FRENCKEN GROUP LIMITED
(Company Registration No. 199905084D)

Announcement

ACQUISITION OF NTZ INTERNATIONAL HOLDING B.V.

1. INTRODUCTION

Frencken Group Limited (the "**Company**" and together with its subsidiaries, the "**Group**") today announced that through its wholly-owned subsidiary, Frencken Europe B.V. ("**FEBV**"), it has on 28 January 2014 entered into a Share Purchase Agreement ("**SPA**") to acquire 100% equity interests in NTZ International Holding B.V. ("**NTZ**") (the "**Acquisition**") for a cash consideration of Euro 1.

The Group sees the Acquisition as a strategic move that will enhance and broaden the service offerings of its automotive business under the IMS Division. In addition, the Acquisition will provide a base to better serve its automotive customers in Europe.

2. INFORMATION ON NTZ

Incorporated in The Netherlands in November 1986, NTZ designs, manufactures and markets high quality oil filters designed for superior filtration of lubrication oil, thermal oil, transmission oil, transformer oil and furnace oil. It has a wide range of proprietary products including bypass and inline micro filtration systems which are used for engine, transmission and power steering applications in the transportation industry and hydraulic filtration systems for industrial applications.

NTZ is headquartered in Rotterdam and has two operating subsidiaries located in the Netherlands and the USA. It serves customers in the automotive, heavy duty vehicles, industrial and marine industries.

3. THE CONSIDERATION

The cash consideration in relation to the Acquisition of Euro 1 (the "**Consideration**") payable to the Vendors of NTZ (the "**Vendors**") was arrived at on a willing seller willing buyer basis after taking into account, inter alia, the business operations, financial status and prospects of NTZ.

Pursuant to the SPA, FEBV has agreed to settle outstanding shareholders loans of Euro 2.8 million (approximately S$4.8 million) owing to the Vendors. FEBV shall transfer Euro 2.5 million (approximately S$4.3 million) to the Vendors on completion of the Acquisition ("Completion Loan Amount"), while the remaining Euro 0.3 million (approximately S$0.5 million) shall be held in an escrow account ("Escrow Amount").

The Escrow Amount shall be released to the Vendors on condition that NTZ reports earnings before interest and tax of Euro 0.3 million for the 12 months ending 31 December 2014. In the event this condition is not fulfilled, the Escrow Amount shall be returned to FEBV.

Taking into account the Completion Loan Amount and Escrow Amount, the aggregate consideration is approximately Euro 2.8 million ("**Aggregate Consideration**").

Based on preliminary management accounts, NTZ had revenue of Euro 4.2 million and loss after tax of Euro 0.3 million for the nine months ended 30 September 2013. It had total assets of Euro 2.7 million and negative net tangible asset value of Euro 2.5 million as at 30 September 2013. No independent valuation was commissioned for the Acquisition.

4. RATIONALE FOR THE ACQUISITION

The automotive business of the Group’s IMS Division has been expanding over the past few years and is expected to witness further growth. NTZ’s portfolio of proprietary products will further expand and broaden the range of products and service offerings to the Group’s automotive customers. In addition, the Acquisition will enable the IMS Division to build on and expand its operating base in Europe to better serve its automotive customers in the region.

5. RELATIVE FIGURES IN RULE 1006 OF THE LISTING MANUAL

For the purpose of determining the relative figures of Rule 1006, the Aggregate Consideration is used in the computation which is in line with Practice Note 10.1 of the Listing Manual of the SGX-ST.

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 nine months ended 30 September 2013 and the Company’s market capitalisation as at 27 January 2014 (being the latest weighted average price of the Company’s shares transacted on the market day preceding the date of the SPA on 28 January 2014), 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

29 January 2014

About Frencken Group Limited

Frencken Group is a high-technology capital equipment and consumer product 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 operating sites in Southeast Asia (Malaysia, Thailand, Singapore and Indonesia), China, India and Switzerland.*

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