAR THAT THERE ARE FAR-BETTER
INVESTMENTS THAN BUYING SHARES IN THIS COMPANY**

In respect of the Financial Year, ended Sunday, April 30, 2023, the ‘real’ Net Profit Attributable To Shareholders of CEC International Holdings Ltd (CEC 國際控股有限公司) (Code 759, Main Board, The Stock Exchange of Hongkong Ltd) was \$HK30,733,000.00, representing a Year-On-Year decrease of 22.90 percent.

At Page 64 of the 2022-2023 Annual Report of the Company, it was stated that the Net Profit Attributable To Shareholders of the Company, was \$HK49,565,000.00, an increase, Year-On-Year, of 24.27 percent.

The difference between the ‘real’ Net Profit Attributable To Shareholders – from operations, only – and the stated figure, found at Page 64 of the 2022-2023 Annual Report, under the heading, ‘**Consolidated Income Statement**,’ was the Hongkong Government’s generosity in a cash ‘gift’ in the amount of \$HK19,331,000.00, being subsidies ‘in relation to the COVID-19 pandemic which included subsidies of HK\$18,832,000 under the Employment Support Scheme (the “**ESS Scheme**”) granted under the Anti-Epidemic Fund of the Government of the Hong Kong Special Administrative Region.’

At Page Seven of the 2022-2023 Annual Report of the Company, under the heading, ‘**Management Discussion and Analysis**,’ ‘**BUSINESS REVIEW**,’ one was informed of the following:

‘Overview

‘The Group recorded a consolidated revenue of HK\$1,692,403,000 for the financial year 2022/23 (2022: HK\$2,008,967,000), which decreased by 15.8% when compared with that of previous year. Both of the Group’s two major businesses recorded decreases in revenue. The retail business segment recorded segment revenue of HK\$1,628,415,000 (2022: HK\$1,922,315,000) for the year, accounting for approximately 96.2 % (2022: 95.7%) of total revenue. The segment revenue of the electronic components manufacturing business segment amounted to HK\$62,926,000 (2022: HK\$85,735,000), accounting for approximately 3.7 % (2022: 4.3%) of total revenue.

‘Even with certain decrease recorded in revenue for the year, the management made persistent improvements and adjustments on its business processes, and in the meantime actively controlled the cost and expenses on its best effort to maintain the profitability of the Group. The Group’s profit attributable to shareholders for the year was HK\$49,565,000 (2022: HK\$39,884,000), representing an increase of approximately 24.3 % over the previous year. Taking no account of the “Employment Support Scheme” subsidies in amount of HK\$18,832,000 from the Hong Kong Government in the period, the profit attributable to shareholders was HK\$30,733,000, representing a decrease of 22.9 % as compared to the same period in the previous year.’

THE BUSINESS OF CEC INTERNATIONAL HOLDINGS LTD

At Page One of the 2022-2023 Annual Report of CEC International Holdings Ltd, under the heading, ‘**Corporate Profile**,’ one was informed of the following intelligence in the following three paragraphs:

*‘CEC International Holdings Limited (“CEC International”) is a small and medium-sized enterprise that upholds “**progressive, determined, dedicated**” as its main operating principle and is mainly engaged in design to manufacture of a wide range of electronic coils and local retail business.*

‘Founded in 1979, our electronic coils business has been evolving progressively to become one of the major manufacturers of electronic coils supplying to a multiple of industry segments, including telecommunications and information technology equipment, data networking and power conversion applications, office automation equipment, audio and visual products, home appliance and power tools. CEC International is an experienced and competitive player in the electronic coils arena, with large-scale manufacturing facilities, research and development, sales and customer services based in Mainland China and marketing centers established in Hong Kong China, Mainland China, Taiwan China and Singapore.

‘759 STORE was established by the Group on 7 July 2010, as the Group started to develop its retail business with reference to the consumption model of Japanese localities. 759 STORE aimed to give desirable service to local Hong Kong residents, providing a relaxing shopping environment with wide range of products for our customers to choose. Our products not only came from Japan, but also from European countries, South-east Asia, Korea, Mainland China, Taiwan China and so forth. To provide our customers with a much comprehensive range of products to select, we did our best to further increase the varieties of our products and, apart from food, we self-imported frozen food, alcohol beverages, household products, kitchenware and personal care products, etc. Looking forward, 759 STORE will continue to serve Hong Kong local residents and provide

comfortable, relaxing, diversified and much brand new shopping experience to our customers... '.

As at Sunday, April 30, 2023, CEC International Holdings Ltd had a workforce, numbering the services of 1,400 employees.

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