

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

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

If you have sold all your ordinary shares in **SEG International Bhd**, you should at once hand this Circular to the agent through whom the sale was effected for onward transmission to the purchaser.

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**SEG INTERNATIONAL BHD.** 145998-U

*(Incorporated in Malaysia under the Companies Act, 1965)*

**INFORMATION CIRCULAR TO SHAREHOLDERS**

**IN RELATION TO THE**

- I. PROPOSED ACQUISITION OF A PIECE OF LAND SITUATED AT LOT NO.9 JALAN TEKNOLOGI, TAMAN SAINS SELANGOR 1, KOTA DAMANSARA FOR A TOTAL PURCHASE CONSIDERATION OF RM14,960,360.00 FROM PERBADANAN KEMAJUAN NEGERI SELANGOR (“PROPOSED ACQUISITION OF LAND AT KOTA DAMANSARA”)**
  
- II. PROPOSED ACQUISITION OF A PIECE OF LAND TOGETHER WITH A 12-STOREY OFFICE BUILDING BLOCK HELD UNDER GERAN 43527, LOT NO.13 PEKAN SUBANG JAYA, DISTRICT OF PETALING, STATE OF SELANGOR FOR A TOTAL PURCHASE CONSIDERATION OF RM15,000,000.00 FROM WISMUDA SDN BHD (“RECEIVER APPOINTED”) (“PROPOSED ACQUISITION OF LAND AND BUILDING AT SUBANG JAYA”)**

## **DEFINITIONS**

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

<b>SEG or Company</b>	<b>:</b>	<b>SEG International Bhd (Company No. 145998-U)</b>
<b>Board</b>	<b>:</b>	<b>Board of Directors of SEG</b>
<b>Shaw</b>	<b>:</b>	<b>Shaw Commercial Institution Sdn Bhd (Company No. 7333-D), a wholly-owned subsidiary of SEG</b>
<b>PKNS</b>	<b>:</b>	<b>The Selangor State Development Corporation</b>
<b>WSB</b>	<b>:</b>	<b>Wisnuda Sdn Bhd (Receiver Appointed)</b>
<b>Group</b>	<b>:</b>	<b>SEG and its subsidiary companies</b>
<b>Proposed Acquisition of Land at Kota Damansara</b>	<b>:</b>	<b>Proposed acquisition of a piece of land containing a provisional area of 9.76 acres (425,146 sq. ft. or 39,497 sq.m.) situated at Lot No.9 Jalan Teknologi, Taman Sains Selangor 1, Kota Damansara for a total purchase consideration of RM14,960,360.00 from PKNS</b>
<b>Proposed Acquisition of Land and Building at Subang Jaya</b>	<b>:</b>	<b>Proposed acquisition of a piece of land together with a 12-storey building block measuring approximately 5,671 square metres in area (1.40 acres) held under Geran 43527, Lot No.13 Pekan Subang Jaya, District of Petaling, State of Selangor for a total purchase consideration of RM15,000,000.00 from WSB</b>
<b>Proposed Acquisitions</b>	<b>:</b>	<b>Proposed Acquisition of Land at Kota Damansara and Proposed Acquisition of Land and Building at Subang Jaya</b>
<b>S &amp; P between SEG and PKNS</b>	<b>:</b>	<b>Sale and Purchase Agreement entered into between SEG and PKNS dated 22 December 2003</b>
<b>S &amp; P between Shaw and WSB</b>	<b>:</b>	<b>Sale and Purchase Agreement entered into between Shaw and WSB dated 18 February 2004</b>
<b>The said Lot</b>	<b>:</b>	<b>The land situated at Kota Damansara known as Lot No.9 Jalan Teknologi, Taman Sains Selangor 1, Kota Damansara in the Mukim of Sungai Buloh measuring 9.76 acres (425,146 sq ft or 39,497 sq.m.)</b>

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### **APPENDIX I**



# SEG INTERNATIONAL BHD. 145998-U

(Incorporated in Malaysia under the Companies Act, 1965)

Registered Office:  
10<sup>th</sup> Floor Menara Summit  
Persiaran Kewajipan, USJ1  
47600 UEP Subang Jaya

Date: 1 June 2004

## Directors

YBhg Tan Sri Dato' Seri (Dr) Abdullah bin Ayub  
(Chairman, Non-Independent Non-Executive Director)  
YBhg Dato' (Dr) Patrick Teoh Seng Foo (President/Executive Director)  
YBhg Dato' Clement Hii Chii Kok (Chief Executive Officer/Executive Director)  
Mr Kee Lian Yong (Executive Director)  
YBhg Dato' Seri Megat Najmuddin bin Datuk Seri Dr Haji Megat Khas  
(Independent Director)  
YBhg Dato' Pahamin A. Rajab (Non-Independent Non-Executive Director)  
YBhg Datin Fadzilah Bte Saad (Non-Independent Non-Executive Director)  
Mr Amos Siew Boon Yeong (Independent Director)  
Mr Simon Hue Fook Chuan (Independent Director)  
Tuan Haji Mohd Razi bin Yaacob  
(Alternate Director to YBhg Tan Sri Dato' Seri (Dr) Abdullah bin Ayub)

## To: The Shareholders of SEG International Bhd

Dear Sir / Madam

### I. PROPOSED ACQUISITION OF LAND AT KOTA DAMANSARA II. PROPOSED ACQUISITION OF LAND AND BUILDING AT SUBANG JAYA

#### 1. INTRODUCTION

On 22 December 2003 and 18 February 2004, the Company had announced that SEGi and Shaw have respectively entered into the following conditional Sale and Purchase Agreements with:-

- a) PKNS on 22 December 2003 to acquire a piece of land situated at Lot No.9 Jalan Teknologi, Taman Sains Selangor 1, Kota Damansara for a total purchase consideration of RM14,960,360.00 from Perbadanan Kemajuan Negeri Selangor ("Proposed Acquisition of Land at Kota Damansara"); and
- b) WSB on 18 February 2004 to acquire a piece of land held together with an uncompleted 12-storey office building block held under Geran 43527, Lot No.13 Pekan Subang Jaya, District of Petaling, State of Selangor for a total purchase consideration of RM15,000,000.00 from Wismuda Sdn Bhd ("Receiver Appointed") ("Proposed Acquisition of Land and Building at Subang Jaya")

hereinafter collectively known as the "Proposed Acquisitions".

The purpose of this Circular is to provide you with further information on the Proposed Acquisitions. No further action is required to be taken.

## **2. INFORMATION ON THE PROPOSED ACQUISITIONS**

### Proposed Acquisition of Land at Kota Damansara

The land situated at Kota Damansara is known as Lot No.9 Jalan Teknologi, Taman Sains Selangor 1, Kota Damansara in the Mukim of Sungai Buloh measuring 9.76 acres (425,146 sq. ft or 39,497 sq. m.) (“the said Lot”).

The said Lot is part of a piece of land being developed by PKNS into a high technology industrial park known as “Taman Sains Selangor 1”. PKNS has made an application, the approval of which has been given in principle by the relevant State Authority for the said land to be sub-divided into industrial lots and for the issue of separate documents of title for each industrial lot. The issue document of title to each of the industrial lots has yet to be issued. When issued, the document of title will be a Qualified Title for a leasehold land of 99 years and will contain such express or implied conditions and restrictions in interest that the relevant authority may in its discretion impose including the restriction that the said Lot shall not be transferred or charged without the written consent of the State of Authority.

The said Lot is meant for commercial building approved by PKNS and is acquired free from encumbrances other than those imposed by the provisions of the S & P between SEG and PKNS on the Proposed Acquisition of Land at Kota Damansara and the conditions expressed and/or implied affecting the document of title to the said Lot when issued and subject to the terms and conditions hereinafter contained.

PKNS is unable to determine the net book value, the original cost of investment and the date of such investment of the said Lot as the high technology park is catered not only for industrial but commercial use as well.

SEG is not expected to assume any liabilities apart from the purchase consideration due pursuant to the Proposed Acquisition of Land at Kota Damansara.

### Proposed Acquisition of Land and Building at Subang Jaya

The land situated at Subang Jaya is a freehold land held under Geran 43527, Lot No.13 Pekan Subang Jaya, District of Petaling, State of Selangor measuring approximately 5,671 square metres (1.40 acres) in area including the uncompleted twelve (12) storey building erected thereon (the “Property”).

The Property is currently charged to RHB Sakura Merchant Bankers Berhad (the “Chargee”) under Registration No. 29182/2000 and is subject to an easement under Registration No. 26921/2002 and a private caveat by Malayan Banking Berhad under Registration No. 26926/2003 (the “Restrictions”). The Restrictions will be lifted upon completion of the Proposed Acquisition of Land and Building at Subang Jaya.

The Property will be acquired in its existing state and condition on an “as is, where is” basis free from all encumbrances and with vacant possession upon the terms and subject to the conditions contained in the S & P between Shaw and WSB.

WSB is unable to determine the net book value, the original cost of investment and the date of such investment of the said Lot.

There are no other liabilities to be assumed by SEG other than the purchase considerations pursuant to the Proposed Acquisition of Land and Building at Subang Jaya.

## **3. BASIS OF CONSIDERATION**

### Proposed Acquisition of Land at Kota Damansara

The purchase consideration of RM14,960,360 is to be satisfied in cash in the following manner:-

- a) RM2,992,072, being the equivalent of 20% of the purchase consideration has been paid to PKNS on 5 November 2003; and
- b) RM11,968,288, being balance of the purchase consideration is to be paid on or before 7 June 2004.

**Proposed Acquisition of Land and Building at Subang Jaya**

The purchase consideration of RM15,000,000/- was/will be satisfied in cash by Shaw in the following manner:-

- a) RM750,000, being the equivalent of 5% of the purchase consideration has been paid to WSB before the execution of the S & P Agreement between Shaw and WSB as earnest deposit on 14 November 2003;
- b) RM750,000, being the equivalent of 5% of the purchase consideration has been paid to WSB upon the execution of the S & P Agreement between Shaw and WSB as balance deposit on 18 February 2004;
- c) RM13,500,000, being the balance Purchase Consideration ("Balance Purchase Price") to be paid to WSB not later than three (3) months from the date the S & P Agreement between Shaw and WSB becomes unconditional.

The conditions precedent have been fulfilled on 26 May 2004 and the Balance Purchase Price is to be paid within three (3) months hereof.

Both the purchase considerations of RM14,960,360/- and RM15,000,000/- have been arrived at based on the developer's (i.e. PKNS) list price and negotiated price respectively. The developer's list price was based on their standard price list to the public while the negotiated price was at a willing buyer willing seller basis. No valuation was carried out for the Proposed Acquisitions.

**4. SALIENT TERMS OF THE PROPOSED ACQUISITIONS**

**Proposed Acquisition of Land at Kota Damansara**

- a) SEG is to use the said Lot for the construction of buildings only. The building plans have been submitted to the relevant authorities within 6 months from 8 October 2003. The prospective drawings have been approved by PKNS on 12 February 2004.
- b) The sales and purchase of the said Lot is conditional upon the approval of the Foreign Investment Committee being duly obtained.

The conditions as stated in the S & P Agreement between SEG and PKNS are as follows:-

- a) SEG shall comply strictly with the Provisions of the Environmental Quality Act, 1974, including the Pre-Siting Evaluation thereto.
- b) SEG shall keep the said Lot clean and ensure that no pollution from smoke, dust and obnoxious chemicals are discharged from the building constructed on the said Lot.
- c) The said Lot is meant for commercial building approved by the PKNS.
- d) SEG is prohibited from discharging oil, rubbish, affluent chemicals and other pollutants into the drains or rivers and shall at all times keep the said Lot in a clean and satisfactory condition.
- e) SEG shall endeavour to ensure that majority of its employees at all levels and categories employed on the said Lot are Bumiputras.
- f) The said Lot cannot be transferred, mortgaged, or sold without first obtaining PKNS's written consent and approval.
- g) SEG shall duly observe and comply with any rules or regulations as stipulated by the management of the Syarikat Pengurusan Taman Sains to be set up.

- h) In the event SEG fails to abide by condition herein contained, PKNS may terminate the S & P Agreement between SEG and PKNS and refund the monies paid after deducting 10% from the total purchase price of the land and other management charges to SEG and thereafter the said Agreement shall be null and void, notwithstanding the purchase price had been paid in full and vacant possession of the said Lot delivered to SEG.

**Proposed Acquisition of Land and Building at Subang Jaya**

The completion of the purchase of Property is conditional upon the following conditions being fulfilled within three (3) months from the date of the S & P Agreement (hereinafter referred to as the “Approval Period”) entered into between Shaw and WSB:-

- a) the approval of the Foreign Investment Committee;
- b) the irrevocable and unconditional corporate guarantee by Systematic Business Training Centre (PJ) Sdn Bhd, a wholly-owned subsidiary of the Company for the complete performance by Shaw of all its obligations under the S & P Agreement between Shaw and WSB;
- c) the Chargee’s consent being obtained for the sale of the Property to the Company;
- d) all building plans (inclusive of services and facilities), architectural plans and other related plans for the construction of the building as agreed between WSB and the Company, being forwarded by WSB to the Company upon WSB’s receipt thereof from the project consultants (namely, the Architects, the Mechanical & Electrical Engineers and the Civil & Structural Engineers).

In the event any of the conditions precedent above is not fulfilled within the Approval Period, the Approval Period may be further extended for such duration (the “Extended Approval Period”) and upon such terms and conditions as may be mutually agreed upon between both parties.

**5. CONDITIONS**

The Proposed Acquisitions are not subject to the approval of the shareholders of SEG.

**6. SOURCE OF FUNDING**

The purchase considerations for the Proposed Acquisitions are to be financed by internally generated funds and/or bank borrowings in the following manner:-

	Internally generated funds %	Bank borrowings %
Proposed Acquisition of Land at Kota Damansara	20	80
Proposed Acquisition of Land and Building at Subang Jaya	20	80

**7. DETAILS OF THE VENDORS**

**Proposed Acquisition of Land at Kota Damansara**

PKNS was incorporated on 1 August 1964 under the Selangor State Development Corporation Enactment No.4 of 1964. The Board members of PKNS are as follows:-

- a) YAB Dato’ Seri Dr Mohamed Khir bin Toyo
- b) YB Dato’ Haji Abdul Aziz bin Mohd. Yusof
- c) YB Dato’ Hj Mohamad Adzib bin Mohd Isa
- d) Y Bhg Dato’ Ir Abd. Rashid bin Yusof
- e) YB Dato’ Mufti bin Suib
- f) YB Dato’ Tai Chang Eng @ Teh Chang Ying
- g) YB Tuan Jagarasah a/l Verasamy
- h) YB Dato’ Zakariah @ Zainal Bin Md. Deros
- i) Y Bhg Dato’ Dr Hj Karim bin Hj Mansor

- j) Y Bhg Datuk Iskandar Dzakurnain bin Badarudin
- k) Y Bhg Dato' Abd Rahman bin Husin
- l) Y Bhg Puan Hajah Kamesah bt Haji Abu Bakar

The activities of PKNS encompass the development of residential areas, new growth centres and industrial estates, acting as project implementation agency for the State of Selangor, investment holding and the establishment of a Bumiputera Commercial and Industrial Community.

#### Proposed Acquisition of Land and Building at Subang Jaya

WSB was incorporated in Malaysia on 12 March 1993. The authorised share capital of WSB is RM100,000 divided into 100,000 ordinary shares of RM1.00 each. The present issued and paid-up share capital is RM100,000 comprising 100,000 ordinary shares of RM1.00 each. WSB is principally engaged in building, masonry and ready-made and reinforced concrete.

The Directors of WSB are En Md Shariff bin Mohamad Yusoff and En Ibrahim bin Abdullah Gurmukh and the substantial shareholder of WSB is Rolling Hills Sdn Bhd. The Directors of Rolling Hills Sdn Bhd are Md Shariff bin Mohamad Yusoff and Ibrahim bin Abdullah Gurmukh while its shareholders are Gerald Newton John and Thiruchelvam s/o P.Y. Nathan.

Pursuant to the terms and provisions of a Debenture dated 31 January 1997 made between WSB and the Chargee, Mr Chew Hoy Ping (the "Receiver") was appointed on 5 August 2003 to act as Receiver of WSB and the Receiver is the duly authorised agent of WSB to act for and on behalf of WSB in the sale of the Property.

### **8. RATIONALE OF THE PROPOSED ACQUISITIONS**

#### Proposed Acquisition of Land at Kota Damansara

The Proposed Acquisition of Land at Kota Damansara is for the building of SEG's flagship campus which will have a gross built-up area of approximately 580,000 sq. ft. and net useable area of approximately 400,000 sq. ft. complete with state-of-the-art educational, recreational and hostel facilities. Other types of facilities that will be available are classrooms, computer and science laboratories, multipurpose hall, cafeteria, hostel, sporting facilities such as tennis and squash courts, swimming pool and car parks. The Group currently has over 18,000 students at its 14 colleges and various training centres throughout Malaysia. The building of a flagship campus will enable the Group to further enhance its services offered to the students and to meet the growing demands of private education. The campus, on completion, is expected to be a landmark for private education in the Klang Valley.

The location of the campus in Selangor Science Park, Kota Damansara is suitable as it is situated in the heart of Klang Valley and close to public amenities. With full campus facilities within the city centre, students will not only have access to high tech research facilities but can also access to major research hubs.

The total development cost is estimated to be approximately RM50 million to be financed 10% by internally generated funds and 90% by bank borrowings. The development is expected to commence end of year 2004 and is expected to be completed in 2007. However, the relevant approval(s) and planning consent have yet to be obtained from the Local Council, Majlis Perbandaran Petaling Jaya.

#### Proposed Acquisition of Land and Building at Subang Jaya

The Group is proposing to purchase the Property to upgrade its current campus of PRIME College in Subang Jaya. The stand-alone city campus building will be completed with state-of-the-art technology and facilities to provide the students with a complete learning experience. It has a gross built-up area of 26,028 sq. metre (280,163 sq ft) and net useable area of 130,975 sq. ft. (12,168 sq.m.). The facilities that will be available are classrooms, laboratories and cafeteria.



The new campus is expected to have a maximum student capacity of about 6,500 students. With the additional capacity, the Group will be in a better position to cater for the growing student numbers at PRIME College, USJ, which is currently located at the 4<sup>th</sup> Floor, The Summit Complex, Persiaran Kewajipan USJ1, 47600 UEP Subang Jaya, Selangor Darul Ehsan.

The total development cost is estimated to be approximately RM10 million to be financed 10% by internally generated funds and 90% by bank borrowings. The development is expected to commence end of year 2004 and is expected to be completed in 2006. However, the relevant approval(s) and planning consent have yet to be obtained.

## 9. FINANCIAL EFFECTS

The Proposed Acquisitions have no material effects on the earnings per share and net tangible assets per share for the financial year ending 31 December 2004 or any effect on share capital and substantial shareholders' shareholding.

## 10. PROSPECTS

The private education sector has grown very rapidly in the past decade as private student enrolment grew 19.4% a year during 1990 -2000 (Source: *Equity Focus*, "SEG International Bhd- Education: Lifelong Investment" 8 July 2003, *Mayban Securities, Malaysia Equity Research*). As at end 2002, 20 private universities and 516 private colleges have been established in Malaysia, of which the total number of private higher education institutions that have been approved to take in foreign students increased from 231 to 238 in 2002. This has helped to augment the existing capacity of public funded institutions as well as generate foreign exchange earnings by attracting foreign students. The number of foreign students studying in the private higher education institutions in Malaysia rose by 32% to 22,823 in 2002 (2001:17,249) (Source: *Bank Negara Malaysia Annual Report 2002*).

In view of the rapid changes in technology and the increasing knowledge intensity of the economy, under the Eighth Malaysia Plan, more efforts will be made to develop a knowledge-seeking culture among Malaysians. Lifelong learning will be promoted to enhance productivity and employability through the use of information and communications technology in, amongst others, distance learning and web-based learning to meet individual needs. (Source: *Eighth Malaysia Plan*).

Currently, the SEG Group, through its 14 colleges and 6 training centres, offers more than a hundred courses and programmes to not just Malaysian students but also to foreign students mainly from China and Indonesia. The courses offered are wide-ranging and they include short courses (such as languages classes and computer programming) as well as full courses like professional programmes, pre-university & diploma programmes and undergraduate programmes. Fields of studies range from the traditional business studies to science, IT, engineering, media, arts and design, law and early childhood education.

Since the reverse takeover, the SEG Group now boasts of having two renowned education brandnames - Systematic and PRIME. The Group has now grown to become the largest private education provider in the country in terms of student enrolment. In addition to the two brandnames, the SEG Group presently also owns Summit International College, MSC International College, IBMS College, and IFPA Resources. The Group offers a wide array of courses through its fourteen (14) colleges and six (6) training centres, serving over 18,000 students, double rate increase from 9,000 students at the point of the reverse takeover exercise in 2001.

SEG's success is attributed to three (3) main factors, namely its focus on adult education, vocational training and the Bumiputera market. SEG's strength lies in the location of its colleges. In contrast to many notable players, which operate on big campuses, SEG's colleges are scattered across the country, from large urban areas to smaller towns and villages. The Systematic Group of colleges and business units has centres in Georgetown, Petaling Jaya, Kuala Lumpur, Klang, Johore Bahru, and Serian and Kuching in Sarawak, while the PRIME Group has centres in Alor Setar, Bukit Mertajam, Subang Jaya, Kuching and Miri. The extensive group caters for a large adult student population besides the full-time market segment.

SEGi's courses cover the entire spectrum of higher education needs with more than a hundred programmes and courses ranging from professional courses, vocational programmes to diplomas/degrees. Overall, SEG has increased its full-fledged foreign university partners, which include University of Abertay Dundee, University of Greenwich and Bolton Institute from the United Kingdom and University of Newcastle, James Cook University and University of Southern Queensland from Australia and other blue chip universities in Australia and United Kingdom.

In view of the lucrative foreign student market, SEG is also working to expand its business to regional countries such as China and Indonesia. SEG's regional expansion plan shall be by either conducting twinning programmes where students begin their studies in their home country and complete the final year in Malaysia or students complete their entire studies in their home country (Source: *Equity Focus*, "SEG International Bhd – Education: Lifelong Investment" 8 July 2003, *Mayban Securities, Malaysia Equity Research*).

## **11. RISKS FACTORS**

SEG, whose operation includes the provision of professional, commercial and academic education, must rely on the reputation of its teaching staff, its infrastructure and performance of its students as well as its affiliation with renowned educational institutions from the likes of University of Abertay Dundee and University of Southern Queensland. These affiliations are subject to stringent controls of quality. And with 26 years of experience in the education sector, SEG believes it has carved a reputation as a leading provider of education services. However, this does not guarantee that SEG will be able to maintain its edge with increased competition, changing of education trends, legislation and increased cost of hiring professional teachers.

The operations of education providers in Malaysia are subject to rules and regulations set by the Education Ministry. Courses offered are designed within the scope and guidelines given by them. Changes in these policies will have an impact on the course offerings and may consequently affect the performance of the Group.

However, risks associated with policy changes are relatively rare. Notwithstanding the above mitigating factors, there is no guarantee that such unforeseen circumstances will not have an adverse impact on the results of the Group.

The estimated additional financial commitment required by SEG in having the said Lot and the Property on-stream would be approximately RM25.5 million (excluding development cost) and the estimated time frame for completion of the Proposed Acquisitions would be upon settlement of the balance purchase price which would be in mid 2004.

In the event SEG is not able to raise the necessary funds to meet its obligations, the S & P between SEG and PKNS and the S & P between Shaw and WSB may be terminated and the Deposit paid may be forfeited by PKNS and/or WSB.

## **12. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS**

None of the Directors or substantial shareholders and persons connected to the Directors and/or substantial shareholders has any interest, direct or indirect, in the Proposed Acquisitions.

## **13. DIRECTORS' RECOMMENDATION**

The Board, having considered all aspects of the Proposed Acquisitions, is of the opinion that the Proposed Acquisitions are in the best interest of the Company.

#### **14. FURTHER INFORMATION**

Shareholders are advised to refer to the attached appendices contained in this Circular for further information.

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

**TAN SRI DATO' SERI (DR) ABDULLAH BIN AYUB**  
Chairman

**GENERAL INFORMATION****1. DIRECTORS' RESPONSIBILITY STATEMENT**

This Circular has been seen and approved by the Directors of SEG and they individually and collectively accept full responsibility for the accuracy of the information given in this Circular in so far as it relates to SEG and its subsidiary companies and confirm that after having made all reasonable enquiries to the best of their knowledge and belief, there are no other facts the omission of which would make any statement herein misleading.

**2. MATERIAL LITIGATION**

The Board of SEGi confirmed that the Company and/or its subsidiary companies are not engaged in any material litigations, claims or arbitration, either as plaintiff or defendant and the Directors of the Company do not have any knowledge of any proceedings pending or threatened against the Company and its subsidiary companies or of any facts likely to give rise to any proceedings which may materially or adversely affect the financial position or business or may have material impact on the profit or net assets value of the SEGi Group.

**3. MATERIAL CONTRACTS**

Save as disclosed below, SEG and its subsidiary companies have not entered into any contracts which is material during the two (2) years preceding the date of this Circular other than contracts entered into in the ordinary course of business:

- (a)(i) Tenancy Agreement entered into between Berrington Bay Corporation Sdn Bhd, a subsidiary company and Meda Development Sdn Bhd ("MDSB") on 4 October 2002 for the rental of 3<sup>rd</sup> and 4<sup>th</sup> Floor, The Summit, Subang USJ1, Subang Jaya, Selangor to be used for providing educational services. The total monthly rental inclusive of service charges of RM99,888 are at negotiated rates, taking into account prevailing market terms.
- (ii) Tenancy Agreement entered into between Premier Media Sdn Bhd, a subsidiary company and MDSB on 4 October 2002 for the rental of 3rd Floor, The Summit, Subang USJ1, Subang Jaya, Selangor for the operation of providing educational programmes. The total monthly rental inclusive of service charges of RM15,965 are at negotiated rates, taking into account prevailing market terms.
- (iii) Tenancy Agreement entered into between Summit Multimedia Sdn Bhd, a subsidiary company and MDSB on 4 October 2002 for the rental of 3rd Floor, The Summit, Subang USJ1, Subang Jaya, Selangor for the operation of providing educational programmes. The total monthly rental inclusive of service charges of RM46,789 are at negotiated rates, taking into account prevailing market terms.
- (iv) Tenancy Agreement entered into between Superior Element Sdn Bhd, a subsidiary company and ZKP Development Sdn Bhd ("ZKP"), a subsidiary of Meda Inc. Berhad ("MIB") on 3 May 2002 for the rental of Ground Floor, The Summit Bukit Mertajam Plaza and Level 8 & 9 of Wisma Summit, Bukit Mertajam Plaza for the operation of providing educational programmes. The total monthly rental inclusive of service charges of RM24,191 are at negotiated rates, taking into account prevailing market terms.

Dato' (Dr) Teoh Seng Foo ("TSF") is a director of MDSB and has interest in this company by virtue of his direct and indirect interests in Meda Inc. Berhad ("MIB"), the holding company of MDSB, and therefore is deemed interested in the aforesaid contracts.

- b) Tenancy Agreement entered into between the Company and Tomisho Sdn Bhd (“TSB”) on 31 July 2001 and subsequently renewed on 31 August 2003 for rental of office space at 10<sup>th</sup> Floor, Menara Summit, Persiaran Kewajipan, USJ1, 47600 UEP Subang Jaya, Selangor. The monthly rental of RM32,184 is at a negotiated rate, taking into account prevailing market rates.

TSF is deemed interested in this contract by virtue of his interest in Kumpulan Emas Berhad (“KEB”), which is a substantial shareholder of TSB.

- c)(i) Profit Guarantee and Stakeholder’s Agreement dated 12 April 2002 entered between the Company, KEB (“Guarantor”) and Amtrustee Berhad (formerly known as Arab-Malaysian Trustee Berhad) (“Stakeholder”), pursuant to the profit guarantee given by the Guarantor and the appointment of the Stakeholder in relation to the placement of security shares.
- (ii) Settlement Agreement entered into between the Company, KEB and Datin Seri Mah Ming Yuet and Kee Shih-Lene dated 15 April 2002 in relation to the anticipated shortfall of the guaranteed profits amounting to RM3.25 million in the financial year ended 31 December 2001 in accordance with the Profit Guarantee Agreement dated 22 October 1999 and the Supplemental Agreement dated 17 October 2000.
- (iii) Second Supplemental Agreement dated 27 February 2003 entered into by the Company, KEB and the Stakeholder to vary the terms of the Profit Guarantee Agreement dated 22 October 1999 and Supplemental Agreement dated 17 October 2000 to increase the guaranteed aggregate profit before tax by RM2,286,000 and to extend the guaranteed period to the financial year ending 31 December 2006.

KEB is a substantial shareholder of the Company. Dato’ (Dr) Patrick Teoh Seng Foo and Mr Kee Lian Yong are also Directors of KEB.

- d)i) Sale and Purchase Agreement entered into between the Company and PKNS on 22 December 2003 to acquire all that piece and parcel of land at Lot No. 9 Jalan Teknologi, Taman Sains Selangor 1, Kota Damansara, Selangor, for the construction of a commercial building. The total purchase price of RM14,960,360 are at negotiated rates, taking into account prevailing market terms.
- ii) Sale and Purchase Agreement entered into between Shaw Commercial Institution Sendirian Berhad and Wismuda Sdn Bhd (Receiver appointed) on 18 February 2004 to acquire all that piece of land held under the issue documents of title Geran 43527, Lot No. 13 Pekan Subang Jaya, District of Petaling, State of Selangor together with the uncompleted twelve storey building erected thereon, for the operation of providing educational programmes. The total purchase price of RM15,000,000 are at negotiated rates, taking into account prevailing market terms.
- e) Sale and Purchase Agreement dated 5 June 2002 entered into between Mutu Unggul Sdn Bhd (“MUSB”), a subsidiary of SEGi and Malaysia National Insurance Berhad for the acquisition of Lot 9057 of Section 64 Kuching Town (“Lot 9057”) Land District for a purchase consideration of RM6.1 million. Concurrently, MUSB entered into a Deed of Assignment to assign all rights, estates, interests and liabilities in the Agreement to Yesmega Sdn Bhd (“YSB”).
- (f) Subsequently, YSB entered into a Memorandum of Agreement and a Memorandum of Sublease with MUSB to sublease part of Lot 9057 for a period of four (4) years.

#### **4. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents are available for inspection at the Registered Office of the Company at 10<sup>th</sup> Floor Menara Summit, Persiaran Kewajipan USJ1, 47600 UEP Subang Jaya during normal business hours from Mondays to Fridays (except public holidays) for the period of two weeks commencing from the date of this Circular:

- (i) the Memorandum and Articles of Association of SEG;
- (ii) the material contracts referred to in Section 3 of this Appendix; and
- (iii) the Audited accounts of SEG for the past three (3) financial years ended 31 December 2001 to 31 December 2003 and the Quarterly report on the consolidated results for the financial period ended 31 March 2004.