



FRENCKEN GROUP LIMITED
(Company Registration No. 199905084D)

Announcement

ACQUISITION OF A 51% STAKE IN SUPERTOOL

1. INTRODUCTION

Frencken Group Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) today announced that its wholly-owned subsidiary, Juken Technology Limited (“**JTL**”) has on 31 July 2013 entered into a sale and purchase agreement to acquire 51% equity interests in Supertool Industries Pte Ltd (“**Supertool**”) (the “**Acquisition**”) for a cash consideration of S\$255,000.

The Acquisition is intended to provide greater manufacturing support and yield cost savings for the automotive business of the Group’s EMS Division.

2. INFORMATION ON SUPERTOOL

Supertool is a private limited company incorporated in Singapore in 1986. Its primary business is the manufacture of moulds, dies and tools.

3. RATIONALE FOR THE ACQUISITION

The automotive business of the Group’s EMS Division has expanded substantially over the past few years and is expected to witness further growth. The Acquisition will enable the EMS Division to increase its in-house production capacity of moulds, dies and tools for the manufacture of automotive products.

This capacity expansion is in line with the EMS Division’s current and anticipated requirements of its automotive business. With greater in-house manufacturing support for moulds and tools, the EMS Division is also expected to benefit from cost savings and improved operational efficiencies.

4. THE CONSIDERATION

The consideration for the Acquisition is S\$255,000 (the “**Consideration**”). The Consideration was arrived at on a willing seller willing buyer basis after taking into account, inter alia, the business operations, condition of the assets and financial status of Supertool. The Consideration is payable in cash and will be funded from the Group’s internal resources.

Based on preliminary management accounts, Supertool’s book value and net tangible asset stood at S\$132,547 as at 31 May 2013. For financial reporting purposes, Supertool adopts a three-year depreciation policy for its tooling machines. Hence, the book value of its assets does not entirely reflect the useful life and residual values of its machinery. No independent valuation was commissioned for the Acquisition.

5. RELATIVE FIGURES IN RULE 1006 OF THE LISTING MANUAL

Rule 1006(a) and Rule 1006(d) are not applicable to the Acquisition as the transaction is not a disposal of assets and the Consideration is not to be satisfied by the issuance of shares but entirely by cash. Based on the Group's financial results for the first quarter ended 31 March 2013 and the Company's market capitalisation as at 17 July 2013 (*being the latest weighted average price of the Company's shares transacted on the market day preceding the date of sale and purchase agreement on 31 July 2013*), all the relative figures computed on the bases set out in Rule 1006(b) and Rule 1006(c) amount to less than 5%. Accordingly, the Acquisition is classified as a Non-discloseable Transaction.

6. FINANCIAL IMPACT

The abovementioned transaction is not expected to have any material impact on the earnings per share and net asset value per share of the Company for the current financial year.

7. INTEREST OF THE DIRECTORS AND CONTROLLING SHAREHOLDERS

None of the Directors or controlling shareholders of the Company has any interest in the Acquisition save for their interests arising by way of their shareholdings and/or directorships, as the case may be, in the Company.

On behalf of the Board,

Gooi Soon Hock
Executive Director

31 July 2013

About Frencken Group Limited

Frencken Group is a high-technology capital and consumer equipment service provider of complete and integrated one-stop outsourcing solutions to a diversified customer base comprising of renowned global companies in the medical, semiconductor, analytical, industrial automation, automotive, office automation and consumer industries.

The Group's businesses are classified under two main divisions:

- *The Mechatronics Division provides solutions for the design, development and production of complex, high precision industrial machinery and capital equipment for the medical, semiconductor, analytical and industrial automation industries. The division has a network of production facilities strategically located in The Netherlands, Singapore, China, Malaysia and USA.*
- *The EMS Division offers integrated design and manufacturing services for automotive, office automation, consumer and industrial products. The division has multiple manufacturing facilities located in the strategic growth markets of Southeast Asia (Malaysia, Thailand, Singapore and Indonesia), China and India, as well as a design and development facility in Switzerland.*

Leveraging on its advanced capabilities and facilities, the Group provides a comprehensive range of product solutions that span the entire value chain - from initial product design, development and prototyping, to engineering, final test, and series manufacturing.

MEDIA AND INVESTOR RELATIONS CONTACT

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