CEI CONTRACT MANUFACTURING LIMITED
Company Registration No. 199905114H
(Incorporated in Singapore)

SALE OF INVESTMENT IN KINERGY LTD

1. Introduction

The Board of Directors of CEI Contract Manufacturing Limited (the "**Company**", and together with its subsidiaries, the "**Group**") wishes to announce that the Company has entered into a Sale and Purchase Agreement ("**S&P Agreement**") to sell its entire investment in Kinergy Ltd ("**Kinergy**") comprising 12,804,000 ordinary shares in the capital of Kinergy (the "**Assets**") to an individual (the "**Buyer**") for a total cash consideration of $2,304,720 (the "**Sale**").

2. Information on Kinergy

Kinergy provides Electronics Manufacturing Services for high-mix / low volume sub-systems and equipment, and also provides Original Equipment Manufacturing of their proprietary "Kinergy" brand of equipment. They serve customers from the various electronic industry sectors like Printed Circuit Board Assembly, surface mount equipment, semiconductor assembly equipment, medical analytical, solar-led, and other industrial equipment.

3. Consideration

	S$
Cost of Assets	2,944,920
Net book value of Assets recorded in Company's books as at 31 December 2011	1,408,460
Net tangible asset value of Assets based on audited financial statements as at 31 December 2011	4,073,423
Latest available open market value of Assets based on closing price as at 25 April 2012	1,920,600
Excess of proceeds over the book value	896,260
Net profit attributable to the Assets being disposed based on the dividend received for the financial year ended 31 December 2011	128,040

The cash consideration for the Sale was negotiated at arms' length and on a willing buyer and willing seller. Upon signing of the S&P Agreement, the Buyer will issue a bank draft of $2,304,720 payable to the Company. The sale proceeds will be used to provide additional working capital.

4. Rationale for the Sale

The initial intention to invest in Kinergy was to allow the Company and Kinergy to mutually derive synergies and expand their market share on a joint basis. As the planned cooperation did not materialise, decision was made to dispose the investment.

5. **Relative figures under Rule 1006 of the Listing Manual of the Singapore Exchange Securities Trading Limited**

Rule 1006(a)	Net asset value of the Assets to be disposed of, compared with the Group's net asset value.	The net asset value of Assets to be disposed of amounting to $1,408,460 represents 4.50% of the Group's net asset value of $31,306,107 as at 31 December 2011.
Rule 1006(b)	Net profit attributable to the Assets disposed of, compared with the Group's net profits.	The net profit attributable to the Sale amounting to $128,040 represents 3.64% of the Group's net profits of $3,518,342 as at 31 December 2011.
Rule 1006(c)	Aggregate value of the consideration received, compared with the Company's market capitalization based on the total number of issued shares, excluding treasury shares.	The consideration of $2,304,720 represents 6.04% of the Company's current market capitalisation of approximately $38,147,330 as at 25 April 2012, being the market day immediately preceding the signing of the S&P Agreement.
Rule 1006(d)	Number of equity securities issued by the Company as consideration for an acquisition, compared with the number of equity securities previously in issue.	Not applicable

As none of the relative figures under Rule 1006 as set out above exceeds 20%, the Sale does not constitute a major transaction as defined in Chapter 10 of the Listing Manual that requires approval by shareholders of the Company in a general meeting pursuant to Rule 1014 of the Listing Manual.

6. **Financial effects of the Sale**

The financial effects of the Sale on the Company set out below are theoretical in nature and for illustrative purposes only and are therefore, not indicative of the actual financial performance or position of the Group immediately after the completion of the Sale.

(a) NTA per share (based on the audited financial statements of the Group for the financial year ended 31 December 2011 ("**FY2011**") and on the assumption that the Sale had been effected at the end of FY2011)

	NTA per share (cents)
Before the Sale[1]	7.90
After the Sale[1]	8.16

(b) Earnings per share ("**EPS**") (based on the audited financial statements of the Group for FY2011 and on the assumption that the Sale had been effected at the beginning of FY2011, being 1 January 2011)

	EPS per share (cents)
Before the Sale[1]	1.01
After the Sale[1]	0.98

[1] Computed based on the issued share capital of the Company of 346,793,907 ordinary shares (excluding 4,943,000 treasury shares) as at 31 December 2011.

7. **Interests of Directors or Controlling Shareholders**

None of the directors or controlling shareholders of the Company has any interest, direct or indirect, in the Sale.

8. **Document for inspection**

The S&P Agreement is available for inspection during normal business hours at the Company's registered office for a period of three (3) months from the date hereof.

By Order of the Board

Teo Soon Hock
Company Secretary
26 April 2012