

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

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

Bursa Malaysia Securities Berhad ("Bursa Securities") has not perused the contents of this Circular in relation to the Proposed Amendments (as defined herein) prior to the issuance of this Circular pursuant to Practice Note 18 of the Main Market Listing Requirements of Bursa Securities. 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.



**SEG**  
International  
Bhd

**SEG INTERNATIONAL BHD**

(Company No.: 145998-U)

(Incorporated in Malaysia under the Companies Act, 1965)

**CIRCULAR TO SHAREHOLDERS**

**IN RELATION TO THE**

- I. **PROPOSED CAPITAL REDUCTION AND REPAYMENT OF RM0.15 IN CASH FOR EACH ORDINARY SHARE OF RM0.25 EACH IN SEG INTERNATIONAL BHD ("SEGi") TO THE SHAREHOLDERS OF SEGi BY WAY OF A REDUCTION OF THE ISSUED AND PAID-UP SHARE CAPITAL OF SEGi UNDER SECTION 64 OF THE COMPANIES ACT, 1965, WHEREBY THE PAR VALUE OF EACH ORDINARY SHARE IN SEGi WILL BE REDUCED FROM RM0.25 TO RM0.10 PER SHARE ("PROPOSED CAPITAL REPAYMENT"); AND**
- II. **PROPOSED AMENDMENTS TO THE MEMORANDUM AND ARTICLES OF ASSOCIATION OF SEGi ("PROPOSED AMENDMENTS")**

**AND**

**NOTICE OF EXTRAORDINARY GENERAL MEETING**

*Adviser*

**RHB** InvestmentBank

**RHB Investment Bank Berhad**

(Company No. 19663-P)

(A Participating Organisation of Bursa Malaysia Securities Berhad)

The Notice of the Extraordinary General Meeting ("EGM") of SEGi, which is scheduled to be held at Level 2, Right Wing, SEGi University, No. 9, Jalan Teknologi, Taman Sains Selangor, Kota Damansara, PJU 5, 47810 Petaling Jaya, Selangor Darul Ehsan on Thursday, 27 October 2016 at 2.30 p.m., together with the Form of Proxy are enclosed herein.

A member entitled to attend, speak and vote at the EGM is entitled to appoint a proxy or proxies to attend, speak and vote on his/ her behalf. In such event, the Form of Proxy should be lodged at the Registered Office of the Company at 6th Floor, SEGi University, No. 9, Jalan Teknologi, Taman Sains Selangor, Kota Damansara, PJU 5, 47810 Petaling Jaya, Selangor Darul Ehsan, not less than 48 hours before the time stipulated for holding the EGM as indicated below. The lodging of the Form of Proxy does not preclude you from attending, speaking and voting in person at the EGM, should you subsequently wish to do so.

Last date and time for lodging the Form of Proxy ..... : Tuesday, 25 October 2016 at 2.30 p.m.

Date and time of the EGM ..... : Thursday, 27 October 2016 at 2.30 p.m.

This Circular is dated 5 October 2016

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## DEFINITIONS

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

"Act"	:	The Companies Act, 1965
"Board"	:	The Board of Directors of SEGi
"Bursa Depository" or "Depository"	:	Bursa Malaysia Depository Sdn Bhd
"Bursa Securities"	:	Bursa Malaysia Securities Berhad
"Circular"	:	This circular dated 5 October 2016
"Director(s)"	:	The director(s) of SEGi and shall have the meaning given in Section 2(1) of the Capital Markets and Services Act 2007 and includes:- <ol style="list-style-type: none"><li>i. in the case of an issuer of structured warrants, a director of the issuer of the structured warrants; or</li><li>ii. in the case of an applicant or listed issuer which is a collective investment scheme, a director of a management company or a director of the trustee-manager, as the case may be</li></ol>
"EGM"	:	Extraordinary General Meeting
"Entitled Shareholder(s)"	:	The shareholders of SEGi who are registered as a member and whose names appear in the Record of Depositors of the Company on the Entitlement Date
"Entitlement Date"	:	The date as at the close of business on which shareholders of SEGi must be registered as a member and whose names appear in the Record of Depositors in order to participate in the Proposed Capital Repayment
"EPS"	:	Earnings per share
"FPE"	:	Financial period ended
"FYE"	:	Financial year ended/ ending
"High Court"	:	The High Court of Malaya
"Listing Requirements"	:	Main Market Listing Requirements of Bursa Securities
"LPD"	:	30 September 2016, being the latest practicable date prior to the printing and despatch of this Circular
"LTIP"	:	The long term incentive plan of SEGi comprising the employees' share option scheme and the share grant plan, which is in force for a period of ten (10) years commencing from 1 July 2014
"NA"	:	Net assets
"Proposals"	:	The Proposed Capital Repayment and the Proposed Amendments, collectively

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**DEFINITIONS (CONT'D)**

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- "Proposed Amendments" : The proposed amendments to the Memorandum and Articles of Association of SEGi
- "Proposed Capital Repayment" : The proposed capital reduction and repayment of RM0.15 in cash for each ordinary share of RM0.25 each in SEGi to the Entitled Shareholders of SEGi by way of a reduction of the issued and paid-up share capital of SEGi under Section 64 of the Act, whereby the par value of each ordinary share in SEGi will be reduced from RM0.25 to RM0.10 per share
- "Record of Depositors" : A record of depositors established by Bursa Depository under the Rules of Depository
- "RHBIB" or "Adviser" the : RHB Investment Bank Berhad, being the Adviser for the Proposals
- "RM" and "sen" : Ringgit Malaysia and sen, respectively
- "ROE" : Return on equity
- "SEGi" or "Company" the : SEG International Bhd
- "SEGi Group" or "Group" the : SEGi and its subsidiary companies, collectively
- "SEGi Share(s)" : Existing ordinary share(s) of RM0.25 each in SEGi before the Proposed Capital Repayment

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 a corporation, 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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**SEG**  
International  
Bhd

**SEG INTERNATIONAL BHD**

(Company No.: 145998-U)

(Incorporated in Malaysia under the Companies Act, 1965)

**Registered Office**

6th Floor, SEGi University  
No. 9, Jalan Teknologi  
Taman Sains Selangor  
Kota Damansara, PJU 5  
47810 Petaling Jaya  
Selangor Darul Ehsan

5 October 2016

**Board of Directors**

Tan Sri Dato' Seri Megat Najmuddin Bin Dato' Seri Dr. Haji Megat Khas (*Independent Non-Executive Chairman*)

Tan Sri Clement Hii Chii Kok (*Group Managing Director*)

Datuk Mohamed Azahari Bin Mohamed Kamil (*Executive Director/ Group President*)

Hew Moi Lan (*Executive Director/ Chief Executive Officer*)

Nicholas Rupert Heylett Bloy (*Non-Independent Non-Executive Director*)

Edwin Fua Chye Jin (*Non-Independent Non-Executive Director*)

Dato' Amos Siew Boon Yeong (*Independent Non-Executive Director*)

Goh Leng Chua (*Independent Non-Executive Director*)

**To: The shareholders of SEGi**

Dear Sir/ Madam,

- I. **PROPOSED CAPITAL REDUCTION AND REPAYMENT OF RM0.15 IN CASH FOR EACH ORDINARY SHARE OF RM0.25 EACH IN SEGi TO THE SHAREHOLDERS OF SEGi BY WAY OF A REDUCTION OF THE ISSUED AND PAID-UP SHARE CAPITAL OF SEGi UNDER SECTION 64 OF THE ACT, WHEREBY THE PAR VALUE OF EACH ORDINARY SHARE IN SEGi WILL BE REDUCED FROM RM0.25 TO RM0.10 PER SHARE; AND**
- II. **PROPOSED AMENDMENTS TO THE MEMORANDUM AND ARTICLES OF ASSOCIATION OF SEGi**

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**1. INTRODUCTION**

On 29 August 2016, RHBIB had, on behalf of the Board, announced that the Company proposes to undertake the following:-

- i. Capital reduction and repayment of RM0.15 in cash for each ordinary share of RM0.25 each in SEGi to the shareholders of SEGi by way of a reduction of the issued and paid-up share capital of SEGi under Section 64 of the Act, whereby the par value of each ordinary share in SEGi will be reduced from RM0.25 to RM0.10 per share; and
- ii. Amendments to the memorandum and articles of association of SEGi.

The purpose of this Circular is to provide the shareholders of SEGi with the relevant information on the Proposals as well as to seek the approval from the shareholders of SEGi for the resolutions pertaining to the Proposals to be tabled at the forthcoming EGM of the Company. The notice of the forthcoming EGM and the Form of Proxy are enclosed together with this Circular.

**SHAREHOLDERS OF SEGi ARE ADVISED TO READ AND CONSIDER CAREFULLY THE CONTENTS OF THIS CIRCULAR TO THE SHAREHOLDERS OF SEGi IN RELATION TO THE PROPOSALS INCLUDING THE APPENDIX CONTAINED HEREIN BEFORE VOTING ON THE RESOLUTIONS TO GIVE EFFECT TO THE PROPOSALS TO BE TABLED AT THE FORTHCOMING EGM.**

## **2. DETAILS OF THE PROPOSALS**

### **2.1 Proposed Capital Repayment**

The Proposed Capital Repayment entails a capital reduction and repayment of approximately RM108.31 million or RM0.15 in cash for each ordinary share of RM0.25 each in SEGi held by all Entitled Shareholders of SEGi, whose names appear in the Record of Depositors of SEGi as at the Entitlement Date.

The Proposed Capital Repayment will be implemented by way of a reduction of the issued and paid-up share capital of SEGi under Section 64 of the Act, whereby the par value of each ordinary share in SEGi will be reduced from RM0.25 to RM0.10 per share. The reduction of the issued and paid up share capital of SEGi will become effective upon the lodgement of the sealed office copy of the order of the High Court confirming the Proposed Capital Repayment with the Companies Commission of Malaysia. The cash repayment of RM0.15 per SEGi Share held by the Entitled Shareholders pursuant to the Proposed Capital Repayment will be made within ten (10) calendar days from the Entitlement Date.

As at the LPD, the issued and paid-up share capital of SEGi is RM187,024,477 comprising 748,097,908 SEGi Shares (including 26,048,600 treasury shares). Based on the number of SEGi Shares outstanding (excluding treasury shares) as at the LPD of 722,049,308 SEGi Shares, the Proposed Capital Repayment of RM0.15 in cash for each SEGi Share held by shareholders of SEGi entails a capital reduction and repayment of approximately RM108.31 million. The Proposed Capital Repayment will not result in an adjustment to the number of ordinary shares in SEGi and will not affect the rights attaching to the ordinary shares in SEGi.

For the avoidance of doubt, all the treasury shares retained in SEGi will be subject to the reduction in par value from RM0.25 to RM0.10 per share pursuant to the Proposed Capital Repayment. However, all the treasury shares will not be entitled to the cash repayment of RM0.15 per share. The credit arising from the reduction in the par value of the treasury shares of RM3,907,290 pursuant to the Proposed Capital Repayment will be credited into a capital reserve account of SEGi and may be applied by the Company as if it were distributable profits of the Company to the extent permitted by the relevant and applicable laws.

The Proposed Capital Repayment will result in an adjustment to the market price of SEGi shares whereby it shall be adjusted downwards by RM0.15 per share on the ex-entitlement date of the Proposed Capital Repayment. Purely for illustrative purpose only, assuming the ex-entitlement date of the Proposed Capital Repayment is on 30 September 2016 and based on the closing market price of SEGi shares as at 29 September 2016 of RM1.16, the theoretical ex-price of SEGi shares shall be RM1.01.

In conjunction with the Proposed Capital Repayment, the Company has undertaken the following:-

- i. The Company will not purchase and/ or sell any additional shares of the Company pursuant to its share buy-back exercise until the completion of the Proposals and the Company has no intention to deal with the treasury shares prior to the completion of the Proposed Capital Repayment;
- ii. The Company will set aside cash and bank balances of approximately RM108.31 million for the purposes of the Proposed Capital Repayment; and
- iii. The Company will not vest any allocation of the employees' share option ("ESOS Option(s)") and performance share plan grant under the Company's LTIP until the completion of the Proposals.

The Proposed Capital Repayment will be funded via internally-generated funds of SEGi Group. Based on the latest unaudited quarterly results of the Group for the six (6) months FPE 30 June 2016, the unaudited total cash and bank balances stood at approximately RM110.64 million.

## 2.2 Proposed Amendments

The Proposed Amendments involve the consequential amendments to the Memorandum and Articles of Association of SEGi to facilitate the implementation of the Proposed Capital Repayment.

Clause 5 of the Memorandum of Association of SEGi is proposed to be amended as follows:-

<b>Existing</b>	<b>Proposed</b>
The capital of the Company is RM250,000,000 Malaysian Currency divided into 1,000,000,000 Ordinary Shares of RM0.25 each. The shares in the original or any increased capital may be divided into several classes and there may be attached thereto respectively any preferential, deferred or other special rights, privileges, conditions or restrictions as to dividends, capital, voting or otherwise.	The capital of the Company is <b>RM250,000,000</b> Malaysian Currency divided into <b>2,500,000,000</b> Ordinary Shares of <b>RM0.10</b> each. The shares in the original or any increased capital may be divided into several classes and there may be attached thereto respectively any preferential, deferred or other special rights, privileges, conditions or restrictions as to dividends, capital, voting or otherwise.

Article 3 of the Articles of Association of SEGi is proposed to be amended as follows:-

<b>Existing</b>	<b>Proposed</b>
The authorised share capital of the Company at the date of adoption of these Articles is RM250,000,000.00 divided into 1,000,000,000 ordinary shares of RM0.25 each.	The authorised share capital of the Company is <b>RM250,000,000.00</b> divided into <b>2,500,000,000</b> ordinary shares of <b>RM0.10</b> each.

### 3. RATIONALE AND JUSTIFICATION FOR THE PROPOSALS

#### 3.1 Proposed Capital Repayment

After due consideration, the Board is of the view that the Proposed Capital Repayment shall enable the Company to:-

- i. Reward shareholders for their continuous support towards the Group through cash distribution and value enhancement by returning equity to shareholders; and
- ii. Increase the Group's ROE without affecting shareholders' shareholding. For shareholders' information, the ROE of the Group is expected to increase from approximately 10.94% to 35.41% after the Proposed Capital Repayment, details of which have been set out in Section 4.3 of this Circular.

#### 3.2 Proposed Amendments

The Proposed Amendments is undertaken to facilitate the implementation of the Proposed Capital Repayment.

### 4. FINANCIAL EFFECTS OF THE PROPOSALS

The Proposed Amendments will not have any financial effect on the issued and paid-up share capital and substantial shareholders' shareholdings of SEGi, and the NA per share, gearing, earnings and EPS of SEGi Group.

The financial effects of the Proposed Capital Repayment are set out below:-

#### 4.1 Issued and paid-up share capital

The proforma effects of the Proposed Capital Repayment on the issued and paid-up share capital of SEGi are set out below:-

	Par value RM	No. of shares	RM
Issued and paid-up share capital (including 26,048,600 treasury shares <sup>1</sup> ) as at the LPD	0.25	748,097,908	187,024,477
Reduction in the issued and paid-up share capital resulted from the Proposed Capital Repayment	(0.15)	-	(112,214,686) <sup>2</sup>
<b>After the Proposed Capital Repayment</b>	<b>0.10</b>	<b>748,097,908</b>	<b>74,809,791</b>

**Notes:-**

<sup>1</sup> All the treasury shares retained in the Company will be subject to the reduction in par value from RM0.25 to RM0.10 per share pursuant to the Proposed Capital Repayment. However, all the treasury shares will not be entitled to the cash repayment of RM0.15 per share.

<sup>2</sup> Arising from the reduction in the par value of 722,049,308 SEGi Shares held by shareholders by RM0.15 per share to the revised par value of RM0.10 per share amounted to RM108,307,396, coupled with the reduction in the par value of 26,048,600 treasury shares amounted to RM3,907,290 which shall be credited into a capital reserve account of SEGi.

The Proposed Capital Repayment will not involve reduction in the number of ordinary shares in the Company.



## 4.2 NA per share and gearing

Based on the audited consolidated statements of financial position of SEGi Group as at 31 December 2015, and after taking into consideration the subsequent events up to the LPD, the proforma effects of the Proposed Capital Repayment on the NA per share and gearing of the Group are set out below:-

	Audited as at 31 December 2015 RM'000	I After adjusted for subsequent events up to the LPD <sup>*1</sup> RM'000	II After I and the Proposed Capital Repayment RM'000
Share capital	187,024	187,024	74,810
Treasury shares, at cost	(37,485)	(37,486) <sup>*1</sup>	(37,486)
Share premium	68,504	68,504	68,504
Capital reserve	-	-	3,907 <sup>*2</sup>
Share-based payment reserve	2,345	2,345	2,345
Exchange translation reserve	160	160	160
Available-for-sale financial asset reserve	(70)	(70)	(70)
Accumulated losses	(740)	(44,063) <sup>*1</sup>	(44,263) <sup>*3</sup>
<b>Shareholders' equity/ NA</b>	<b>219,738</b>	<b>176,414</b>	<b>67,907</b>
Par value (RM)	0.25	0.25	0.10
No. of shares outstanding ('000)	722,050	722,049 <sup>*1</sup>	722,049
NA per share (RM)	0.30	0.24	0.09
Total borrowings (RM'000)	3,060	3,060	3,060
Gearing (Times)	0.01	0.02	0.05

### Notes:-

<sup>\*1</sup> After adjusted for subsequent events up to the LPD as set out below:-

- i. Repurchase of 1,000 shares from the open market at RM1.28 per share on 29 February 2016; and
- ii. Payment of interim single tier dividend of RM0.06 per share in respect of the FYE 31 December 2016 on 20 April 2016 amounted to approximately RM43.32 million.

<sup>\*2</sup> Capital reserve of approximately RM3.91 million arising from the reduction of the par value of all the existing treasury shares.

<sup>\*3</sup> After deducting estimated expenses of RM200,000 in relation to the Proposals.

## 4.3 Earnings and EPS

The Proposed Capital Repayment is not expected to have any material effect on the earnings and EPS of SEGi Group for the FYE 31 December 2016 as the Proposals are expected to be completed by the first quarter of 2017.

Nonetheless, any potential loss of income (including interest income) from the cash reserves utilised for purposes of the Proposed Capital Repayment is in line with SEGi's intended capital management initiatives as the Entitled Shareholders will benefit directly through monies received under the Proposed Capital Repayment.

Notwithstanding the above, the Proposed Capital Repayment is expected to have a positive effect on the Group's ROE as a result of the reduced issued and paid-up share capital of the Company after the completion of the Proposals. For illustrative purpose, the proforma effect of the Proposed Capital Repayment on the ROE of the Group is set out below:-

	<b>Audited as at 31 December 2015</b>	<b>I After the Proposed Capital Repayment</b>
Profit after tax and non-controlling interests (RM'000)	24,046	24,046
Shareholders' equity/ NA (RM'000)	219,738	67,907 <sup>*1</sup>
ROE (%)	10.94	35.41

**Note:-**

<sup>\*1</sup> *Being the proforma shareholders' equity of the Group after the Proposed Capital Repayment as set out in Section 4.2 of this Circular.*

The Proposed Capital Repayment is not expected to have any effects on the dividends of SEGi. As at the date of this Circular, the Company has not recommended or declared any dividend payments. The Company's ability/ decision to declare and pay dividends to shareholders in the future, if any, will depend on, among others, the future financial performance and cash flow position of the Group and subject to the Group having profits and sufficient funds which are in excess to the requirements to fund the Group's operations, financial obligations and/ or business plans.

**4.4 Substantial shareholding structure**

The Proposed Capital Repayment will not have any effect on the percentage of substantial shareholders' shareholdings of SEGi as the Proposed Capital Repayment does not involve reduction in the number of ordinary shares in the Company.

**4.5 Convertible securities**

As at the LPD, save for the ESOS Options, the Company does not have any existing convertible securities.

The Proposed Capital Repayment may give rise to adjustment to the exercise price of the outstanding ESOS Options held by each grantee of the ESOS Options ("Grantee(s)") pursuant to the by-laws dated 1 July 2014, governing the LTIP ("By-Laws").

Any adjustment which is required will be made in accordance with the provisions of the By-Laws to ensure that the status of the Grantees holding the outstanding ESOS Options are not prejudiced after the completion of the Proposed Capital Repayment. Any such adjustment will only be finalised on the Entitlement Date. In addition, a written notification will be despatched to the Grantees holding the outstanding ESOS Options in the event of any such adjustment.

## 5. HISTORICAL SHARE PRICES

The monthly highest and lowest market prices of SEGi Shares as traded on Bursa Securities for the past 12 months from October 2015 to September 2016 are set out below:-

	<b>High RM</b>	<b>Low RM</b>
<b>2015</b>		
October	1.44	1.37
November	1.40	1.35
December	1.42	1.36
<b>2016</b>		
January	1.40	1.29
February	1.35	1.27
March	1.40	1.27
April	1.30	1.20
May	1.30	1.16
June	1.26	1.16
July	1.21	1.17
August	1.21	1.15
September	1.20	1.09

Last transacted market price on 26 August 2016  
(being the date prior to the announcement of the Proposals) RM1.18

Last transacted market price on the LPD RM1.15

*(Source: Bloomberg)*

## 6. APPROVALS REQUIRED AND INTER-CONDITIONALITY OF THE PROPOSALS

The Proposals are subject to the following approvals being obtained:-

- i. The approval of the shareholders of SEGi for the Proposals via special resolutions at the forthcoming EGM of the Company. The special resolutions pertaining to the Proposals require the approval by a majority of not less than 75% of the value of shareholdings of the shareholders who are entitled to attend, speak and vote, either in person or by proxy, at the EGM. In addition, the voting on the special resolutions pertaining to the Proposals at the EGM will be taken on a poll;
- ii. The grant of an order of the High Court confirming the Proposed Capital Repayment; and
- iii. The approval and/ or consent of the existing financiers and/ or creditors of SEGi, if required.

The Proposed Capital Repayment and the Proposed Amendments are inter-conditional upon each other. However, the Proposals are not conditional upon any other proposals undertaken by the Company.

**7. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS AND/ OR PERSONS CONNECTED TO THEM**

None of the Directors and/ or major shareholders of SEGi and/ or persons connected to them have any interest, whether direct or indirect, in the Proposed Capital Repayment beyond their respective entitlements, if any, as shareholders of the Company under the Proposed Capital Repayment, the rights of which are also available to all other existing shareholders of SEGi as at the Entitlement Date.

None of the Directors and/ or major shareholders of SEGi and/ or persons connected to them have any interest, whether direct or indirect, in the Proposed Amendments.

**8. ESTIMATED TIME FRAME FOR COMPLETION AND TENTATIVE TIMETABLE FOR IMPLEMENTATION**

Barring any unforeseen circumstances and subject to all relevant approvals being obtained, the Proposals are expected to be completed by the first quarter of 2017. The tentative timetable in relation to the Proposals is set out below:-

<b>Timeline</b>	<b>Events</b>
27 October 2016	• Convening of EGM to obtain the approval of shareholders of SEGi
Early November 2016	• Application to the High Court for the Proposed Capital Repayment
Early January 2017 <sup>*1</sup>	• Confirmation of the High Court for the Proposed Capital Repayment obtained
Mid January 2017 <sup>*1</sup>	• Announcement of the Entitlement Date
End January 2017 <sup>*1</sup>	• Entitlement Date
Early February 2017 <sup>*1</sup>	• Cash payment to the Entitled Shareholders

**Note:-**

<sup>\*1</sup> *This is an indicative timetable depending on, inter alia, the directions and timeline given by the High Court in respect of an order to confirm the Proposed Capital Repayment*

**9. CORPORATE PROPOSALS ANNOUNCED BUT PENDING COMPLETION**

Save for the Proposals, the Board is not aware of any other corporate exercise that has been announced but not yet completed as at the date of this Circular.

**10. DIRECTORS' RECOMMENDATION**

The Board, having considered all aspects of the Proposals, including the rationale and justification for the Proposals and the effects of the Proposed Capital Repayment, is of the opinion that the Proposals are in the best interest of the Company. Accordingly, the Board recommends that you vote in favour of the resolutions pertaining to the Proposals to be tabled at the forthcoming EGM of the Company.

## **11. EGM**

The EGM, the notice of which is enclosed in this Circular, which is scheduled to be held at Level 2, Right Wing, SEGi University, No. 9, Jalan Teknologi, Taman Sains Selangor, Kota Damansara, PJU 5, 47810 Petaling Jaya, Selangor Darul Ehsan on Thursday, 27 October 2016 at 2.30 p.m., for the purpose of considering and if thought fit, passing with or without modification, the resolutions to give effect to the Proposals.

If you are unable to attend, speak and vote in person at the EGM, you are requested to complete, sign and return the enclosed Form of Proxy in accordance with the instructions contained therein, to be deposited at the Registered Office of the Company at 6th Floor, SEGi University, No. 9, Jalan Teknologi, Taman Sains Selangor, Kota Damansara, PJU 5, 47810 Petaling Jaya, Selangor Darul Ehsan, not less than 48 hours before the stipulated time fixed for the EGM. The lodging of the Form of Proxy shall not preclude you from attending, speaking and voting in person at the EGM should you subsequently wish to do so.

## **12. FURTHER INFORMATION**

Shareholders are advised to refer to the attached appendix for further information.

Yours faithfully,  
For and on behalf of the Board  
**SEG INTERNATIONAL BHD**

**TAN SRI DATO' SERI MEGAT NAJMUDDIN BIN DATO' SERI DR. HAJI MEGAT KHAS**  
Independent Non-Executive Chairman

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## FURTHER INFORMATION

### 1. DIRECTORS' RESPONSIBILITY STATEMENT

This Circular has been seen and approved by the Board, and the Directors collectively and individually accept full responsibility for the accuracy of the information contained 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 herein misleading.

### 2. CONSENT

RHBIB, being the Adviser for the Proposals, has given and has not subsequently withdrawn its written consent to the inclusion in this Circular of its name and all references thereto in the form and context in which they appear in this Circular.

### 3. DECLARATION OF CONFLICT OF INTEREST

RHBIB has given its written confirmation that as at the date of this Circular, there is no situation of conflict of interests that exists or is likely to exist in relation to its role as the Adviser to SEGi for the Proposals.

### 4. MATERIAL CONTRACTS

As at the LPD, the Board is not aware of any material contracts (not being the contracts entered into in the ordinary course of business) entered into or incurred or known to be entered into or incurred by the Company and/ or its subsidiary companies within the two (2) years preceding the LPD.

### 5. MATERIAL COMMITMENTS

Save as disclosed below, as at the LPD, the Board is not aware of any material commitments incurred or known to be incurred by SEGi Group which, upon becoming enforceable, may have a material impact on the financial results/ position of SEGi Group:-

<b>Non-cancellable operating lease commitments</b>	<b>RM'000</b>
Future minimum lease payments	
• Not later than one (1) year	22,469
• Later than one (1) year and not later than five (5) years	37,138
• Later than five (5) years	8,854
	<u><u>68,461</u></u>

### 6. CONTINGENT LIABILITIES

As at the LPD, the Board is not aware of any contingent liabilities incurred or known to be incurred which, upon becoming enforceable, may have a material impact on the financial results/ position of SEGi Group.

## **7. MATERIAL LITIGATION, CLAIMS OR ARBITRATION**

As at the LPD, neither SEGi nor any of its subsidiary companies are engaged in any litigation, claims or arbitration, either as plaintiff or defendant, which may have a material effect on the financial position of SEGi Group and the Board has no knowledge of any proceedings, pending or threatened, against the Group or of any fact which is likely to give rise to any proceeding which may materially and adversely affect the business or financial position of the Group.

## **8. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents are available for inspection at the Registered Office of the Company at 6th Floor, SEGi University, No. 9, Jalan Teknologi, Taman Sains Selangor, Kota Damansara, PJU 5, 47810 Petaling Jaya, Selangor Darul Ehsan, during normal business hours (except public holidays) from the date of this Circular up to the time set for holding the EGM:-

- i. Memorandum and Articles of Association of SEGi;
- ii. Audited consolidated financial statements of SEGi Group for the past two (2) financial years up to the FYE 31 December 2015 and the latest unaudited quarterly results of SEGi Group for the six (6) months FPE 30 June 2016;
- iii. Letter of consent referred to in Section 2 above; and
- iv. Letter of declaration of conflict of interest referred to in Section 3 above.

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**SEG**  
International  
Bhd

## **SEG INTERNATIONAL BHD**

(Company No.: 145998-U)

(Incorporated in Malaysia under the Companies Act, 1965)

### **NOTICE OF EXTRAORDINARY GENERAL MEETING**

**NOTICE IS HEREBY GIVEN THAT** an Extraordinary General Meeting of SEG International Bhd ("SEGi" or the "Company") will be held at Level 2, Right Wing, SEGi University, No. 9, Jalan Teknologi, Taman Sains Selangor, Kota Damansara, PJU 5, 47810 Petaling Jaya, Selangor Darul Ehsan on Thursday, 27 October 2016 at 2.30 p.m., for the purpose of considering and if thought fit, passing with or without modifications the following resolutions:-

#### **SPECIAL RESOLUTION 1**

**PROPOSED CAPITAL REDUCTION AND REPAYMENT OF RM0.15 IN CASH FOR EACH ORDINARY SHARE OF RM0.25 EACH IN SEGi ("SEGi SHARE(S)") TO THE SHAREHOLDERS OF SEGi BY WAY OF A REDUCTION OF THE ISSUED AND PAID-UP SHARE CAPITAL OF SEGi UNDER SECTION 64 OF THE COMPANIES ACT, 1965, WHEREBY THE PAR VALUE OF EACH ORDINARY SHARE IN SEGi WILL BE REDUCED FROM RM0.25 TO RM0.10 PER SHARE ("PROPOSED CAPITAL REPAYMENT")**

"**THAT** subject to the approvals being obtained from all relevant authorities and parties, and subject to the confirmation by the High Court of Malaya ("High Court") pursuant to Section 64 of the Companies Act, 1965 ("Act") for the Proposed Capital Repayment, approval be and is hereby given for the Company to undertake and effect the capital reduction of the par value of each issued and fully paid-up ordinary share of SEGi under Section 64 of the Companies Act, 1965 from RM0.25 to RM0.10 per share comprising (a) all ordinary shares held by all entitled shareholders of SEGi, whose names appear in the Record of Depositors of SEGi as at the close of business on an entitlement date to be determined at a later date ("Entitlement Date") ("Entitled Shareholder(s)") and (b) treasury shares. The credit arising from the said reduction shall be applied by the Company towards a capital repayment to each Entitled Shareholder on the basis of a cash sum of RM0.15 for each SEGi Share held by the Entitled Shareholder on the Entitlement Date and the credit arising from the reduction in the par value of the treasury shares pursuant to the Proposed Capital Repayment will be credited into a capital reserve account of SEGi and may be applied by the Company as if it were distributable profits of the Company to the extent permitted by the relevant and applicable laws.

**AND THAT** pursuant to the Proposed Capital Repayment, the Board of Directors of SEGi ("Board") be and is hereby authorised to take all such steps as they may deem necessary:-

- i. To determine the Entitlement Date;
- ii. To assent to any term(s), condition(s), stipulation(s), modification(s), variation(s) and/ or amendment(s) or as a consequence of any requirement(s) imposed by the relevant authorities and/ or by the High Court;
- iii. To lodge the sealed office copy of the order of the High Court confirming the Proposed Capital Repayment with the Companies Commission of Malaysia on such date as the Board may determine; and
- iv. To do all such acts, deeds, and/ or things incidental, and/ or as may be required or as the Board consider necessary and/ or expedient in the best interest of the Company, and to take such steps and execute such documents as they may deem fit, necessary, expedient and/ or appropriate in order to implement, finalise, complete and to give full effect to the Proposed Capital Repayment."



## SPECIAL RESOLUTION 2

### PROPOSED AMENDMENTS TO THE MEMORANDUM AND ARTICLES OF ASSOCIATION OF SEGi ("PROPOSED AMENDMENTS")

"THAT, subject to the passing of Special Resolution 1, approval be and is hereby given to the Company to alter, modify, vary and amend the Memorandum and Articles of Association of SEGi effective upon the lodging of the sealed office copy of the order of the High Court confirming the Proposed Capital Repayment with the Companies Commission of Malaysia in the following manner:-

#### Clause 5 of the Memorandum of Association of SEGi

##### **Existing**

The capital of the Company is RM250,000,000 Malaysian Currency divided into 1,000,000,000 Ordinary Shares of RM0.25 each. The shares in the original or any increased capital may be divided into several classes and there may be attached thereto respectively any preferential, deferred or other special rights, privileges, conditions or restrictions as to dividends, capital, voting or otherwise.

##### **Proposed**

The capital of the Company is **RM250,000,000** Malaysian Currency divided into **2,500,000,000** Ordinary Shares of **RM0.10** each. The shares in the original or any increased capital may be divided into several classes and there may be attached thereto respectively any preferential, deferred or other special rights, privileges, conditions or restrictions as to dividends, capital, voting or otherwise.

#### Article 3 of the Articles of Association of SEGi

##### **Existing**

The authorised share capital of the Company at the date of adoption of these Articles is RM250,000,000.00 divided into 1,000,000,000 ordinary shares of RM0.25 each.

##### **Proposed**

The authorised share capital of the Company is **RM250,000,000.00** divided into **2,500,000,000** ordinary shares of **RM0.10** each."

#### **By Order of the Board**

**CHONG POH YEE (MIA 7620)**  
**HEW LING SZE (MAICSA 7010381)**  
Company Secretaries

Selangor Darul Ehsan  
5 October 2016

#### **Notes:-**

1. *A member of the Company entitled to attend, speak and vote at the meeting is entitled to appoint a proxy or proxies to attend, speak and vote in his stead. A proxy may but need not be a member of the Company and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company. There shall be no restriction as to the qualification of the proxy.*
2. *A member may appoint not more than two (2) proxies to attend, speak and vote at the same meeting. Where a member appoints two (2) proxies, the appointments shall be invalid unless he specifies the proportions of his shareholdings to be represented by each proxy.*
3. *Where a member of the Company is an exempt authorised nominee which holds shares in the Company for multiple beneficial owners in one securities account ("omnibus account") as defined under the Securities Industry (Central Depositories) Act, 1991, there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.*
4. *The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under its Common Seal or under the hand of the attorney.*

5. *The instrument appointing a proxy, with the power of attorney or other authority (if any) under which it is signed or a notarially certified or office copy of such power or authority, must be deposited at the Registered Office of the Company at 6th Floor, SEGi University, No. 9, Jalan Teknologi, Taman Sains Selangor, Kota Damansara, PJU 5, 47810 Petaling Jaya, Selangor Darul Ehsan, not less than 48 hours before the time set for holding the meeting.*
6. *In respect of deposited securities, only members whose names appear on the Record of Depositors on 18 October 2016 (General Meeting Record of Depositors) shall be eligible to attend, speak and/ or vote at the meeting or appoint proxy(ies) to attend, speak and/ or vote on his behalf.*

**Personal data privacy:-**

*By submitting an instrument appointing a proxy(ies) and/ or representative(s) to attend, speak and vote at the EGM, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the EGM and the preparation and compilation of the attendance lists, minutes and other documents relating to the EGM, and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/ or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/ or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/ or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/ or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.*

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**SEG**  
International  
Bhd

**SEG INTERNATIONAL BHD**

(Company No.: 145998-U)

(Incorporated in Malaysia under the Companies Act, 1965)

**FORM OF PROXY**

No. of Shares held	
CDS Account No.	

I/ We \_\_\_\_\_ \*NRIC No./ Passport No./ Company No. \_\_\_\_\_  
(FULL NAME IN BLOCK CAPITAL)

of \_\_\_\_\_  
(FULL ADDRESS)

being \*a member / members of **SEG INTERNATIONAL BHD (145998-U)** hereby appoint \_\_\_\_\_

\_\_\_\_\_ \*NRIC No./ Passport No. \_\_\_\_\_  
(FULL NAME IN BLOCK CAPITAL)

of \_\_\_\_\_  
(FULL ADDRESS)

or failing \*him/ her \_\_\_\_\_ \*NRIC No./ Passport No. \_\_\_\_\_  
(FULL NAME IN BLOCK CAPITAL)

of \_\_\_\_\_  
(FULL ADDRESS)

or failing \*him/ her the Chairman of the Meeting as \*my/ our proxy/ proxies to attend, speak and vote for \*me/ us on \*my/ our behalf at the Extraordinary General Meeting of the Company which is scheduled to be held at Level 2, Right Wing, SEGi University, No. 9, Jalan Teknologi, Taman Sains Selangor, Kota Damansara, PJU 5, 47810 Petaling Jaya, Selangor Darul Ehsan on Thursday, 27 October 2016 at 2.30 p.m., in the manner indicated below:-

\*My/ our proxy is to vote as indicated below:-

RESOLUTIONS	FOR	AGAINST
SPECIAL RESOLUTION 1 – PROPOSED CAPITAL REPAYMENT		
SPECIAL RESOLUTION 2 – PROPOSED AMENDMENTS		

Please mark with " X " in either box if you wish to direct the proxy how to vote. If no mark is made, the proxy may vote on the resolutions or abstain from voting as the proxy thinks fit.

\* *Strike out whichever is not desired*

For appointment of two (2) proxies, percentage of shareholdings to be represented by the proxies:-

	No. of Shares	Percentage
Proxy 1		%
Proxy 2		%
Total		<u>100%</u>

\_\_\_\_\_  
Signature of Member(s)/ Common Seal

Date: \_\_\_\_\_

**Notes:-**

1. A member of the Company entitled to attend, speak and vote at the meeting is entitled to appoint a proxy or proxies to attend, speak and vote in his stead. A proxy may but need not be a member of the Company and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company. There shall be no restriction as to the qualification of the proxy.
2. A member may appoint not more than two (2) proxies to attend, speak and vote at the same meeting. Where a member appoints two (2) proxies, the appointments shall be invalid unless he specifies the proportions of his shareholdings to be represented by each proxy.
3. Where a member of the Company is an exempt authorised nominee which holds shares in the Company for multiple beneficial owners in one securities account ("omnibus account") as defined under the Securities Industry (Central Depositories) Act, 1991, there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
4. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under its Common Seal or under the hand of the attorney.
5. The instrument appointing a proxy, with the power of attorney or other authority (if any) under which it is signed or a notarially certified or office copy of such power or authority, must be deposited at the Registered Office of the Company at 6th Floor, SEGi University, No. 9, Jalan Teknologi, Taman Sains Selangor, Kota Damansara, PJU 5, 47810 Petaling Jaya, Selangor Darul Ehsan, not less than 48 hours before the time set for holding the meeting.
6. In respect of deposited securities, only members whose names appear on the Record of Depositors on 18 October 2016 (General Meeting Record of Depositors) shall be eligible to attend, speak and/ or vote at the meeting or appoint proxy(ies) to attend, speak and/ or vote on his behalf.

**Personal Data Privacy:-**

By submitting an instrument appointing a proxy(ies) and /or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of EGM dated 5 October 2016.



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AFFIX  
STAMP

The Company Secretaries  
**SEG INTERNATIONAL BHD (145998-U)**  
6th Floor, SEGi University  
No. 9, Jalan Teknologi  
Taman Sains Selangor  
Kota Damansara, PJU 5  
47810 Petaling Jaya  
Selangor Darul Ehsan

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