

**APPENDIX TO THE NOTICE OF ANNUAL GENERAL MEETING OF FRENCKEN GROUP LIMITED  
(THE "COMPANY") DATED 9 APRIL 2014**

**THIS APPENDIX IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.**

This Appendix is issued by the Company together with the Company's annual report. The Singapore Exchange Securities Trading Limited assumes no responsibility for the correctness of any of the statements made, reports contained or opinions expressed in this Appendix.

If you are in any doubt in relation to this Appendix as to the action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.

If you have sold or transferred all your shares in the capital of the Company, you should immediately forward this Appendix to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee.



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

**APPENDIX IN RELATION TO THE PROPOSED CHANGE OF AUDITORS**

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## **DEFINITIONS**

For the purpose of this Appendix, the following definitions apply throughout unless the context otherwise requires or is otherwise stated:

<b>"AGM"</b>	: The annual general meeting of the Company to be held on 24 April 2014, notice of which is set out on pages 124 to 126 of the Annual Report in respect of FY2013
<b>"Annual Report"</b>	: The annual report of the Company
<b>"Appendix"</b>	: This appendix to the Notice of AGM of the Company dated 9 April 2014
<b>"Articles"</b>	: The articles of association of the Company for the time being
<b>"Audit Committee"</b>	: The audit committee of the Company
<b>"BDO"</b>	: Messrs BDO LLP
<b>"Board"</b>	: The Board of Directors of the Company
<b>"CDP"</b>	: The Central Depository (Pte) Limited
<b>"Company"</b>	: Frencken Group Limited
<b>"Companies Act"</b>	: The Companies Act (Chapter 50 of Singapore) as amended, supplemented or modified from time to time
<b>"Deloitte"</b>	: Messrs Deloitte & Touche LLP
<b>"Director(s)"</b>	: The director(s) of the Company for the time being
<b>"Executive Director"</b>	: A Director of the Group who is a full-time employee and performs an executive function
<b>"FY2013"</b>	: The financial year ended 31 December 2013
<b>"Group"</b>	: The Company and its subsidiaries
<b>"Listing Manual"</b>	: The listing manual of the SGX-ST
<b>"Memorandum"</b>	: The memorandum of association of the Company for the time being
<b>"Notice of AGM"</b>	: Notice of the AGM of the Company to be held on 24 April 2014, set out on pages 124 to 126 of the Annual Report in respect of FY2013
<b>"Proposed Change of Auditors"</b>	: The proposed change of auditors of the Company from BDO to Deloitte
<b>"SGX-ST"</b>	: Singapore Exchange Securities Trading Limited
<b>"Shares"</b>	: Ordinary shares in the capital of the Company

**"Shareholders"** : The registered holders for the time being of Shares, except that where the registered holder is CDP, the term "Shareholders" shall, where the context admits, mean the depositors whose securities accounts are credited with the Shares

The terms "**Depositor**", "**Depository Agent**" and "**Depository Register**" shall have the meanings ascribed to them respectively in Section 130A of the Companies Act.

Words importing the singular shall, where applicable, include the plural and *vice versa* and words importing the masculine gender shall, where applicable, include the feminine and neuter genders and *vice versa*. References to persons shall include corporations.

Any reference in this Appendix to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the Companies Act or the Listing Manual or any statutory modification thereof and used in this Appendix shall, where applicable, have the meaning ascribed to it under the Companies Act or the Listing Manual or any statutory modification thereof, as the case may be.

Any reference to a time of day in this Appendix shall be a reference to Singapore time.

## **1. INTRODUCTION**

- 1.1** The Directors of the Company refer to the Notice of AGM convening the AGM and Ordinary Resolution No. 7 in the Notice of AGM, in relation to the Proposed Change of Auditors.
- 1.2** The purpose of this Appendix is to provide the Shareholders with information relating to the Proposed Change of Auditors to be tabled at the AGM. The Notice of AGM is set out on pages 124 to 126 of the Annual Report.

## **2. THE PROPOSED CHANGE OF AUDITORS**

### **2.1 Background and Rationale for the Proposed Change of Auditors**

The Company's existing auditors, BDO, have been auditors of the Group since 15 October 2009. Following the close of the offer by the Company for Juken Technology Limited, a company incorporated in Singapore, on 19 October 2012 and the completion of the Company's right of compulsory acquisition to acquire all the shares of Juken Technology Limited on 3 December 2012, Juken Technology Limited is currently a wholly-owned subsidiary of the Company.

In this regard, Rule 715(1) of the Listing Manual provides that subject to Rule 716 of the Listing Manual, an issuer must engage the same auditing firm based in Singapore to audit its accounts, and its Singapore-incorporated subsidiaries and significant associated companies. In line with Rule 715(1) of the Listing Manual, the Directors are of the opinion that it would be in the interests of the Company to consider a change in the present auditors of the Company to align the auditors of the Company with the auditors for Juken Technology Limited, being Deloitte. It would also be more practical and cost and time efficient to engage one audit firm to audit the financial statements of the Company and Juken Technology Limited. The Directors therefore sought quotations from various audit firms, including BDO and Deloitte, for the audit of the financial statements of the Company and Juken Technology Limited.

The Directors have determined, in consultation with the Audit Committee, following a review of the credentials, services and fee proposals from various audit firms, that the proposal given by Deloitte is best suited to the needs of the Company and the Group.

The Directors and the Audit Committee have considered various factors, including the adequacy of the resources, the audit engagements and the experience of Deloitte, the audit engagement partner from Deloitte assigned to the audit of the Company, the size and complexity of the Group, Deloitte's proposed audit arrangements for the Company and the number and expertise of the supervisory and professional staff who will be assigned to the audit of the consolidated accounts of the Company, and are of the opinion that Deloitte will be able to meet the audit requirements of the Company at a more competitive audit fee and that Rule 712 of the Listing Manual has been complied with.

Deloitte have on 20 March 2014 given their consent to act as auditors of the Company, subject to the approval of the Shareholders at the AGM. The appointment of Deloitte as auditors of the Company will take effect upon the approval of the same by the Shareholders at the AGM.

### **2.2 Confirmation under Rule 1203(5) of the Listing Manual**

In compliance with Rule 1203(5) of the Listing Manual, the Directors confirm that:

- (a) there were no disagreements with BDO on accounting treatments within the last 12 months of the date of this Appendix;
- (b) the Company is not aware of any circumstances connected with the Proposed Change of Auditors that should be brought to the attention of Shareholders;

- (c) the specific reasons for the Proposed Change of Auditors is to align the auditors of the Company with the auditors for Juken Technology Limited, for better coordination and to realise cost efficiencies for the Group; and
- (d) as mentioned in paragraph 2.1 above, the Directors confirm that the Proposed Change of Auditors complies with Rules 712 and 716 of the Listing Manual.

BDO have confirmed by way of their letter dated 13 March 2014 to Deloitte that they are not aware of any professional reasons why Deloitte should not accept the appointment as auditors of the Company.

### **2.3 About Deloitte**

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee, and its network of member firms, each of which is a legally separate and independent entity. Please see [www.deloitte.com/sg/about](http://www.deloitte.com/sg/about) for a detailed description of the legal structure of Deloitte Touche Tohmatsu Limited and its member firms.

Deloitte provides audit, tax, consulting, and financial advisory services to public and private clients spanning multiple industries. With a globally connected network of member firms in more than 150 countries, Deloitte brings world-class capabilities and high-quality service to clients, delivering the insights they need to address their most complex business challenges. Deloitte's approximately 182,000 professionals are committed to becoming the standard of excellence.

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Deloitte Southeast Asia – a member firm operating in Brunei, Guam, Indonesia, Malaysia, Philippines, Singapore, Thailand and Vietnam – was established to deliver measurable value to the particular demands of increasingly intra-regional and fast growing companies and enterprises. Comprising over 250 partners and 6,000 professionals in 23 office locations, Deloitte Southeast Asia Ltd specialists combine their technical expertise and deep industry knowledge to deliver consistent high quality services to companies in the region. All services are provided through the individual practices, their subsidiaries and affiliates which are separate and independent legal entities.

#### **About Deloitte Singapore**

In Singapore, services are provided by Deloitte & Touche LLP and its subsidiaries and affiliates. Deloitte & Touche LLP (Unique entity number: T08LL0721A) is an accounting limited liability partnership registered in Singapore under the Limited Liability Partnerships Act (Chapter 163A of Singapore).

### **3. AUDIT COMMITTEE'S STATEMENT**

The Proposed Change of Auditors has been reviewed and recommended by the Audit Committee.

### **4. DIRECTORS' RECOMMENDATION**

Having fully considered the rationale and benefit of the Proposed Change of Auditors, the Directors are of the opinion that the Proposed Change of Auditors is in the best interests of the Company. Accordingly, the Directors recommend that Shareholders vote in favour of the resolution in respect of the Proposed Change of Auditors at the AGM.

**5. DIRECTORS' RESPONSIBILITY STATEMENT**

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Appendix and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Appendix constitutes full and true disclosure of all material facts about the Proposed Change of Auditors, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Appendix misleading. Where information in this Appendix has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from these sources and/or reproduced in this Appendix in its proper form and context.

**6. DOCUMENTS AVAILABLE FOR INSPECTION**

The following documents may be inspected at the registered office of the Company at 80 Robinson Road #02-00 Singapore 068898 during business hours from the date hereof up to and including the date of the AGM:

- (a) the Memorandum and Articles of Association;
- (b) the Annual Report;
- (c) the letter of consent to act as auditors of the Company dated 20 March 2014 from Deloitte; and
- (d) BDO's professional clearance letter to Deloitte dated 13 March 2014.