

FRENCKEN GROUP LIMITED
(Incorporated in the Republic of Singapore)
(Company Registration No.: 199905084D)

**PROPOSED ACQUISITION OF JUKEN TECHNOLOGY LIMITED BY WAY OF A VOLUNTARY
CONDITIONAL OFFER**

1. INTRODUCTION

1.1 Pre-Conditional Offer Announcement

On 16 May 2012, DBS Bank Ltd. ("**DBS Bank**") announced (the "**Pre-Conditional Offer Announcement**"), for and on behalf of Frencken Group Limited ("**Frencken**"), that, subject to the satisfaction or waiver of the Pre-Condition (as defined below), Frencken intends to make a voluntary conditional offer (the "**Offer**") for all the issued and paid up ordinary shares in the capital of Juken Technology Limited ("**Juken**") (excluding issued and paid up ordinary shares held by Juken as treasury shares) (the "**Juken Shares**"), other than those already owned, controlled or agreed to be acquired by Frencken in accordance with Rule 15 of the Singapore Code on Takeovers and Mergers (the "**Code**").

As announced in the Pre-Conditional Offer Announcement, Frencken also intends to make an offer (the "**Warrants Offer**") to holders of outstanding warrants issued by Juken pursuant to the Offer Information Statement dated 28 January 2010 (the "**Warrants**") in accordance with Rule 19 of the Code, and a proposal (the "**Options Proposal**") to holders of outstanding options granted by Juken pursuant to the Juken Share Option Scheme, approved and adopted by Juken at the extraordinary general meeting of Juken held on 8 April 2004 (the "**Juken Options**").

Further details on the Offer (including its terms and conditions) are set out in the Pre-Conditional Offer Announcement, which is incorporated by reference and a copy of which is available on the website of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") at www.sgx.com. All capitalised terms used and not defined herein shall have the same meanings given to them in the Pre-Conditional Offer Announcement, unless otherwise expressly stated or the context otherwise requires.

1.2 Major Transaction pursuant to Chapter 10 of the Listing Manual

The Offer, if made, would constitute a major transaction under Chapter 10 of the SGX-ST listing manual (the "**Listing Manual**") and is therefore subject to and conditional upon approval of the shareholders of Frencken (the "**Frencken Shareholders**") at a general meeting of Frencken (or any adjournment thereof) (the "**Frencken EGM**") by way of ordinary resolutions.

In connection with the above, the directors of Frencken (the "**Frencken Directors**") intend to convene the Frencken EGM to seek the approval of the Frencken Shareholders for:

- (a) the Acquisition (as defined below);
- (b) the Offer, the Warrants Offer, and the Options Proposal to be made on the terms set out in the Pre-Conditional Offer Announcement; and

- (c) the allotment and issue of new ordinary shares in the share capital of Frencken (the "**New Frencken Shares**") for the purpose of satisfaction of the Shares Consideration, (collectively, the "**Chapter 10 Resolutions**").

This Announcement is made in compliance with Rule 1014(1) of the Listing Manual and should be read in conjunction with the Pre-Conditional Offer Announcement.

2. PRE-CONDITION TO THE MAKING OF THE OFFER

- 2.1 As stated in the Pre-Conditional Offer Announcement, the making of the Offer, the Warrants Offer, the Options Proposal, and the posting of the formal offer document containing the terms and conditions of the Offer to the shareholders of Juken (the "**Juken Shareholders**") will not be made unless and until the following pre-condition has been satisfied or waived (the "**Pre-Condition**"):

All resolutions as may be necessary or incidental to approve, implement and effect the Offer, the Warrants Offer and the Options Proposal, and the acquisition of any Juken Shares other than those Juken Shares already owned, controlled or agreed to be acquired by Frencken (the "**Acquisition**") having been passed at a general meeting of the shareholders of Frencken (or any adjournment thereof).

- 2.2 If and when the Pre-Condition is satisfied or waived, DBS Bank, for and on behalf of Frencken, will announce a firm intention on the part of Frencken to make the Offer, the Warrants Offer and the Options Proposal. However, in the event the Pre-Condition is not satisfied or waived by Frencken (as the case may be) on or before 30 September 2012 or such later date as Frencken may determine in consultation with the Securities Industry Council of Singapore, the Offer, the Warrants Offer and the Options Proposal will not be made and DBS Bank will issue an announcement, for and on behalf of Frencken, confirming that fact as soon as reasonably practicable.

3. THE OFFER

3.1 Conditional Offer

The Offer, the Warrants Offer and the Options Proposal, if and when made, will be conditional upon Frencken having received, by the Closing Date, valid acceptances in respect of such number of Juken Shares which, together with the Juken Shares owned, controlled or agreed to be acquired by Frencken and parties acting in concert with it either before or during the Offer and pursuant to the Offer or otherwise, will result in Frencken and the parties acting in concert with it holding such number of Juken Shares carrying more than 50% of the voting rights attributable to the issued share capital of Juken as at the Closing Date (including any voting rights attributable to the Juken Shares issued or to be issued pursuant to the valid exercise of the Warrants and/or Juken Options on or prior to the Closing Date).

Accordingly, the Offer will not become or be capable of being declared to be unconditional as to acceptances unless at any time prior to the Closing Date, Frencken has received valid acceptances in respect of such number of Juken Shares which, when taken together with the Juken Shares owned, controlled or agreed to be acquired during the Offer, by or on behalf of Frencken, and parties acting in concert with Frencken, will result in Frencken and parties acting in concert with Frencken holding such number of Juken Shares representing more than 50% of the maximum potential issued share capital of Juken. For this purpose, "maximum potential issued share capital of Juken" means the total number of Juken Shares

which would be in issue had all the Warrants and Juken Options been validly exercised as of the date of such declaration, excluding any Juken Shares held in treasury.

3.2 Irrevocable Undertakings

(a) Juken Irrevocable Undertakings

As stated in the Pre-Conditional Offer Announcement, certain Juken Shareholders, namely Mr. Wong Keng Yin, David ("**DW**"), Mr. Wong Lai Huat, William ("**WW**") and Juken Kogyo Co., Ltd ("**JK**") (collectively, the "**Juken Undertaking Shareholders**"), have each provided an irrevocable undertaking (collectively, the "**Juken Irrevocable Undertakings**" and each, a "**Juken Irrevocable Undertaking**") to Frencken on 16 May 2012, *inter alia*, subject to the fiduciary duties of each of the Juken Undertaking Shareholders in his capacity as director of Juken (where applicable, in the case of DW and WW only), to accept the Offer. Details of the Juken Irrevocable Undertakings are set out in paragraph 6.1 of the Pre-Conditional Offer Announcement.

(b) Frencken Irrevocable Undertakings

As stated in the Pre-Conditional Offer Announcement, certain Frencken Shareholders, namely Mr. Gooi Soon Hock and Dato' Larry Low Hock Peng (together, the "**Frencken Undertaking Shareholders**"), have each provided an irrevocable undertaking (collectively, the "**Frencken Irrevocable Undertakings**" and each a "**Frencken Irrevocable Undertaking**") to the Juken Undertaking Shareholders on 16 May 2012, *inter alia*, to vote and/or procure the voting of all of their respective issued and paid up ordinary shares in the capital of Frencken ("**Frencken Shares**") held, controlled or which they may acquire or control (directly or indirectly) to approve the Offer, the Chapter 10 Resolutions, and any other matter necessary or proposed to implement the Offer at the Frencken EGM.

Details of the holdings of the Frencken Undertaking Shareholders of the Frencken Shares as at the date of the Frencken Irrevocable Undertakings are set out in Schedule 1 to this Announcement.

(c) Duration of the Juken Irrevocable Undertakings and Frencken Irrevocable Undertakings

- (i) According to the terms of the Juken Irrevocable Undertakings, the Juken Irrevocable Undertakings shall lapse when the Offer is withdrawn or lapses.
- (ii) According to the terms of the Frencken Irrevocable Undertakings, the Frencken Irrevocable Undertakings shall lapse on the earliest of the following dates:
 - (A) when the Offer is withdrawn; or
 - (B) at the close of the Frencken EGM; or
 - (C) the occurrence of any MAE Event at any time prior to the Frencken EGM to seek the approval of the Frencken Shareholders for the Chapter 10 Resolutions.

For the purposes of the Frencken Irrevocable Undertakings and this Announcement:

- (1) **"MAE Event"** means the occurrence of any of the following events:
 - (aa) a 15% or more diminution in the Latest Juken NAV from the 2011 Juken NAV; or
 - (bb) the loss of any Juken Major Customer or where any Juken Major Customer has given written notice of its intention to cease to be a customer of Juken and its subsidiaries (the **"Juken Group"**);
- (2) **"Latest Juken NAV"** means, in relation to Juken, the net asset value as reflected in (aa) the latest consolidated unaudited financial statements of Juken prepared by the management of Juken which have been publicly announced; or (bb) the latest consolidated audited financial statements of Juken (when publicly announced by Juken and other than the 2011 Juken Audited Financial Statements), prepared on a basis consistent with the 2011 Juken Audited Financial Statements;
- (3) **"2011 Juken NAV"** means, in relation to Juken, the net asset value as at 31 December 2011 as reflected in the 2011 Juken Audited Financial Statements;
- (4) **"2011 Juken Audited Financial Statements"** means the audited consolidated balance sheet of the Juken Group as at 31 December 2011, the consolidated profit and loss account and the consolidated cash flow statement of the Juken Group for the year ended 31 December 2011, and the notes thereto; and
- (5) **"Juken Major Customer"** means a customer or group of customers belonging to the same group of companies which contributed more than 5% of the revenue of the Juken Group for the half year period ended 30 June 2011.

4. THE ACQUISITION

4.1 Information on Juken

Juken was incorporated in Singapore on 29 January 1992 and is currently listed on the Main Board of the SGX-ST. As obtained from Juken, as at the Pre-Conditional Offer Announcement Date, the issued share capital of Juken is S\$24,181,162.48, comprising 250,415,017 Juken Shares (including 299,000 issued and paid up ordinary shares held by Juken as treasury shares).

The Juken Group specialises in the manufacturing of precision moulded plastic components used in (but not limited to) automotive, cameras, office equipment, household/industrial appliances, data storage and medical products.

In addition, Juken has in-house capabilities for designing and fabricating precision plastic injection moulds. The Juken Group enjoys access to advanced technologies of its major

shareholder, JK, a specialist precision plastic component designer and manufacturer in Japan. In March 2010, the Juken Group acquired stepper motors and car clocks manufacturing assets previously held by The Swatch Group of Switzerland, enhancing Juken's production of stepper motors and car clocks found in the instrumental cluster of cars.

Based on the audited financial statements of Juken for the financial year ended 31 December 2011, the consolidated net asset value (the "**NAV**") and the consolidated net profit before tax attributable to the Juken Shares to be acquired are S\$47.841 million and S\$3.064 million¹ respectively. The volume weighted average price (the "**VWAP**") per Juken Share on 11 May 2012 (being the last full day of trading in the Juken Shares on the SGX-ST immediately prior to the Pre-Conditional Offer Announcement Date) is S\$0.161.

4.2 Rationale for the Acquisition

Frencken believes that there is a strategic and operational fit between Frencken's EMS Division and Juken, and that the Acquisition will create a compelling manufacturing partnership for the merged EMS group in the following manner:

- (a) The Acquisition will accelerate the geographical expansion of Frencken's EMS Division's integrated manufacturing services to strategic growth regions like China and India, leveraging on Juken's established manufacturing bases in these regions.
- (b) The Acquisition will enable the Offeror to capitalise on Juken's advanced micro-moulding technology, and design and manufacturing capabilities to enhance and expand the service offerings of the merged group's integrated manufacturing services model.
- (c) With little overlap in customer base, there will be significant opportunities for cross-marketing to the merged group's expanded customer base – in particular, its automotive customers.
- (d) Leveraging on the integrated manufacturing capabilities of Frencken's EMS Division, the existing Juken manufacturing sites can potentially scale the value chain from its current component manufacturing capabilities towards full-fledged integrated manufacturing capabilities.
- (e) Apart from the expansion of the merged group's customer base, the addition of Juken's stepper motor and car clock design and manufacturing assets will further enhance and expand the merged group's service offerings, particularly in the automotive sector.

5. APPLICATION OF CHAPTER 10 OF THE LISTING MANUAL

5.1 Aggregate Consideration

Assuming full acceptance of the Offer and all Juken Options and Warrants are exercised or converted (as the case may be) on or prior to the Closing Date, the aggregate consideration of the Offer is S\$58,198,925 (the "**Offer Consideration**"), comprising the sum of:

- (a) S\$14,699,080 for the 27,734,113 New Frencken Shares to be issued by Frencken as

¹ Figures as obtained from the audited consolidated statements of Juken are rounded to the nearest thousand (S\$ '000).

Shares Consideration²; and

- (b) S\$43,499,845 for the acceptances of the remainder Juken Shares to be satisfied by the Cash Consideration.

5.2 Funding for the Acquisition

Frencken intends to finance the Cash Consideration through a combination of borrowings and internal resources.

5.3 Relative figures computed on the bases set out in Rule 1006 of the Listing Manual

The Offer, if made, would constitute a major transaction under Chapter 10 of the Listing Manual. The relative figures computed on the bases set out in Rule 1006 of the Listing Manual are as follows:

Rule 1006(a)	The net asset value of the assets to be disposed of, compared with the Frencken Group's net asset value	Not applicable ⁽ⁱ⁾
Rule 1006(b)	The net profits attributable to the Juken Shares acquired, compared with the Frencken Group's net profits ⁽ⁱⁱ⁾	70.2%
Rule 1006(c)	The aggregate consideration for the Offer, compared with the Frencken Group's market capitalisation ⁽ⁱⁱⁱ⁾	65.9%
Rule 1006(d)	The number of equity securities issued by Frencken as Shares Consideration for the Offer, compared with the number of equity securities of Frencken previously in issue ^(iv)	7.5%

Notes:

- (i) Rule 1006(a) of the Listing Manual is not applicable to an acquisition of assets.
- (ii) Under Rule 1002(3)(b) of the Listing Manual, "net profits" is defined as profit or loss before income tax, minority interest and extraordinary items. The relative figure in respect of Rule 1006(b) of the Listing Manual in the table above is derived based on the assumption that the Offer results in Juken becoming a subsidiary of Frencken, and using the audited consolidated profit before taxation of the Juken Group for the financial year ended 31 December 2011 of approximately S\$5.897 million³, divided by the audited consolidated profit before taxation of the Frencken Group for the financial year ended 31 December 2011 of approximately S\$8.403 million⁴.
- (iii) This is based on:
- (A) the Offer Consideration of S\$58,198,925;

² The NAV of the Frencken Shares as at 31 March 2012 (based on the latest announced consolidated accounts of Frencken as at 31 March 2012) is S\$196.878 million (figures rounded to the nearest thousand (S\$ '000)). The VWAP of the Frencken Shares on 8 May 2012 (being the last full day of trading in the Frencken Shares on the SGX-ST immediately prior to the Pre-Conditional Offer Announcement Date) is S\$0.24. Accordingly, the value of the Shares Consideration shall be determined by reference to the NAV per Frencken Share of S\$0.53 as at 31 March 2012, being the higher of the NAV per Frencken Share and the VWAP per Frencken Share.

³ Figures as obtained from the audited consolidated statements of Juken are rounded to the nearest thousand (S\$ '000).

⁴ Figures as obtained from the audited consolidated statements of Frencken are rounded to the nearest thousand (S\$ '000).

- (B) the total issued share capital of Frencken of 368,183,325 Frencken Shares (excluding treasury shares) as at the Pre-Conditional Offer Announcement Date; and
- (C) the VWAP of the Frencken Shares of S\$0.24 on 8 May 2012 (being the last full day of trading in the Frencken Shares on the SGX-ST immediately prior to the Pre-Conditional Offer Announcement Date).
- (iv) In respect of the equities securities test set out in Rule 1006(d) of the Listing Manual, the 27,734,113 New Frencken Shares to be issued by Frencken as Shares Consideration constitutes approximately 7.5% of the 368,183,325 Frencken Shares in issue (excluding the 8,001,000 issued and paid up ordinary shares held by Frencken as treasury shares) as at the Pre-Conditional Offer Announcement Date.

The relative figures computed on the bases set out in Rule 1006(b) and Rule 1006(c) of the Listing Manual exceed 20%. Accordingly, as mentioned in paragraph 1.2 of this Announcement, the Offer constitutes a major transaction under Rule 1014 of the Listing Manual and is therefore subject to the approval of Frencken's Shareholders at the Frencken EGM.

6. FINANCIAL EFFECTS OF THE ACQUISITION IN RELATION TO FRENCKEN

The financial effects of the Acquisition in relation to Frencken set out below are purely for illustration purposes only, and are neither indicative of the actual financial effects of the Acquisition on the net tangible asset ("**NTA**") per share or earnings per share (the "**EPS**") of Frencken, nor represent the actual financial position and/or results of the Frencken Group immediately after the Closing Date.

6.1 Bases and Assumptions

The financial effects have been prepared using the following bases and assumptions:

- (a) based on the terms of the Offer, the Warrants Offer and the Options Proposal as at the Pre-Conditional Offer Announcement Date;
- (b) based on the audited financial statements of Frencken and Juken for the financial year ended 31 December 2011;
- (c) all references to the issued share capital of Frencken excludes issued and paid up ordinary shares held by Frencken as treasury shares;
- (d) the calculation of the financial effects on the EPS of the Frencken Group for the financial year ended 31 December 2011, was calculated on the assumption that the Acquisition is completed, and that Frencken owned 100% of the issued share capital of Juken with effect from 1 January 2011;
- (e) the calculation of the financial effects on the NTA per share of the Frencken Group for the financial year ended 31 December 2011, was calculated on the assumption that the Acquisition is completed, and that Frencken owned 100% of the issued share capital of Juken with effect from 31 December 2011;
- (f) a maximum of 27,734,113 New Frencken Shares will be issued pursuant to the Offer;
- (g) based on the number of issued Juken Shares as at 31 December 2011 and the number of Juken Shares held by the Juken Undertaking Shareholders as at 31 December 2011;

- (h) no Juken Options or Warrants as at 31 December 2011 are exercised or converted (as the case may be) on or prior to the Closing Date;
- (i) assuming settlement of the Offer Consideration by way of all Cash Consideration
- (i) all Juken Shareholders (save for the Juken Undertaking Shareholders) accept the Offer and elect to receive the Cash Consideration as consideration for all their Juken Shares;
- (ii) each of DW and WW accepts the Offer in accordance with his respective Juken Irrevocable Undertaking and elects to receive the Shares Consideration as consideration in respect of 50% of his respective Relevant Juken Shares; and
- (iii) JK accepts the Offer in accordance with its Juken Irrevocable Undertaking and elects to receive Shares Consideration as consideration in respect of 100% of its Relevant Juken Shares; and
- (j) assuming settlement of the Offer Consideration by way of all Shares Consideration
- (i) all Juken Shareholders (save for the Juken Undertaking Shareholders) accept the Offer and elect to receive the Shares Consideration as the consideration for all their Juken Shares;
- (ii) each of DW and WW accepts the Offer in accordance with his respective Juken Irrevocable Undertaking and elects to receive the Shares Consideration as consideration in respect of 100% of his respective Relevant Juken Shares;
- (iii) JK accepts the Offer in accordance with its Juken Irrevocable Undertaking and elects to receive Shares Consideration as the consideration in respect of 100% of its Relevant Juken Shares; and
- (iv) at all times, the Shares Consideration will be capped at 27,734,113 New Frencken Shares and where there is excess elections, the Shares Consideration to all Juken Shareholders will be scaled back on a *pro-rata* basis and the remainder acceptances are deemed to be satisfied by the Cash Consideration.

6.2 Effect on Share Capital of Frencken

Assuming the Acquisition was completed on 31 December 2011, the number of issued Frencken Shares and the enlarged issued share capital of Frencken, are as follows:

As at 31 December 2011	Number of Frencken Shares	
	All Cash Consideration	All Shares Consideration
Total number of issued Frencken Shares	368,183,325	368,183,325
Number of New Frencken Shares to be issued pursuant to the Offer	26,809,481	27,734,113

Enlarged issued share capital of Frencken (including the New Frencken Shares to be issued pursuant to the Offer)	394,992,806	395,917,438
--	-------------	-------------

6.3 Resultant Share Capital Spread

It is envisaged that the resultant issued share capital spread of and the resultant shareholdings in Frencken following the Closing Date will be as follows:

(a) Assuming all Cash Consideration

Shareholders	Percentage of Frencken Shares (%)
DW	2.60
WW	0.89
JK	3.30
Existing Frencken Shareholders	93.21
Total	100.00

(b) Assuming all Shares Consideration

Shareholders	Percentage of Frencken Shares (%)
DW	1.04
WW	0.35
JK	0.66
Other Juken Shareholders	4.96
Existing Frencken Shareholders	92.99
Total	100.00

6.4 Effect on EPS of Frencken

The effects of the Acquisition on the EPS of Frencken, assuming that the Acquisition had been completed as at 1 January 2011, are as follows:

Financial year ended 31 December 2011	Before adjusting for the Acquisition	After adjusting for the Acquisition
---------------------------------------	--------------------------------------	-------------------------------------

		All Cash Consideration	All Shares Consideration
Profit After Tax (S\$'000)	7,341	10,405	10,405
EPS of Frencken (S\$)	0.02	0.03	0.03

6.5 **Effect on NTA per Frencken Share**

The effects of the Acquisition on the NTA per Frencken Share, assuming that the Acquisition was completed on 31 December 2011, are as follows:

As at 31 December 2011	Before adjusting for the Acquisition	After adjusting for the Acquisition	
		All Cash Consideration	All Shares Consideration
NTA (S\$'000)	184,119	182,899	183,198
NTA per Frencken Share (S\$)	0.50	0.46	0.46

7. **FINANCIAL ADVISER**

Frencken has appointed DBS Bank as its financial adviser in respect of the Offer.

8. **CIRCULAR**

Frencken will despatch a circular to the Frencken Shareholders in due course containing further information on, amongst other things, the Acquisition, the Offer and notice of the Frencken EGM to approve the Chapter 10 Resolutions.

9. **INTERESTS OF FRENCKEN DIRECTORS AND CONTROLLING SHAREHOLDERS**

- 9.1 As at the date of this Announcement, none of the Frencken Directors nor the controlling shareholders of Frencken has any interest in the Juken Shares, Warrants and Juken Options.
- 9.2 Save as disclosed in this Announcement (including the Frencken Irrevocable Undertakings), no Frencken Director or controlling shareholder of Frencken has any interest in the Acquisition (other than by reason only of being a Frencken Director or Frencken Shareholder).
- 9.3 No person is proposed to be appointed as a director of Frencken in connection with the Acquisition, hence no service contract has been entered into between Frencken and any such person.

10. **DIRECTORS' RESPONSIBILITY STATEMENT**

The Frencken Directors (including any director who may have delegated detailed supervision of the preparation of this Announcement) have taken all reasonable care to ensure that the

facts stated and opinions expressed in this Announcement (other than those relating to Juken) are fair and accurate and that there are no other material facts not contained in this Announcement, the omission of which would make any statement in this Announcement misleading.

Where any information has been extracted or reproduced from published or otherwise publicly available sources or obtained from Juken, the sole responsibility of the Frencken Directors has been to ensure through reasonable enquiries that such information is accurately extracted from such sources or, as the case may be, reflected or reproduced in this Announcement (as the case may be).

The Frencken Directors jointly and severally accept responsibility accordingly.

16 May 2012

BY ORDER OF THE BOARD OF
FRENCKEN GROUP LIMITED

Forward-Looking Statements

All statements other than statements of historical facts included in this Announcement are or may be forward-looking statements. Forward-looking statements include but are not limited to those using words such as "seek", "expect", "anticipate", "estimate", "believe", "intend", "project", "plan", "strategy", "forecast" and similar expressions or future or conditional verbs such as "will", "would", "should", "could", "may" and "might". These statements reflect Frencken's current expectations, beliefs, hopes, intentions or strategies regarding the future and assumptions in light of currently available information. Such forward-looking statements are not guarantees of future performance or events and involve known and unknown risks and uncertainties. Accordingly, actual results may differ materially from those described in such forward-looking statements. Shareholders and investors should not place undue reliance on such forward-looking statements, and neither Frencken nor DBS Bank undertakes any obligation to update publicly or revise any forward-looking statements.

SCHEDULE 1

FRENCKEN UNDERTAKING SHAREHOLDERS

Name of Frencken Undertaking Shareholder	Number of Frencken Shares	Percentage of Frencken Shares (excluding treasury shares)
Dato' Larry Low Hock Peng	41,376,794	11.2%
Mr. Gooi Soon Hock	104,612,194	28.4%