FRENCKEN GROUP LIMITED
(Company Registration No. 199905084D)

Announcement

FRENCKEN'S SUBSIDIARY ENTERS INTO LAND LEASE AGREEMENT TO DEVELOP NEW MANUFACTURING FACTILITY IN SINGAPORE

1. INTRODUCTION

The board of directors ("**Board**" or "**Directors**") of Frencken Group Limited ("**Frencken**" or the "**Company**", and together with its subsidiaries, the "**Group**") wishes to announce that the Company's wholly-owned subsidiary ETLA Limited ("**ETLA**") has accepted an offer from Jurong Town Corporation ("**JTC**") for the lease of an industrial land parcel at Kaki Bukit Avenue 5 in Singapore ("**Lease**"). The Group intends to develop a new and larger manufacturing facility ("**New Facility**") at this site for the expansion and consolidation of its Mechatronics manufacturing operations in Singapore currently located at Changi North and Seletar Aerospace Link.

2. INFORMATION ON THE LEASE

The Lease is in connection with JTC land known as Pte Lot A7021478 located at PID8202503020 @ MK28-06424N(pt) & MK28-07756X(pt) ("**Property**"). The Property has a land area of 12,318 square metres, and is expected to be developed to a gross plot ratio of not less than 2.19 but not exceeding 2.50. The lease term is expected to be 33 years ("**Lease Term**"), contingent upon certain conditions, and is expected to commence on 18 August 2025 ("**Commencement Date**").

Under the Lease, the land rent is payable to JTC ("**Land Rent**") in advance on first day of each month of the Lease Term. The Land Rent will be revised on 18 August 2026 and 18 August of every year during the Lease Term.

ETLA also has to fulfil a declared investment of at least S$19,537,527 comprising at least S$13,288,000 on new plant and machinery ("**Declared Investment**"). The remainder may consist of net book value of ETLA's existing plant and machinery that will be relocated to the Property. This investment must be fulfilled within three (3) years from the Commencement Date.

3. RATIONALE

In line with its goal to achieve sustainable growth over the long term, the Group intends to set up the New Facility to lay a stronger foundation for continued expansion of its Mechatronics business in Singapore. The New Facility will expand the Group's production resources to support existing and new programs, and strengthen its position to advance with key customers in the coming years. The Group also envisages the New Facility to augment its capabilities and yield higher efficiencies.

Upon completion of the New Facility, the Group plans to progressively relocate and consolidate its manufacturing operations in Singapore, which are now housed across separate buildings at its current location in Changi North and another factory at Seletar Aerospace Link. The New Facility will feature an improved layout that consolidates the production activities and facilitates a seamless workflow to optimise the utilisation of resources and operational efficiencies.

Along with improved productivity, the development will also expand the Group's capacity, particularly for larger cleanrooms, to scale up its business portfolio with key wafer fabrication equipment customers. Additionally, the expansion in capacity and capabilities will enable the Group to support increasing program transfers to Asia from its major semiconductor and analytical life sciences customers in Europe.

The Group believes Singapore will remain a vital and strategic base for its manufacturing operations and future growth. As a global semiconductor production hub, the country has a robust intellectual property protection framework supporting the semiconductor value chain ecosystem here. The New Facility will continue to ensure the Group's proximity to its semiconductor customers in Singapore.

Construction of the New Facility is expected to commence in the third quarter of 2025 and is targeted for completion by the first quarter of 2027. The New Facility is estimated to yield a gross floor area of 28,594 square meters, subject to the final design and development plans.

4. INVESTMENT AND SOURCE OF FUNDS

Based on initial discussions with third-party professionals and consultants, the Group estimates that the construction and fit-out work for a new five-storey building on the Property, as well as purchases of new plant and machinery will cost approximately S$63.0 million ("**Estimated Investment Costs**"). The Estimated Investment Costs shall be funded by internally generated resources and external financing sources including borrowings.

5. OTHER SALIENT TERMS OF THE LEASE

In addition to the aforementioned terms outlined in Section 2, the key terms and conditions of the Lease also include the following: -

5.1 <u>Confirmation Of Tenure</u>

Based on the terms of the Lease, the grant of the lease of the Property to ETLA by JTC ("**Confirmation of Tenure**") is subject to the following obligations being satisfied: -

(a) ETLA's fulfilment of the Declared Investment within three (3) years from the Commencement Date; and

(b) ETLA's completion of development and construction of a building, structures and installations (including Green Building Obligations) on the Property in accordance with the building terms and requirements annexed to the Lease ("**Building Works**"), within a period of three (3) years from the Commencement Date ("**Building Period**"), to a gross plot ratio not less than 2.19 ("**Minimum Gross Floor Area**"), and in accordance with the Urban Design Guidelines and

Planning Design Guidelines annexed to the Lease, as well as any applicable guidelines required by JTC, and plans approved by JTC and/or the relevant authorities.

Until the receipt by ETLA of the Confirmation of Tenure following its satisfaction of the conditions set out in Sections 5.1(a) and 5.1(b) above, ETLA will be a licensee of the Property.

At the end of the Lease Term, ETLA is required to reinstate, vacate and deliver the Property to JTC, subject to the terms and conditions set out in the Lease.

5.2 Lease Term

The Lease Term is expected to be thirty-three (33) years commencing from 18 August 2025. However, in the event that ETLA fails to fulfil the conditions set out above relating to Minimum Gross Floor Area and the Declared Investment, JTC may, at its discretion, grant ETLA a lease of the Property, save that the Lease Term of thirty-three (33) years may be reduced proportionately based on the actual gross floor area developed by ETLA and/or the actual investment of ETLA on plant and machinery for the Property (including the new plant and machinery to be acquired by ETLA for the Property and the value of ETLA's existing plant and machinery to be relocated to the Property), as the case may be. JTC reserves the right not to grant the lease of the Property to ETLA. In the event the Lease Term is reduced to less than ten (10) years, the lease will not be granted.

5.3 Restrictive Covenants

(a) ETLA may apply to JTC to sublet the Property only after temporary occupation permit for the Property has been obtained.
(b) ETLA may apply to JTC to assign its interest in the Property, except during the Assignment Prohibition Period, which refers to (i) the period from the Commencement Date until five (5) years after the date of the Confirmation of Tenure, and (ii) the last five (5) years of the Lease Term.
(c) Upon ETLA's acceptance of the Lease, ETLA may mortgage the Property by submitting a notice of mortgage in accordance with JTC's prevailing requirements at the time of mortgage.

6. RELATIVE FIGURES UNDER CHAPTER 10 OF THE SGX-ST LISTING MANUAL

For the purposes of Chapter 10 of the Listing Manual, the relative figures for the Lease computed on the bases set out in Rule 1006 and based on the latest audited financial results of the Group for the financial year ended 31 December 2024 are as follows:

Rule	Bases	Relative Figure
1006(a)	The net asset value of the assets to be disposed of, compared with the Group's net asset value. This basis is not applicable to an acquisition of assets.	N.A.
1006(b)	The net profits attributable to the assets acquired or disposed of, compared with the Group's net profits.	N.A.
1006(c)	The aggregate value of the consideration given or received, compared with the issuer's market capitalisation based on the total number of issued shares excluding treasury shares.	12.9%*

1006(d)	The number of equity securities issued by the issuer as consideration for an acquisition, compared with the number of equity securities previously in issue.	N.A.
1006(e)	The aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of the Group's proved and probable reserves. This basis is applicable to a disposal of mineral, oil or gas assets by a mineral, oil and gas company, but not to an acquisition of such assets. If the reserves are not directly comparable, the Exchange may permit valuations to be used instead of volume or amount.	N.A.

*Based on Estimated Investment Costs and the Company's market capitalisation of approximately S$486.9 million as at 2 June 2025

As the relative figure under Rule 1006(c) of the Listing Manual in relation to the Lease exceeds 5% but does not exceed 20%, the Proposed Lease is classified as a Discloseable Transaction.

7. FINANCIAL EFFECTS

For illustrative purposes only, the pro forma financial effects of the Lease on the Company are set out below based on, *inter alia*, the respective assumptions. The financial effects on the NTA and EPS of the Group have been computed based on the audited consolidated financial statements of the Group for the financial year ended 31 December 2024.

Net Tangible Assets (NTA) per Share

Assuming that the Lease was entered into on 31 December 2024, the pro forma financial effects of the Lease on the NTA of the Group are as follows:

	Before entering into the Lease	**After entering into the Lease**
NTA as at 31 December 2024 (S$'000)	411,947	411,947
Number of issued and paid-up shares ('000)	427,090	427,090
NTA per Share (cents)	96.45	96.45

Assuming that the Lease had been entered into on 1 January 2024, the pro forma impact of the Lease on the EPS of the Group would be as follows:

	Before entering into the Lease	**After entering into the Lease**
Profit attributable to equity holders of the Company (S$'000)	37,120	35,710 ^
Weighted average number of shares (excluding treasury shares) ('000)	427,067	427,067
Earnings per Share (cents)	8.69	8.36

^This figure takes into account depreciation costs, finance cost of lease liabilities and estimated interest costs assuming utilisation of external financing for the Estimated investment Costs.

8. DIRECTORS' AND CONTROLLING SHAREHOLDERS' INTEREST IN THE PROPOSED TRANSACTION

None of the directors or controlling shareholders of the Company has any interest, direct or indirect in the Lease, save for their interests arising by way of their shareholdings and/or directorships, as the case may be, in the Company.

9. SERVICE AGREEMENTS

No person will be appointed to the Board in connection with the Lease and no service contracts in relation thereto will be entered into by the Company.

On behalf of the Board,

Dennis Au
Executive Director

3 June 2025

About Frencken Group Limited

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

Frencken Group operates on a worldwide scale through its established local presence of 19 operating sites and over 3,600 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 conceptualisation, integrated design, prototyping, new product introductions, supply chain design and management, state-of-the-art value and volume manufacturing services to logistics solutions.

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