

THIS STATEMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

If you are in any doubt as to the course of action to be taken, you should consult your stockbroker, bank manager, solicitor, accountant or other professional advisers immediately.

Bursa Malaysia Securities Berhad ("Bursa Securities") has only perused through Part A of this Circular on a limited review basis pursuant to Practice Note 18 of the Main Market Listing Requirements of Bursa Securities, prior to the issuance of this Circular. Bursa Securities takes no responsibility for the contents of this Circular, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Circular.

Bursa Securities has not perused the Statement to Shareholders ("Statement") in respect of Part B of this Circular prior to its issuance and takes no responsibility for the contents of the Statement, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Statement.



SIGNATURE INTERNATIONAL BERHAD

Registration No. 200601034359 (754118-K)
(Incorporated in Malaysia)

PART A

**CIRCULAR TO SHAREHOLDERS IN RELATION TO THE PROPOSED NEW
SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS
OF A REVENUE OR TRADING NATURE**

PART B

**STATEMENT TO SHAREHOLDERS IN RELATION TO THE PROPOSED RENEWAL
OF SHAREHOLDERS' MANDATE FOR SHARE BUY-BACK**

The resolution in respect of the above proposals will be tabled at the Fourteenth Annual General Meeting ("AGM") of the Company, which will be held at 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, Malaysia on Thursday, 3 December 2020 at 10.00 a.m. Notice of the Fourteenth AGM, together with the Proxy Form are set out in the Annual Report 2020 of the Company despatched together with this Circular/Statement.

Please complete and return your Proxy Form in accordance with the instructions thereon as soon as possible to the Share Registrar's Office of the Company at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, not less than forty-eight (48) hours before the time fixed for the AGM or at any adjournment thereof. The lodging of the Proxy Form will not preclude you from attending and voting in person at the AGM should you subsequently wish to do so.

Last date and time for lodging the Proxy Form : Tuesday, 1 December 2020 at 10.00 a.m.

Date and time of the AGM : Thursday, 3 December 2020 at 10.00 a.m.

PART A
CIRCULAR TO SHAREHOLDERS IN RELATION TO THE PROPOSED NEW
SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS
OF A REVENUE OR TRADING NATURE

DEFINITIONS

Except where the context otherwise requires, the following definitions shall apply throughout this Circular:-

- “2020 Annual Report” : Annual report of SIGN for the financial year ended 30 June 2020.
- “Act” : Companies Act 2016 and any amendments made thereto from time to time.
- “AGM” : Annual General Meeting.
- “ARMC” : Audit and Risk Management Committee of SIGN.
- “Board” : The Board of Directors of SIGN.
- “Bursa Securities” or “the Exchange” : Bursa Malaysia Securities Berhad [Registration No. 200301033577 (635998-W)].
- “Director(s)” : Shall have the meaning given in Section 2(1) of the Capital Markets and Services Act 2007 and includes any person who is or was within the preceding 6 months of the date on which the terms of the transaction were agreed upon, a director or chief executive officer of the Company, its subsidiary or holding company.
- “Listing Requirements” : Bursa Securities Main Market Listing Requirements and any Practice Notes issued in relation thereto, including any amendments that may be made from time to time.
- “LPD” : 30 September 2020, being the latest practicable date prior to the printing and despatch of this Circular.
- “Major Shareholder” : A person who has an interest(s) in voting share(s) in the Company and the number or aggregate number of those shares is:-
- (a) 10% or more of the total number of voting shares in the Company; or
 - (b) 5% or more of the total number of voting shares in the Company where such person is the largest shareholder of the Company
- and shall include any person who is or was within the preceding six (6) months of the date on which the terms of the transaction was agreed upon, a major shareholder of SIGN, its subsidiary or holding company.
- “Interest” shall have the meaning of “interest in shares” given in Section 8 of the Act.
- “Person(s) Connected” : Persons connected to the Directors and/or Major Shareholders, who fall under any one of the following categories:-
- (i) a family member of the Directors or Major Shareholders;
 - (ii) a trustee of a trust (other than a trustee for an employee share scheme or pension scheme) under which the Director, Major Shareholder or a family member of the Directors or Major Shareholders, is the sole beneficiary;
 - (iii) a partner of the Directors or Major Shareholders;
 - (iv) a person, or where the person is a body corporate, the body corporate or its directors, in accordance with whose direction, instructions or wishes the Directors or Major Shareholders is accustomed or is under an obligation, whether formal or informal, to act;
 - (v) a body corporate in which the Directors, Major Shareholders or persons connected with them are entitled to exercise, or control the exercise of, not less than 20% of the votes attached to voting shares in the body corporate; or
 - (vi) a body corporate which is a related corporation of the Directors or Major Shareholders.

DEFINITIONS (CONT'D)

- "Proposal" or "Proposed Shareholders' Mandate" : Proposed new shareholders' mandate for Recurrent Related Party Transactions of a revenue or trading nature.
- "Recurrent Related Party Transactions" or "RRPT(s)" : Recurrent related party transactions of a revenue or trading nature which are necessary for the day-to-day operations and are entered into by SIGN Group with the Related Party(ies) in the ordinary course of business which involves the interest, direct or indirect, of a Related Party.
- "Related Party(ies)" : Any Director, Major Shareholder or Person Connected with such Director or Major Shareholder as defined under Chapters 1 and 10 of the Listing Requirements.
- "RM" and "sen" : Ringgit Malaysia and sen respectively.
- "SIGN" or the "Company" : Signature International Berhad [Registration No. 200601034359 (754118-K)].
- "SIGN Group" or the "Group" : SIGN and its subsidiaries.

Words incorporating the singular shall, where applicable, include the plural and vice versa. Words incorporating the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa. Any reference to persons shall include corporations, unless otherwise specified.

Any reference in this Circular to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any reference to a time of day in this Circular shall be a reference to Malaysian time, unless otherwise specified.

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SIGNATURE INTERNATIONAL BERHAD

Registration No. 200601034359 (754118-K)
(Incorporated in Malaysia)

Registered Office:-

Unit 30-01, Level 30, Tower A
Vertical Business Suite, Avenue 3
Bangsar South, No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Wilayah Persekutuan
Malaysia

28 October 2020

Board of Directors:-

Datuk Seri Dr. Mohd Shafei Bin Abdullah (*Independent Non-Executive Chairman*)
Tan Kee Choong (*Group Managing Director*)
Dato' Chooi Yoey Sun (*Group Executive Director*)
Yap Khong (*Senior Independent Non-Executive Director*)
Wong Maw Chuan (*Independent Non-Executive Director*)
Gu, Jincheng (*Non-Independent Non-Executive Director*)
Sun, Weige (*Alternate to Gu, Jincheng*)

To: Our Shareholders

Dear Sir/Madam,

PROPOSED NEW SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

1. INTRODUCTION

On 28 September 2020, the Company announced that the Company proposes to seek the approval from its shareholders for the Proposed Shareholders' Mandate at the forthcoming Fourteenth ("14th") AGM of the Company. The Notice of the 14th AGM of SIGN together with the Proxy Form are enclosed in our Annual Report 2020 despatched together with this Circular.

The purpose of this Circular is to provide you with the relevant information on the Proposed Shareholders' Mandate and to seek your approval for the ordinary resolution pertaining thereto to be tabled as Special Business at the forthcoming 14th AGM of the Company.

YOU ARE ADVISED TO READ AND CONSIDER CAREFULLY THE CONTENTS OF THIS CIRCULAR CAREFULLY TOGETHER WITH THE APPENDIX CONTAINED HEREIN BEFORE VOTING ON THE RESOLUTION IN RELATION TO THE PROPOSAL TO BE TABLED AT THE FORTHCOMING AGM.

2. INFORMATION ON THE PROPOSAL

2.1 Provisions under the Listing Requirements

Pursuant to Paragraph 10.09(2) and Practice Note No. 12 of the Listing Requirements, a listed issuer may seek a shareholders' mandate in respect of RRPTs which are necessary for its day-to-day operations subject to the following:-

- (i) the transactions are in the ordinary course of business and are on terms not more favourable to the related party than those generally available to the public;

2. INFORMATION ON THE PROPOSAL (CONT'D)

2.1 Provisions under the Listing Requirements (cont'd)

- (ii) the shareholders' mandate is subject to annual renewal and disclosure is made in the annual report of the aggregate value of transactions conducted pursuant to the shareholders' mandate during the financial year where:
 - (a) the consideration, value of the assets, capital outlay or costs of the Recurrent Related Party Transactions is RM1.0 million or more; or
 - (b) the percentage ratio of such Recurrent Related Party Transactions is 1% or more,whichever is the higher;
- (iii) the issuance of a circular to shareholders by the Company incorporating the information as maybe prescribed by the Exchange;
- (iv) in a meeting to obtain the shareholders' mandate, the interested Directors, interested Major Shareholders and Persons Connected with a Director or Major Shareholder and where it involves the interest of a Person Connected with a Director and/or Major Shareholder, such Director or Major Shareholder, must not vote on the resolution approving the transactions. An interested Director or interested Major Shareholder must also ensure that Persons Connected with him abstain from voting on the resolution approving the transactions; and
- (v) the Company shall make an immediate announcement to the Exchange when the actual value of the RRPTs entered into by the Company, exceeds the estimated value of the RRPTs disclosed in the Circular by 10% or more and must include the information as may be prescribed by the Exchange in its announcement.

Where a shareholders' mandate pursuant to Paragraph 10.09 of the Listing Requirements has been procured, the provisions of Paragraph 10.08 of the Listing Requirements shall not apply.

Accordingly, SIGN is proposing to seek its shareholders' approval for the Proposed Shareholders' Mandate pursuant to and in compliance with the conditions stated in Paragraph 10.09 and Practice Note No.12 of the Listing Requirements. The Proposed Shareholders' Mandate will enable SIGN Group to enter into the RRPTs with the Related Parties as specified in Section 2.5 of this Circular.

2.2 Validity Period of the Proposed Shareholders' Mandate

The Proposed Shareholders' Mandate, if approved by the shareholders at the forthcoming AGM, shall be subject to annual review. In this respect, any authority conferred by the Proposed Shareholders' Mandate shall continue to be in force until:-

- (i) the conclusion of the next AGM of the Company, at which time it shall lapse, unless by a resolution passed by the shareholders of the Company in a general meeting, the authority is renewed;
- (ii) the expiration of the period within which the next AGM of the Company is required to be held pursuant to Section 340 of the Act (but must not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or
- (iii) revoked or varied by resolution passed by the shareholders in general meeting;

whichever is the earlier.

2.3 Details of SIGN Group

SIGN is principally engaged in the business of investment holding. As at the LPD, the principal activities of SIGN's subsidiaries are mainly involved in the following:-

- (i) Design, marketing and distribution of kitchen systems, wardrobe systems and built-in kitchen appliances;
- (ii) Manufacture, supply, fabrication, and installation of aluminium, glass and aluminium related products for the retail and project business;
- (iii) Marketing and distribution of built-in kitchen appliances and white goods; and

2. INFORMATION ON THE PROPOSAL (CONT'D)

2.3 Details of SIGN Group (cont'd)

- (iv) Design, supply, fabrication, project management services, installation of glass and wall panelling, curtain walls, cladding, glazing and other aluminium and glass architectural works for building projects.

The Proposed Shareholders' Mandate will apply to Signature Façade Treatment Sdn. Bhd. ("SFT"), a private limited company incorporated on 26 July 2019 with an issued and paid-up share capital of RM750,000 comprising 750,000 ordinary shares. SFT is principally engaged in design, supply, fabrication, project management services, installation of glass and wall panelling, curtain walls, cladding, glazing and other aluminium and glass architectural works for building projects.

The Directors of SFT are Tan Kee Choong, Dato' Chooi Yoey Sun, Ang Chek Peow and Yong Chuan Chin.

The shareholders of SFT and their respective shareholdings are as follows:

- (a) SIGN – 270,000 ordinary shares (36%)
- (b) Signature Aluminium Sdn. Bhd. ("SASB"), a 60%-owned subsidiary of the Company – 180,000 ordinary shares (24%)
- (c) Yong Chuan Chin – 120,000 ordinary shares (16%)
- (d) Tiau Chuan Dut @ Teo Chuan Dut – 60,000 ordinary shares (8%)
- (e) Mok Weng Siong – 60,000 ordinary shares (8%)
- (f) Foo Toon Yeong – 60,000 ordinary shares (8%)

SIGN together with SASB collectively owned 450,000 ordinary shares of SFT, representing 60% of the total issued share capital of SFT.

It is envisaged that, in the ordinary course of SIGN Group's businesses, transactions of a revenue or trading nature between companies in SIGN Group and the Related Party is likely to occur, which are necessary for its day-to-day operations.

2.4 Class of Related Party Transactions

The Proposed Shareholders' Mandate will apply to transactions with the following Related Party:-

	Related Party	Transacting Party	Relationship of Related Party with SIGN Group
(i)	Façade Treatment Engineering Sdn Bhd ("FTE")	SFT	Yong Chuan Chin - Director and Major Shareholder of SFT, holding 16% direct interest in SFT. - Also a Director and substantial shareholder of FTE, holding 40% direct interest in FTE.

FTE was incorporated on 27 February 2002 as a private limited company with an issued and paid-up share capital of RM8,600,000 comprising 8,600,000 ordinary shares.

FTE is principally engaged in design, supply, fabrication, project management and installation of curtain walls, cladding, glazing and other aluminium and glass architectural works for building projects. The Directors of FTE are Yong Chuan Chin, Foo Toon Yeong, Mok Weng Siong and Tiau Chuan Dut @ Teo Chuan Dut.

The shareholders of FTE and their respective shareholdings are as follows:-

- (a) Yong Chuan Chin – 3,440,000 ordinary shares (40%)
- (b) Tiau Chuan Dut @ Teo Chuan Dut – 1,720,000 ordinary shares (20%)
- (c) Mok Weng Siong – 1,720,000 ordinary shares (20%)
- (d) Foo Toon Yeong – 1,720,000 ordinary shares (20%)

2. INFORMATION ON THE PROPOSAL (CONT'D)

2.5 Nature of the RRPTs and Estimated Value

The RRPTs which will be covered by the Proposed Shareholders' Mandate are general transactions by SIGN Group relating to the provision of or obtaining from, the Related Party, products and services in the ordinary course of business of SIGN Group, as detailed below:-

No.	Transacting party within the SIGN Group	Transacting Related Party	Nature of Relationships	Nature of RRPTs	Actual value transacted from 30 September 2019 until LPD (RM'000)	Estimated Value of RRPT ¹ (RM'000)
1.	SFT	FTE ²	Mr Yong Chuan Chin is a Director and Major Shareholder of SFT, holding 16% direct interest in SFT. He is also a Director and substantial shareholder of FTE, holding 40% direct interest in FTE.	Provisional of sub-contracting work including purchase of raw materials, fabricated aluminium products, building materials and other aluminium related products from FTE to SFT.	492	40,000 ³
				Sub-lease of office and factory from FTE to SFT. ⁴	1,375	2,000

Notes:

- ¹ The estimated transaction value of the RRPT are for the period from the date of the forthcoming AGM of SIGN until the conclusion of the next AGM of SIGN and may be varied and subject to changes.
- ² There are on-going transactions between SFT and FTE since 30 September 2020, merely on purchase of (i) raw materials, fabricated aluminium products, building materials i.e. aluminium extrusions, composite panels, bolts and nuts amounting to RM297,000; and (ii) assets i.e. crane, forklift and company lorry amounting to RM195,000 for project and business purpose. However, the aggregate value of the transactions was not more than the threshold as prescribed under Paragraph 10.09(1) of the Listing Requirements.
- ³ The estimated transaction value of the RRPT includes the value of a sub-contract project which SFT expects to secure from FTE. The value of the sub-contract project of about RM40,000,000 involves the provision of sub-contract for aluminium and glazing works for a retail mall in Mukim Bandar Kuala Lumpur, Wilayah Persekutuan.
- ⁴ FTE had, on 16 August 2018 entered into a tenancy agreement with Able Metal Sdn. Bhd. ("Landlord") ("Tenancy Agreement") to rent the demised premises located at Lot 755, Jalan Subang 3, Sungai Penaga Industrial Park, 47610 Subang Jaya, Selangor Darul Ehsan comprising Block A: a 2-storey office building; Block B: a 2-storey detached factory; Block C: a 1-storey detached factory; Block D: a 1-storey detached factory; and a guardhouse ("Demised Premises") for a term of three (3) years commencing from the date of the Tenancy Agreement at a monthly rental of RM125,000. The Landlord had, on 2 October 2019 granted its written consent to allow FTE to sub-let the entire Demised Premises to SFT at RM125,000 per month (at the same rental with the Landlord).

Following the Landlord's consent, SFT had, on 3 October 2019 entered into a Sub-Tenancy Agreement with FTE to take the entire Demised Premises for a rental sum of RM125,000 per month for a term of approximately two (2) years, expiring on 15 August 2021, which shall be capable of being terminated at any time by SFT without any penalty or compensation on such other terms and in the form acceptable by both parties, namely, SFT and FTE.

The Proposed Shareholders' Mandate is necessary for SIGN Group's day-to-day operations and is in the ordinary course of business and are on terms not more favourable to the Related Party than those generally available to the public and are not detrimental to the interest of the minority shareholders of SIGN Group.

The estimated value was derived after taking into account the value transacted during the financial year ended 30 June 2020 as well as the assumptions that the current level of the Group's operation will continue and all external conditions remain constant.

2. INFORMATION ON THE PROPOSAL (CONT'D)

2.6 Details of Amount Due and Owing to SIGN Group by the Related Party

As at the financial year ended 30 June 2020, there is no amount due and owing to the Company by its Related Party, which has exceeded the credit term given. The payments were made within the agreed credit terms.

2.7 Review Procedures and Guidelines for the RRPTs

To ensure that the RRPTs are undertaken on an arms' length basis and on the Group's normal commercial terms consistent with the Group's usual business practices and policies and will not be prejudicial to shareholders, the management will ensure that the transactions with the Related Party will only be entered into after taking into account the pricing, level of service, quality of products and other related factors.

The management of SIGN will also implement the following additional procedures and guidelines to ensure that the RRPTs are conducted at arm's length and on normal commercial terms and on terms not more favorable to the Related Party than those generally available to the public and hence not detrimental to the interests of minority shareholders:

- (a) records will be maintained by the Group to capture all RRPTs which will be entered into pursuant to the Proposed Shareholders' Mandate;
- (b) the ARMC at its meetings will review the RRPTs and if necessary, may request the internal auditors to review the management system and procedures in compiling information on RRPTs. The ARMC may, at its discretion, adopt new procedures and amend the existing procedures which are no longer appropriate or adequate;
- (c) the external auditors will also review the RRPTs as part of the audit programme;
- (d) terms of the RRPTs relating to the price or sales and profit margin shall not be subject to substantial change during the period which the shareholders' mandate is in force. Where such change is deemed necessary, the management shall review the new terms to ensure that they are consistent with a transaction conducted at arm's length and on normal commercial terms and transaction prices and within the Group's usual business practices and policies;
- (e) where any Director has an interest, direct or indirect, in any RRPTs, such Director or his alternate shall abstain from deliberation and voting on the resolution. Where any member of the ARMC is interested in any RRPTs, that member shall abstain from deliberation and voting on any decisions to be taken by the ARMC with respect to such transaction; and
- (f) disclosure will be made in the annual report of the Company of the aggregate value of the RRPTs conducted pursuant to the Proposed Shareholders' Mandate during the financial year with a breakdown of the aggregate value of the RRPTs based on the type, name of the Related Party involved and their relationship with the Company. Disclosure will also be made in the annual reports of the subsequent financial year during which the period the shareholders' mandate remains in force.

Wherever applicable and/or feasible, the Company will get at least two (2) other contemporaneous transactions with unrelated third parties for similar products/services and/or quantities to be used as comparison to determine whether the price and terms offered to/by the Related Party are fair and reasonable and comparable to those offered to/by other unrelated third parties for the same or substantially similar type of products/services and/or quantities. In the event that quotations or comparative pricing from unrelated third parties cannot be obtained for the proposed transaction, the Board and the ARMC will rely on their market knowledge of prevailing industry norms bearing in mind the urgency and efficiency of services to be provided or required to ensure that the RRPTs are not detrimental to SIGN Group.

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2. INFORMATION ON THE PROPOSAL (CONT'D)

2.8 Threshold for Approval

There is no specific threshold for approval of RRPTs within SIGN Group. However, all RRPTs are subject to the approval of the Board. Where any Director has an interest (direct or indirect) in any RRPTs, such Director shall abstain from deliberation and voting on the matter. If it is determined that the procedures stated in Section 2.7 of this Circular are inadequate, the Company is required to ensure that:-

- (i) RRPTs will be conducted at arms' length basis and on normal commercial terms which are not more favourable to the Related Party than those generally available to the public; and
- (ii) such transactions are not to the detriment of the minority shareholders of the Company or prejudicial to the interests of the shareholders.

The ARMC shall have the discretion to request for limits to be imposed or for additional procedures to be followed if it considers such a request to be appropriate. In that event, such limits or procedures may be implemented without the approval of shareholders, provided that they are more stringent than the existing limits or procedures.

2.9 Statement by the ARMC

The ARMC of SIGN, having reviewed the procedure, is of the opinion that the said procedures are sufficient to ensure that the RRPTs are conducted at arm's length basis, on terms not more favourable to the Related Party than those generally available to the public and are not to the detriment of the minority shareholders, and hence, will not be prejudicial to the shareholders or disadvantageous to the Group.

In addition, the ARMC is of the opinion that SIGN Group has in place adequate procedures and processes to monitor, track and identify RRPTs in a timely and orderly manner. The ARMC will annually review and ascertain whether the procedures and guidelines established to monitor the RRPTs have been complied with.

2.10 Rationale and Benefits of the Proposed Shareholders' Mandate

The RRPTs entered or to be entered into from time to time by SIGN Group are in their ordinary course of business. They are recurring transactions of a revenue or trading nature which provides business opportunities and increase the order book of the Group and are likely to occur with some degree of frequency and arise at any time and from time to time. These RRPTs may be constrained by the time-sensitive nature and confidentiality of such transactions, and it may be impractical to seek shareholders' approval on a case to case basis before entering into such transactions. As such, the Company is seeking its shareholders' approval for the Proposed Shareholders' Mandate pursuant to Paragraph 10.09(2) of the Listing Requirements to allow the Group to enter or continue to enter into the RRPTs.

The Proposed Shareholders' Mandate is crucial to ensure continuing day-to-day operations of the Group. By obtaining the shareholders' mandate on an annual basis, this will reduce substantial administrative time and expenses associated with the convening of general meetings from time to time to seek shareholders' approval of each transaction while still maintaining the objective of keeping shareholders informed of the extent of the RRPTs occurring within the Group.

It should also be emphasised that the Related Party is not under any obligation to enter into transactions with the Group and vice versa. Ultimately, all business transactions are entered into with the intention of profiting from market situations within normal trade practices. Therefore, external market prices and conditions are important factors that determine transaction prices between the Group and the Related Party. The Related Party has been a reliable supplier and/or customer of SIGN Group. The RRPTs entered into by SIGN Group as detailed in Section 2.5 of this Circular will meet SIGN Group's business needs at the best possible terms and is in the best interest of SIGN Group.

2.11 Financial Effects of the Proposed Shareholders' Mandate

The Proposal will not have any effect on the issued share capital and substantial shareholders' shareholdings of SIGN. It is also not expected to have any material effect on the net assets per share and earnings per share of SIGN Group.

3. APPROVAL REQUIRED

The Proposed Shareholders' Mandate is subject to the approval of the shareholders of SIGN at the forthcoming AGM.

4. DIRECTORS' AND MAJOR SHAREHOLDERS' INTERESTS AND PERSON(S) CONNECTED TO THEM

Save as disclosed below, none of the Directors or Major Shareholders of SIGN and/or persons connected to them have any interest, direct or indirect, in the Proposed Shareholders' Mandate:-

Interested Directors	Direct		Indirect	
	No. of Shares	%	No. of Shares	%
Yong Chuan Chin**	-	-	-	-

Note:-

** Being a Director of SFT, a 60%-owned subsidiary of SIGN

The interested Director, Mr Yong Chuan Chin has abstained and will continue to abstain from all Board deliberations and voting in respect of the Proposed Shareholders' Mandate. Further, he will abstain from voting in respect of his direct and/or indirect interests on the resolution approving the Proposed Shareholders' Mandate at the forthcoming AGM. He has also undertaken to ensure that the persons connected to him, if any, will abstain from voting in respect of their direct and/or indirect shareholdings in the Company on the resolution approving the Proposed Shareholders' Mandate at the forthcoming AGM.

5. DIRECTORS' RECOMMENDATION

The Board, having considered all aspects of the Proposed Shareholders' Mandate, is of the opinion that the Proposed Shareholders' Mandate is fair, reasonable and in the best interest of the Group. Accordingly, the Board recommends that you vote in favour of the ordinary resolution pertaining to the Proposal under the agenda of Special Business, the text of which are set out in the Notice convening the 14th AGM.

6. AGM

The ordinary resolution to approve the Proposal is set out as Special Business in the Notice of 14th AGM contained in the 2020 Annual Report, which has been despatched together with this Circular. The forthcoming 14th AGM will be held at 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, Malaysia on Thursday, 3 December 2020 at 10.00 a.m.

If you are unable to attend and vote in person at the 14th AGM, you are requested to complete and return the Proxy Form as enclosed in the 2020 Annual Report in accordance with the instructions printed thereon to Share Registrar's Office of the Company at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur not less than forty-eight (48) hours before the time appointed for holding the AGM or at any adjournment thereof. The lodging of the Proxy Form does not preclude you from attending and voting in person at the 14th AGM should you subsequently wish to do so.

7. FURTHER INFORMATION

You are advised to refer to the attached Appendix A for further information.

Yours faithfully,
For and on behalf of the Board
SIGNATURE INTERNATIONAL BERHAD

DATUK SERI DR. MOHD SHAFEI BIN ABDULLAH
Independent Non-Executive Chairman

APPENDIX A - FURTHER INFORMATION

1. DIRECTORS' RESPONSIBILITY STATEMENT

This Circular has been seen and approved by the Directors and that they collectively and individually accept full responsibility for the accuracy of the information given herein and confirm that, after making all reasonable enquiries and to the best of their knowledge and belief, there are no other facts, the omission of which would make any statement in the Circular misleading.

2. MATERIAL LITIGATION

SIGN Group is not engaged in any material litigation, claims or arbitration, either as plaintiff or defendant, and the Board of SIGN does not know of any proceedings pending or threatened against SIGN and/or its subsidiaries or of any facts likely to give rise to any proceeding which may materially and adversely affect the financial position and/or business of the SIGN Group.

3. MATERIAL CONTRACTS

There are no material contracts (not being contracts entered into in the ordinary course of business) which have been entered into by the SIGN Group within the two (2) years immediately preceding the date of this Circular.

4. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents may be inspected at the registered office of SIGN during normal business hours for the period commencing from the date of this document up to and including the date of the forthcoming AGM:-

- (a) The Constitution of SIGN; and
- (b) The Audited Consolidated Financial Statements of SIGN for the past two (2) financial years ended 30 June 2019 and 30 June 2020.

PART B
STATEMENT TO SHAREHOLDERS IN RELATION TO THE PROPOSED RENEWAL
OF SHAREHOLDERS' MANDATE FOR SHARE BUY-BACK

DEFINITIONS

Except where the context otherwise requires, the following definitions shall apply throughout this Statement:-

“2020 Annual Report”	: Annual report of SIGN for the financial year ended 30 June 2020.
“Act”	: Companies Act 2016 and any amendments made thereto from time to time.
“AGM”	: Annual General Meeting.
“Board”	: The Board of Directors of SIGN.
“Bursa Securities”	: Bursa Malaysia Securities Berhad [Registration No. 200301033577 (635998-W)].
“Code”	: Malaysian Code on Take-Overs and Mergers 2016 and any amendments made thereto from time to time.
“EPS”	: Earnings per share.
“ESOS”	: The Employees' Share Option Scheme.
“Listing Requirements”	: Bursa Securities Main Market Listing Requirements and any Practice Notes issued in relation thereto, including any amendments that may be made from time to time.
“LPD”	: 30 September 2020, being the latest practicable date prior to the printing and despatch of this Statement.
“Major Shareholder(s)”	: A person who has an interest(s) in voting share(s) in the Company and the number or aggregate number of those shares is:- (a) 10% or more of the total number of voting shares in the Company; or (b) 5% or more of the total number of voting shares in the Company where such person is the largest shareholder of the Company. “Interest” shall have the meaning of “interest in shares” given in Section 8 of the Act.
“Market Day(s)”	: A day on which the stock market of the Bursa Securities is open for trading in securities.
“NA”	: Net Assets.
“Proposed Renewal of Shareholders' Mandate for Share Buy-Back”	: Proposed renewal of authority to purchase of the Company's own shares representing up to 10% of the total number of issued shares of the Company.
“Purchased Shares”	: Shares purchased pursuant to the Proposed Renewal of Shareholders' Mandate for Share Buy-Back.
“RM” and “sen”	: Ringgit Malaysia and sen respectively.
“SIGN” or the “Company”	: Signature International Berhad [Registration No. 200601034359 (754118-K)].
“SIGN Group” or the “Group”	: SIGN and its subsidiaries.
“SIGN Share(s)” or “Share(s)”	: Ordinary share(s) in SIGN.

DEFINITIONS (CONT'D)

"Substantial Shareholder(s)" : A person who has an interest or interests in one or more voting shares in the Company and the number or the aggregate number of such shares is not less than 5% of the total number of all the voting shares in the Company.

"VWAP" : Volume weighted average price.

"Warrant" : Warrants 'A' 2016/2021.

Words incorporating the singular shall, where applicable, include the plural and vice versa. Words incorporating the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa. Any reference to persons shall include corporations, unless otherwise specified.

Any reference in this Statement to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any reference to a time of day in this Statement shall be a reference to Malaysian time, unless otherwise specified.

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SIGNATURE INTERNATIONAL BERHAD

Registration No. 200601034359 (754118-K)
(Incorporated in Malaysia)

Registered Office:-

Unit 30-01, Level 30, Tower A
Vertical Business Suite, Avenue 3
Bangsar South, No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Wilayah Persekutuan
Malaysia

28 October 2020

Board of Directors:-

Datuk Seri Dr. Mohd Shafei Bin Abdullah (*Independent Non-Executive Chairman*)
Tan Kee Choong (*Group Managing Director*)
Dato' Chooi Yoey Sun (*Group Executive Director*)
Yap Khong (*Senior Independent Non-Executive Director*)
Wong Maw Chuan (*Independent Non-Executive Director*)
Gu, Jincheng (*Non-Independent Non-Executive Director*)
Sun, Weige (*Alternate to Gu, Jincheng*)

To: Our Shareholders

Dear Sir/Madam,

PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR SHARE BUY-BACK

1. INTRODUCTION

On 28 September 2020, the Board announced that the Company intends to seek shareholders' approval for the Proposed Renewal of Shareholders' Mandate for Share Buy-Back at the forthcoming Fourteenth ("14th") AGM to be convened on 3 December 2020.

The purpose of this Statement is to provide you with the relevant information on the Proposed Renewal of Shareholders' Mandate for Share Buy-Back and to seek your approval for an ordinary resolution pertaining thereto to be tabled at the forthcoming 14th AGM.

YOU ARE ADVISED TO READ AND CONSIDER THE CONTENTS OF THIS STATEMENT CAREFULLY BEFORE VOTING ON THE ORDINARY RESOLUTION PERTAINING TO THE PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR SHARE BUY-BACK.

2. DETAILS OF THE PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR SHARE BUY-BACK

2.1 Quantum

The maximum aggregate number of shares which may be purchased by the Company shall not exceed 10% of the total number of issued shares of the Company at any point in time during the validity of the Proposed Renewal of Shareholders' Mandate for Share Buy-Back period ("Share Buy-Back Period"). The shares will be purchased from the open market on Bursa Securities through a stockbroker.

As at the LPD, the Company has purchased 16,117,100 SIGN Shares which are held as treasury shares. The total number of issued shares of the Company, before adjusting for the treasury shares held is 262,723,735 Shares. In addition, the Company has 59,130,392 Warrants outstanding and 15,835,000 unexercised ESOS options outstanding. Assuming all of the ESOS options granted pursuant to the ESOS are exercised and full conversion of the Warrants, the total number of issued shares of SIGN would increase to 337,689,127 SIGN Shares.

2. DETAILS OF THE PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR SHARE BUY-BACK (CONT'D)

2.1 Quantum (cont'd)

Assuming no further SIGN Shares are issued, a total of up to 26,272,374 SIGN Shares may be purchased by the Company pursuant to the Proposed Renewal of Shareholders' Mandate for Share Buy-Back inclusive of the 16,117,100 SIGN Shares already purchased and retained as treasury shares as at the LPD. However, assuming full exercise of unconverted Warrants and unexercised ESOS options, a total of 33,768,913 SIGN Shares may be purchased by the Company pursuant to the Proposed Renewal of Shareholders' Mandate for Share Buy-Back inclusive of the 16,117,100 SIGN Shares already purchased and retained as treasury shares as at the LPD.

The Proposed Renewal of Shareholders' Mandate for Share Buy-Back is subject to compliance with Section 127 of the Act and Chapter 12 of the Listing Requirements. Notwithstanding the above, the actual number of SIGN Shares to be purchased and the timing of any purchase, together with the treatment of the Purchased Shares would depend on, inter-alia, the prevailing market conditions and sentiments of Bursa Securities as well as limited to the amount of the retained profits and cash flow position of the Company at the time of purchase.

2.2 Duration and funding

In compliance with Paragraph 12.10(1) of the Listing Requirements, the maximum amount of funds to be utilised for the Proposed Renewal of Shareholders' Mandate for Share Buy-Back shall not exceed the retained profits of SIGN based on the latest audited financial statements and/or the latest management accounts (where applicable).

The authority from the shareholders, if given, shall be effective upon passing of the ordinary resolution pertaining thereto at the forthcoming AGM and will continue to be in force until:

- (i) the conclusion of the next AGM of the Company at which time the said authority will lapse unless by an ordinary resolution passed at a general meeting of the Company, the authority is renewed, either unconditionally or subject to conditions; or
- (ii) the expiration of the period within which the next AGM of SIGN is required by law to be held; or
- (iii) revoked or varied by an ordinary resolution passed by the shareholders in a general meeting,

whichever occurs first.

Shareholders' approval for the Proposed Renewal of Shareholders' Mandate for Share Buy-Back does not impose an obligation for the Company to purchase its own shares. However, the Proposed Renewal of Shareholders' Mandate for Share Buy-Back will accord the Board the authority to purchase its own shares at any time during the Share Buy-Back Period, so long as the purchase is backed by an equivalent amount of retained profits of the Company. In addition, the Board will ensure that the Company satisfies the solvency test as stated under Section 112(2) of the Act before executing the Proposed Renewal of Shareholders' Mandate for Share Buy-Back.

The Proposed Renewal of Shareholders' Mandate for Share Buy-Back, if implemented, is expected to be financed via internally generated funds and/or bank borrowings. In the event that bank borrowings are used to fund the purchase of SIGN Shares pursuant to the Proposed Renewal of Shareholders' Mandate for Share Buy-Back, the Company will ensure that it has in place sufficient funds to repay the said bank borrowings as and when they fall due. The funding through bank borrowings is also not expected to have a material impact on the cash flow position of the Company.

In any case, the maximum amount of funds to be utilised by the Company for the Proposed Renewal of Shareholders' Mandate for Share Buy-Back shall not exceed the retained profits of the Company. Based on the latest audited financial statements of SIGN for the financial year ended 30 June 2020, the retained earnings of SIGN is RM135,674,000.

2.3 Treatment and ranking of the Purchased Shares

In accordance with Section 127(4) of the Act, the Board would be allowed to deal with the Purchased Shares in the following manner:

- (i) to cancel the Purchased Shares;

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2. DETAILS OF THE PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR SHARE BUY-BACK (CONT'D)

2.3 Treatment and ranking of the Purchased Shares (cont'd)

- (ii) to retain the Purchased Shares as treasury shares for:-
 - (a) distribute the shares as dividends to the shareholders of the Company, such dividends to be known as "share dividends";
 - (b) resell the shares, or any of the shares in accordance with the relevant rules of Bursa Securities;
 - (c) transfer the shares, or any of the shares for the purposes of or under an employees' share scheme;
 - (d) transfer the shares, or any of the shares as purchase consideration;
 - (e) cancel the shares or any of the shares;
 - (f) sell, transfer or otherwise use the shares for such other purposes as the Minister may by order prescribe;or
- (iii) to retain part of the Purchased Shares as treasury shares and cancel the remainder.

While the Purchased Shares are held as treasury shares, the rights attached to them in relation to voting, dividends and participation in any other distribution are suspended, and the Purchased Shares shall not be taken into account in calculating the number or percentage of shares or a class of shares in the Company for any purpose including determination of substantial shareholdings, takeovers, notices, the requisitioning of meetings, the quorum for a meeting and the result of a vote on a resolution at a meeting.

2.4 Pricing

Pursuant to Paragraph 12.17 of the Listing Requirements, the Company may only purchase its own shares on Bursa Securities at a price which is not more than fifteen percent (15%) above the VWAP of the SIGN Shares for the five (5) Market Days immediately preceding the date of any purchase(s).

In accordance to Paragraph 12.18 of the Listing Requirements, the Company may only resell the Purchased Shares held as treasury shares on Bursa Securities at:

- (i) a price which is not less than the VWAP for the SIGN Shares for the five (5) Market Days immediately before the resale; or
- (ii) a discounted price of not more than five percent (5%) to the VWAP of the Shares for the five (5) Market Days immediately before the resale provided that:
 - (a) the resale takes place not earlier than thirty (30) days from the date of purchase; and
 - (b) the resale price is not less than the cost of purchase of the SIGN Shares being resold.

2.5 Public shareholding spread

The Board is mindful of the requirement that the Proposed Renewal of Shareholders' Mandate for Share Buy-Back must not result in the number of SIGN Shares, which are in the hands of public, fall below twenty-five percent (25%) of the total number of issued shares of the Company.

The public shareholding spread of the Company as at the LPD is approximately 44.44%. In implementing the Proposed Renewal of Shareholders' Mandate for Share Buy-Back, the Company will ensure that the minimum public shareholding spread of twenty-five percent (25%) is complied with.

2.6 Purchase of Shares and resale of Treasury Shares made in the previous twelve (12) months

The Company had not made any purchase, resale, transfer and/cancellation of its own shares in the preceding twelve (12) months. As at the LPD, a total of 16,117,100 SIGN Shares were purchased and held as treasury shares.

3. RATIONALE FOR THE PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR SHARE BUY-BACK

The Proposed Renewal of Shareholders' Mandate for Share Buy-Back, if implemented, will enable SIGN to utilise any of its financial resources, which is not immediately required for other uses, to purchase its own Shares from the open market, which may have positive impact on the market price of SIGN Shares. The Proposed Renewal of Shareholders' Mandate for Share Buy-Back is expected to stabilise the market price of SIGN Shares traded on Bursa Securities and to prevent against speculation of SIGN Shares, when undervalued, to enhance investors' confidence.

3. RATIONALE FOR THE PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR SHARE BUY-BACK (CONT'D)

Other things being equal, the Proposed Renewal of Shareholders' Mandate for Share Buy-Back, regardless of whether the Purchased Shares are maintained as treasury shares or cancelled, will result in a lower number of SIGN Shares being used for the purposes of computing the EPS. Therefore, the Proposed Renewal of Shareholders' Mandate for Share Buy-Back is expected to improve the EPS of SIGN, which in turn is expected to have a positive impact on the market price of SIGN Shares.

The Purchased Shares may be held as treasury shares and resold on Bursa Securities at a higher price with the intention of realising a potential gain without affecting the total number of issued shares of the Company. Should any treasury shares be distributed as share dividends, this would serve to reward the shareholders of the Company.

The Proposed Renewal of Shareholders' Mandate for Share Buy-Back will be implemented only after due consideration of the financial resources of the Group and the resultant impact on the shareholders of the Company. The Board, in undertaking the Proposed Renewal of Shareholders' Mandate for Share Buy-Back, will be mindful of the interests of the Company and its shareholders.

4. POTENTIAL ADVANTAGES AND DISADVANTAGES OF THE PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR SHARE BUY-BACK

The potential advantages of the Proposed Renewal of Shareholders' Mandate for Share Buy-Back to the Company and its shareholders are as follows:

- (a) allows the Company to take preventive measures against speculation particularly when its Shares are undervalued, which would in turn, stabilise the market price of SIGN Shares and hence, enhance investors' confidence;
- (b) allows the Company flexibility in achieving the desired capital structure, in terms of debt and equity composition and size of equity;
- (c) if the Purchased Shares which are retained as treasury shares are resold at a higher price, it will provide the Company with opportunities for potential gains; and
- (d) if the treasury shares are distributed as share dividends by the Company, it may then serve to reward the shareholders of the Company.

The potential disadvantages of the Proposed Renewal of Shareholders' Mandate for Share Buy-Back to the Company and its shareholders are as follows:

- (a) the Proposed Renewal of Shareholders' Mandate for Share Buy-Back will reduce the financial resources of the SIGN Group and may result in the Group foregoing better investment opportunities that may emerge in the future;
- (b) an increase in the Company's interest expense and/or a reduction in its interest income, that may be arise from the Company not utilising such funds to repay bank borrowings or not depositing such funds in interest bearing instruments; and
- (c) as the Proposed Renewal of Shareholders' Mandate for Share Buy-Back can only be made out of the retained earnings of the Company, it may result in the reduction of financial resources available for distribution to shareholders of the Company in the immediate future.

In any event, the Board will be mindful of the interest of the Company and its shareholders when implementing the Proposed Renewal of Shareholders' Mandate for Share Buy-Back, cancelling and/or reselling the treasury shares, if any, on Bursa Securities.

5. FINANCIAL EFFECTS OF THE PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR SHARE BUY-BACK

The financial effects of the Proposed Renewal of Shareholders' Mandate for Share Buy-Back are as follows:-

5.1 Share capital

The effect of the Proposed Renewal of Shareholders' Mandate for Share Buy-Back on the share capital will depend on whether the SIGN Shares purchased are cancelled or retained as treasury shares.

5. FINANCIAL EFFECTS OF THE PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR SHARE BUY-BACK (CONT'D)

5.1 Share capital (cont'd)

In the event that the maximum number of shares authorised under the Proposed Renewal of Shareholders' Mandate for Share Buy-Back are purchased and retained as treasury shares, there would be no effect on the share capital of SIGN. However, the rights attached to the treasury shares as to voting, dividends and participation in other distribution or otherwise would be suspended.

The Proposed Renewal of Shareholders' Mandate for Share Buy-Back will reduce the total number of issued shares if the SIGN Shares so purchased are cancelled. The effect of the maximum number of shares to be bought back as permitted under the Proposed Renewal of Shareholders' Mandate for Share Buy-Back based on the total number of issued shares as at the LPD assuming the SIGN Shares so purchased are cancelled, is illustrated below:-

- Scenario I : Assuming none of the outstanding Warrants and ESOS options are exercised and the Proposed Renewal of Shareholders' Mandate for Share Buy-Back is implemented in full
- Scenario II : Assuming all the outstanding Warrants and ESOS options are exercised and the Proposed Renewal of Shareholders' Mandate for Share Buy-Back is implemented in full

Scenario I

	<u>No. of Shares</u>
Total number of issued shares as at the LPD	262,723,735
Maximum number of Shares which may be purchased pursuant to the Proposed Renewal of Shareholders' Mandate for Share Buy-Back ¹	(26,272,374)
Resulting total number of issued shares	<u>236,451,361</u>

Note:

¹ Assuming the Proposed Renewal of Shareholders' Mandate for Share Buy-Back is implemented in full, i.e. up to ten percent (10%) of the enlarged total number of issued shares of SIGN are purchased and that the Shares are subsequently cancelled

Scenario II

	<u>No. of Shares</u>
Total number of issued shares as at the LPD	262,723,735
Assuming all outstanding Warrants are fully converted	59,130,392
Assuming all outstanding ESOS options are fully exercised	<u>15,835,000</u>
Enlarged total number of issued shares	337,689,127
Maximum number of Shares which may be purchased pursuant to the Proposed Renewal of Shareholders' Mandate for Share Buy-Back ¹	(33,768,913)
Resulting total number of issued shares	<u>303,920,214</u>

Note:

¹ Assuming the Proposed Renewal of Shareholders' Mandate for Share Buy-Back is implemented in full, i.e. up to ten percent (10%) of the enlarged total number of issued shares of SIGN are purchased and that the Shares are subsequently cancelled

5. FINANCIAL EFFECTS OF THE PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR SHARE BUY-BACK (CONT'D)

5.2 Earnings and EPS

The effects of the Proposed Renewal of Shareholders' Mandate for Share Buy-Back on the earnings and EPS of the Group are dependent on the number of SIGN Shares purchased, the purchase price(s) of the SIGN Shares and the effective funding cost to SIGN to finance the purchase(s) of such SIGN Shares or any loss in interest income to SIGN or opportunity cost in relation to other investment opportunities.

Assuming the Purchased Shares are retained as treasury shares and subsequently resold, the effects of the earnings and EPS of SIGN will be dependent on the actual selling price, the number of treasury shares resold and the effective gain or interest savings arising from the disposal. If the Purchased Shares are cancelled, the Proposed Renewal of Shareholders' Mandate for Share Buy-Back will increase the EPS of SIGN provided the income forgone and/or interest expense incurred on the Purchased Shares is less than the EPS before the Proposed Renewal of Shareholders' Mandate for Share Buy-Back.

5.3 NA and working capital

The effects of the Proposed Renewal of Shareholders' Mandate for Share Buy-Back on the NA per share of SIGN Group will depend on the actual number of SIGN Shares purchased, the purchase price(s) of the SIGN Shares at the time of buy back and the effective funding cost to SIGN to finance the purchase of SIGN Shares or any loss in interest income to the Company.

In the event that all the Purchased Shares are cancelled, the Proposed Renewal of Shareholders' Mandate for Share Buy-Back will reduce the NA per Share of SIGN if the purchase price per SIGN Share exceeds the NA per Share at the relevant point in time, and vice versa.

The NA per Share of SIGN will decrease if the Purchased Shares are retained as treasury shares due to the requirement for treasury shares to be carried at cost and be offset against equity, resulting in a decrease in the NA by the cost of the treasury shares.

If the treasury shares are resold on Bursa Securities, the NA per Share of SIGN upon the resale will increase if the Company realises a gain from the resale, and vice versa. If the treasury shares are distributed as share dividends, the NA per Share of SIGN will decrease by the cost of the treasury shares.

The Proposed Renewal of Shareholders' Mandate for Share Buy-Back, as and when implemented, will reduce the working capital and cash flow of the SIGN Group, the quantum of which will depend on, amongst others, the purchase price(s) of SIGN Shares and the number of SIGN Shares purchased.

For the Purchased Shares which are kept as treasury shares, upon their resale, the working capital and available cash of the Group will increase upon the receipt of the proceeds from the resale. The quantum of the increase in the working capital and available cash will depend on the actual selling price(s) of the treasury shares and the number of treasury shares resold.

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5. FINANCIAL EFFECTS OF THE PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR SHARE BUY-BACK (CONT'D)

5.4 Substantial Shareholders' and Directors' shareholdings

The proforma effects of the Proposed Renewal of Shareholders' Mandate for Share Buy-Back on the shareholdings of the Directors and Substantial Shareholders as at the LPD are as follows:-

Scenario I

	Before the Proposed Renewal of Shareholders' Mandate for Share Buy-Back			After the Proposed Renewal of Shareholders' Mandate for Share Buy-Back ¹		
	Direct	Indirect		Direct	Indirect	
	No. of Shares Held	No. of Shares Held	% ²	No. of Shares Held	No. of Shares Held	%
Substantial Shareholders						
Tenyin Holding Sdn. Bhd.	69,390,608	-	28.14	69,390,608	-	29.35
Dato' Chooi Yoey Sun	67,631,400	-	27.42	67,631,400	-	28.60
Tenyin (L) Foundation	-	69,390,608 ³	-	-	69,390,608 ³	29.35
Tan Kee Choong	-	69,390,608 ⁴	28.14	-	69,390,608 ⁴	29.35
Ching Seong Yin	-	69,390,608 ⁵	28.14	-	69,390,608 ⁵	29.35
JPNP Singapore Pte. Ltd.	22,418,785	-	9.09	22,418,785	-	9.48
Xiamen Goldenhome Co., Ltd	-	22,418,785 ⁶	-	-	22,418,785 ⁶	9.48
Xiamen Jianpan Group Co., Ltd	-	22,418,785 ⁷	-	-	22,418,785 ⁷	9.48
Wen Jianhui	-	22,418,785 ⁸	-	-	22,418,785 ⁸	9.48
Pan Xiaozhen	-	22,418,785 ⁹	-	-	22,418,785 ⁹	9.48
Directors						
Datuk Seri Dr. Mohd Shafei Bin Abdullah	1,326	-	- ⁹	1,326	-	-
Dato' Chooi Yoey Sun	67,631,400	-	27.42	67,631,400	-	28.60
Tan Kee Choong	-	69,390,608 ⁴	-	-	69,390,608 ⁴	29.35
Yap Khong	-	-	-	-	-	-
Wong Maw Chuan	-	-	-	-	-	-
Gu, Jincheng	-	-	-	-	-	-
Sun, Weige – Alternate to Gu, Jincheng	-	-	-	-	-	-

Notes:-

- Assuming the Proposed Renewal of Shareholders' Mandate for Share Buy-Back is implemented in full, i.e. up to ten percent (10%) of the enlarged total number of issued shares of SIGN are purchased and that the Shares are subsequently cancelled.
- Excluding a total of 16,117,100 shares bought back by the Company and retained as treasury shares.
- Deemed interested by virtue of its shareholdings in Tenyin Holding Sdn. Bhd.
- Deemed interested by virtue of her interest in Tenyin (L) Foundation which in turn holds 100% equity in Tenyin Holding Sdn. Bhd. pursuant to Section 8(4) of the Act.
- Deemed interested by virtue of her interest in Tenyin (L) Foundation which in turn holds 100% equity in Tenyin Holding Sdn. Bhd. pursuant to Section 8(4) of the Act.
- Deemed interested by virtue of its shareholdings in JPNP Singapore Pte. Ltd. pursuant to Section 8(4) of the Act.
- Deemed interested by virtue of its interest in Xiamen Goldenhome Co., Ltd which in turn being entitled to exercise not less than 20% of the votes attached to the voting shares in JPNP Singapore Pte. Ltd. pursuant to Section 8(4) of the Act.
- Deemed interested by virtue of its interest in Xiamen Jianpan Group Co., Ltd which in turn being entitled to exercise not less than 20% of the votes attached to the voting shares in Xiamen Goldenhome Co., Ltd which in turn holds 100% equity in JPNP Singapore Pte. Ltd. pursuant to Section 8(4) of the Act.
- Negligible.

5. FINANCIAL EFFECTS OF THE PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR SHARE BUY-BACK (CONT'D)

5.4 Substantial Shareholders' and Directors' shareholdings (cont'd)

Scenario II

	Before the Proposed Renewal of Shareholders' Mandate for Share Buy-Back			Assuming the full exercise of all outstanding Warrants and ESOS Options			After the Proposed Renewal of Shareholders' Mandate for Share Buy-Back ¹		
	Direct	Indirect	% ²	Direct	Indirect	%	Direct	Indirect	%
	No. of Shares Held	No. of Shares Held	% ²	No. of Shares Held	No. of Shares Held	%	No. of Shares Held	No. of Shares Held	%
Substantial Shareholders									
Tenyin Holding Sdn. Bhd.	69,390,608	-	28.14	79,229,610	-	23.46	79,229,610	-	26.07
Dato' Chooi Yoey Sun	67,631,400	-	27.42	68,631,400	-	20.32	68,631,400	-	22.58
Tenyin (L) Foundation	-	69,390,608 ³	28.14	-	79,229,610 ³	-	-	79,229,610 ³	-
Tan Kee Choong	-	69,390,608 ⁴	28.14	1,000,000	79,229,610 ⁴	0.30	1,000,000	79,229,610 ⁴	0.33
Ching Seong Yin	-	69,390,608 ⁵	28.14	-	79,229,610 ⁵	-	-	79,229,610 ⁵	-
JPNP Singapore Pte. Ltd.	22,418,785	-	9.09	22,418,785	-	6.64	22,418,785	-	7.37
Xiamen Goldenhome Co., Ltd	-	22,418,785 ⁶	9.09	-	22,418,785 ⁶	-	-	22,418,785 ⁶	-
Xiamen Jianpan Group Co., Ltd	-	22,418,785 ⁷	9.09	-	22,418,785 ⁷	-	-	22,418,785 ⁷	-
Wen Jianhuai	-	22,418,785 ⁸	9.09	-	22,418,785 ⁸	-	-	22,418,785 ⁸	-
Pan Xiaozhen	-	22,418,785 ⁸	9.09	-	22,418,785 ⁸	-	-	22,418,785 ⁸	-
Directors									
Datuk Seri Dr. Mohd Shafei Bin Abdullah	1,326	-	- ⁹	2,001,657	-	0.59	2,001,657	-	0.66
Tan Kee Choong	-	69,390,608 ⁴	28.14	1,000,000	79,229,610 ⁴	0.30	1,000,000	79,229,610 ⁴	0.33
Dato' Chooi Yoey Sun	67,631,400	-	27.42	68,631,400	-	20.32	68,631,400	-	22.58
Wong Maw Chuan	-	-	-	500,000	-	0.15	500,000	-	0.16
Yap Khong	-	-	-	500,000	-	0.15	500,000	-	0.16
Gu, Jincheng	-	-	-	-	-	-	-	-	-
Sun, Weige - Alternate to Gu, Jincheng	-	-	-	-	-	-	-	-	-

Notes:-

- Assuming the Proposed Renewal of Shareholders' Mandate for Share Buy-Back is implemented in full, i.e. up to ten percent (10%) of the enlarged total number of issued shares of SIGN are purchased and that the Shares are subsequently cancelled.
- Excluding a total of 16,117,100 shares bought back by the Company and retained as treasury shares.
- Deemed interested by virtue of its shareholdings in Tenyin Holding Sdn. Bhd.
- Deemed interested by virtue of his interest in Tenyin (L) Foundation which in turn holds 100% equity in Tenyin Holding Sdn. Bhd. pursuant to Section 8(4) of the Act.
- Deemed interested by virtue of her interest in Tenyin (L) Foundation which in turn holds 100% equity in Tenyin Holding Sdn. Bhd. pursuant to Section 8(4) of the Act.
- Deemed interested by virtue of its shareholdings in JPNP Singapore Pte. Ltd. pursuant to Section 8(4) of the Act.
- Deemed interested by virtue of its interest in Xiamen Goldenhome Co., Ltd being entitled to exercise not less than 20% of the votes attached to the voting shares in JPNP Singapore Pte. Ltd. pursuant to Section 8(4) of the Act.
- Deemed interested by virtue of its interest in Xiamen Jianpan Group Co., Ltd which in turn being entitled to exercise not less than 20% of the votes attached to the voting shares in Xiamen Goldenhome Co., Ltd which in turn holds 100% equity in JPNP Singapore Pte. Ltd. pursuant to Section 8(4) of the Act.
- Negligible.

5. FINANCIAL EFFECTS OF THE PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR SHARE BUY-BACK (CONT'D)

5.5 Dividends

Barring unforeseen circumstances, the Proposed Renewal of Shareholders' Mandate for Share Buy-Back is not expected to have any impact on the policy of the Board in recommending dividends, if any, to shareholders of SIGN. However, as stated in Section 2.3 and Section 3 of the Statement, the Board may have the option to distribute future dividends in the form of the treasury shares purchased pursuant to the Proposed Renewal of Shareholders' Mandate for Share Buy-Back.

5.6 Gearing

The effect of the Proposed Renewal of Shareholders' Mandate for Share Buy-Back on the gearing of the Group will depend on the proportion of borrowings utilised to fund any purchase of the SIGN Shares. At this juncture, the Board has not determined on whether to use any form of borrowings for purposes of the Proposed Renewal of Shareholders' Mandate for Share Buy-Back.

6. HISTORICAL SHARE PRICE

The highest and lowest prices of SIGN Shares traded on Bursa Securities for the past 12 months from October 2019 to September 2020 are as follows:

	High (RM)	Low (RM)
2019		
October	0.525	0.460
November	0.495	0.425
December	0.490	0.425
2020		
January	0.490	0.430
February	0.450	0.360
March	0.395	0.155
April	0.490	0.330
May	0.375	0.335
June	0.420	0.320
July	0.445	0.315
August	0.350	0.290
September	0.420	0.310

Last transacted price on Bursa Securities on LPD, being the latest practicable date prior to the printing of the Statement was RM0.320.

Source: Investing.com

7. IMPLICATION RELATING TO THE CODE

Based on the Company's issued and paid-up capital of the current shareholdings of the Substantial Shareholders and/or parties acting in concert as at LPD, none of the Substantial Shareholders and/or parties acting in concert with them will be required to make a mandatory general offer as a result of the maximum number of Shares being purchased under the Proposed Renewal of Shareholders' Mandate for Share Buy-Back.

In the event that the Proposed Renewal of Shareholders' Mandate for Share Buy-Back would result in the Substantial Shareholders and/or parties acting in concert with them incurring a mandatory general offer obligation under the Code, approvals would be sought from the Securities Commission ("SC") for the exemption, subject to certain conditions being met since the increase in their shareholding is inadvertent and is a result of action that is outside their direct participation.

In the event the proposed waiver is not granted by SC, the Company will only proceed with the Proposed Renewal of Shareholders' Mandate for Share Buy-Back to the extent that it will not contravene the limit as provided under the Code.

8. APPROVALS REQUIRED

The Proposed Renewal of Shareholders' Mandate for Share Buy-Back is subject to the approval of the shareholders of SIGN at the forthcoming 14th AGM which will be held on 3 December 2020.

9. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS AND PERSONS CONNECTED TO THEM

Save for the proportionate increase in the percentage of shareholdings of the Directors, Substantial Shareholders and persons connected to them as a result of the effective decrease in the total number of voting shares of the Company upon the Proposed Renewal of Shareholders' Mandate for Share Buy-Back, none of the Directors and/or Major Shareholders and/or persons connected to them has any interest, direct or indirect, in the Proposed Renewal of Shareholders' Mandate for Share Buy-Back.

10. DIRECTORS' RECOMMENDATION

The Board, having considered all aspects of the Proposed Renewal of Shareholders' Mandate for Share Buy-Back is of the opinion that the Proposed Renewal of Shareholders' Mandate for Share Buy-Back is in the best interest of the Company. Accordingly, the Board recommends that you vote in favour of the ordinary resolution pertaining to the Proposed Renewal of Shareholders' Mandate for Share Buy-Back to be tabled at the forthcoming 14th AGM of the Company.

11. DIRECTORS' RESPONSIBILITY STATEMENT

This Statement has been reviewed and approved by the Directors of SIGN and they individually and collectively accept full responsibility for the accuracy of the information contained herein and confirm that after having made all reasonable enquiries and to the best of their knowledge and belief, there are no other facts the omission of which would make any statement in the Statement misleading.

12. AGM

The ordinary resolution to approve the Proposed Renewal of Shareholders' Mandate for Share Buy-Back is set out as Special Business in the Notice of 14th AGM contained in the 2020 Annual Report, which has been despatched together with this Statement. The forthcoming 14th AGM will be held at 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, Malaysia on Thursday, 3 December 2020 at 10.00 a.m.

If you are unable to attend and vote in person at the 14th AGM, you are requested to complete and return the Proxy Form as enclosed in the 2020 Annual Report in accordance with the instructions printed thereon to Share Registrar's Office of the Company at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur not less than forty-eight (48) hours before the time appointed for holding the AGM or at any adjournment thereof. The lodging of the Proxy Form does not preclude you from attending and voting in person at the 14th AGM should you subsequently wish to do so.

13. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents may be inspected at the registered office of SIGN during normal business hours for the period commencing from the date of this document up to and including the date of the forthcoming AGM:-

- (a) The Constitution of SIGN; and
- (b) The Audited Consolidated Financial Statements of SIGN for the past two (2) financial years ended 30 June 2019 and 30 June 2020.

Yours faithfully,
For and on behalf of the Board
SIGNATURE INTERNATIONAL BERHAD

DATUK SERI DR. MOHD SHAFEI BIN ABDULLAH
Independent Non-Executive Chairman

