



## **FRENCKEN GROUP LIMITED**

(Company Registration No. 199905084D)

### **Announcement**

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## **ACQUISITION OF ALL MEPP HOLDING B.V.**

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### **1. INTRODUCTION**

Frencken Group Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) today announced that its wholly-owned subsidiary, Frencken Europe B.V. (“**FEBV**”) has on 8 October 2013 entered into a Share Purchase Agreement (“**SPA**”) to acquire 100% equity interests in All Mepp Holding B.V. (“**All Mepp**”) (the “**Acquisition**”) for a cash consideration of Euro 51,000.

The Acquisition is intended to enhance the capabilities of the Group’s Mechatronics Division and provide it with access to All Mepp’s portfolio of proprietary products.

### **2. INFORMATION ON ALL MEPP**

Incorporated in The Netherlands in 2007, All Mepp is a high-technology mechatronics company that develops and builds machines, equipment, tooling and test equipment for production plants, Original Equipment Manufacturers, laboratories and research centers. It is located in a fully-equipped factory in Eindhoven, which has facilities to manufacture special machines in-house.

Leveraging on its experienced engineering team, All Mepp’s strength lies in its ability to work in close consultation with customers to deliver specialised project-based services for advanced production lines. It has also developed a portfolio of proprietary products and tools.

### **3. THE CONSIDERATION**

The Consideration of Euro 51,000 in relation to the Acquisition (the “**Consideration**”) was arrived at on a willing seller willing buyer basis after taking into account, inter alia, the business operations, financial status and prospects of All Mepp. The Consideration is payable in cash and will be funded from the Group’s internal resources.

Based on its preliminary management accounts, All Mepp had negative book value and net tangible asset of Euro 11,000 (S\$18,000) and Euro 87,000 (S\$142,000) respectively as at 30 June 2013. Its total assets stood at Euro 333,000 (S\$542,000). No independent valuation was commissioned for the Acquisition.

Pursuant to the SPA, the Group shall pay to the Vendors of All Mepp (the “**Vendors**”) certain amounts in addition to the Consideration under the conditions set out below:

- a) If All Mepp is profitable in the period from 1 July 2013 to 31 December 2013, 30% of its profit after taxes (“**PAT**”) shall be paid to the Vendors on or before 1 March 2014;
- b) If All Mepp is profitable in the period from 1 January 2014 to 31 December 2014, 30% of its PAT shall be paid to the Vendors on or before 1 March 2015

- c) If All Mepp is profitable in the period from 1 January 2015 to 31 December 2015, 25% of its PAT shall be paid to the Vendors on or before 1 March 2016;
- d) If All Mepp is profitable in the period from 1 January 2016 to 31 December 2016, 20% of its PAT shall be paid to the Vendors on or before 1 March 2017;
- e) If All Mepp is profitable in the period from 1 January 2017 to 31 December 2017, 15% of its PAT shall be paid to the Vendors on or before 1 March 2018.

In the event that All Mepp makes a loss in any of the aforesaid periods, such loss shall be compensated by its PAT in the subsequent period before any additional amount (based on the remaining PAT after compensation of the loss) can be paid to the Vendors. In addition, no additional amounts shall be paid to the Vendors if they cease to be employed by the Group.

#### **4. RATIONALE FOR THE ACQUISITION**

The Company believes the Acquisition will enable its Mechatronics Division to improve its competitive position and provide customers with a broader range of services. Upon completion of the Acquisition, the Mechatronics Division will be able to leverage on All Mepp's capabilities to offer project-based services and factory tooling equipment, expand its engineering talent pool, and gain access to All Mepp's proprietary products.

#### **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 six months ended 30 June 2013 and the Company's market capitalisation as at 7 October 2013 (being the latest weighted average price of the Company's shares transacted on the market day preceding the date of the SPA on 8 October 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 Acquisition is not expected to have any material impact on the earnings per share and net asset value per share of the Group 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**

8 October 2013

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## **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.

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

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 located in The Netherlands, Singapore, China, Malaysia and USA.*
- *The **IMS Division** offers integrated design and manufacturing services for automotive, office automation, consumer and industrial products. The division has multiple manufacturing facilities located in Southeast Asia (Malaysia, Thailand, Singapore and Indonesia), China and India, as well as a design and development facility in Switzerland.*

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