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

ANNOUNCEMENT

The Board of Directors of CEI Contract Manufacturing Limited (the "Company") wishes to announce that the Company has today entered into a Subscription Agreement with Kinergy Ltd. ("Kinergy") to acquire a 10% stake in the enlarged share capital of Kinergy[1], pursuant and subject to Kinergy's successful listing on the SGX-SESDAQ (the "Acquisition"). Post Acquisition, CEI will become a substantial shareholder of Kinergy. In connection with Kinergy seeking a listing on SGX-SESDAQ and its initial public offer (the "IPO"), Kinergy has today lodged a preliminary prospectus with the Monetary Authority of Singapore ("MAS").

Kinergy is in the business of providing electronics manufacturing services ("EMS") as well as manufacturing proprietary equipment for customers who are mainly from the semiconductor industry. Kinergy's manufacturing process involves the application of their experience in precision material cutting and knowledge in multi-discipline engineering such as mechanical, electronics, vision system, laser technology and electrical engineering. Kinergy is in the business of providing "high mix, low volume" manufacturing services.

Under the Subscription Agreement, the subscription price per share of Kinergy shall be at the price that shares of Kinergy will be offered to investors under the IPO, which will only be ascertained at the time of the registration of the final prospectus with the MAS. Accordingly, the total amount of the Acquisition will only be determined at or around the time Kinergy's final prospectus is lodged and registered with the MAS. The Company will make an announcement on the amount payable for the Acquisition at a later date when the amount is known, and will comply with all such applicable requirements of the Listing Manual relating to the Acquisition.

The Acquisition will allow the Company and Kinergy to mutually derive synergies and expand their market share on a joint basis. The synergy that is envisaged to be created will allow the Company to bring to the fore its strength in electronic board assemblies, while Kinergy will contribute its strength in precision mechanical engineering and assemblies. Jointly, the Company and Kinergy will clearly have a much higher manufacturing capacity and will be better able to meet the needs and demands of their current and any potential customers and the electronics market.

[1] The enlarged share capital will comprise the existing shares, new shares to be issued pursuant to the IPO as well as new shares to be issued pursuant to this Subscription Agreement.

The Acquisition will be funded by internal resources and is not expected to have a material impact on the net tangible assets or earnings per share of the Company for the financial year ending 31 December 2006.

None of the Directors or substantial shareholders of the Company has any interest, direct or indirect, in the Acquisition.

By Order of the Board

Teo Soon Hock
Company Secretary
29 December 2006