

SUMMARY OF KEY MATTERS DISCUSSED AT THE THIRTEENTH ANNUAL GENERAL MEETING (“13TH AGM”)

VENUE : THE AUDITORIUM OF SIGNATURE INTERNATIONAL BERHAD AT LOT NO. 24, JALAN TEKNOLOGI, TAMAN SAINS SELANGOR 1, KOTA DAMANSARA, PJU 5, 47810 PETALING JAYA, SELANGOR DARUL EHSAN

DATE : MONDAY, 2 DECEMBER 2019

TIME : 10.00 A.M.

CHAIRMAN

Datuk Seri Dr. Mohd Shafei Bin Abdullah (“**Datuk Seri Chairman**”).

QUORUM

With the requisite quorum being present, Datuk Seri Chairman called the Meeting to order at 10.00 a.m.

NOTICE

The Notice of the 13th AGM dated 31 October 2019 (“**the Notice**”), having been circulated to all the shareholders of the Company within the prescribed period, was taken as read with the consent of the shareholders and proxies present.

AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019 TOGETHER WITH THE REPORTS OF THE DIRECTORS AND AUDITORS THEREON (“2019 AFS”)

Datuk Seri Chairman informed that the 2019 AFS were meant for discussion only as the Companies Act 2016 does not require a formal approval of shareholders and hence, it will not be put for voting.

There were several questions raised by the shareholders or proxies present at the Meeting. Questions raised were addressed by the Board, Management and External Auditors succinctly.

QUESTION AND ANSWER SESSION

The following questions and answers were dealt with:-

Q1) Mr Leo Ann Puat (“Mr Leo”), a proxy, enquired on the following:-

- (a) The Group’s outlook and prospects in year 2020;**
- (b) Method of revenue recognition in the financial reporting; and**
- (c) Competitor of the Group and its market segment.**

A1) Mr KC Tan, the Group Managing Director of the Company responded that :-

- (a) The Company has secured an order book of RM181 million as at to-date. He anticipates that the business of the Group would be improved by the second half of the year 2020 subject to the timing of delivery of the said order book.**
- (b) Generally, revenue from sale of goods is recognised when the Company has transferred control of the goods to the customer, whereas revenue from contracts with customers is recognised when the performance obligation is satisfied.**

(c) The Company holds the record of the largest kitchen retail network in Malaysia to date coupled with its substantial presence across 15 countries. The Group's competitors generally divided into two (2) sectors, i.e. retail competitor and project competitor. It is hard for the Company to identify a single largest competitor. Throughout the years, the Company is involved in high-end projects throughout Malaysia. In order to thrive in a highly-competitive environment, the Group also caters for affordable products. No doubt the Management will also make efforts to approach affordable market for potential businesses.

Q2) Mr Thavarajan A/L Mutiah Pillai ("Mr Thavarajan"), a shareholder, enquired whether the kitchen cabinets and wardrobe were supplied for commercial properties, for instance, hotel or shopping malls

A2) Mr KC Tan responded that the kitchen cabinets and wardrobe are mainly for residential properties.

Q3) Mr Ng Kok Kiong ("Mr Ng"), a proxy, enquired on the following:-

- (a) Ability to maintain the businesses of the Group in view that its profit earning is on downwards trend;**
- (b) Budget allocation for marketing, branding or capital expenditure ("CAPEX");**
- (c) Impact of the Malaysian Financial Reporting Standards ("MFRS") 9 – Financial Instruments and 15 – Revenue from Contract with Customers on the financial statements of the Group;**
- (d) Return on investment ("ROI") on short-term investments of the Group; and**
- (e) Way forward for the investment properties of the Group.**

A3) Mr KC Tan responded that the projects' profit margin varies from projects to projects and it is also dependent on the timing of recognition. The earnings of the Company will decline in light of the lower margin being recognised for the period. Adversely, positive earning can be contributed by projects with higher profit margin for that period.

In relation to the CAPEX, Mr KC Tan informed that the CAPEX allocation was insignificant due to its business nature i.e. retail network expansion are largely invested by dealers.

In respond to the impact of the MFRS 9 and 15, Mr Chin Kit Seong, the Audit Partner of Crowe Malaysia PLT informed that both MFRS do not have any material impact on the financial statements of the Company and the Group. The necessary adjustments have been made to the 2019 AFS, as envisaged under Note 46 of the said financial statements.

In regards to the ROI on short-term investments, Ms Jessica Lim Mee Ding, the Director of Finance responded that the Group has diversified into various short-term investments which is highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value with original maturity periods of three months or less with an average return rate of 4 – 5%.

For the investment properties, Mr KC Tan explained that the Group allows potential project bad debts to offset outstanding payment with properties instead of provision for doubtful debts which might be written off as bad debts eventually. The Management is fully aware of the increasing number of properties as a result of off-setting. Management had assigned a team to look into it either to dispose of or rent out.

Q4) Mr Wha Kien Loy (“Mr Wha”), a shareholder, suggested to the Board to distribute treasury shares as dividends to the shareholders of the Company.

A4) The Board took note of Mr Wha’s suggestion.

After dealing with all the questions raised, Datuk Seri Chairman declared that the 2019 AFS were duly received by the shareholders.

POLL RESULTS

The resolutions set out in the Notice were put to vote by way of poll. Datuk Seri Chairman announced the results of the poll for each of the resolutions and declared that all the resolutions set out in the Notice were duly carried and passed by the shareholders and proxies present.

CONCLUSION

The Meeting concluded at 11.23 a.m. with a vote of thanks to the Chair.