

Name	Designation	Nationality
Dato' Shamsir bin Omar	Director	Malaysian
Dato' Abdullah bin Kassim	Director	Malaysian
Datin Dr. Umikalsum bt. Mohd Noh	Director	Malaysian
Dato' Aseh bin Che Mat	Director	Malaysian
Dato' Zainol Abidin bin Abdul Rashid	Director	Malaysian

### 3.7.3 Ladang MOCCIS

Ladang MOCCIS was incorporated in Malaysia under the Companies Act 1965, on 6 November 1974. The present authorised share capital of the company is RM10,000,000 comprising 10,000,000 ordinary shares of RM1.00 each of which 9,000,006 ordinary shares of RM1.00 each have been issued and fully paid-up as at 29 September 2000. Ladang MOCCIS is 61.41% owned by MOCCIS and the remaining 38.59% is owned by various individuals who are members of MOCCIS and who have registered their interest under MOCCIS Nominees Sdn Bhd.

Ladang MOCCIS is principally involved in oil palm cultivation.

Substantial shareholders (holding 2% or more in the share capital) of Ladang MOCCIS as at 29 September 2000 are as follows:

Name	<-----Direct----->		<-----Indirect----->		Country of Incorporation/ Nationality
	No. of shares held	% held	No. of shares held	% held	
MOCCIS	5,527,081	61.41	-	-	Malaysia
Tan Sri Datuk (Dr) Arshad bin Ayub	*576,000	6.40	-	-	Malaysian
Tan Sri Dato' Seri (Dr.) Abdullah bin Ayub	*550,000	6.11	-	-	Malaysian
Rahmat bin Suffian	*495,000	5.50	-	-	Malaysian

*Note:*

\* Held in the registered name of MOCCIS Nominees Sdn Bhd

The Directors of Ladang MOCCIS and their shareholdings (direct and indirect) in Ladang MOCCIS as at 29 September 2000 are as follows:

Name	Direct		Indirect		Nationality
	No. of shares held	% held	No. of shares held	% held	
Tan Sri Dato' Seri (Dr.) Abdullah bin Ayub	*550,000	6.11	-	-	Malaysian
Tan Sri Datuk (Dr) Arshad bin Ayub	*576,000	6.40	-	-	Malaysian
Rahmat bin Suffian	*495,000	5.50	-	-	Malaysian
Dato' Abdullah bin Kassim	*19,875	0.22	-	-	Malaysian
Datin Umikalsum bte. Mohd Nor	*16,000	0.18	-	-	Malaysian
Dato' Zainol Abidin bin Abdul Rashid	-	-	-	-	Malaysian

*Note:*

\* Held in the registered name of MOCCIS Nominees Sdn Bhd.

### 3.7.4 Datin Mah and Kee Shih-Lene

Datin Mah founded PRIME College in 1986. Both Datin Mah and her daughter, Kee Shih-Lene are present directors of BBC, ORSB and PFSB.

### 3.7.5 Noah Foundation

Noah Foundation was incorporated in Malaysia under the Companies Act, 1965 on 23 June 1971. The foundation is a company limited by guarantee and does not have a share capital. Noah Foundation is a charitable organisation established to receive and administer funds for education, scientific and charitable purposes.

The Directors of Noah Foundation as at 29 September 2000 are as follows:

Name	Date of Appointment/ Nationality
Dr. Faridah binti Dato' Abdullah	17.08.91/ Malaysian
Dato' Mohd. Najib bin Tun Abdul Razak	02.07.75/ Malaysian
Ahmad Gaman Alias Onn bin Dato' Abdullah	10.08.84/ Malaysian
Mohamed Nizam bin Tun Abdul Razak	31.10.84/ Malaysian
Azhar Abu Rais Al Noah	25.03.86/ Malaysian
Rozia Hanis bte Tun Hussein	01.11.82/ Malaysian
Ong Boon Bah	23.06.71/ Malaysian

### 3.7.6 Other Vendors

The other vendors are Dato' Megat, Mohd Nor bin Ibrahim, Loh Poh Choo, Cheam Tow Yong, Tan Sri Dato' Mohd Amin Osman and Dato' Dr. Mokhzani bin Abdul Rahim.

### 3.8 Public Shareholding Spread

In order to meet the 25% public spread requirement imposed by the SC and KLSE, the Company will ensure, if necessary, that one or more of the vendors of the Acquiree Companies will place out sufficient number of Shares to public investors. Based on the shareholding structure as at 29 September 2000, 2,879,000 SEG Shares representing 3.64% of the enlarged share capital of SEG is required to be placed out to public investors. However, the actual number of shares to be placed out, if required, will be determined closer to the date of placement.

## 4. TAKE-OVER IMPLICATIONS AND THE PROPOSED WAIVER

**The Proposed Acquisition of Companies would result in a reverse take-over of SEG by the Principal Vendors of Acquiree Companies who would emerge as the Company's new controlling shareholders.**

Following the Proposed Acquisition of Companies, the Principal Vendors will collectively hold 35,304,539 SEG New Shares representing 44.62% of the enlarged issued and paid-up share capital of SEG upon completion of the Proposals. Pursuant to Part II of the Code, KEB, Datin Mah and Kee Shih-Lene would be obliged to extend a mandatory general offer to acquire the remaining SEG Shares not held by them after the Proposals as the aggregate shareholdings of the Principal Vendors will exceed 33% of the enlarged issued and paid-up capital of SEG.

An application for the Proposed Waiver was made on 25 February 2000 by KEB, Datin Mah and Kee Shih-Lene under Practice Note 2.9.1 of the Code, where the Principal Vendors may be exempted from their obligations in view that the obligation to undertake a mandatory general offer is a result of the issuance of SEG New Shares to KEB, Datin Mah and Kee Shih-Lene as consideration for the Proposed Acquisition of Companies. The SC, in its letter dated 4 September 2000, has indicated that it will consider the granting of a waiver to the Principal Vendors from having to make a mandatory general offer upon fulfilling certain conditions. The said conditions have been set out in Section 1.6 of this Circular.

Details of KEB, Datin Mah and Kee Shih-Lene are set out in Appendix VI and Section 3.7.4 of this Circular respectively.

## **5. DEALINGS IN SEG SHARES**

KEB, Datin Mah and Kee Shih-Lene, being the Parties Acting in Concert, have not acquired any SEG Shares in the six (6) months prior to the despatch of this Circular but subsequent to the signing of the Conditional S&P dated 22 October 1999 pertaining to the Proposed Acquisitions, whichever is earlier.

## **6. PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL**

In order to facilitate the issuance of SEG New Shares pursuant to the Proposed Bonus Issue and Proposed Acquisitions, your Directors propose to increase the authorised share capital of the Company from RM20,000,000 comprising 20,000,000 SEG Shares to RM100,000,000 comprising 100,000,000 SEG Shares by the creation of additional 80,000,000 SEG New Shares.

## **7. RATIONALE FOR THE PROPOSALS**

The rationale of the Proposals are as follows:

- (i) The Proposed Bonus Issue is to increase the paid-up capital of the Company to a level which will better reflect the current scale of the Group's operations and to improve the liquidity of SEG Shares traded in the market.
- (ii) The Proposed Acquisition of the Companies will enable the Company to acquire complementary businesses that are synergistic to its core business as an education provider. Presently, the SEG Group is primarily involved in the provision of private higher education specialising in accounting and information technology programmes through its "Systematic" Colleges. The Proposed Acquisition of the Companies will transform SEG into a premier education provider with a comprehensive range of private educational programmes spanning from early childhood education, pre-university to university, adult education as well as other specialised niche educational markets. Hence, the Proposed Acquisition of the Companies will enable SEG to increase its customer base and market penetration as the Company would be positioned to develop its customer base from childhood until adulthood.
- (iii) The Proposed Acquisition of Office Buildings will enable SEG to invest in office buildings in a prime area with rental opportunities. At present, approximately 88% of the Office Buildings are tenanted with rentals averaging between RM1.00 to RM2.00 per square feet for lower floors and between RM1.00 to RM1.20 per square feet for the upper floors.

Presently, the tenancy agreements with the existing tenants of the Office Buildings are for a period of two (2) years with an option to renew for an additional one or two years. It is SEG's intention to review the tenancy agreements when the same are up for renewal as the Company has plans to conduct adult and children education classes in languages, art and craft, music and drama and multi-media.

MOCCIS and Ladang MOCCIS have entered into a tenancy agreement on 1 June 2000 with the Ministry of Human Resources ("Ministry") for the Ministry to take-up two (2) units, each in B01 and B02, for a period of three (3) years commencing on 1 June 2000 for rental of RM1.30 per square feet per month. MOCCIS/Ladang MOCCIS have an understanding with the Ministry for the Ministry to take-up the remaining of three (3) untenanted units of the two (2) blocks of building which are subject to approval by the Treasury Department of the Ministry of Finance. Once the three (3) units are taken-up by the Ministry, the office building will be 100% tenanted. The rental income, barring any unforeseen circumstances, with 100% occupancy is estimated to be RM482,000 per annum.

- (iv) The Proposed Waiver is to facilitate the Proposed Acquisition of Companies and in view that the potential mandatory general offer price based on the issue price of RM1.50 per SEG Share in respect of the Proposed Acquisitions is below the current ex-bonus closing market price of SEG on 3 November 2000 (being the latest practicable date prior to the printing of the Circular) of RM2.13, there would be no benefit for the minority shareholders of SEG to accept the mandatory general offer from KEB, Datin Mah and Kee Shih-Lene.

## **8. RISK FACTORS**

Shareholders should carefully consider the following information (which may not be exhaustive) in addition to other information contained in this Circular herein, before voting on the resolutions pertaining to the Proposals :-

### **8.1 Change in control**

Following the Proposed Acquisition of Companies, KEB, Datin Mah and Kee Shih-Lene will emerge as the new substantial shareholders of SEG. They will collectively own 35,304,539 SEG New Shares, representing 44.62% equity interest in the enlarged share capital of SEG after the Proposals. These shareholders will be able to effectively control the outcome of matters requiring the vote of the Company's shareholders, unless they are required to abstain from voting by law and/or the relevant authorities.

### **8.2 Profit Estimate**

The profit estimate of the SEG Group before the Proposals and after the Proposals as set out in Appendix XII of this Circular are based on assumptions that are subject to uncertainties and contingencies. Because of the subjective judgements and inherent uncertainties of forecasts and because events and circumstances frequently do not occur as expected, there can be no assurance that the profit estimate contained herein will be realised and actual results may be materially different from that shown. This is especially so under current prevailing economic conditions which makes forecasting difficult.

However, on 22 October 1999 and subsequently on 17 October 2000, SEG entered into a profit guarantee agreement and a supplemental profit guarantee agreement respectively, with KEB as guarantor to guarantee the profits of BBC Group, SES Group and SME Group together for the three (3) year period commencing from the completion date of the Proposed Acquisition of BBC, Proposed Acquisition of SES and Proposed Acquisition of SME which is within four (4) months from the date the last of the conditions precedent (as defined in the relevant Sale and Purchase Agreement dated 22 October 1999 in respect of the said companies) has been fulfilled.

Shareholders are deemed to have read and understood the description of the assumptions and uncertainties underlying the estimate that are contained herein.

### **8.3 Business Risks**

The SEG Group and the Acquiree Companies are subject to certain risk inherent in the education sector. These include the cost and supply of lecturers, changes in arrangements with partner universities or other educational institutions and renewal of educational licences.

On the Proposed Acquisition of Office Buildings, there are risks inherent in the property sector which include fluctuations in occupancy rates and rental rates and oversupply in certain sectors of the property market. These risks are minimised, as the buildings are currently 88% tenanted for a period ranging from two (2) to three (3) years with an option to renew for an additional one (1) or two (2) years. Once the tenancy agreement with the Ministry of Human Resources is finalised in respect of the remaining three (3) untenanted units, the Office Buildings will be 100% tenanted. It is SEG's intention to review the tenancy agreements when the same are up for renewal as the Company has plans to conduct adult and children education classes in languages, art and craft, music and drama and multi-media.

Although the SEG Group seeks to limit these risks, no assurance can be given that any change to these factors will not have a material adverse effect on the businesses of the SEG Group after the Proposals.

### **8.4 Political, Economic and Regulatory Considerations**

Like all businesses, changes in the political, economic and regulatory conditions in Malaysia and elsewhere could materially and adversely affect the financial and business prospects of the SEG Group and the markets they serve. Amongst the political and economic and regulatory uncertainties are the changes in political leadership, expropriation, nationalisation, re-negotiation or nullification of existing sales contracts, changes in interest rates and methods of taxation and currency exchange rules and contracts.

### **8.5 Competition**

The SEG Group faces competition from other educational providers in the market who are involved in similar segments as the SEG Group. In light of this, the SEG Group has and will continue to take steps to differentiate and develop further its educational products to ensure that it remains competitive and in some sub-sectors, the market leader. In respect of the provision of the Montessori Teacher Training Diploma, the SEG Group after the Proposed Acquisition of SES, will be the sole authorised provider in Malaysia as granted by the Montessori Centre International, London. However, there can be no assurance that SEG Group will be able to increase or maintain its existing market share in the future.

### **8.6 Dependence on key personnel**

The success of the SEG Group will depend to a significant extent upon the ability and continued efforts of the Directors and senior management of the SEG Group and the Acquiree Companies. The loss of any key members of the senior management team could affect the SEG Group's continued ability to compete in the education industry. However, every effort is taken to groom the younger members of the senior management to progressively take over from the senior members to ensure a smooth transition in the management team. The SEG Group's future success will also depend on its ability to attract and retain skilled personnel.

## 9. INDUSTRY REVIEW AND FUTURE PROSPECTS

### 9.1 The Education Sector

The education industry plays a pivotal role in nation building in order to provide a sufficient pool of well-educated, highly-skilled and strongly-motivated labour force. Over the years, the private sector has been playing an active role in establishing more educational institutions. This is in line with the Government's efforts to expand education and training facilities at all levels in order to produce an adequate number of skilled and quality workforce to meet the manpower requirements of the country. In addition, education and training contributes significantly to the objectives of the National Development Policy.

The number of private education institutions in Malaysia has grown tremendously during the past few years. These private education institutions continued to double during the last five years from 280 in 1995 to more than 500 in 1998. This indicated a significant change in the education sector with private colleges coming into prominence aside long established public tertiary institutions. Key players in the industry are identified in the tertiary education level as both primary and secondary education are primarily provided by the Government.

Further, a growing number of public listed companies has started to take interests in the private education industry. The public listed companies, which are actively involved, include Selangor Properties, Sungei Way, Talam, Inti Universal Holdings, Systematic Education Group Berhad and Stamford College. (*Source: Education Quarterly Issue No 5 July/August 1999*)

The education industry is not cyclical by nature and therefore, its revenue is not affected by the volatility of the economy. In Malaysia, private higher education have thrived during the economic slowdown as students chose to remain in local private colleges rather than overseas in view of the increased costs. Furthermore, the private education industry has the potential to be a major foreign exchange earner. By promoting their services and lower tuition fees, in comparison to similar institutions from developed countries, local private colleges have successfully attracted approximately 11,733 foreign students in 1998 which is twice the number registered in 1996, with Indonesia and China being the main contributor each attracting approximately 3,893 and 1,538 students respectively in 1998. (*Source: The Edge dated 23 August 1999*)

According to the Seventh Malaysia Plan, the Government has forecasted approximately 420,600 children in the local public institutions for pre-school (age 5 and 6). In 1999, close to 500,000 students enrolled for standard one. As projected from the actual 1999 Standard One enrolment, there should be approximately 2.5 million children in the age bracket of 2 to 6 years who would qualify for nursery and pre-schools (taska and tadika). Even based on a more conservative figure put forward by the Government, there should be around 1.6 million children requiring nursery schools, of which the government has targeted a penetration rate of 65% - this rate being logically higher in urban and sub-urban areas.

Accordingly the prospects for early childhood education sub-sector is bright as there is a big scope for expansion in this sub-sector.

Overall, the prospects of the education industry are expected to remain bright for the following reasons:

- The Government is set on establishing the country into a regional centre of education excellence. The National Accreditation Board has been set up to ensure that high standards are kept by private colleges to ensure that the quality of courses offered are compatible to those offered in public institutions.
- Following the economic crisis in mid-1997, more local private colleges made available foreign degree programmes as a cheaper alternative to obtaining a university degree from abroad. This trend continues resulting in a larger student population completing their undergraduate programmes locally compared to previous year. The Government's decision to allow private colleges to conduct 3+0 programmes which allow students to do an entire foreign university degree course locally will help the industry to grow.

- Information technology is tightly woven into the fabric of modern society. The Government has taken steps to develop the country into an IT hub and companies with MSC status are expected to require more than 25,000 knowledgeable workers over the next five (5) years. Therefore, emphasis has been put on tertiary education relating to sciences, engineering and IT disciplines of which local public institutions still lag behind in terms of meeting the demand.
- The rapid industrialisation of Malaysia will result in an increase in demand for a more educated and highly trained workforce. This will provide the impetus for growth in the education industry to meet the manpower demands of the country.
- A shortage in the supply of educational infrastructure currently as well as in view of the burgeoning demand in this sector.
- Increase in population as well as increase in demand for education stemming from a society which is technologically driven and which is increasingly aware of the importance, value and essentiality of quality education at all levels.
- The growth of this nation in its economic development of which leads to the improvement of per capita income and growth of education requirements for children in respect of their early development years.
- The Government's aspiration to make early childhood education compulsory in the near future, is expected to have a positive impact on the development of early childhood education sub-sector. This is reflected with the first public announcement by the new Minister of Education, Tan Sri Dr. Musa Mohamad, 1 January 2000 of making early childhood education compulsory for Malaysia. This will act as a catalyst to the areas relating to early childhood education such as training of teachers and the establishment of new child-care centres.

## 9.2 The Property Sector

Overall, the property market in the first six months of 1999 has shown clear signs of a recovery. The total number of transactions for the first six months of 1999 was 110,754 compared to 96,085 for Jan-June 1998 and 90,645 for July-December 1998. The total number of transactions in Jan-June 1999 was only 20.6% lower than the highest total number of transactions recorded so far, seen in the second half of 1997 (139,517).

Total value transacted in January-June 1999 (RM16.94 billion), was 30.5% higher than July-December 1998 (RM12.98 billion). Similarly, total values transacted in January-June 1999 was 17.1% higher than in January-June 1998 (RM14.5 billion). However, the market is not as active as suggested by the figures due to bulk purchases of vacant lots in several states between developers and local authorities. At state level, the most active property markets in terms of the number of transactions for the period of Jan-June 1999 were in Selangor (23,472) and Kedah (15,375).

For the commercial sector, the total number of transactions for January-June 1999 (7,771), compared to July-December 1998 (5,677), increased by 35.8%. Compared to January-June 1998 (6,469), the increase was 19.2%. Total values increased by 30.5%, from RM2.55 billion to RM3.33 billion. The most active states in terms of value of transactions were Kuala Lumpur (RM1.43 billion), Selangor (RM0.64 billion) and Johor (RM0.32 billion). The value of transactions in Kuala Lumpur was RM1.43 billion, Selangor RM0.64 billion and Johor RM0.32 billion, an increase of 74.4% for Kuala Lumpur, 1.6% for Selangor and 28.3% for Johor, respectively compared to January-June 1998.

According to the Government's Property Market Report 1999, the trend towards suburban offices was more apparent last year with almost 45 per cent of the new supply coming from the suburban areas. This trend continues with the growing preference of shop-offices and business parks in the Klang Valley's suburban area where cheaper rental rates is one of the major attraction due to competition. Overall, the property market in the first six months of 1999 is still soft, but showing signs of a modest recovery. The comprehensive steps taken by the government to revive the economy and the real property market are beginning to show tangible results but more time is needed for the market to regain its lustre.

For example, one of the new areas in the Klang Valley which is situated in Petaling Jaya called the Phileo Damansara, is fast becoming a new location for Internet and software companies due to the attractive rental rates. The Phileo Damansara loosely refers to a cluster of strata-titled shop-offices housed in Phileo Damansara I and Phileo Damansara II. Separating the two is the 22 storey CP Tower, which, too, houses companies engaged in IT. Besides rentals, one of the factors cited for this area's popularity is location. The shop-offices sits strategically above road level just off busy Jalan Damansara, offering easy access to Kuala Lumpur and Subang Jaya via the North-South Expressway. The Damansara-Puchong Expressway and the Federal Highway also serve the area and upon the completion of the Sprint Highway would further enhance its accessibility. Being strategically positioned and close to residential schemes is also a boon, in terms of manpower availability. (Source: *The Edge City & Country* dated 1 May 2000)

## **10. EFFECTS OF THE PROPOSALS**

### **10.1 Share Capital**

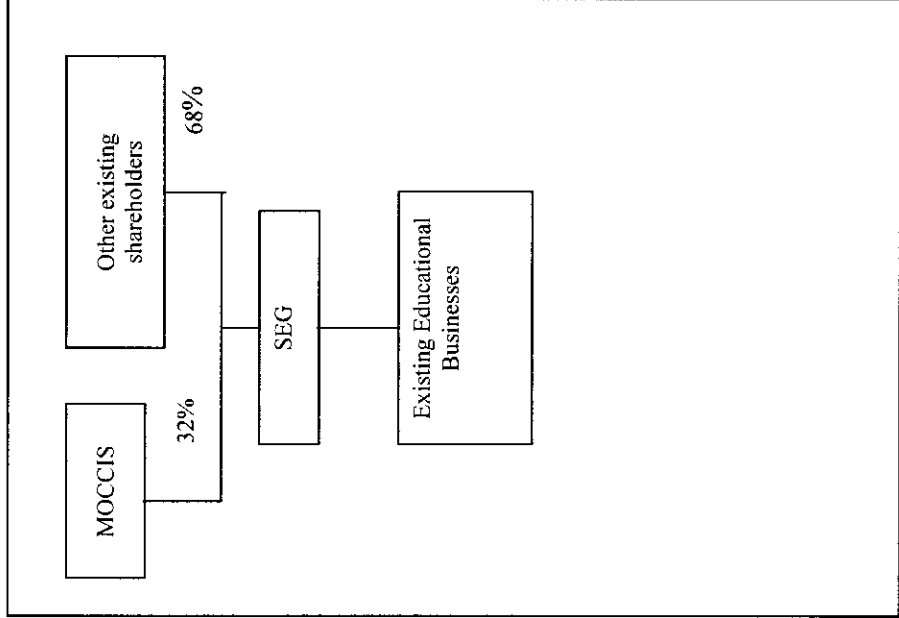
The effect of the Proposals on the issued and paid-up share capital of SEG is as follows:

	<b>No. of shares</b>
Existing	19,000,000
To be issued pursuant to:	
Proposed Bonus Issue	7,600,000
Proposed Acquisition of BBC	30,000,000
Proposed Acquisition of SES	9,194,422
Proposed Acquisition of SME	4,333,333
Proposed Acquisition of RMSB	333,333
Proposed Acquisition of Office Buildings	8,666,667
Enlarged issued and paid-up share capital	79,127,755

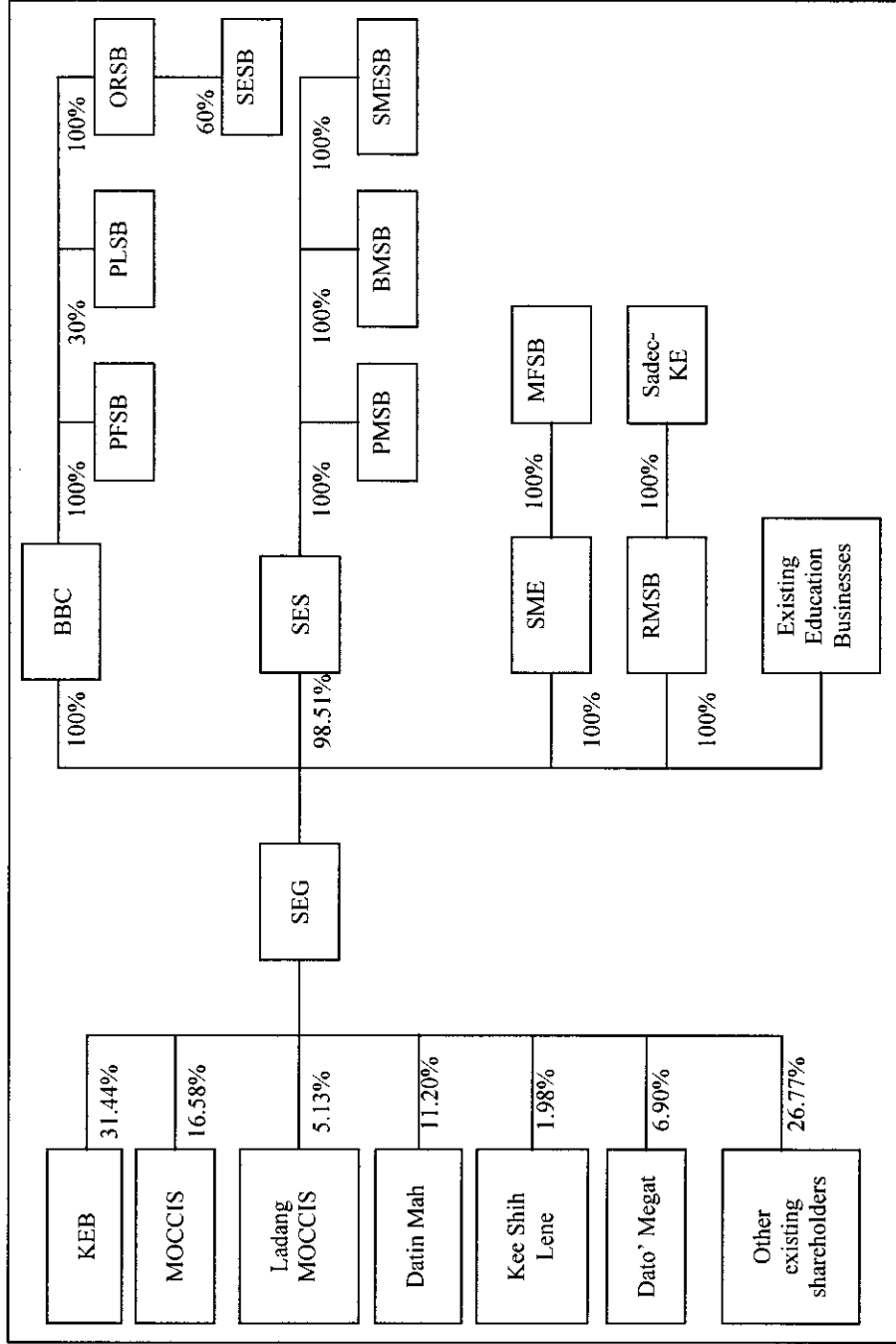


10.2 Group Structure

Before the Proposed Acquisitions



After the Proposed Acquisitions



### 10.3 NTA

The effects of the Proposals on the proforma NTA of the Group based on its audited accounts as at 31 December 1999 are as follows:

	(a) Audited as at 31.12.99 RM'000	(b) After (a) and Proposed Acquisition of BBC RM'000	(c) After (b) and Proposed Acquisition of SES RM'000	(d) After (c) and Proposed Acquisition of SME RM'000	(e) After (d) and Proposed Acquisition of RMSB RM'000	After (e) and Proposed Acquisition of Office Buildings RM'000
Share capital	19,000	26,600	65,794	70,128	70,461	79,128
Share premium	543	-	19,598	21,765	21,932	25,065
Revaluation reserve	3,452	3,452	3,452	3,452	3,452	3,452
Unappropriated profit	10,370	3,313	3,313	3,313	3,313	3,313
Shareholders' funds	33,365	33,365	92,157	98,658	99,158	110,958
Less:						
Goodwill	-	17,415	23,727	29,719	29,719	29,719
Expenditure carried forward at cost	108	108	108	194	215	215
NTA	33,257	33,257	68,322	68,745	69,224	81,024
NTA per share (RM)	1.75	1.25	1.04	0.98	0.98	1.02

#### Notes:

1. The decrease in SEG Group's NTA per share after the Proposed Acquisition of BBC Group is due to the goodwill of approximately RM17.4 million. The goodwill represents the future earnings potential of the BBC Group, particularly potential earnings from PRIME College arising from projected increase in the number of students as well as the introduction of new educational programmes and the opening of a new campus in Seri Kembangan, Selangor.
2. The decrease in SEG Group's NTA per share after the Proposed Acquisition of SES Group (after the Proposed Acquisition of BBC Group) is due to the additional goodwill of approximately RM6.3 million. The goodwill represents the future earnings potential of the SES Group arising from projected increase in the number of students, the introduction of new courses as well as the opening of new campuses in Seri Kembangan, Selangor, Johor Bahru and Penang.
3. The decrease in SEG Group's NTA per share after the Proposed Acquisition of SME Group (after the Proposed Acquisition of BBC and SES Groups) is due to the additional goodwill of approximately RM6.0 million. The goodwill represents the future earnings potential of the SME Group arising from the opening of new child-care centres as well as the expected increase in the number of children enrolled into the centres.
4. The SEG Group's NTA per share improves after the Proposed Acquisition of Office Buildings (after the Proposed Acquisition of Acquiree Companies) due to the enhancement in its fixed assets.
5. The estimated expenses relating to the Proposals amounting to approximately RM1.2 million has been deducted from the share premium account.

#### 10.4 Earnings

The Proposals are not expected to have any significant effect on the earnings of the SEG Group for the financial year ending 31 December 2000, as the Proposals are only expected to be completed by 30 November 2000. However, the Proposed Acquisitions are expected to contribute positively towards the future earnings of the SEG Group.

Barring any unforeseen circumstances, the Board of Directors of SEG estimate that the consolidated profit after taxation and minority interest ("MI") of SEG for the financial year ending 31 December 2000 is expected to be as follows:

<b>Financial year ending 31 December 2000</b>	<b>Before Proposals</b>	<b>After Proposals</b>
Consolidated Profit After Taxation and MI (RM'000)	<sup>3</sup> 4,943	<sup>3</sup> 5,302
No. of ordinary shares ('000)	<sup>^</sup> 26,600	<sup>*</sup> 30,977
Net EPS (sen)	18.58	17.12

The Board of Directors of SEG also expects that, barring any unforeseen circumstances, the net EPS of SEG under After Proposals would be better than the Before Proposals commencing from the financial year ending 31 December 2001.

*Notes:*

- \* *Based on the weighted average number of shares in issue.*
- <sup>^</sup> *Based on a fully diluted basis after taking into consideration the Proposed Bonus Issue.*
- 1. *The Proposals are expected to be completed by 30 November 2000. Accordingly, the profit contribution from the Acquiree Companies is assumed to accrue evenly.*
- 2. *Contribution from the Acquiree Companies is net of goodwill.*
- 3. *Includes an exceptional gain of RM1.295 million from disposal of property.*

## 10.5 Substantial Shareholdings

The effects of the Proposals on the substantial shareholdings of SEG based on the record of depositors as at 29 September 2000 are as follows:

Existing shareholders	As at 29 September 2000		(a) After Proposed Bonus Issue		After (a) and Proposed Acquisitions	
	No. of shares	% held	No. of shares	% held	No. of shares	% held
MOCCIS <sup>1</sup>	6,080,000	32.00	8,512,000	32.00	13,118,053	16.58
Yeoh Ah Tu <sup>a</sup>	1,744,000	9.18	2,441,600	9.18	2,441,600	3.09
William A/L C.D. Gnana Arul	760,000	4.00	1,064,000	4.00	1,064,000	1.34
Tan Hong Aik	721,000	3.79	1,009,400	3.79	1,009,400	1.28
Perdana Technology Venture Sdn Bhd <sup>2</sup>	1,018,000	5.36	1,425,200	5.36	1,425,200	1.80
Pujian Wajar Sdn Bhd	930,000	4.89	1,302,000	4.89	1,302,000	1.65
Tan Foo Tin <sup>b</sup>	450,440	2.37	630,616	2.37	630,616	0.80
Others/public	7,296,560	38.41	10,215,184	38.41	10,215,184	12.90
<b>Vendors</b>						
Ladang MOCCIS	-	-	-	-	4,060,613	5.13
KEB	-	-	-	-	24,881,025	31.44
Datin Mah <sup>3</sup>	-	-	-	-	10,423,514	13.17
Dato' Megat	-	-	-	-	5,456,800	6.90
Other vendors	-	-	-	-	3,099,750	3.92
<b>TOTAL</b>	<b>19,000,000</b>	<b>100.00</b>	<b>26,600,000</b>	<b>100.00</b>	<b>79,127,755</b>	<b>100.00</b>

### Notes:

1. Pledged securities held under Aseam Malaysia Nominees (Tempatan) Sdn Bhd
2. 594,000 SEG Shares are held in the registered name of JS Nominees (Tempatan) Sdn Bhd, 399,000 SEG Shares are held in the registered name of BBMB Securities Nominees (Tempatan) Sdn Bhd and 25,000 SEG Shares are owned directly.
3. Shareholding together with her daughter, Kee Shih-Lene
4. The minimum 25% public spread requirement shall be met after one or more of the vendors of the Acquiree Companies place out sufficient number of shares to public investors. The size of the placement, if necessary, will be determined closer to the date of placement.
5. Save as disclosed below, there are no substantial shareholders with indirect shareholding in SEG:
  - a. Deemed interested through his spouse, Tan Foo Tin's shareholdings in SEG
  - b. Deemed interested through her spouse, Yeoh Ah Tu's shareholdings in SEG

## 10.6 Dividends

On 20 July 2000, the Board declared an interim dividend of 15 sen per share based on the existing issued and paid-up share capital of SEG of RM19,000,000 comprising 19,000,000 SEG Shares in respect of the financial year ending 31 December 2000. The interim dividends were paid on 28 August 2000.

As at the date of this Circular, the Board of Directors of SEG has yet to deliberate on any final dividends to be declared in respect of the financial year ending 31 December 2000.

## 11. APPROVALS REQUIRED

The Proposals are conditional upon the following approvals being obtained:

- (a) the SC for the Proposed Bonus Issue (arising from the capitalisation of SEG's share premium account) and Proposed Acquisitions, the approval of which was obtained on 4 September 2000. The Proposed Waiver will only be considered after certain conditions are fulfilled. The said conditions have been set out in Section 1.6 of this Circular;
- (b) MOE for the Proposed Acquisition of BBC and Proposed Acquisition of SES, the approval of which was obtained on 15 May 2000;
- (c) MOF for the Proposed Bonus Issue, the approval of which was obtained on 3 May 2000;
- (d) the FIC for the Proposed Acquisitions, the approval of which was obtained on 9 May 2000;
- (e) the KLSE for the listing of and quotation for the SEG New Shares to be issued pursuant to the Proposed Bonus Issue and Proposed Acquisitions;
- (f) the shareholders of SEG at the EGM to be convened; and
- (g) any other relevant authorities.

## 12. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS

The vendors of the Office Buildings, being subject to the Proposed Acquisition of Office Buildings are MOCCIS and Ladang MOCCIS. As at 29 September 2000, MOCCIS owns 6,080,000 SEG Shares representing 32% equity interest therein. MOCCIS is deemed to be interested in the Proposed Acquisition of Office Buildings and accordingly, will abstain from voting in respect of its shareholdings on the resolution approving the Proposed Acquisition of Office Buildings. Ladang MOCCIS does not have any direct or indirect shareholdings in SEG.

Tan Sri Dato' Seri (Dr.) Abdullah bin Ayub is a common director of MOCCIS, Ladang MOCCIS and SEG. Tan Sri Dato' (Dr.) Abdullah bin Mohd Salleh and Dato' Shamsir bin Omar are common directors of MOCCIS and SEG.

Tan Sri Dato' (Dr.) Abdullah bin Mohd Salleh and Dato' Shamsir bin Omar are co-operative members of MOCCIS and presently do not hold shares in SEG except by virtue of their memberships in MOCCIS which has 32% equity interest in SEG. However, Tan Sri Dato' Seri (Dr.) Abdullah bin Ayub owns 550,000 shares in Ladang MOCCIS under the registered name of MOCCIS Nominees Sdn Bhd and 3,000 SEG Shares besides being a co-operative member of MOCCIS. Tan Sri Dato' Seri (Dr.) Abdullah bin Mohd Salleh and Dato' Shamsir bin Omar also own 135,000 and 63,000 ordinary shares in Ladang MOCCIS respectively under the registered name of MOCCIS Nominees Sdn Bhd. Ladang MOCCIS is one of the vendors of the Office Buildings. The above is illustrated in the table below:

Name	SEG		MOCCIS		Ladang MOCCIS	
	Director	Shareholding as at 29.09.00	Director	Shareholding as at 29.09.00	Director	Shareholding as at 29.09.00
Tan Sri Dato' Seri (Dr.) Abdullah bin Ayub	✓	3,000 <sup>^</sup>	✓	Member	✓	550,000 <sup>+</sup>
Tan Sri Dato' Seri (Dr.) Abdullah bin Mohd Salleh	✓	-	✓	Member	-	135,000 <sup>+</sup>
Dato' Shamsir bin Omar	✓	-	✓	Member	-	63,000 <sup>+</sup>

**Notes:**

<sup>^</sup> Direct shareholding

<sup>+</sup> Held in the registered name of MOCCIS Nominees Sdn Bhd

Accordingly, Tan Sri Dato' Seri (Dr.) Abdullah bin Ayub, Tan Sri Dato' (Dr.) Abdullah bin Mohd Salleh and Dato' Shamsir bin Omar are deemed interested in the Proposed Acquisition of Office Buildings and accordingly will abstain from voting in respect of their direct and indirect shareholdings on the resolution approving the Proposed Acquisition of Office Buildings.

**The abovementioned directors have abstained and will continue to abstain on deliberations at board meetings on the Proposed Acquisition of Office Buildings. Accordingly, the directors of SEG who are deemed interested in the Proposed Acquisition of Office Buildings will abstain from voting on the resolution approving the Proposed Acquisition of Office Buildings in respect of their direct and indirect shareholdings in SEG.**

Save as disclosed above, none of the other directors, substantial shareholders and persons connected to the directors and substantial shareholders of SEG has any interest, direct or indirect, in the Proposals.

### **13. DIRECTORS' RECOMMENDATION**

Having considered all the aspects of the Proposals and on the advice of Amanah, your Directors are of the opinion that the Proposals are in the best and long-term interest of SEG. Therefore, your Directors (with the exception of Tan Sri Dato' Seri (Dr.) Abdullah bin Ayub, Tan Sri Dato' (Dr.) Abdullah bin Mohd Salleh and Dato' Shamsir bin Omar being interested parties to the Proposed Acquisition of Office Buildings) recommend that you vote in favour of the relevant ordinary resolutions to be tabled at the forthcoming EGM.

### **14. EGM**

The Notice convening the EGM to vote on the resolutions on the Proposals is set out in this Circular. The EGM will be held at the Dynasty Hotel Ballroom, Level 5, No. 218, Jalan Ipoh, 51200 Kuala Lumpur, on Saturday, 25 November 2000 at 10.00 a.m. for the purpose of considering and, if thought fit, passing the resolutions to approve the Proposals.

If you are unable to attend and vote in person at the EGM, you should complete, sign and return the enclosed Form of Proxy strictly in accordance with the instructions contained therein as soon as possible, but in any case so as to arrive at the Registered Office of the Company at 11<sup>th</sup> Floor, Wisma Damansara, Jalan Semantan, Damansara Heights, 50490 Kuala Lumpur not later than forty-eight (48) hours before the time set for the EGM. The lodging of the Form of Proxy will not preclude you from attending and voting in person should you subsequently wish to do so.

### **15. FURTHER INFORMATION**

Shareholders are requested to refer to the Appendices for further information.

Yours faithfully  
On behalf of the Board

**Tan Hong Aik**  
Director