



FRENCKEN GROUP LIMITED
(Company Registration No. 199905084D)

Announcement

Expiration of Agency Contract in France

The Board of Directors of Frencken Group Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) wishes to inform that its wholly-owned subsidiary, Precico Group Sdn. Bhd. (“**Precico**”) had decided not to renew its agency contract with SNECI SAS (“**SNECI**”), a company incorporated in France.

SNECI was appointed by Precico to act as a commercial agent to promote Precico’s manufacturing offerings to customers in France since 21 September 2001. Precico made the decision not to renew the agency contract with SNECI upon the contract’s expiration.

Pursuant to Article L.134-12 of the French Commercial Code and case law, commercial agents shall be entitled to a compensation indemnity for any loss suffered if their relationship with their principal ceases, including when such agreement expires and is not renewed. As this is a public policy rule, it is enforceable for agency contracts governed by French laws regardless of whether parties have an agreement on compensation indemnity.

The agency contract between Precico and SNECI is governed by French laws. Hence, while it does not have a provision for compensation indemnity, Article L. 134-7 gives SNECI the right to claim for a compensation indemnity from Precico following the expiration of the agency contract. In this respect, Precico has negotiated and agreed to pay a reduced sum of 1,055,358 Euros to SNECI as indemnity settlement.

Precico has also agreed to pay SNECI a sum of 247,463 Euros as post-contractual remuneration in accordance with Article L. 134-7 of the French Commercial Code. This Article stipulates that commercial agents shall be entitled to a commission for commercial transactions that are mainly due to their activity during the agency agreement and concluded within a reasonable period after the cessation of contract.

The total sum payable to SNECI of 1,302,821 Euros is to be paid in equal installments over a period of 12 months starting from October 2015. The Group expects to make a provision for this expense in its financial statements for the third quarter ending 30 September 2015.

The Group wishes to assure shareholders that the expiration of the agency contract does not affect Precico’s business relationships with its customers in Europe.

On behalf of the Board

Sim Mong Huat
Executive Director

18 September 2015

About Frencken Group

Frencken Group Limited is a high-technology capital and consumer equipment service provider that provides complete and integrated one-stop outsourcing solutions in partnership with its customers in the capital equipment, automotive and consumer industries.

The Group's business is 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 EMS Division offers integrated design and manufacturing services for automotive, office automation, consumer and industrial products.*

Leveraging on the advanced capabilities of strategically located production facilities in The Netherlands, Singapore, Malaysia, Indonesia, Thailand, China, India and the USA, 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.

The Group serves a diversified customer base that comprises renowned global companies in the medical, semiconductor, analytical, industrial automation, automotive, office automation and consumer industries.

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