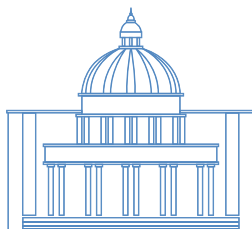


THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

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.

Bursa Malaysia Securities Berhad 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

(Company No. 145998-U)

(Incorporated in Malaysia under the Companies Act, 1965)

CIRCULAR TO SHAREHOLDERS IN RELATION TO:-

- (I) THE PROPOSED SHARE SPLIT INVOLVING THE SUBDIVISION OF EVERY ONE (1) EXISTING ORDINARY SHARE OF RM0.50 EACH IN SEG INTERNATIONAL BHD ("SEGi") INTO TWO (2) ORDINARY SHARES OF RM0.25 EACH IN SEGi AT AN ENTITLEMENT DATE TO BE DETERMINED LATER; AND
- (II) THE PROPOSED AMENDMENT TO THE MEMORANDUM AND ARTICLES OF ASSOCIATION OF SEGi;

AND

NOTICE OF EXTRAORDINARY GENERAL MEETING

Adviser



KENANGA INVESTMENT BANK BERHAD

Company No. 15678-H

The Notice convening the Extraordinary General Meeting ("EGM") of SEGi to be held at Level 2, Right Wing, SEGi University College, No. 9, Jalan Teknologi, Taman Sains Selangor, Kota Damansara, PJU 5, 47810 Petaling Jaya, Selangor Darul Ehsan on Tuesday, 28 June 2011 at 9.30 a.m. is enclosed herein together with the Proxy Form attached to this Circular. The Proxy Form enclosed in this Circular should be lodged and deposited at the Registered Office of SEGi at 6th Floor, SEGi University College, No. 9, Jalan Teknologi, Taman Sains Selangor, Kota Damansara, PJU 5, 47810 Petaling Jaya, Selangor Darul Ehsan on or before the date and time indicated below in order for it to be valid. The lodging of the Proxy Form will not preclude you from attending and voting in person should you subsequently wish to do so.

Last date and time for lodging the Proxy Form : Sunday, 26 June 2011 at 9.30 a.m.

Date and time of EGM : Tuesday, 28 June 2011 at 9.30 a.m.

This Circular is dated 2 June 2011

DEFINITIONS

For the purpose of this Circular, except where the context otherwise requires, the following definitions shall apply throughout this Circular:-

| | | |
|----------------------|---|---|
| Act | : | The Companies Act, 1965, as amended from time to time and any re-enactment thereof |
| Announcement | : | Announcement by KIBB on 28 April 2011, for and on behalf of the Board, on the Proposals |
| Board | : | The Board of Directors of SEGi |
| Bursa Depository | : | Bursa Malaysia Depository Sdn Bhd (165570-W) |
| Bursa Securities | : | Bursa Malaysia Securities Berhad (635998-W) |
| Circular | : | This circular to Shareholders dated 2 June 2011 in relation to the Proposals |
| Deed Poll | : | The Warrant's Deed Poll dated 15 July 2010 |
| EGM | : | Extraordinary General Meeting |
| Entitlement Date | : | The date to be determined and announced later by the Board on which the Shareholders must be registered in the Record of Depositors at the close of business in order to be entitled to participate in the Proposed Share Split |
| EPS | : | Earnings per share |
| FYE | : | Financial year ended or financial year ending 31 December, as the case may be |
| Holder(s) | : | Holder(s) of the Warrants |
| KIBB | : | Kenanga Investment Bank Berhad (15678-H) |
| LPD | : | 4 May 2011, being the latest practicable date prior to the date of this Circular |
| Listing Requirements | : | Bursa Securities' Main Market Listing Requirements |
| Market Day | : | Any day between Monday and Friday (inclusive of both days but excluding public holidays) and on which the Bursa Securities is open for trading of securities |
| Maximum Scenario | : | Assuming all the remaining Warrants issued are fully exercised prior to the Entitlement Date of the Proposed Share Split |
| Minimum Scenario | : | Assuming none of the Warrants are exercised prior to the Entitlement Date of the Proposed Share Split |
| M&A | : | The Company's Memorandum and Articles of Association |
| NA | : | Net assets |

DEFINITIONS (Cont'd)

| | | |
|---------------------------|---|---|
| Proposals | : | The Proposed Share Split and Proposed Amendment, collectively |
| Proposed Amendment | : | The proposed amendment to the M&A to facilitate the Proposed Share Split, further details of which are set out in Section 2.2 of this Circular |
| Proposed Share Split | : | The proposed share split involving the subdivision of every one (1) existing SEGi Shares into two (2) Subdivided SEGi Shares on the Entitlement Date |
| RM and sen | : | Ringgit Malaysia and sen, respectively |
| SEGi or the Company | : | SEG International Bhd (145998-U) |
| SEGi Group or the Group | : | SEGi and its subsidiary companies, collectively |
| SEGi Share(s) or Share(s) | : | Ordinary share(s) of RM0.50 each in SEGi |
| Shareholders | : | Ordinary shareholders of SEGi |
| Subdivided SEGi Share(s) | : | Ordinary share(s) of RM0.25 each in SEGi, after the Proposed Share Split and the Proposed Amendment |
| Warrants | : | The five (5)-year 2010/2015 warrants wherein each warrant is exercisable into one (1) new Share at an exercise price of RM1.00 for each warrant and is constituted by the Deed Poll. As at the LPD, there are 110,924,497 Warrants-in-issue |
| Warrants-in-issue | : | Being the remaining Warrants not yet exercised |

In this Circular, words importing the singular shall, where applicable, include the plural and vice versa and words importing the masculine gender shall, where applicable, include the feminine and vice versa. Reference to persons shall, where applicable, include corporations.

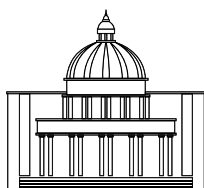
Any reference in this Circular to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any reference to a time of day in this Circular shall be a reference to Malaysian time, unless otherwise specified.

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SEG INTERNATIONAL BHD

(Company No. 145998-U)
(Incorporated in Malaysia under the Companies Act, 1965)

Registered Office:

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

2 June 2011

Board of Directors

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

Dato' (Dr) Patrick Teoh Seng Foo (*Executive Deputy Chairman/ President*)

Dato' Sri Clement Hii Chii Kok (*Group Managing Director*)

Lee Kok Cheng (*Executive Director/ Chief Executive Officer*)

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

Datu Haji Putit Bin Matzen (*Non-Independent Non-Executive Director*)

Datuk Chee Hong Leong (*Independent Non-Executive Director*)

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

Foo San Kan (*Independent Non-Executive Director*)

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

To: The Shareholders of SEG International Bhd

Dear Sir/ Madam,

SEG INTERNATIONAL BHD

(I) PROPOSED SHARE SPLIT; AND

(II) PROPOSED AMENDMENT.

1. INTRODUCTION

On 28 April 2011, KIBB, on behalf of the Board, had announced that the Company proposed to implement the following:-

- (i) The Proposed Share Split involving the subdivision of every one (1) existing SEGi Share into two (2) Subdivided SEGi Shares on the Entitlement Date; and
- (ii) The Proposed Amendment to the M&A to facilitate the Proposed Share Split.

Further details in respect of the Proposals are set out in the ensuing sections of this Circular.

The approval of Bursa Securities for the Proposed Share Split and the listing of and quotation for the Subdivided SEGi Shares as well as the listing of up to 110,924,497 additional Warrants to be issued to the Holders resulting from the Proposed Share Split had been obtained via Bursa Securities' letter dated 27 May 2011.

THE PURPOSE OF THIS CIRCULAR IS TO PROVIDE SHAREHOLDERS WITH INFORMATION ON THE PROPOSALS, AND TO SEEK SHAREHOLDERS' APPROVAL FOR THE SPECIAL AND ORDINARY RESOLUTIONS PERTAINING TO THE PROPOSALS TO BE TABLED AT THE FORTHCOMING EGM TO BE HELD AT LEVEL 2, RIGHT WING, SEGi UNIVERSITY COLLEGE, NO. 9, JALAN TEKNOLOGI, TAMAN SAINS SELANGOR, KOTA DAMANSARA, PJU 5, 47810 PETALING JAYA, SELANGOR DARUL EHSAN ON TUESDAY, 28 JUNE 2011 AT 9.30 A.M., THE NOTICE OF WHICH IS ENCLOSED IN THIS CIRCULAR.

THE SHAREHOLDERS ARE ADVISED TO READ AND CONSIDER CAREFULLY THE CONTENTS AND THE APPENDIX OF THIS CIRCULAR BEFORE VOTING ON THE RESOLUTIONS PERTAINING TO THE PROPOSALS AT THE FORTHCOMING EGM.

2. DETAILS OF THE PROPOSALS

2.1 Proposed Share Split

The Proposed Share Split entails the subdivision of every one (1) existing SEGi Share held by the Shareholders whose names appear in the Record of Depositors of the Company on the Entitlement Date, into two (2) Subdivided SEGi Shares.

As at the LPD, SEGi has:-

- (i) an issued and paid-up ordinary share capital of RM131,632,537 comprising 263,265,074 SEGi Shares (including 10,421,900 treasury shares currently held by the Company ("Treasury Shares")); and
- (ii) a total of 110,924,497 Warrants-in-issue.

Each Warrant is exercisable into one (1) new SEGi Share vide an exercise price of RM1.00 per Warrant.

Based on the issued and paid-up ordinary share capital of SEGi as at the LPD as set out in (i) above and assuming none of the Warrants are exercised prior to the Entitlement Date, the resultant issued and paid-up share capital of SEGi after the Proposed Share Split shall be RM131,632,537 comprising 526,530,148 Subdivided SEGi Shares.

However, assuming all the remaining Warrants-in-issue as at the LPD are fully exercised prior to the Entitlement Date, resulting in the issuance of an additional up to 110,924,497 new SEGi Shares, the resultant issued and paid-up share capital of SEGi after the Proposed Share Split shall be RM187,094,786 comprising 748,379,142 Subdivided SEGi Shares.

The actual number of Subdivided SEGi Shares to be issued under the Proposed Share Split will be determined based on the issued and paid-up share capital of the Company on the Entitlement Date. The adjustments to the Warrant-in-issue as at the Entitlement Date are also further set out in Sections 2.1.2 and 4.5 of this Circular.

LETTER FROM THE BOARD TO SHAREHOLDERS IN RELATION TO THE PROPOSALS (Cont'd)

For illustrative purposes only, the following sets out the theoretical adjusted market price of the Subdivided SEGi Shares after the completion of the Proposed Share Split based on the assumption that a Shareholder holds 1,000 SEGi Shares:-

| | Before the Proposed Share Split | | | After the Proposed Share Split | | | |
|---|---------------------------------|-----------------------------|------------------|--------------------------------------|----------------|--------------------------------------|------------------|
| | Par value (RM) | Market price per Share (RM) | Total value (RM) | Adjusted no. of ordinary shares held | Par value (RM) | Adjusted market price per share (RM) | Total value (RM) |
| As at the LPD | | | | | | | |
| Closing market price | 0.50 | 4.010 | 4,010 | 2,000 | 0.25 | 2.005 | 4,010 |
| During the three (3)-month period prior to the LPD | | | | | | | |
| Highest closing market price | 0.50 | 4.070 | 4,070 | 2,000 | 0.25 | 2.035 | 4,070 |
| Lowest closing market price | 0.50 | 2.780 | 2,780 | 2,000 | 0.25 | 1.390 | 2,780 |

The theoretical adjusted market price of the Subdivided SEGi Shares after the Proposed Share Split is above RM0.50 based on the various scenarios as set out above. Further, based on the above illustration, the Proposed Share Split is not expected to have any impact on the total value of ordinary shares held by the Shareholders.

No suspension will be imposed on the trading of the SEGi Shares and Warrants on Bursa Securities for the purpose of implementing the Proposed Share Split.

The Subdivided SEGi Shares and the additional Warrants to be issued resulting from the adjustments under the Proposed Share Split shall be listed and quoted on Bursa Securities on the next Market Day after the Entitlement Date. The notices of allotment will be issued and despatched to the Shareholders and the Holders within four (4) Market Days after the date of listing and quotation of the Subdivided SEGi Shares and the additional Warrants to be issued resulting from the adjustments under the Proposed Share Split.

2.1.1 Ranking of the Subdivided SEGi Shares

The Subdivided SEGi Shares shall, upon allotment and issue, rank *pari passu* in all respects with each other, save and except that they shall not be entitled to any dividends, rights, allotments and/or other distributions, which may be declared, made or paid to shareholders, the entitlement date of which precedes the date of allotment and issue of such new Subdivided SEGi Shares.

2.1.2 Adjustments to the Warrants

In the event that any of the remaining Warrants which are not exercised prior to the Entitlement Date, consequential adjustments will be made to the number of additional Warrants to be issued as well as its exercise price. Such adjustments will be made in accordance with the provisions of the Warrant's Deed Poll.

LETTER FROM THE BOARD TO SHAREHOLDERS IN RELATION TO THE PROPOSALS (Cont'd)

The indicative adjustments to the number of additional Warrants to be issued and the adjusted exercise price relating to the remaining Warrants (computed in accordance with the provisions of the Deed Poll) as confirmed by the Company's auditors, Messrs Crowe Horwath, vide its confirmation letter dated 4 May 2011 are as follows:-

| | As at the LPD | | ⁽¹⁾ Adjustments arising from the Proposed Share Split | |
|----------|---------------------------------------|-------------------|---|---|
| | Number of remaining Warrants-in-issue | Exercise Price RM | ⁽²⁾ Indicative number of Warrants-in-issue after adjustment for additional Warrants to be issued | ⁽³⁾ Adjusted Exercise Price RM |
| Warrants | 110,924,497 | 1.00 | Up to 221,848,994 | 0.50 |

Notes:-

- (1) Confirmed by the auditors of the Company, Messrs Crowe Horwath, vide its confirmation letter dated 4 May 2011 in accordance with the Deed Poll.
- (2) The actual number of additional Warrants to be issued relating to the remaining Warrants following the Proposed Share Split can only be determined later as it depends on the total number of Warrants that remain outstanding as at the Entitlement Date.

Accordingly, pursuant to the Proposed Share Split, up to 110,924,497 additional Warrants will be issued to the Holders registered in the warrant register in proportion to their holdings in the ratio of one (1) additional Warrant for every one (1) Warrant held as at the Entitlement Date and the exercise price is revised downwards from RM1.00 to RM0.50.

The adjustments relating to the Warrants will also be effective from the day on which the Proposed Share Split becomes effective (being the date when the ordinary shares are traded on Bursa Securities at the new par value). A notice of Warrants adjustments due to the Proposed Share Split will also be despatched to the Holders within twenty one (21) market days after the aforesaid adjustments to the Warrants become effective pursuant to the terms of the Deed Poll.

2.2 Proposed Amendment

To accommodate the Proposed Share Split, the Company also proposes to amend the M&A as follows:-

- (i) proposed amendment to the M&A to facilitate the subdivision of the par value of the existing ordinary shares of RM0.50 each in SEGi to RM0.25 each; and
- (ii) alteration of the authorised share capital of SEGi of RM250,000,000 comprising 500,000,000 SEGi Shares into RM250,000,000 comprising 1,000,000,000 Subdivided SEGi Shares.

LETTER FROM THE BOARD TO SHAREHOLDERS IN RELATION TO THE PROPOSALS (Cont'd)

Based on the above, SEGi proposes to amend Clause 5 of its Memorandum of Association and Clause 3 of its Articles of Association as follows:-

| Existing | Proposed Amendments |
|--|--|
| <p>Memorandum of Association</p> <p>Clause 5</p> <p>The capital of the Company is RM250,000,000 Malaysian Currency divided into 500,000,000 Ordinary Shares of RM0.50 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.</p> | <p>Clause 5</p> <p>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.</p> |
| <p>Articles of Association</p> <p>Clause 3</p> <p>The authorised share capital of the Company at the date of adoption of these Articles is RM250,000,000 divided into 500,000,000 ordinary shares of RM0.50 each.</p> | <p>Clause 3</p> <p>The authorised share capital of the Company at the date of adoption of these Articles is RM250,000,000 divided into 1,000,000,000 ordinary shares of RM0.25 each.</p> |

The Proposed Amendment is conditional upon the completion of the Proposed Share Split and vice versa.

3. RATIONALE FOR THE PROPOSALS

3.1 Proposed Share Split

The Proposed Share Split is expected to improve the marketability and liquidity of the ordinary shares of SEGi on the Main Market of Bursa Securities as a result of the increase in the number of shares-in-issue. Furthermore, the adjustment in market price of SEGi's shares pursuant to the Proposed Share Split is expected to make the Subdivided SEGi Shares more affordable and accessible in order to appeal to a wider group of public shareholders and investors.

3.2 Proposed Amendment

The Proposed Amendment is proposed to be implemented in order to accommodate and reflect the implementation of the Proposed Share Split.

The Proposed Amendment is conditional upon the completion of the Proposed Share Split and vice versa.

LETTER FROM THE BOARD TO SHAREHOLDERS IN RELATION TO THE PROPOSALS (Cont'd)

4. EFFECTS OF THE PROPOSALS

The Proposed Amendment will not have any effect on the shareholdings of the substantial shareholders and the issued and paid-up share capital, consolidated NA, gearing and earnings of the Group.

The Proposed Share Split will not have any effect on the shareholding percentage of the substantial shareholders of SEGi but will result in a proportional increase in the number of shares held.

4.1 Issued and Paid-up Share Capital

The effects of the Proposed Share Split on the issued and paid-up share capital of SEGi as at the LPD under the Minimum Scenario and the Maximum Scenario are as follows:-

| | Par Value RM | Minimum Scenario | | Maximum Scenario | |
|--|--------------|--------------------|--------------------|--------------------|--------------------|
| | | No. of Shares | RM | No. of Shares | RM |
| Issued and paid-up share capital as at the LPD ⁽¹⁾ | 0.50 | 263,265,074 | 131,632,537 | 263,265,074 | 131,632,537 |
| Maximum number of Shares to be issued pursuant to the full exercise of the remaining Warrants ⁽²⁾ | 0.50 | - | - | 110,924,497 | 55,462,249 |
| Enlarged issued and paid-up share capital | 0.50 | 263,265,074 | 131,632,537 | 374,189,571 | 187,094,786 |
| Issued and paid-up share capital after the Proposed Share Split⁽³⁾ | 0.25 | 526,530,148 | 131,632,537 | 748,379,142 | 187,094,786 |

Notes:-

- (1) Including the 10,421,900 Shares held as Treasury Shares as at the LPD.
- (2) Assuming the issuance of up to 110,924,497 new SEGi Shares upon the full exercise of 110,924,497 remaining Warrants as at the LPD.
- (3) Including 20,843,800 Subdivided SEGi Shares held as Treasury Shares upon implementation of the Proposed Share Split.

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LETTER FROM THE BOARD TO SHAREHOLDERS IN RELATION TO THE PROPOSALS (Cont'd)

4.2 Substantial Shareholders' Shareholding

The Proposed Share Split will not have any effect on the shareholding percentage of the substantial shareholders in SEGi, save for the corresponding increase in the number of ordinary shares and Warrants held by them resulting from the Proposed Share Split. The effects of the Proposed Share Split on the substantial shareholders' shareholdings as well as their warrant holdings are illustrated below:-

Minimum Scenario

As at the LPD, the substantial shareholders' shareholdings in SEGi, either directly or indirectly, are as follows:-

| Substantial Shareholders | Existing as at the LPD | | After Proposed Share Split | |
|--------------------------------|------------------------|----------|----------------------------|------------|
| | Direct | Indirect | Direct | Indirect |
| | No. of shares ('000) | (1)% | No. of shares ('000) | (2)% |
| Dato' Sri Clement Hii Chii Kok | 79,420 | 31.41 | 158,840 | 31.41 |
| Cerahsar Sdn Bhd | 57,400 | 22.70 | 114,800 | 22.70 |
| Segmen Entiti Sdn Bhd | 16,746 | 6.62 | 33,492 | 6.62 |
| Datuk Chee Hong Leong | 90 | 0.04 | 181 | 0.04 |
| Datu Haji Putit Bin Matzen | - | - | - | - |
| | | | (3)16,746 | (3)33,492 |
| | | | (4)57,400 | (4)114,800 |

Notes:-

- (1) Based on the issued and paid-up share capital of SEGi of 252,843,174 SEGi Shares (excluding the 10,421,900 Treasury Shares) as at the LPD.
- (2) Based on the issued and paid-up share capital of SEGi of 505,686,348 Subdivided SEGi Shares (excluding the 20,843,800 Treasury Shares) after the Proposed Share Split.
- (3) Deemed interested pursuant to Section 6A(4)(c) of the Act by virtue of his interest in Segmen Entiti Sdn Bhd.
- (4) Deemed interested pursuant to Section 6A(4)(c) of the Act by virtue of his interest in Cerahsar Sdn Bhd.

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LETTER FROM THE BOARD TO SHAREHOLDERS IN RELATION TO THE PROPOSALS (Cont'd)

As at the LPD, the substantial shareholders' holdings in the Warrants, either directly or indirectly, are as follows:-

| Warrant holders | Existing as at the LPD | | | | After Proposed Share Split and Warrants Adjustments | | | |
|--------------------------------|------------------------|-------|------------------------|-------|---|-------|------------------------|-------|
| | Direct | | Indirect | | Direct | | Indirect | |
| | No. of Warrants ('000) | (1)% | No. of Warrants ('000) | (1)% | No. of Warrants ('000) | (2)% | No. of Warrants ('000) | (2)% |
| Dato' Sri Clement Hii Chii Kok | 38,092 | 34.34 | - | - | 76,184 | 34.34 | - | - |
| Cerahsar Sdn Bhd | 29,568 | 26.66 | - | - | 59,136 | 26.66 | - | - |
| Segmen Entiti Sdn Bhd | - | - | - | - | - | - | - | - |
| Datuk Chee Hong Leong | 291 | 0.26 | (3)336 | 0.30 | 581 | 0.26 | (3)672 | 0.30 |
| Datu Haji Putit Bin Matzen | - | - | (4)29,568 | 26.66 | - | - | (4)59,136 | 26.66 |

Notes:-

- (1) Based on the Warrants-in-issue of SEGi of 110,924,497 Warrants as at the LPD.
- (2) Based on the Warrants-in-issue of SEGi after adjustment for additional Warrants to be issued resulting from the Proposed Share Split of up to 221,848,994 Warrants.
- (3) Deemed interested pursuant to Section 6A(4)(c) of the Act by virtue of his wife's warrantholding in the Company.
- (4) Deemed interested pursuant to Section 6A(4)(c) of the Act by virtue of his interest in Cerahsar Sdn Bhd.

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4.3 NA and Gearing

Save for the expenses to be incurred in relation to the Proposed Share Split estimated at RM85,000, the Proposed Share Split will not have any material effect on the consolidated NA or gearing of the Group for the financial year ending 31 December 2011. As the number of SEGi shares in issue increases upon the completion of the Proposed Share Split, the consolidated NA per share of the Company pursuant to the Proposed Share Split will be adjusted correspondingly.

Minimum Scenario

| | Audited | Proforma I | Proforma II |
|---|------------------------------|--|---|
| | As at 31 December 2010 | After adjustment for the exercise of Warrants and share buy-back up to the LPD ⁽¹⁾ | After Proforma I and the Proposed Share Split |
| | RM'000 | RM'000 | RM'000 |
| Share capital | 125,623 | 131,632 | 131,632 |
| Share premium | 956 | 7,566 | 7,566 |
| Warrant reserve | 6,147 | 5,546 | 5,546 |
| Asset revaluation reserve | 1,952 | 1,952 | 1,952 |
| Retained profits | 85,716 | 85,716 | *85,631 |
| Available-for-sale reserve | 275 | 275 | 275 |
| Exchange translation reserve | (1,392) | (1,392) | (1,392) |
| Treasury shares | (16,693) | (28,012) | (28,012) |
| Shareholders' funds | 202,584 | 203,283 | 203,198 |
| Minority interests | 899 | 899 | 899 |
| NA | 203,483 | 204,182 | 204,097 |
| No. of shares ('000) | ⁽²⁾⁽³⁾ 244,062 | ⁽²⁾⁽⁴⁾ 252,843 | ⁽⁵⁾ 505,686 |
| NA per share attributable to the Shareholders (RM) | 0.83 | 0.80 | 0.40 |
| Borrowings (RM'000) | 18,001 | 18,001 | 18,001 |
| Gearing (times) | 0.09 | 0.09 | 0.09 |

Notes:-

- * After taking into account the estimated expenses of RM85,000 related to the Proposals.
- (1) The Company had from 1 January 2011 up to the LPD issued an aggregate of 12,018,260 SEGi Shares pursuant to the exercise of the Warrants at an exercise price of RM1.00 per SEGi Share and repurchased 3,237,400 SEGi Shares from the open market at an average price of RM3.48 per SEGi Share (with total consideration paid for the share buy-back including transaction costs of RM11.32 million).
- (2) Ordinary shares of RM0.50 each before the Proposed Share Split.
- (3) Excluding 7,184,500 Treasury Shares held up to 31 December 2010.
- (4) Excluding 10,421,900 Treasury Shares held up to the LPD.
- (5) Ordinary shares of RM0.25 each and excluding the 20,843,800 Subdivided SEGi Shares held as Treasury Shares after the Proposed Share Split.

LETTER FROM THE BOARD TO SHAREHOLDERS IN RELATION TO THE PROPOSALS (Cont'd)

Maximum Scenario

| | Audited | Proforma I | Proforma II | Proforma III |
|--|------------------------------|---|---|--|
| | As at 31 December 2010 | After adjustment for the exercise of Warrants and share buy-back up to the LPD ⁽¹⁾ | After Proforma I and full exercise of the remaining Warrants ⁽²⁾ | After Proforma II and the Proposed Share Split |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Share capital | 125,623 | 131,632 | 187,094 | 187,094 |
| Share premium | 956 | 7,566 | 68,574 | 68,574 |
| Warrant reserve | 6,147 | 5,546 | - | - |
| Asset revaluation reserve | 1,952 | 1,952 | 1,952 | 1,952 |
| Retained profits | 85,716 | 85,716 | 85,716 | *85,631 |
| Available-for-sale reserve | 275 | 275 | 275 | 275 |
| Exchange translation reserve | (1,392) | (1,392) | (1,392) | (1,392) |
| Treasury shares | (16,693) | (28,012) | (28,012) | (28,012) |
| Shareholders' funds | 202,584 | 203,283 | 314,207 | 314,122 |
| Minority interests | 899 | 899 | 899 | 899 |
| NA | 203,483 | 204,182 | 315,106 | 315,021 |
| No. of shares ('000) | ⁽³⁾⁽⁴⁾ 244,062 | ⁽³⁾⁽⁵⁾ 252,843 | ⁽³⁾ 363,768 | ⁽⁶⁾ 727,535 |
| NA per share attributable to the Shareholders (RM) | 0.83 | 0.80 | 0.86 | 0.43 |
| Borrowings (RM'000) | 18,001 | 18,001 | 18,001 | 18,001 |
| Gearing (times) | 0.09 | 0.09 | 0.06 | 0.06 |

Notes:-

- * After taking into account the estimated expenses of RM85,000 related to the Proposals.
- (1) The Company had from 1 January 2011 up to the LPD issued an aggregate of 12,018,260 SEGi Shares pursuant to the exercise of the Warrants at an exercise price of RM1.00 per SEGi Share and repurchased 3,237,400 SEGi Shares from the open market at an average price of RM3.48 per SEGi Share (with total consideration paid for the share buy-back including transaction costs of RM11.32 million).
- (2) Assuming up to 110,924,497 new SEGi Shares are issued pursuant to the full exercise of the remaining Warrants at an exercise price of RM1.00 per SEGi Share resulting in a total cash proceeds raised of approximately RM110.92 million.
- (3) Ordinary shares of RM0.50 before the Proposed Share Split.
- (4) Excluding 7,184,500 Treasury Shares held up to 31 December 2010.
- (5) Excluding 10,421,900 Treasury Shares held up to the LPD.
- (6) Ordinary shares of RM0.25 each and excluding the 20,843,800 Subdivided SEGi Shares held as Treasury Shares after the Proposed Share Split.

4.4 Earnings

The Proposed Share Split is not expected to have any material effect on the consolidated earnings of the Group for the financial year ending 31 December 2011. However, the earnings per share will be reduced correspondingly as a result of the increase in the number of ordinary shares-in-issue pursuant to the Proposed Share Split.

For illustration purposes only, based on the audited consolidated profit after taxation attributable to ordinary shareholders of SEGi for the financial year ended 31 December 2010 of RM43.06 million and the issued and paid-up share capital of SEGi of 252,843,174 SEGi Shares (excluding 10,421,900 Treasury Shares) as at the LPD, the Company's consolidated earnings per share (non-dilutive) of 17.03 sen shall be adjusted to 8.52 sen resulting from the Proposed Share Split.

4.5 Convertible Securities

The Deed Poll of SEGi will govern any necessary adjustment arising from the Proposed Share Split during the Warrants' exercise period. Pursuant thereto, the exercise price and the additional number of the Warrants to be issued shall be adjusted accordingly.

Any adjustments on the Warrants arising from the Proposed Share Split will also be effective from the day on which the Proposed Share Split becomes effective (being the date when the ordinary shares are traded on Bursa Securities at the new par value).

Written notice(s) to the Holders explaining the mechanism of the adjustments to the Warrants-in-issue arising from the Proposed Share Split will be issued by the Company within twenty one (21) market days after the aforesaid adjustments to the Warrants becoming effective in accordance with the provisions of the Deed Poll.

Save for the Warrants, the Company does not have any other convertible securities in issue.

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5. HISTORICAL SHARE PRICES OF SEGi

The monthly highest and lowest closing share prices of SEGi as traded on Bursa Securities for the past twelve (12) months preceding the LPD, are as follows:-

| Month | High (RM) | Low (RM) |
|--------------|------------------|-----------------|
| 2010 | | |
| May* | 1.078 | 0.924 |
| June* | 1.570 | 1.026 |
| July* | 2.447 | 1.468 |
| August | 2.746 | 2.062 |
| September | 2.361 | 2.120 |
| October | 2.216 | 2.023 |
| November | 2.255 | 1.937 |
| December | 2.264 | 1.966 |
| 2011 | | |
| January | 2.785 | 2.187 |
| February | 3.780 | 3.170 |
| March | 3.600 | 3.280 |
| April | 4.050 | 3.440 |

(Source: Bloomberg)

Note:-

* Represents the adjusted closing share prices of SEGi prior to the completion of the following on 15 July 2010:-

- Subdivision of every one (1) ordinary share of RM1.00 each in SEGi into two (2) shares of RM0.50 each ("**Share Split**"); and
- Bonus issue of 71,274,204 Shares ("**Bonus Shares**") credited as fully paid-up on the basis of two (2) Bonus Shares for every five (5) Shares held after the Share Split.

The last transacted price of SEGi on Bursa Securities on 27 April 2011, being the trading day immediately prior to the date of the Announcement was RM3.89.

The last transacted price of SEGi on Bursa Securities on 4 May 2011, being the LPD prior to the printing of this Circular, was RM4.01.

6. CONDITIONS OF THE PROPOSALS

The implementation of the Proposals is subject to the following approvals being obtained:-

- (i) Bursa Securities for the Proposed Share Split and the listing of up to 110,924,497 additional Warrants to be issued to the Holders resulting from the Proposed Share Split, which was obtained on 27 May 2011;
- (ii) the Shareholders at an EGM to be convened for the Proposals; and
- (iii) any other relevant authorities and/or parties, if required.

The Proposed Share Split and the Proposed Amendment are inter-conditional with each other.

LETTER FROM THE BOARD TO SHAREHOLDERS IN RELATION TO THE PROPOSALS (Cont'd)

The Proposals are not conditional upon any other corporate proposals undertaken or to be undertaken by SEGi. The adjustments to the Warrants-in-issue as at the Entitlement Date as described in Sections 2.1.2 and 4.5 of this Circular is also subject to the completion of the Proposed Share Split.

7. DIRECTORS' AND MAJOR SHAREHOLDERS' INTERESTS

None of the directors and/or major shareholders of SEGi and/or persons connected to them have any interests, whether directly or indirectly, in the Proposals, save for their respective entitlements under the Proposed Share Split as Shareholders of the Company, which rights are also available to all other existing Shareholders of the Company.

8. DIRECTORS' RECOMMENDATION

The Board, having considered all aspects of the Proposals and after careful deliberation, is of the opinion that the Proposals are in the best interest of the Company in light of the rationale for the Proposals, details of which are set out in Section 3 of this Circular.

Accordingly, they recommend that the Shareholders vote in favour of the resolutions pertaining to the Proposals to be tabled at the forthcoming EGM.

9. ESTIMATED TIMEFRAME FOR COMPLETION

Barring any unforeseen circumstances and subject to the approvals of the relevant authorities being obtained, the Proposals are expected to be completed within three (3) months from the date of the Announcement.

The tentative timetable for the Proposed Share Split is set out below:-

| Proposed Timeline | Event |
|---|--|
| 28 June 2011 | <ul style="list-style-type: none">• Convening of EGM to obtain the Shareholders' approval on the Proposals• Announcement of the Entitlement Date |
| 12 July 2011 | <ul style="list-style-type: none">• Entitlement Date (10 Market Days from the announcement of the Entitlement Date) |
| 13 July 2011 | <ul style="list-style-type: none">• Listing and quotation of the Subdivided SEGi Shares and additional Warrants on the Market Day after the Entitlement Date |
| 3 rd week of July 2011 onwards | <ul style="list-style-type: none">• Despatch of Notice of Allotment to the Shareholders (within 4 Market Days from the Entitlement Date)• Despatch of Notice of Allotment to the Holders (within 4 Market Days from the Entitlement Date)• Despatch of the Notice of Warrants Adjustments to the Holders (within 21 Market Days from the date of listing and quotation of the additional Warrants) |
| 4 th week of July 2011 | <ul style="list-style-type: none">• Expected completion of the Proposals |

The timetable above is tentative and subject to changes which may be necessary to facilitate implementation procedures. Any delay in an event will result in a delay of subsequent events.

10. CORPORATE PROPOSALS ANNOUNCED BUT PENDING COMPLETION

Save for the Proposals and the following, as at the LPD, there are no other outstanding corporate proposals which have been announced to the Bursa Securities but not yet completed prior to the despatch of this Circular:-

On 23 February 2011, KIBB, on behalf of the Board, announced that SEGi proposed to undertake a private placement of up to 10% of the issued and paid-up share capital of SEGi ("**Private Placement**"). Bursa Securities had vide its letter dated 8 March 2011 approved the listing of and quotation for the shares to be issued pursuant to the Private Placement. The Private Placement is pending implementation as at the LPD.

11. EGM

An EGM, the Notice of which is enclosed with this Circular, will be held at Level 2, Right Wing, SEGi University College, No. 9, Jalan Teknologi, Taman Sains Selangor, Kota Damansara, PJU 5, 47810 Petaling Jaya, Selangor Darul Ehsan on Tuesday, 28 June 2011 at 9.30 a.m. for the purpose of considering and if thought fit, passing the special and ordinary resolutions so as to give effect to the Proposals.

If you are unable to attend and vote in person at the EGM, you may complete and return the enclosed Proxy Form in accordance with the instructions printed thereon as soon as possible and in any event so as to arrive at the Registered Office of the Company not less than forty-eight (48) hours before the time stipulated for the EGM or any adjournment thereof. The lodging of the Proxy Form does not preclude you from attending and voting in person should you subsequently decide to do so.

12. FURTHER INFORMATION

The Shareholders are requested to refer to Appendix I for further information.

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

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

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1. RESPONSIBILITY STATEMENT

This Circular has been seen and approved by the Board and they collectively and individually accept full responsibility for the accuracy, correctness and completeness of the information given herein and confirm that after making 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.

Where information in this Circular has been extracted from published reports or other publicly available sources, it is the sole responsibility of the Board to ensure that such information has been accurately and correctly extracted and reproduced from these sources.

2. CONSENTS

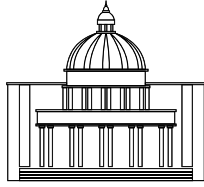
- (i) KIBB, the Adviser to the Company for the Proposals, has given and has not subsequently withdrawn its written consent to the inclusion in this Circular of its name and all references thereon in the form and context in which they appear.
- (ii) Messrs Crowe Horwath, the Auditors to the Company, has given and has not subsequently withdrawn its written consent to the inclusion in this Circular of its name and all references thereon in the form and context in which they appear.

3. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the Registered Office of the Company during normal office hours on Mondays to Fridays (except public holidays) for the period commencing from the date of this Circular to the date of the EGM:-

- (i) the M&A;
- (ii) the audited consolidated financial statements of SEGi for the past two (2) FYE 2009 and FYE 2010, and the latest announced unaudited consolidated quarterly report of SEGi for the 3-month financial period ended 31 March 2011;
- (iii) the letters of consent referred to in Section 2 of this Appendix; and
- (iv) the confirmation letter from Messrs Crowe Horwath, being the Auditors of the Company, dated 4 May 2011, certifying the adjustments to the exercise price and the number of additional Warrants to be issued resulting from the Proposed Share Split.

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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 (“**EGM**”) of SEG International Bhd (“**SEGi**” or the “**Company**”) will be held at Level 2, Right Wing, SEGi University College, No. 9, Jalan Teknologi, Taman Sains Selangor, Kota Damansara, PJU 5, 47810 Petaling Jaya, Selangor Darul Ehsan on Tuesday, 28 June 2011 at 9.30 a.m. for the purpose of considering and if thought fit, passing the following resolutions: -

SPECIAL RESOLUTION

PROPOSED AMENDMENT

“**THAT**, subject to the passing of Ordinary Resolution 1, approval be and is hereby given for the Company to amend its Memorandum and Articles of Association as follows:-

THAT, the existing clause 5 of the Company’s Memorandum of Association be deleted in its entirety and replaced with the following new clause 5:-

“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.”

THAT, the existing Article 3 of the Company’s Articles of Association be deleted in its entirety and replaced with the following new Article 3:-

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

AND THAT the Directors be and are hereby empowered and authorised to give effect to the Proposed Amendment and to take all steps and do all things as they may deem fit, necessary and/or expedient in order to finalise and implement the Proposed Amendment.”

ORDINARY RESOLUTION 1

PROPOSED SHARE SPLIT INVOLVING THE SUBDIVISION OF EVERY ONE (1) EXISTING ORDINARY SHARE OF RM0.50 EACH HELD IN SEGi (“SEGi SHARES”) INTO TWO (2) ORDINARY SHARES OF RM0.25 EACH IN SEGi (“SUBDIVIDED SEGi SHARES”) AT AN ENTITLEMENT DATE TO BE DETERMINED LATER (“SHARE SPLIT ENTITLEMENT DATE”) (“PROPOSED SHARE SPLIT”)

“**THAT**, subject to the approvals of all the relevant authorities and the approval from Bursa Malaysia Securities Berhad (“**Bursa Securities**”) for the subdivision of the existing ordinary shares of RM0.50 each held in the Company, and subject to the passing of the Special Resolution, approval be and is hereby given to the Company to subdivide the issued and paid-up share capital of the Company into two (2) new ordinary shares of RM0.25 each for every one (1) existing ordinary share of RM0.50 each held in the Company by the shareholders of the Company whose names are registered in the Record of Depositors of the Company on the entitlement date to be determined and announced by the Directors of the Company;

AND THAT the Directors be and are hereby authorised to give effect to the Proposed Share Split with full power to assent to any variations, modifications and/or amendments as may be required or permitted by the relevant authorities, to take all such steps and to do all acts and things in any manner as they may deem necessary in order to implement, finalise and give full effect to the Proposed Share Split.”

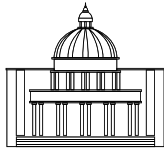
By Order of the Board

Chong Poh Yee (MIA 7620)
Hew Ling Sze (MAICSA7010381)
Secretaries

Petaling Jaya, Selangor Darul Ehsan
2 June 2011

Notes:-

1. A shareholder shall be entitled to appoint up to two (2) proxies to attend and vote at the same meeting. Where a shareholder appoints two (2) proxies, he shall specify the proportion of his shareholdings to be represented by each proxy.
2. 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.
3. 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 the seal or under the hand of an officer or attorney duly authorised.
4. The instrument appointing a proxy must be deposited at the Registered Office of the Company at 6th Floor, SEGi University College, 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 appointed for holding the EGM or any adjournment thereof.



SEG INTERNATIONAL BHD

(Company No. 145998-U)
(Incorporated in Malaysia under the Companies Act, 1965)

PROXY FORM

I/We _____
of _____
(full address)

being a member/members of SEG International Bhd (145998-U) hereby appoint _____
of _____
or failing him/her _____
of _____

or failing him/her, the Chairman of the meeting as *my/our proxy to vote for *me/us and on *my/our behalf at the Extraordinary General Meeting of the Company to be held at Level 2, Right Wing, SEGi University College, No. 9, Jalan Teknologi, Taman Sains Selangor, Kota Damansara, PJU 5, 47810 Petaling Jaya, Selangor Darul Ehsan on Tuesday, 28 June 2011 at 9.30 a.m.

* My/Our proxy is to vote either on a show of hands or on a poll as indicated below with an "x":

| | FOR | AGAINST |
|--|-----|---------|
| SPECIAL RESOLUTION – PROPOSED AMENDMENT | | |
| ORDINARY RESOLUTION 1 – PROPOSED SHARE SPLIT | | |

Dated this _____ day of _____ 2011

Signature of member(s)

Number of shares held

Notes:

1. If you wish to appoint other person(s) to be your proxy, delete the words "the Chairman of the meeting" and insert the name(s) and address(es) of the person(s) desired in the space so provided.
2. If there is no indication as to how you wish your vote(s) to be cast, the proxy will vote or abstain from voting at his/her discretion.
3. A proxy may but need not be a member of the Company and the provision of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.
4. A member shall not be entitled to appoint more than two proxies to attend and vote at the same meeting. Where two proxies are appointed, the proportions of shareholdings to be represented by each proxy must be specified in order for the appointments to be valid.
5. Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint at least one proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
6. If the appointor is a corporation, this form must be executed under its Common Seal or under the hand of its Attorney.
7. All Forms of Proxy must be duly executed and deposited at the Registered Office of the Company at 6th Floor, SEGi University College, 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 for holding the Meeting or adjourned meeting.



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AFFIX
STAMP

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

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