



FRENCKEN GROUP LIMITED
(Company Registration No. 199905084D)

Announcement

UPDATE ON DEFERRED DEVELOPMENT COSTS

The Board of Directors of Frencken Group Limited (“**Frencken**” or the “**Company**”, and together with its subsidiaries, the “**Group**”) wishes to provide an update on the status of an ongoing program with a customer of the Group.

Over the past years, Frencken Europe B.V. (“**FEBV**”), which is a wholly-owned subsidiary operating within the Group’s Mechatronics Division, has been working on the development of certain product for the healthcare industry and the associated costs have been capitalised as deferred development costs. FEBV had been working closely with a US multinational customer from the healthcare industry on a program to engineer and customise this healthcare equipment which has yet to be commercially launched.

Due to a change in strategic direction of its customer, the Group will not have visibility on expected future revenue streams related to this product. As such, in accordance with SFRS(I) 1-36 *Impairment of Assets*, the Group is impairing all its costs associated with development of the program for this customer, and will be recognising an impairment loss of deferred development costs of approximately S\$6.2 million in its financial results for the second half ending 31 December 2020 (“**2H20**”) and the full year ending 31 December 2020 (“**FY2020**”).

Nonetheless, the Group expects to remain profitable in 2H20 and FY2020. As the impairment loss is a non-cash exceptional item, it is also not expected to have an impact on the Group’s cash balances.

Shareholders and investors are advised to exercise caution when dealing in the shares of the Company. In the event of any doubt, they should consult their stockbrokers, bankers, solicitors, accountants or other professional advisors.

On behalf of the Board,

Dennis Au
Executive Director

21 December 2020

About Frencken Group Limited

Frencken Group is a Global Integrated Technology Solutions Company that serves world-class multinational companies in the automotive, healthcare, industrial, analytical & life sciences and semiconductor industries.

Frencken Group operates on a worldwide scale through its established local presence of 17 operating sites and 3,400 employees across Asia, Europe and the USA. Working in partnership with its growing base of global customers, the Group unites the strengths of its strategically located businesses to create value for a wide variety of end-user markets.

Leveraging on its advanced technological and manufacturing capabilities, Frencken Group provides comprehensive Original Design, Original Equipment and Diversified Integrated Manufacturing solutions. The Group's extensive solutions span from product conceptualization, integrated design, prototyping, new product introductions, supply chain design and management, state-of-the-art value and volume manufacturing services to logistics solutions.

MEDIA AND INVESTOR RELATIONS CONTACT

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