
18. EXECUTIVE SUMMARY OF THE INDEPENDENT ASSESSMENT OF THE KITCHEN SYSTEMS INDUSTRY (Cont'd)


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- Capital costs would start to escalate for larger operations to enable greater economies of scale. Larger manufacturing and design facilities are necessary to meet the demands of export countries.
- As Kitchen Systems are mainly consumer-based products, having a wide network of retail showrooms is also important to ensure a wider reach of its products and services. The capital cost of renovating an average sized retail lot of 1,500 sq ft for a showroom in a shopping centre would cost approximately RM150,000.
- Operators with smaller capital investments in terms of design and manufacturing facilities, and retail showrooms, would find it harder to compete against larger set-ups that have higher volume of work to obtain economies of scale.
- As such, capital investments can form a barrier to entry for new entrants into the Branded Kitchen Systems Industry.

Established Brand Name

- An established brand name may form a significant barrier to entry into the Kitchen Systems Industry. This is mainly attributed to the fact that Kitchen Systems are primarily a consumer item. As such, high brand equity is paramount in winning new customers as well as being able to price products at a premium.
- The cost of building a brand name requires constant investments in above and below the line advertisements, promotions and public relations. These investments can range from RM0.5 million to RM2 million per year.
- As such, the cost of building a brand name poses a significant barrier to entry for new entrants.

Government Regulations

- Apart from the normal manufacturing licence and registration with the Construction Industry Development Board (CIDB), there are no specific Government regulations or policies governing the entry of operators into the Kitchen Systems Industry.
- The Government has established the Construction Industry Development Board (CIDB), a statutory body established under the Act of Parliament. Operators who are involved in undertaking Kitchen System works are classified under interior decoration (including design, planning, decoration, and built-in fitments) must be registered with CIDB.
- Operators must be registered with CIDB before carrying out any Kitchen System Works. However, the lowest grade is G1 where the criteria is low requiring a minimum paid-up capital or net capital worth of RM5,000 plus minimum skills requiring employees that either have some experience or are certificate qualified. Operators with G1 grade are only allowed to tender for projects not exceeding RM100,000. (Source: Construction Industry Development Board).

18. EXECUTIVE SUMMARY OF THE INDEPENDENT ASSESSMENT OF THE KITCHEN SYSTEMS INDUSTRY (Cont'd)



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- Thus, although there are Government regulations, the low criteria for registration with CIDB has meant that operators can easily comply with the lowest grade to enter the Kitchen Systems Industry.

Technical Skills and Knowledge

- Technical experience and knowledge are also important for operators within the Kitchen Systems Industry
- The main technical skills and knowledge are required in the following areas:
 - research and development;
 - carpentry and joinery skills;
 - finishing processes.
- Research and development activities would include researching on best practices and keeping abreast of new or emerging trends of Kitchen Systems overseas. Some of these include new designs of kitchen drawers or cabinets, incorporation of new mechanisms or fittings on cabinet doors and the use of alternative materials. Larger operators that have the resources to undertake research and development activities are in a stronger position to meet market trends and adapt to the changing requirements of customers.
- Technical skills are also required in ensuring that the product is constructed well, and finishing processes creates aesthetic value and is durable. This includes using a wide range of colour options with glossy and matte finishes, different combination of materials and textures for cabinet closures such as embossed wood pore, smooth, rough or melamine lamination.

Track Record

- Track record also forms one of the barriers to entry for new entrants. It is unlikely that a new entrant without any track record will be able to compete effectively in this market.
- It will take some time for new entrants to be established in the market before customers are willing to use them as a supplier or consumers will have the confidence to purchase Kitchens Systems from them.
- As such, track record would pose a barrier to entry for new entrants.

Product Quality

- As Kitchen Systems form an important part of functional areas in a household, operators that have stringent quality assurance programmes in place including ISO accreditation and internal quality control management are in a stronger position to provide customers with the assurance of quality in their Kitchen Systems.
- New entrants into the industry would take time to develop the quality standards required and be able to meet the expectations of customers in local and overseas markets.

18. EXECUTIVE SUMMARY OF THE INDEPENDENT ASSESSMENT OF THE KITCHEN SYSTEMS INDUSTRY (Cont'd)



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13. INDUSTRY OUTLOOK

- The outlook of the Kitchen Systems Industry is dependent on the performance of its end-user market, which is the residential housing sector, and the growing affluence of consumers.

Performance of Residential Property Market

- Between 2001 and 2005, a total of 844,043 units of houses were completed. The total number of houses constructed surpasses the Eighth Malaysia Plan's target of 615,000. Of this, 77.6% were constructed by the private sector while the remaining 22.4% by the public sector.
- In the Ninth Malaysia Plan, the Government continues to focus on the provision of adequate, affordable and quality houses for Malaysians. During the Plan period, the requirement for new houses is estimated at 709,400 units. Of these, 19.2% will be in Selangor (includes Wilayah Persekutuan Putrajaya), followed by Johor at 12.9%, Sarawak at 9.4%, and Perak at 8.2%. The remainder of the units will be built among other states and the federal territory of Malaysia.
- According to the Ninth Malaysia Plan, the allocation for the development expenditure and allocation for housing and urban services has increased by 31.1% to RM18.4 billion compared to the expenditure of RM14.1 billion during the Eighth Malaysia Plan.
(Source: Ninth Malaysia Plan 2006-2010, the Economic Planning Unit)
- Between 2002 and 2006, value of residential property transactions continued to register an average annual growth rate of 7.9%. In 2006, value of residential property transactions grew by 1.0% to RM28.7 billion.
- Between 2002 and 2006, the Existing Residential Stock recorded an average annual growth rate of 6.0%. In 2006, the Existing Residential Stock grew by 4.6% to approximately 3.9 million units in Malaysia.
- In the second quarter of 2007 alone, the Existing Residential Stock reached 3.9 million in Malaysia, an increase of 5.6% compared to the same quarter in 2006.
- Between 2002 and 2006, the Completion of Residential Units increased at an average annual rate of 2.3%. In 2006, the Completion of Residential Units declined by 5.3% to 170,962 units in Malaysia.
- For the first half of 2007, the Completion Residential Stock amounted to 92,912 units in Malaysia, an increase of 20.6% compared to the first half of 2006.
- Between 2002 and 2006, the Planned Supply of Residential Units increased at an average annual rate of 6.2%. In 2006, the Planned Supply of Residential Units grew by 1.8% to 648,174 units in Malaysia.

18. EXECUTIVE SUMMARY OF THE INDEPENDENT ASSESSMENT OF THE KITCHEN SYSTEMS INDUSTRY (Cont'd)



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- In the second quarter of 2007 alone, the Planned Supply of Residential Units reached 644,452 units in Malaysia, an increase of 2.1% compared to the same quarter in 2006.

(Source: Valuation and Property Services Department, Ministry of Finance Malaysia)

- The continuing increase in the supply and completion of residential units on-stream indicates growth opportunities for the manufacturing of Kitchen Systems.

Demand for the Kitchen Systems Industry is ultimately dependent upon the consumers and their expenditure on household products and services such as Kitchen Systems. The following is an analysis of the factors that will impact on the demand and expenditure on Kitchen Systems.

Increasing Affluence of the Population and Growth in Disposable Income

- Between 1999 and 2004, the mean monthly household grew at an average annual rate of 5.6% *(Source: Ninth Malaysia Plan 2006-2010, Economic Planning Unit)*
- Between 1998/1999 and 2004/2005, the average monthly expenditure per household increased at an average annual rate of 3.7% reaching to RM1,953 per household in 2004/2005.

Population Growth

- Between 2002 and 2006, the population of Malaysia increased at an average annual rate of 2.1%. In 2006, the population of Malaysia grew by 1.9% to 26.6 million *(Source: Department of Statistics)*

Performance of Kitchen Systems

As there are no direct data and statistics available on Kitchen Systems as a whole, data on the production, import and exports of Cabinets of a Kind Used in the Kitchen, which is a sub-set of Kitchen Systems, will be used as a proxy to provide an analysis of the performance of Kitchen Systems.

- Between 2002 and 2006, sales value of the Manufacture of Cabinets of a Kind Used in the Kitchen (wood or mainly of wood) increased at an average annual rate of 18.7% to reach RM169.4 million in 2006.
- Between January and August 2007, the sales value of the Manufacture of Cabinets of a Kind Used in the Kitchen (wood or mainly wood) declined by 67.9% compared to the same period in 2006.

18. EXECUTIVE SUMMARY OF THE INDEPENDENT ASSESSMENT OF THE KITCHEN SYSTEMS INDUSTRY (Cont'd)



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- Between 2002 and 2006, the import value of Wooden Furniture of a Kind Used in the Kitchen increased at an average annual growth rate of 13.7%. In 2006, the import value of Wooden Furniture of a Kind Used in the Kitchen amounted to RM17.0 million, a decline of 1.9% compared to the same period in 2005.
- Between January and July 2007, the import value of Wooden Furniture of Kind Used in the Kitchen grew by 95.3% to reach approximately RM14.5 million compared to the same period in 2006.
- Between 2002 and 2006, the export value of Wooden Furniture of a Kind Used in the Kitchen grew by 4.6%. In 2006, the export value of Wooden Furniture of a Kind Used in the Kitchen declined by 2.9% to RM586 million.
- Between January and July 2007, the export value of Wooden Furniture of a Kind Used in the Kitchen reached RM323.2 million, an increase of 28.1% compared to the same period in 2006.

14. DRIVERS OF GROWTH

- Some of the drivers of growth for the Kitchen Systems Industry are:
 - **Growth in the Residential Housing Sector**, where the increase in the number of new residential houses will ultimately drive the demand for Kitchen Systems. A vibrant property market, particularly in the residential sector, marked by high transactions rates, indicates movements into new and existing premises which, in most instances will require some form of renovation work to be undertaken, including Kitchen Systems.
 - **Demographic** changes such as increase in population and urbanisation will also stimulate the demand for Kitchen Systems. This is because Kitchen Systems play a critical functional part in a premise, particularly for households.
 - **Increasing affluence and disposable income** as reflected in the increase in mean monthly household income and expenditure, will stimulate upgrading and renovation of existing homes, including Kitchen Systems.
 - **Continuing GDP growth** will increasingly boost consumer confidence, which will ultimately stimulate consumer spending on household products and services including Kitchen Systems.
 - **Government Spending on the Residential Housing Sector** as reflected in the Ninth Malaysia Plan will continue to provide opportunities for operators in the Kitchen Systems Industry.

18. EXECUTIVE SUMMARY OF THE INDEPENDENT ASSESSMENT OF THE KITCHEN SYSTEMS INDUSTRY (Cont'd)



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15. THREATS AND RISK ANALYSIS

Dependency on the Residential Property Market

- The Kitchen Systems Industry is, to a large extent, dependent on the property market, particularly on residential property. Thus, a decline in the Residential Property market would have a direct impact on the demand for Kitchen Systems.

Mitigating Factors

- Between 2002 and 2006, value of residential property transactions continued to register an average annual growth rate of 7.9%. (Source: *Valuation and Property Services Department, Ministry of Finance Malaysia*) The continuing growth in the residential property market will provide support and growth opportunities for operators in the Kitchen Systems Industry.
- For the first half of 2007, the Completion Residential Stock amounted to 92,912 units in Malaysia, an increase of 20.6% compared to the first half of 2006.
- Between 2002 and 2006, the Completion of Residential Units increased at an average annual rate of 2.3%. In 2006, the Completion of Residential Units declined by 5.3% to 170,962 units in Malaysia.
- Between 2002 and 2006, the Planned Supply of Residential Units increased at an average annual rate of 6.2%. In 2006, the Planned Supply of Residential Units grew by 1.8% to 648,174 units in Malaysia. The increase in the planned supply of Residential Units will continue to provide opportunities for operators in the Kitchen Systems Industry.
- In the second quarter of 2007 alone, the Planned Supply of Residential Units increased by 2.1% compared to the same quarter in 2006 to reach 644,452 units in Malaysia.
- Operators of Kitchen Systems that are servicing the refurbishment of existing Kitchens as well as development of new Kitchen Systems are in a better position to diversify their dependency on new developments in the residential property sector.
- Larger scale operators that service the export market will have an advantage in terms of minimising some of the dependency from the local residential property market.

Downturn in the Local and Global Economy

- Any prolonged and/or widespread downturn in the global economy is likely to have a negative effect on the Malaysian economy in general. A slowdown in the local and global economy is likely to reduce demand on consumer spending on household products and services including Kitchen Systems.

Mitigating Factor

- The Malaysian Government's continued prompt policy flexibility in implementing pro-growth measures to sustain the country's growth momentum, by raising domestic demand to compensate for slower external growth, has helped Malaysian manufacturers to be in a stronger position to counter the effects of the slowdown in the global economy.

18. EXECUTIVE SUMMARY OF THE INDEPENDENT ASSESSMENT OF THE KITCHEN SYSTEMS INDUSTRY (Cont'd)


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Foreign Exchange Risks

- Fluctuations in foreign exchange rates will have an impact on the prices of imported materials used as well as export earnings.
- This may impact on the profitability of operators within the Kitchen Systems Industry. An unfavourable foreign exchange movement against the Ringgit would either reduce consumer demand as prices would need to be increased or operators' profitability would suffer if they decide to absorb the price increases.

Mitigating Factors

- Since 21 July 2005, the Ringgit was allowed to operate on a managed float basis, with its value determined by economic fundamentals. Bank Negara Malaysia will monitor the exchange rate against trade-weighted index of Malaysia's major trading partners. Promoting stability of the exchange rate continues to be a primary objective of the foreign exchange policy (*Source: Bank Negara Malaysia*).
- An operator that earns revenue denominated in a foreign currency may mitigate against foreign exchange risk by using its foreign currency earnings to pay for purchases denominated in the same foreign currency. This could provide some natural hedging against foreign exchange fluctuations.

Dependency on Imported Raw Materials and Finished Components

- The Kitchen Systems Industry uses certain imported raw materials and finished components including kitchen countertops, sinks, taps and electrical appliances such as cooking hobs, extractor hoods, oven and others. This is more prevalent among larger scale manufacturers that provide premium Kitchen Systems. Any increases in the prices of these raw materials or finished components may impact on the profit margin of manufacturers of Kitchen Systems.

Mitigating Factor

- Any increases in the prices of raw materials or finished components are normally passed onto the consumers.

Availability of Panel Products as Raw Materials

- Operators of Kitchen Systems are dependent on the availability of raw materials in the form of wood based panel products (such as plywood, veneer sheets, fibreboards, particleboards and laminated boards). As such, any interruptions in the supply of wood based panel products will disrupt manufacturing operations.

Mitigating Factors

- There are ample producers of wood-based panel products in Malaysia. As for local producers, there were 176 plywood/veneer mills in operation, 8 manufacturers of medium density fibreboard (MDF), 7 particle board/chipboard manufacturers and 41 laminated board manufacturers in Malaysia in 2006 (*Source: Ministry of Plantation Industries and Commodities*).

18. EXECUTIVE SUMMARY OF THE INDEPENDENT ASSESSMENT OF THE KITCHEN SYSTEMS INDUSTRY (Cont'd)



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- The local production of wood based panel products have been increasing and this is reflected in the following:
 - In 2006, sales value of the manufacture of veneer sheets and plywood increased by 27.6% to approximately RM7.8 billion.
 - Between January and July 2007, sales value of the manufacture of veneer sheets and plywood reached RM4.6 billion, an increase of 11.2% compared to the same period in 2006.
 - Between January and July 2007, sales value of the manufacture of laminated board, particleboard and other panels and board reached RM1.1 billion, an increase of 11.8% compared to the same period in 2006.
 - In 2006, sales value of the manufacture of laminated board, particleboard and other panels and board increased by 22.6% to approximately RM1.8 billion.

(Source: Department of Statistics)

16. THREAT OF SUBSTITUTES

- There are no threats of substitutes for Kitchen Systems. At the very basic, a Kitchen System would include storage areas and cabinets, countertop and sink.
- The only other consideration is the use of different types of materials, or a combination of materials used. These may include materials such as:
 - Solid wood
 - Panel boards
 - plywood and veneer
 - particleboard, chipboard and medium density fibreboard (MDF)
 - Metal
 - Plastics
 - Glass.
- Signature Group manufactures its Kitchen Systems using a combination of materials including glass, chipboard, decorative melamine, veneer and MDF

18. EXECUTIVE SUMMARY OF THE INDEPENDENT ASSESSMENT OF THE KITCHEN SYSTEMS INDUSTRY (Cont'd)



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17. AREAS OF GROWTH AND OPPORTUNITIES

Export Market

- Opportunities exist for Malaysian Kitchen Systems manufacturers to service export markets by setting-up retail outlets and showrooms in overseas markets. This will open up a significantly larger market and reduce dependencies on the local market.
- With the implementation of AFTA and WTO, competition has become global. As such, manufacturers that are able to service overseas markets are in a significantly better position to sustain business growth and success.
- Operators that can serve various markets will have increased areas of opportunities for growth as well as to diversify business risks.

Franchising

- Within the Kitchen Systems Industry, there are opportunities for franchising of Kitchen Systems retail outlets. Franchising enables manufacturers to expand the number of retail outlets without the need for capital investment or involvement in direct management and operations.
- As the design, manufacturing and retail of the Kitchen Systems are sourced and supplied by the main franchisors, quality, image and marketing will be centrally controlled.
- The franchising system will provide the main franchisors with royalties, but more importantly, a wide network of retail outlets. This type of system also has export market opportunities, providing incremental profits beyond the local market.

Building Brand Equity

- Branding and development of brand equity is important in the Kitchen Systems Industry as it enables manufacturers to differentiate from competitors and command a premium for their Kitchen Systems.
- Thus, there are opportunities for manufacturers to focus on marketing and brand development to build up strong brand equity, which is an important pre-requisite to enter into new markets locally as well as overseas.
- Strong branding is also important in a franchising system whereby franchisees will be seeking to gain immediate brand recognition to attract potential customers.

18. EXECUTIVE SUMMARY OF THE INDEPENDENT ASSESSMENT OF THE KITCHEN SYSTEMS INDUSTRY (Cont'd)


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18. CRITICAL SUCCESS FACTORS

- The critical success factors for Kitchen Systems operators include:
 - **Branding:** The main assets of brand owners are their brands. Brands within the Kitchen System Industry are critical, as with most consumer related products. A highly recognised and well- positioned brand can justify a price premium for the Kitchen Systems manufacturer. In addition, a highly regarded brand somewhat insulates an operator from competitive intensity and enables it to charge a premium for its products and services. As such, it is imperative that brand owners continually build and manage their brands to increase their brand equity.
 - **Research and Development:** Kitchen Systems are consumer and high priced items. As such, there is a need to constantly undertake research and development to meet consumers' preferences and to adopt new and innovative designs, technologies, materials and finishing to keep the Kitchen Systems contemporary and in-line with current trends. Thus, research and development is critical to the sustainability and the growth of businesses within the Kitchen Systems industry.
 - **Established Market Reputation:** Market reputation of the Kitchen System operator plays a vital role in winning customers. As Kitchen Systems play a critical functional role in a household, it is important that customers are provided with some assurance of the quality and reliability of products and services. As such, other than in-house capabilities, a reputable track record is required to continually secure and win new customers.
 - **Strong Retail Showroom Network:** For Branded Kitchen Systems, a strong retail showroom network is also crucial in ensuring that the market reach and coverage is as wide as possible. A large network of retail showrooms is also important in providing customer convenience and ease of access to maximise sales opportunities.
 - **In-house Design Capabilities:** Contemporary designs are important to ensure it meets with the needs and preferences of a wide segment of consumers. In addition, innovative designs with optimum space utilisation also play an important role in securing new customers. Designs can come in various forms, including among others, arrangement of storage and display areas, concept of different functional areas, lightings, finishing, colour and materials used. As such, manufacturers that have good in-house design capabilities are able to command premium pricing for their exclusive in-house designs of Kitchen Systems.
 - **Quality of Kitchen Systems:** To ensure business sustainability, manufacturers must be able to continually meet and deliver quality Kitchen Systems to customers. Those who adopt stringent controls in their processes and can provide assurance of quality in their final product, such as ISO accreditations are in a better position to compete effectively in this area.

18. EXECUTIVE SUMMARY OF THE INDEPENDENT ASSESSMENT OF THE KITCHEN SYSTEMS INDUSTRY (Cont'd)



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19. MARKET RANKING

Market Ranking of Number of Retail Showrooms in Malaysia

- As at 20 November 2007, Signature Group ranked **first** among operators within the Branded Kitchen Systems sector based on 21 retail showrooms operating under the 'Signature Kitchen' brand name in Malaysia. Of these local retail showrooms, 7 are fully owned by the Group and the remaining 14 are managed and fully owned by appointed dealers. All retail showrooms operate under the Signature Kitchen brand name.

Market Positioning

- Signature Group is one of the leading operators of Branded Kitchen Systems in Malaysia.

18. EXECUTIVE SUMMARY OF THE INDEPENDENT ASSESSMENT OF THE KITCHEN SYSTEMS INDUSTRY (Cont'd)



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Vital Factor Consulting Sdn Bhd has prepared this report in an independent and objective manner and has taken all reasonable consideration and care to ensure the accuracy and completeness of the report. It is our opinion that the report represents a true and fair assessment of the industry within the limitations of, among others, secondary statistics and information, and primary market research. Our assessment is for the overall industry and may not necessarily reflect the individual performance of any company. We do not take any responsibilities for the decisions or actions of readers of this document. This report should not be taken as a recommendation to buy or not to buy the shares of any company.

Yours sincerely

Wooi Tan
Managing Director
Vital Factor Consulting Sdn Bhd

19. DIRECTORS' REPORT



Signature International Berhad (754118-K)

Suite 13A.01(A), Level 13A, Wisma Goldhill, 67, Jalan Raja Chulan, 50200 KL.
Tel: +603-20322895 Fax: +603-20322893

(Prepared for inclusion in the Prospectus)

24 DEC 2007

Registered office:

Suite 13A.01 (A), Level 13A
Wisma Goldhill
67, Jalan Raja Chulan
50200 Kuala Lumpur

The shareholders of Signature International Berhad

Dear Sir/ Madam,

On behalf of the Board of Directors of Signature International Berhad ("Company"), I report after due and careful enquiry that during the period from 30 June 2007 (being the date to which the last audited financial statements of our Company and our subsidiary companies have been made) to **24 DEC 2007** (being a date not earlier than fourteen days before the issuance of this Prospectus):

- (i) the businesses of our Company and our subsidiary companies have, in the opinion of the Directors, been satisfactorily maintained;
- (ii) in the opinion of our Directors, no circumstances have arisen since the last audited financial statements of our Company and our subsidiary companies which have adversely affected the trading or the value of the assets of our Company or of our subsidiary companies;
- (iii) the current assets of our Company and our subsidiary companies appear in the books at values which are believed to be realisable in the ordinary course of business;
- (iv) save as disclosed in Section 14.5.2, there are no contingent liabilities by reason of any guarantees or indemnities given by our Company or our subsidiary companies;
- (v) since the last audited financial statements of our Company and our subsidiary companies, there has been no default or any known event that could give rise to a default situation, in respect of payments of either interest and/or principal sums in relation to any borrowings in which we are aware of; and
- (vi) since the last audited financial statements of our Company and our subsidiary companies, save as disclosed in the Accountants' Report enclosed in this Prospectus, there have been no material changes in the published reserves or any unusual factors affecting the profits of our Company and our subsidiary companies.

Yours faithfully

For and on behalf of the Board of Directors

SIGNATURE INTERNATIONAL BERHAD

TAN KEE CHOONG
Managing Director

20. ADDITIONAL INFORMATION

20.1 SHARE CAPITAL

- (a) No securities will be allotted or issued on the basis of this Prospectus later than 12 months after the date of this Prospectus.
- (b) There is no founder, management or deferred shares in the Company. There is only one class of shares in the Company, namely ordinary shares of RM0.50 each, all of which rank *pari passu* with one another.
- (c) None of the capital of our Company or our subsidiary companies has been put under any option or has been agreed conditionally or unconditionally to be put under any option.
- (d) Save for the 1,300,000 Issue Shares reserved for subscription by our eligible employees and persons who have contributed to the success of our Group (details of which are set out in Section 4.4.2 of this Prospectus), there is no other scheme involving our employees in the capital of our Company or our subsidiary companies.
- (e) Save as disclosed in Sections 6.2 and 6.3 of this Prospectus, none of the capital of our Company or our subsidiary companies has been issued or is proposed to be issued as partly or fully paid-up in cash or otherwise than in cash within the 2 years immediately preceding the date of this Prospectus.
- (f) As at the date of this Prospectus, we do not have any outstanding convertible debt securities.

20.2 ARTICLES OF ASSOCIATION**20.2.1 Transfer of Securities***Article 44*

The transfer of any securities or class of listed securities of the Company shall be made by way of book entry by the Bursa Depository in accordance with the Rules of the Bursa Depository and, notwithstanding Sections 103 and 104 of the Act, but subject to subsection 107C (2) of the Act and any exemption that may be made from compliance with subsection 107C (1) of the Act, the Company shall be precluded from registering and effecting any transfer of the listed securities.

20.2.2 Remuneration of Directors*Article 111*

Subject to these Articles, the fees of the Directors shall from time to time be determined by the Company in general meeting provided always:

- (1) Directors' fees payable to Directors not holding any executive office in the Company shall be a fixed sum and shall not be payable by a commission on or percentage of profits or turnover;
- (2) salaries payable to Directors holding any executive office pursuant to a contract of service need not be determined by the Company in general meeting but such salaries may not include a commission on or a percentage of turnover;
- (3) all remuneration payable to Directors shall be deemed to accrue from day to day;
- (4) fees payable to Directors shall not be increased except pursuant to a resolution passed by the Company in general meeting, where notice of the proposed increase has been given in the notice convening the meeting;

20. ADDITIONAL INFORMATION (Cont'd)

- (5) any fee paid to an alternate Director shall be agreed between him and his appointor and shall be deducted from his appointor's remuneration.

20.2.3 Voting and borrowing powers of Directors

Article 126

Except as provided by Article 127, the Directors may exercise all the powers of the Company to borrow money of any sum or sums from any person, bank, firm or company and to mortgage or charge its undertaking, property and uncalled capital, and any part thereof and to issue debentures and other securities, whether as primary or collateral security for any debt, liability or obligation of the Company, its subsidiaries (as defined by Section 85 of the Act) or any other party. The Directors may guarantee the whole or any part of the loans or debts raised or incurred by or on behalf of the Company or any interest payable thereon with power to the Directors to indemnify the guarantors from or against liability under their guarantees by means of a mortgage or hypothecation of or charge upon any property and asset of the Company or otherwise. The Directors may exercise all the powers of the Company to guarantee and give guarantees or indemnities for payment of money, the performance of contracts or obligations or for the benefit or interest of the Company or its subsidiaries (as defined by Section 85 of the Act).

Article 127

The Directors shall not borrow any money or mortgage or charge any of the Company's or its subsidiaries (as defined by Section 85 of the Act)' undertaking, property or any uncalled capital, or to issue debentures and other securities whether outright or as security for any debt, liability or obligation of an unrelated third party.

Article 128

The Company shall keep a 'register of charges' in accordance with Section 115 of the Act. No fee shall be charged for any inspection of such register by a member or a creditor of the Company.

Article 145

Subject to these Articles, the Directors may regulate their proceedings as they think fit. A Director may, and the secretary at the request of a Director shall, call a meeting of the Directors. Questions arising at a meeting shall be decided by a majority of votes. In the case of an equality of votes, the chairman of the meeting shall (subject to Article 148) have a second or casting vote.

Article 148

When two (2) Directors form a quorum, the chairman of a meeting at which only such a quorum is present, or at which only two (2) Directors are competent to vote on the question at issue, shall not have a casting vote.

Article 152

Except as otherwise provided by these Articles, a Director shall not vote at a meeting of Directors or of a committee of Directors on any resolution concerning any contract, proposed contract, arrangement or other matter in which he has, directly or indirectly, a personal interest or duty which is material and which conflicts or may conflict with the interests of the Company unless his interest or duty arises only because the case falls within one or more of the following paragraphs:

- (1) in a case where the contract or proposed contract relates to any loan to the company – that he has guaranteed or joined in guaranteeing the repayment of the loan or any part of the loan; or

20. ADDITIONAL INFORMATION (Cont'd)

- (2) in a case where the contract or proposed contract has been or will be made with or for the benefit of or on behalf of a Related Corporation (where a corporation is the holding company of another corporation or a subsidiary of another corporation or a subsidiary of the holding company of another corporation, that first mentioned corporation and that other corporation shall for the purposes of the Act be deemed to be related to each other) - that he is a director of that corporation.

A Director shall be counted in the quorum present at a meeting in relation to a resolution on which he is not entitled to vote.

20.2.4 Changes in capital and variation of class rights

Article 12

If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may (subject to Sections 55 and 65 of the Act and whether or not the Company is being wound up) be varied or abrogated with:

- (1) the consent in writing of the holders of three-fourths of the issued shares of that class shall be valid and effectual as a special resolution carried at the meeting; or
- (2) the sanction of a special resolution passed at a separate general meeting of the holders of the shares of that class.

To every such separate general meeting, the provisions of these Articles relating to general meetings shall mutatis mutandis apply, except that the necessary quorum shall be two (2) persons at least holding or representing by proxy one-third (1/3) of the issued shares of the class (but so that if at any adjourned meeting of such holders, a quorum is not present, the holders present, shall form a quorum), and any holder of shares of the class present in person or by proxy may demand a poll. To every such special resolution, Section 152 of the Act shall with such adaptations as are necessary apply.

Article 70

The Company may by ordinary resolution:

- (1) consolidate and divide all or any of its share capital into shares of larger amount;
- (2) (subject to Section 62(1) of the Act) subdivide its existing shares or any of them into shares of smaller amount;
- (3) cancel any shares which at the date of the passing of the resolution have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the shares so cancelled.

Article 73

The Company may by special resolution reduce its share capital and any capital redemption reserve or share premium account in any manner authorised by law.

20. ADDITIONAL INFORMATION (Cont'd)*Article 74*

Without prejudice to the rights attached to any existing shares or class of shares, the Company in general meeting may by ordinary resolution increase its capital by the creation of shares of such nominal amounts, and carrying such rights and restrictions, as the resolution specifies provided that where the capital of the Company consists of shares of different monetary denominations, voting rights (if specified in such resolution) shall be prescribed in such a manner that a unit of capital in each class, when reduced to a common denominator, shall carry the same voting power when such right is exercisable.

20.3 MATERIAL CONTRACTS

Save as disclosed below, neither we nor our subsidiary company have entered into any contracts which are or may be material (not being contracts entered into in the ordinary course of business) during the 2 years preceding 26 November 2007 (being the latest practicable date prior to the registration of this Prospectus):

- (a) An underwriting agreement dated 26 November 2007 entered into between our Company and Alliance (as Sole Underwriter) to underwrite 7,300,000 IPO Shares ("Underwritten Shares") at an underwriting commission of 2.0% of the value of the Underwritten Shares amounting to RM182,500.
- (b) A conditional share sale agreement dated 5 July 2007 entered into between our Company (as the purchaser) and Tan Kee Choong, Chooi Yoey Sun, Dato' Mohd Shafei bin Abdullah, Tan Sri Sabbaruddin Chik, Dato' Anuar bin Othman, Dato' Hamzah bin Mohd Salleh, Nik Mohd Iskandar bin Nik Hassan, Mohd Anwar bin Haji Abdul Wahab and Dato' Hj. Noordin bin Omar (as the vendors) in respect of the Acquisition of Cabinet Industries.
- (c) A conditional share sale agreement dated 5 July 2007 entered into between our Company (as the purchaser) and Tan Kee Choong and Chooi Yoey Sun (as the vendors) in respect of the Acquisition of Obicorp.
- (d) A conditional share sale agreement dated 5 July 2007 entered into between our Company (as the purchaser) and Tan Kee Choong and Chooi Yoey Sun (as the vendors) in respect of the Acquisition of Signature Aluminium.
- (e) A conditional novation agreement dated 5 July 2007 entered into between our Company, Cabinet Industries, Signature Manufacturing, Tan Kee Choong and Chooi Yoey Sun in respect of the Debt Settlement.
- (f) A shareholders' agreement dated 3 May 2007 entered into between Ang Chek Peow, Signature Aluminium and Signature International to regulate the relationships of the shareholders of Signature Aluminium and the business and affairs of Signature Aluminium.
- (g) A lease agreement dated 21 March 2007 entered into between Cabinet Industries and PKNS in relation to a land located at Lot No. 2, Jalan Teknologi 3/7, Taman Sains Selangor 1, Kota Damansara for a period of thirty (30) years and expiring on 6 February 2037 for a lease price of RM3,287,300.
- (h) A contra arrangement for RM454,514 made between Cabinet Industries and Masenang Sdn Bhd ("Masenang") on 30 November 2006 for the amount to be due and payable by Masenang to Cabinet Industries for work done against the purchase consideration of one (1) unit of apartment at Marina Court (Block A), Api-Api Centre, Kota Kinabalu, Sabah payable by Cabinet Industries to the developer, Tokojaya Sdn Bhd ("Tokojaya"). In a letter dated 30 November 2006, Tokojaya had agreed to set off the amount of RM454,514 owing by Cabinet Industries to it against the amount owing by Masenang to Cabinet Industries.

20. ADDITIONAL INFORMATION (Cont'd)

In connection with the contra arrangement, a sale and purchase agreement dated 16 May 2007 was entered into between Cabinet Industries (as purchaser) and Tokojaya (as developer) for the purchase of an apartment, Unit No. A09-05, 9th Floor, Block A, Marina Court, Api-Api Centre, Kota Kinabalu, Sabah, for a purchase consideration of RM464,000.

- (i) A shareholders' agreement dated 11 September 2006 entered into between Surajit Viswanath, Koshambh Multitred Private Limited, Fabriano and Signature Kitchens India ("the Parties") to set forth the manner in which the Parties will cause Signature Kitchens India to be managed and to define their respective rights and obligations concerning the conduct of its business and their respective shareholdings therein.
- (j) A contra arrangement for RM490,000 made between Cabinet Industries and HK Land Sdn Bhd ("HK Land") on 28 July 2006 for the amount to be due and payable by HK Land to Cabinet Industries for work done against the purchase consideration of one (1) unit of apartment at Unit No. C-18-6, Floor 18, Block C, East Lake Residence in Pekan Serdang, Daerah Petaling, Selangor payable by Cabinet Industries to the developer, HK Land.

In connection with the contra arrangement, a sale and purchase agreement dated 11 October 2006 was entered into between Cabinet Industries (as purchaser) and HK Land (as developer) for the purchase of Unit No. C-18-6, Floor 18, Block C, East Lake Residence in Pekan Serdang, Daerah Petaling, Negeri Selangor for a purchase price of RM490,000. Subsequently in a letter dated 20 November 2006, Cabinet Industries had written to HK Land to provide a reduction on the purchase price to RM445,000 by deducting the price of RM45,000 for the omission of furniture in the apartment unit.

- (k) A contra arrangement for approximately RM409,664 made between Cabinet Industries and Wilakaya Sdn Bhd ("Wilakaya") on 9 October 2006 for the amount to be due and payable by Wilakaya to Cabinet Industries for work done against the purchase consideration of one (1) unit of apartment at Puteri Damai Condominium, Kota Kinabalu, Sabah payable by Cabinet Industries to the developer, Wilakaya.

In connection with the contra arrangement, a sale and purchase agreement dated 17 April 2007 was entered into between Cabinet Industries (as purchaser), Wilakaya (as developer) and Progress Commercial Sdn Bhd (as proprietor) for the purchase of a condominium, Unit No. DI-07, Level 7, Puteri Damai Condominium, Kota Kinabalu, Sabah for a purchase price of RM409,660.

20.4 MATERIAL LITIGATION

Neither we nor our subsidiary companies is engaged in any litigation or arbitration, either as plaintiff or defendant, which has a material effect and/or adverse effect on our Group's financial position or business as at 20 November 2007 (being the latest practicable date prior to the registration of this Prospectus).

20.5 TAKE-OVERS AND MERGERS

During the last financial year and the current financial year up to the date of this Prospectus, there were no public take-over offers by third parties in respect of our Shares and we did not make take-over offers in respect of any company's securities.

20. ADDITIONAL INFORMATION (Cont'd)

20.6 PROMOTERS, SUBSTANTIAL SHAREHOLDERS AND DIRECTORS

- (a) The names, addresses and occupations of our Directors are set out under the "Corporate Directory" section of this Prospectus.
- (b) A Director is not required to hold any qualification shares in our Company unless otherwise so fixed by our Company in general meeting.
- (c) Save as disclosed in Sections 6.4.1 (Acquisitions), 9.2.4 (Directors' Remuneration and Material Benefits-In-Kind) and 11.1.1 (Related Party Transactions and Conflicts of Interests) and other than remuneration in the normal course of employment, no amount or benefit has been paid or intended to be paid or given by our Company to any Promoter, substantial shareholder or Directors within the 2 years preceding the date of this Prospectus.
- (d) Save as disclosed in Sections 7.12 (Major Customers) and 11.1.3 (Loans Made by our Group to or for the Benefit of Related Parties) of this Prospectus, none of our Directors or substantial shareholders has any interest in any contract or arrangement subsisting as at the date of this Prospectus, which is significant in relation to the business of our Company or our Group taken as a whole.
- (e) Save as disclosed in Section 9.1.1 of this Prospectus, our Directors are not aware of any person who is able to, directly or indirectly, jointly or severally, exercise control over our Company and our subsidiary companies.

20.7 CONSENTS

- (i) The written consents of the Adviser, Sole Underwriter and Sole Placement Agent, Principal Bankers, Issuing House, Solicitors, Registrar and Company Secretary to the inclusion in this Prospectus of their names in the manner and form in which such names appear have been given before the issue of this Prospectus and have not subsequently been withdrawn.
- (ii) The written consent of the Auditors and Reporting Accountants to the inclusion of their name, Accountants' Report and letters relating to the consolidated profit forecast of our Company for the FYE 30 June 2008 and proforma consolidated financial information in the manner, form and context in which they are contained in this Prospectus has been given before the issue of this Prospectus and has not subsequently been withdrawn.
- (iii) The written consent of the Independent Business and Market Research Consultants to the inclusion of their name and the report in the manner, form and context in which they are contained in this Prospectus has been given before the issue of this Prospectus and has not subsequently been withdrawn.
- (iv) The written consent of the Independent Valuer to the inclusion of their name and the report in the manner, form and context in which they are contained in this Prospectus has been given before the issue of this Prospectus and has not subsequently been withdrawn.

20. ADDITIONAL INFORMATION (Cont'd)

20.8 DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents may be inspected at the Registered Office of our Company or such other places as the SC may determine, during normal business hours for a period of 12 months from the date of this Prospectus:

- (i) Memorandum and Articles of Association of our Company;
- (ii) Service agreements with our Directors and key management and key technical personnel as referred to in Sections 9.2.7 and 9.3.3 of this Prospectus respectively;
- (iii) Material contracts as referred to in Section 20.3 of this Prospectus;
- (iv) Product supply agreement dated 26 April 2007 entered into between Cabinet Industries and Duamas as referred to in Section 7.12 of this Prospectus;
- (v) Letter from Indesit Singapore dated 28 February 2007 to Obicorp in relation to the appointment of Obicorp as the exclusive distributor of "Ariston" and "Indesit" brands of kitchen appliances in Malaysia;
- (vi) Reporting Accountants' letters on the consolidated profit forecast and proforma financial information as included in Sections 15.2 and 13.4 of this Prospectus respectively;
- (vii) Accountants' Report as included in Section 16 of this Prospectus;
- (viii) Independent valuation report and the valuation certificate as included in Section 17 of this Prospectus;
- (ix) Independent Assessment of the Kitchen Systems Industry prepared by Vital Factor as referred to in this Prospectus and the Executive Summary as included in Section 18 of this Prospectus;
- (x) Directors' Report as included in Section 19 of this Prospectus;
- (xi) Audited financial statements of Signature International commencing from 23 November 2006 (date of incorporation) up to 30 June 2007;
- (xii) Audited financial statements of the following subsidiary companies of Signature International for the past 3 financial years/periods up to FYE 30 June 2007:
 - Cabinet Industries
 - Signature Manufacturing
 - Signature Kitchen
 - Signature Kitchen Industries
 - Fabriano
 - Obicorp
 - Signature Aluminium
- (xiii) Letters of consent referred to in Section 20.7 of this Prospectus.

20. ADDITIONAL INFORMATION (Cont'd)

20.9 RESPONSIBILITY STATEMENT

Our Directors, the Promoters and the Offeror have seen and approved this Prospectus and we collectively and individually accept full responsibility for the accuracy of the information contained herein and confirm, having made all reasonable enquiries, that to the best of our knowledge and belief there are no false or misleading statement or other facts the omission of which would make any statement herein false or misleading. Our Directors hereby accept full responsibility for the profit forecast of our Group for the FYE 30 June 2008 included in this Prospectus and confirm that the profit forecast has been prepared based on assumptions made.

Alliance, being our Adviser, Sole Underwriter and Sole Placement Agent acknowledges that, based on all available information, and to the best of its knowledge and belief, this Prospectus constitute a full and true disclosure of all material facts concerning the IPO and is satisfied that the profit forecast of our Group for the FYE 30 June 2008 (for which our Directors are fully responsible), prepared for inclusion in this Prospectus has been stated by our Directors after due and careful enquiry and have been duly reviewed by our Reporting Accountants.

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