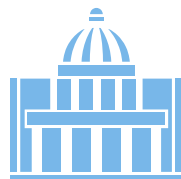


This independent advice circular ("IAC") is important and requires your immediate attention. You should read this IAC in conjunction with the offer document dated 16 May 2012 issued by RHB Investment Bank Berhad on behalf of Pinnacle Heritage Solutions Sdn Bhd which has been sent to you.

If you are in any doubt as to the course of action to be taken, you should consult your stockbroker, banker, solicitor, accountant or other professional advisers immediately. If you have sold or transferred all your ordinary shares of RM0.25 each in SEG International Bhd ("SEGi") and/or warrants 2010/2015 issued by SEGi, you should immediately hand this IAC to the stockbroker or the agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee.

Pursuant to Section 15(7) of the Malaysian Code on Take-Overs and Mergers, 2010 ("Code"), the Securities Commission Malaysia ("SC") has granted its consent to the despatch of this IAC. However, such consent shall not be taken to imply that the SC concurs with the views and recommendation contained in this IAC. It merely means that this IAC has complied with the disclosure requirements under the Code. The SC takes no responsibility for the contents of this IAC, 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 IAC.



SEG INTERNATIONAL BHD

(145998-U)

(Incorporated in Malaysia under the Companies Act, 1965)

INDEPENDENT ADVICE CIRCULAR TO SHAREHOLDERS AND WARRANT HOLDERS

IN RELATION TO

THE UNCONDITIONAL TAKE-OVER OFFER

BY RHB INVESTMENT BANK BERHAD

ON BEHALF OF

PINNACLE HERITAGE SOLUTIONS SDN BHD ("OFFEROR")

TO ACQUIRE

- I. ALL THE REMAINING ORDINARY SHARES OF RM0.25 EACH IN SEG INTERNATIONAL BHD ("SEGi SHARES") (EXCLUDING ALL THE TREASURY SHARES HELD BY SEGi) NOT ALREADY OWNED BY THE OFFEROR AND PERSONS ACTING IN CONCERT WITH IT ("PACS");
- II. ALL THE OUTSTANDING WARRANTS 2010/2015 ISSUED BY SEGi ("WARRANTS") NOT ALREADY OWNED BY THE OFFEROR AND ITS PACS; AND
- III. ALL THE NEW SEGi SHARES THAT MAY BE ISSUED PRIOR TO THE CLOSING OF THE OFFER ARISING FROM THE EXERCISE OF THE OUTSTANDING WARRANTS

FOR A CASH OFFER PRICE OF RM1.714 PER SEGi SHARE AND RM1.214 PER WARRANT

Independent Adviser



AFFIN INVESTMENT BANK BERHAD (9999-V)

(A Participating Organisation of Bursa Malaysia Securities Berhad)

This Independent Advice Circular is dated 26 May 2012

DEFINITIONS

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

Accepting Holder	:	Holder who accepts the Offer
Acquisition of Warrants	:	The acquisition of 18,000,000 Warrants by PHS from DSC for a total cash consideration of RM21,780,000 which was completed on 25 April 2012. The total purchase consideration for the Warrants which was determined in the manner set out in Section 7 of the Offer Document translates into RM1.21 per Warrant
Act	:	Companies Act, 1965 as may be amended from time to time and any re-enactment thereof
AFFIN Investment or Independent Adviser	:	AFFIN Investment Bank Berhad (9999-V), a Participating Organisation of Bursa Securities
Board	:	Board of Directors of SEGi
Bursa Securities	:	Bursa Malaysia Securities Berhad (635998-W)
CAGR	:	Compounded annual growth rate
Closing Date	:	The First Closing Date unless extended or revised in accordance with the Code as the Offeror may decide and announced by RHB Investment Bank, on behalf of the Offeror, no later than two (2) days before the closing date
CMSA	:	Capital Markets and Services Act, 2007 as may be amended from time to time and any re-enactment thereof
Code	:	The Malaysian Code on Take-Overs and Mergers, 2010 as may be amended from time to time and any re-enactment thereof
Dissenting Holders	:	Holder who elect not to accept the Offer or failed to accept the Offer
DSC	:	Dato' Sri Clement Hii Chii Kok @ Hii Chee Kok, being one of the PACs in respect of the Offer
ECCE	:	Early childhood and childcare education
EPPs	:	Entry Point Projects
EPS	:	Earnings per Share
ETP	:	Economic Transformation Programme
First Closing Date	:	5.00 p.m. (Malaysian time) on 6 June 2012, being twenty-one (21) days from the Posting Date
FPE	:	Financial period ended

DEFINITIONS (CONT'D)

FYE	:	Financial year ended/ending
Holder	:	Holder of the Offer Securities
IAC	:	Independent advice circular
IAL	:	Independent advice letter as contained in Part B of this IAC
Listing Requirements	:	Main Market Listing Requirements of Bursa Securities
LPD	:	21 May 2012, being the latest practicable date prior to the issuance of this IAC
Market Day	:	Any day on which Bursa Securities is open for trading of securities
NA	:	Net assets
NAF Fund	:	Navis Asia Fund VI, L.P., (MC-29287), an exempted limited partnership under the laws of Cayman Islands
NAF Ltd	:	Navis Asia Fund VI G.P., Ltd (MC-217509), a company incorporated in the Cayman Islands, being one of the Ultimate Offerors for the Offer
NCP	:	Navis Capital Partners Limited (CR-80918), a company incorporated in the Cayman Islands
NKEA	:	National Key Economic Area
NMGO Fund	:	Navis Malaysia Growth Opportunities Fund I, L.P. (MC-43545), an exempted limited partnership under the laws of Cayman Islands
NMGO Ltd	:	Navis MGO I GP Ltd (MC-245787), a company incorporated in the Cayman Islands, being one of the Ultimate Offerors for the Offer
Non-Interested Directors	:	Members of the Board who are not interested in the Offer comprising Tan Sri Dato' Seri Megat Najmuddin Bin Dato' Seri Dr Haji Megat Khas, Lee Kok Cheng, Hew Moi Lan, Datuk Chee Hong Leong, Amos Siew Boon Yeong and Goh Leng Chua
Notice	:	Notice of the Offer dated 25 April 2012 served on the Board by RHB Investment Bank on behalf of the Offeror
Offer	:	<p>The unconditional mandatory take-over offer by RHB Investment Bank on behalf of the Offeror to acquire:</p> <ul style="list-style-type: none">(i) all the remaining SEGi Shares (excluding all the treasury shares held by SEGi) not already owned by the Offeror and its PACs;(ii) all the outstanding Warrants not already owned by the Offeror and its PACs; and(iii) all the new SEGi Shares that may be issued prior to the closing of the Offer arising from the exercise of the outstanding Warrants <p>for a cash offer price of RM1.714 per Offer Share and RM1.214 per Offer Warrant</p>

DEFINITIONS (CONT'D)

Offer Document	:	The document dated 16 May 2012, which sets out the details and terms of the Offer
Offer Document LPD	:	10 May 2012, being the latest practicable date prior to the Posting Date
Offer Period	:	Period commencing from 25 April 2012, being the date of the Notice, until the Closing Date or the date the Offer is withdrawn with the consent of the SC, as the case may be
Offer Price	:	Share Offer Price and Warrant Offer Price, collectively
Offer Securities	:	Offer Shares and Offer Warrants, collectively
Offer Shares	:	All the remaining SEGi Shares (excluding all the treasury shares held by SEGi) not already owned by the Offeror and its PACs and all the new SEGi Shares that may be issued prior to the closing of the Offer arising from the exercise of the outstanding Warrants
Offer Warrants	:	All the outstanding Warrants not already owned by the Offeror and its PACs
Official List	:	A list specifying all securities which have been admitted for listing on Bursa Securities and not removed
PACs	:	Persons acting in-concert with the Offeror for the Offer in accordance with Sections 216(2) and 216(3) of the CMSA, namely SU1, SU2, NAF Ltd, NMGO Ltd and DSC
PAT	:	Profit after taxation
PBR	:	Price-to-book ratio
PER	:	Price-to-earnings ratio
PHS or Offeror	:	Pinnacle Heritage Solutions Sdn Bhd (980644-K)
Posting Date	:	16 May 2012, being the date of the posting of the Offer Document
PTPTN	:	National Higher Education Fund Corporation
RHB Investment Bank	:	RHB Investment Bank Berhad (19663-P)
RM and sen	:	Ringgit Malaysia and sen, respectively
SC	:	Securities Commission Malaysia
SEGi or Company	:	SEG International Bhd (145998-U)
SEGi Group or Group	:	SEGi and its subsidiaries, collectively
SEGi Shares or Shares	:	Ordinary shares of RM0.25 each in SEGi
SEGi Warrants or Warrants	:	The warrants 2010/2015 issued by SEGi
Shareholders' Agreement	:	The Shareholders' Agreement dated 25 April 2012 entered into between PHS and DSC for the purpose of regulating their relationship with one another as shareholders of SEGi

DEFINITIONS (CONT'D)

Share Offer Price	:	Cash offer price of RM1.714 for each Offer Share
SU1	:	SmartUni 1 Ltd (107948/C2/GBL), a company incorporated in Mauritius
SU 2	:	SmartUni 2 Ltd (107947/C2/GBL), a company incorporated in Mauritius
Ultimate Offerors	:	NAF Ltd and NMGO Ltd, collectively, for the Offer
VWAMP	:	Volume weighted average market price
Warrant Holders	:	Holder of the Offer Warrants
Warrant Offer Price	:	Cash offer price of RM1.214 for each Offer Warrant

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 neuter genders and vice versa. Reference to persons shall include corporations.

Any reference in this IAC to any enactment is a reference to that enactment as for the time being amended or re-enacted.

All references to dates and times in this IAC refer to Malaysian dates and times.

All references to "you", "your" or "Holder" in this IAC are to each Holder, being the person to whom this Offer is being made.

All references to "we", "us" or "our" in this IAC are to AFFIN Investment, being the Independent Adviser.

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EXECUTIVE SUMMARY

This Executive Summary highlights the salient information of the Offer. You are advised to read the IAC which includes the letter from the Board (Part A of this IAC) as well as the IAL from AFFIN Investment (Part B of this IAC), for further information and recommendations in relation to the Offer.

This IAC should also be read in conjunction with the Offer Document issued by RHB Investment Bank on behalf of the Offeror.

1. INTRODUCTION

Between March 2012 to April 2012, PHS had acquired, via direct business transactions from various parties including DSC, a total of 148,473,000 SEGi Shares and 79,059,200 Warrants for a total cash consideration of RM254,321,364 and RM95,780,589 respectively.

Upon completion of the Acquisition of Warrants on 25 April 2012, PHS holds 148,473,000 SEGi Shares, representing approximately 27.84% of the issued and paid-up share capital of SEGi (excluding all the treasury shares held by SEGi) and 79,059,200 Warrants whilst DSC holds 158,840,480 SEGi Shares, representing approximately 29.78% of the issued and paid-up share capital of SEGi (excluding all the treasury shares held by SEGi) and 58,183,600 Warrants.

Immediately following the Acquisition of Warrants on 25 April 2012, PHS had entered into the Shareholders' Agreement with DSC. As at the date of the Notice, PHS and DSC, being PACs as a consequence of the Shareholders' Agreement, collectively hold 307,313,480 SEGi Shares, representing approximately 57.62% of the issued and paid-up share capital of SEGi (excluding all the treasury shares held by SEGi) and 137,242,800 Warrants, thus triggering a mandatory take-over obligation under Section 9 of the Code.

On 25 April 2012, RHB Investment Bank, on behalf of the Offeror, served the Notice on the Board, informing them of the Offeror's intention to undertake the Offer.

In accordance with Section 11(10) of the Code, the Company announced the receipt of the Notice on even date. A copy of the Notice was despatched to the Holders on 2 May 2012. Further, Holders should have by now received the Offer Document which was despatched on 16 May 2012, which sets out the terms of the Offer as well as the procedures for acceptance of the Offer.

Pursuant to Section 15 of the Code, it was announced on 14 May 2012 that the Board has appointed AFFIN Investment as the Independent Adviser to advise the Holders in relation to the Offer.

On 25 May 2012, the SC had given its consent to the despatch of this IAC.

Further information on the Offer is set out in Sections 1 of Parts A and B of this IAC.

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2. SALIENT TERMS OF THE OFFER

2.1 Consideration for the Offer

The cash consideration for the Offer is RM1.714 per Offer Share and RM1.214 per Offer Warrant.

Please refer to Section 3.1 of Part B of this IAC for further details of the consideration of the Offer.

2.2 Conditions of the Offer

The Offer is not conditional upon any minimum number of valid acceptances of the Offer Shares being received.

2.3 Duration of the Offer

Except insofar as the Offer is withdrawn by the Offeror with the written consent of the SC and every person is released from any obligation incurred thereunder, **the Offer shall remain open for acceptances for a period of not less than twenty-one (21) days from the Posting Date i.e. until 5.00 p.m. (Malaysian time) on 6 June 2012, being the First Closing Date.** However, depending on the level of acceptances, the Offeror may extend the date and time for the acceptance of the Offer beyond the First Closing Date, in accordance with the Code. Any such extension will be announced by RHB Investment Bank, on behalf of the Offeror, no later than two (2) days before the Closing Date. Notices of such extension will be posted to all the Holders accordingly.

2.4 Method of settlement

The settlement of the consideration for the Offer will be effected via remittance in the form of cheque, banker's draft and/or cashier's order, which will be despatched by ordinary mail to you (or your designated agent, as you may direct), within ten (10) days from the date of receipt of the valid acceptances, at your own risk.

For further information and details of the terms of the Offer as well as the procedures for acceptance and method of settlement, please refer to Appendices II and III of the Offer Document respectively.

3. NON-INTERESTED DIRECTORS' EVALUATION OF THE OFFER

In arriving at the recommendation in respect of the Offer, the Non-Interested Directors have taken into consideration the evaluation by AFFIN Investment as set out in Section 5 of the IAL (Part B of this IAC).

In arriving at its opinion on the Offer, AFFIN Investment has taken into consideration the following pertinent factors:

- (i) Rationale of the Offer as elaborated in Section 5.1 of the IAL;
- (ii) The listing status of SEGi and compulsory acquisition as elaborated in Section 5.2 of the IAL;

- (iii) The Offeror's future plans for the SEGi Group as elaborated in Section 5.3 of the IAL;
- (iv) The financial evaluation of the Offer as elaborated in Section 5.4 of the IAL;
- (v) The financial performance of the SEGi Group as elaborated in Section 5.4.7 of the IAL;
- (vi) The overview and prospects of the Malaysian economy and the overview and prospects of the education sector in Malaysia as elaborated in Sections 5.5 and 5.6 of the IAL; and
- (vii) The prospects of the SEGi Group as elaborated in Section 5.7 of the IAL.

4. INDEPENDENT ADVISER'S EVALUATION OF THE OFFER

You should consider carefully all the merits and demerits of the Offer based on all relevant and pertinent factors and other considerations as set out in this IAC, the Offer Document and any other publicly available information prior to making a decision on whether to accept or reject the Offer.

AFFIN Investment, being the Independent Adviser, has evaluated the Offer based on all relevant and pertinent factors as contained in the IAL to arrive at the fairness and reasonableness of the Offer as follows:

In evaluating the fairness and reasonableness of the Offer, AFFIN Investment has considered various pertinent factors as summarised below:

(i) Historical share price performance of SEGi Shares

It is noted that the SEGi Shares had generally traded above the Share Offer Price for the past one (1) year up to the last full trading day prior to the serving of the Notice and the Share Offer Price represents a discount ranging from 3.00% to 7.35% to the five (5)-day, one (1)-month, three (3)-month, six (6)-month and twelve (12)-month VWAMPs of SEGi Shares up to 24 April 2012, being the last full trading day prior to the serving of the Notice and the last transacted price on 24 April 2012.

(ii) Comparison of the Share Offer Price with precedent take-over offer transactions

The Share Offer Price is not attractive as it is offered at a discount as compared to the range of the premium paid for the majority of certain precedent unconditional mandatory take-over offer transactions (with the offer price in the form of cash) of between 1.58% and 44.60% (excluding the outlier) for the five (5)-day, one (1)-month and three (3)-month VWAMPs prior to the date of announcement of acquisition of notice or take-over offer for the precedent transaction identified in Section 5.4.2 of the IAL.

(iii) Relative valuation of the Offer with Comparable Companies (as defined herein)

- (a) the PER of 12.15 times based on the Share Offer Price is below the range of the PER of the Comparable Companies of between 12.46 times and 18.26 times.
- (b) the adjusted PBR of 6.20 times based on the Share Offer Price is within the range of the PBR of the Comparable Companies of between 1.43 times and 9.72 times.

(iv) Dividend Discount Analysis

The Share Offer Price of RM1.714 is not attractive as it is lower than the range of equity valuation per SEGi Share of RM1.88 to RM2.29 based on the Dividend Discount Analysis method of valuation.

(v) Financial evaluation of the Offer Warrants

- (a) the price of the Offer Warrants of RM1.214 represents a discount of between 4.41% to 11.00% to the five (5)-day, one (1)-month, three (3)-month, six (6)-month and twelve (12)-month VWAMPs of the Warrants up to 20 April 2012, being the last full trading day prior to the date of the Notice in which the Warrants were traded.
- (b) the Warrant Offer Price represents a 8.72% discount to the theoretical value of the Warrants computed based on the Black-Scholes model of RM1.33 derived after taking into consideration the share price of SEGi of RM1.80 on 20 April 2012, being the last full trading day prior to the serving of the Notice on 24 April 2012.
- (c) the trading level of the Warrants are considered to be largely dependent on the market prices of SEGi Shares which are in turn subject to market and economic uncertainties as well as the prospects of the education sector in Malaysia and prospects of the SEGi Group as set out in Sections 5.5, 5.6 and 5.7 of the IAL.
- (d) the Warrants have a limited life span and will expire on 16 August 2015. The value of the Warrants declines over time as it trades closer to the expiry date since any Warrants not exercised prior to the expiry date will lapse and cease to be valid upon expiry. The exercise of the Warrants depends significantly on the market price of the underlying SEGi Shares which may not, at any time up to the expiry, trade at or above the indicative valuation range. Despite the limited life span, Warrant Holders have the option to exercise the Warrants considering that it is "in-the-money" and have the opportunity to enjoy the Dividend Policy and any potential upside from the appreciation of the market prices of SEGi Shares or realise their investment in SEGi under Section 223 of the CMSA.

In evaluating the reasonableness of the Offer, AFFIN Investment has considered various pertinent factors as summarised below:

(a) Rationale of the Offer

It is noted that the Offer is made pursuant to a series of acquisitions of SEGi Shares and Warrants by the Offeror and the Shareholders' Agreement which had resulted in the Offeror's obligation to undertake the Offer. The Offer is also made to obtain full control and privatise SEGi. In this manner, the Offeror believes the Group will have greater flexibility to pursue and implement long term strategic business activities. From the Shareholders' Agreement, DSC will continue to play a role in the management and the running of the business operations of the SEGi Group and hence there will be continuity in the management of SEGi that has contributed to the success and achievements of the SEGi Group thus far.

The Group has recorded commendable financial performance in terms of its revenue and PAT for the past five (5) financial years ended 31 December 2011. Moving forward, it is stated that the Group's financial and risk profile may change as it may require significant capital expenditure to pursue business opportunities which may require a medium term gestation period that could translate into short and medium term earnings volatility. We note from the Chairman's Statement in the Annual Report 2011 that the SEGi Group will continue with its efforts to seek growth opportunities while striving to optimise capital structure in order to maximise return on shareholders' funds. Further, the management of SEGi had highlighted in its Annual Report 2011 that there will be continued growth for the SEGi Group in the next few years with the development of new modern campus in Ipoh, Perak which is consistent with the Offeror's rationale in pursuing additional growth opportunities. However, it is observed that based on the latest audited financial statements of the Group for the financial year ended 31 December 2011 and other publicly available information, the Group has the financial capacity to leverage and to absorb additional capital expenditure moving forward.

(b) Trading liquidity of SEGi Shares and Warrants

It is noted that the average monthly trading volume of SEGi Shares for the past twelve (12) months up to 24 April 2012, being the last full trading day prior to the serving of the Notice was approximately 15.7 million Shares, representing approximately 6.95% of the free float of SEGi Shares of approximately 226.0 million Shares (being the number of Shares not held by the Offeror and the PACs as at the date of the Notice). The average trading volume of the Warrants for the past twelve (12) months prior to the Notice was approximately 1.7 million Warrants, representing approximately 3.28% of the free float of approximately 51.78 million Warrants (being the number of outstanding Warrants not held by the Offeror and the PACs as at the date of the Notice).

(c) Listing status of SEGi and compulsory acquisition

The Offeror will maintain the listing status of SEGi in the event that the Offeror receives acceptances under the Offer resulting in the Offeror and its PACs holding 75% or less of the listed shares of SEGi (excluding all the treasury shares held by SEGi).

Further, Holders should note that the Offeror does not intend to maintain the listing status of SEGi and the Offeror does not intend to take any step to address any shortfall in the public shareholding spread of SEGi in the event that the Offeror receives acceptances under the Offer resulting in the Offeror and its PACs holding more than 75% of the listed shares of SEGi (excluding all the treasury shares held by SEGi), and henceforth will procure SEGi to take the necessary steps to withdraw its listing status in accordance with the Listing Requirements which is subject to, inter-alia, shareholders' approval of majority in number representing 75% in value of those present and voting in person and with not more than 10% in value who object to the withdrawal. Therefore, the suspension and de-listing will not be automatic. Under such circumstances, Holders who reject the Offer may end up holding unlisted securities of SEGi unless the Dissenting Holders are able to compel the Offeror to acquire their SEGi Shares under Section 223 of the CMSA or when the Offeror can exercise its right to compulsorily acquire SEGi Shares held by Dissenting Holders under Section 222 of the CMSA, subject to Section 224 of the CMSA or through an exit offer.

(d) Warrants

As the Offeror does not currently have any intention to extend any new or further offer for the Warrants which will expire on 16 August 2015, the Warrant Holders who do not accept the Offer shall continue to hold such Warrants and the rights of such Holders shall continue to be governed by the deed poll dated 15 July 2010. However, the Holders should note that they will then hold Warrants with no active market to trade in the event both SEGi Shares and Warrants are suspended and delisted from the official list of Bursa Securities. In the event the Offeror is able to undertake a compulsory acquisition for the remaining SEGi Shares for which the acceptances have not been received, there will not be any compulsory acquisition or new offer for Warrants. Nonetheless, a Warrant Holder who has exercised his Warrants into SEGi Shares may exercise his rights under Section 223 of the CMSA.

(e) Future prospects

There are approximately 27,000 students in SEGi as at 31 March 2012 enrolled in various programmes. Furthermore, the SEGi Group has various strategic collaborations with foreign universities and they have also been identified to lead 2 EPPs vide the ECCE and SkillsMalaysia INVITE initiatives (as defined in Section 5.6 of the IAL). The SEGi Group experienced rapid earnings growth in recent years principally due to the economies of scale. As the major cost component is fixed costs, any increase in revenue will directly translate into profitability after cost break-even point has been breached. As the Group has capacity for expansion for additional student enrolments, it is expected that the earnings will continue to be positive within the next twelve (12) months. The earnings will also be enhanced from the introduction of high margin homegrown programmes and continuing marketing efforts to attract and increase enrolment of international students. The SEGi Group is also currently developing a new campus near Ipoh which can accommodate up to 8,000 students that will augur well for the SEGi Group in the future.

Based on the above, the outlook of the Malaysian economy as set out in Section 5.5 of the IAL, positive outlook of the education sector as set out in Section 5.6 of the IAL, and barring unforeseen circumstances, the prospects of the SEGi Group for the next twelve (12) months are positive.

5. DETAILS OF ACCEPTANCES

As at the LPD, the Offeror and/or its PACs have not received any irrevocable undertaking from any Holder to accept the Offer (save for all the acceptances received by the Offeror on or prior to the LPD).

As at the LPD, the Offeror has received acceptances (all of which have been verified by the share registrar of SEGi) as set out below:

No. of Shares	% ⁽¹⁾	No. of Warrants	%
992,680	0.19	-	-

Note:

(1) Based on the issued and paid-up share capital of SEGi of 559,363,788 SEGi Shares less 26,040,600 treasury shares as at the LPD

Save as disclosed above and to the best knowledge of the Board, no person (whose interest in the voting shares, convertible securities or voting rights in SEGi, whether direct or indirect, which are required to be disclosed under the Code) has accepted or has given an irrevocable undertaking to accept the Offer.

6. RECOMMENDATION

Based on AFFIN Investment's evaluation of the Offer, the Share Offer Price is not attractive as follows:

- (i) it represents a discount to the historical market prices of SEGi Shares;
- (ii) the Share Offer Price represents a discount as compared to the range of the premium paid for the majority of certain precedent unconditional mandatory take-over offer transactions;
- (iii) the PER of SEGi based on the Share Offer Price is below the range of the PER of the Comparable Companies;
- (iv) the Share Offer Price is lower than the range of equity valuation per SEGi Share based on the Dividend Discount Analysis valuation model; and
- (v) the dividend policy of SEGi as detailed in Section 5.4.4 of the IAL.

As such, AFFIN Investment is of the view that the Share Offer Price is **NOT FAIR**.

Further, AFFIN Investment is of the view that the Offer is **UNREASONABLE** based on the evaluation of the other factors, amongst others, the overview and prospects of the Malaysian economy and education sector and the positive prospects of the SEGi Group in the future given a positive foundation evidenced in their past financial performance.

Based on the above, AFFIN Investment recommends that you **REJECT** the Offer in respect of the Offer Shares.

In respect of the Offer Warrants, AFFIN Investment is of the view that the Warrants Offer Price is **NOT FAIR** and **UNREASONABLE** and recommends that you **REJECT** the Offer in respect of the Offer Warrants.

EXECUTIVE SUMMARY (CONT'D)

Nicholas Rupert Heylett Bloy and Tan Chow Yin, being nominee directors of PHS, are deemed interested in the Offer and have abstained from making any recommendation in relation to the Offer.

DSC, being one of the PACs, has abstained from making any recommendation in relation to the Offer.

In the recent years, the SEGi Group had undertaken certain measures which resulted in the increase in enrolment of students, introduction of high margin programmes, strategic collaborations with foreign universities and involvements in 2 of the EPPs under the ETP. Consequently, the financial performance of the SEGi Group over the past few years has been exceptionally good. The Non-Interested Directors of SEGi are of the view that the prospects of the SEGi Group is positive based on amongst others, the prospects of the education sector in Malaysia, their involvement in the education NKEA, the potential upgrade from University College to a full-fledged University status, current enrolment of students and range of courses offered. The SEGi Group will continue with its efforts to introduce high margin programmes, increase the enrolment of foreign students and further penetrate into the adult learning market in order to maintain or improve on their results.

Notwithstanding the above, the Non-Interested Directors are of the view that there are downside risks that may affect the SEGi Group in the long term such as detailed in Section 6 of Part A of this IAC.

After careful examination of the terms of the Offer as contained in the Offer Document and taking into consideration the evaluation and recommendation by AFFIN Investment as contained in Part B of this IAC, the Non-Interested Directors **CONCUR** with the evaluation and recommendation by AFFIN Investment and recommends that:

- (i) Holders of the Offer Shares **REJECT** the Offer in relation to the Offer Shares; and
- (ii) Holders of Offer Warrants **REJECT** the Offer in relation to the Offer Warrants.

Notwithstanding that Datuk Chee Hong Leong had sold off all his shareholdings and warrant holdings to PHS directly and indirectly via Segmen Entiti Sdn Bhd on 2 April 2012, he recommends that the Holders reject the Offer in relation to the Offer Securities. The disposal of his entire direct and indirect shareholdings and warrant holdings on 2 April 2012 was solely based on his own personal investment objectives. This includes his personal expected return vis-à-vis his cost of investment in SEGi and the opportunity for him to dispose a large block of SEGi Shares and Warrants held in one trading day.

In addition, Tan Sri Dato' Seri Megat Najmuddin Bin Dato' Seri Dr Haji Megat Khas, Lee Kok Cheng, Hew Moi Lan and Amos Siew Boon Yeong have indicated their intention to **REJECT** the Offer in respect of their entire shareholdings in SEGi.

Please note that AFFIN Investment, and the Non-Interested Directors have not taken into consideration any specific investment objective, tax position, risk profile, financial situation and particular need of any individual Holder. The directors recommend that any Holder who requires advice in relation to the offer in the context of their individual investment objective, tax position, risk profile, financial situation or particular need, to consult their respective stockbroker, bank manager, accountant, solicitor or other professional adviser immediately.

EXECUTIVE SUMMARY (CONT'D)

7. IMPORTANT DATES AND EVENTS

The important relevant dates pertaining to the Offer are as follows:

Events	Date
Date of Notice	25 April 2012
Despatch of Offer Document	16 May 2012
Despatch of IAC	26 May 2012
First Closing Date of the Offer ⁽¹⁾	6 June 2012 at 5.00 p.m. (Malaysian time)

Note:

(1) *The Offer will remain open for acceptances until 5.00 p.m. on the Closing Date unless extended or revised in accordance with the Code as the Offeror may decide and announced by RHB Investment Bank, on behalf of the Offeror, no later than two (2) days before the Closing Date. Notices of such extension will be posted to all the Holders accordingly.*

You should consider carefully all the merits and demerits of the Offer based on all the relevant and pertinent factors including those which are set out above, and other considerations as set out in this IAC, the Offer Document and any other publicly available information.

YOU ARE ADVISED TO READ THE OFFER DOCUMENT AND THIS IAC THOROUGHLY FOR MORE INFORMATION AND NOT RELY SOLELY ON THIS EXECUTIVE SUMMARY BEFORE FORMING AN OPINION ON THE OFFER.

YOU ARE ALSO ADVISED TO CONSIDER CAREFULLY THE INFORMATION CONTAINED IN THE OFFER DOCUMENT AND THIS IAC BEFORE MAKING A DECISION ON THE COURSE OF ACTION TO BE TAKEN.

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PART A

LETTER FROM THE BOARD OF SEGi



SEG INTERNATIONAL BHD

(145998-U)

(Incorporated in Malaysia under the Act)

Registered Office:

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

26 May 2012

Directors:

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

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

Lee Kok Cheng (*Group Deputy Managing Director*)

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

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

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

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

Tan Chow Yin (*Non-Independent Non-Executive Director*)

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

To: The Holders

Dear Sir/Madam,

UNCONDITIONAL TAKE-OVER OFFER BY RHB INVESTMENT BANK ON BEHALF OF PHS TO ACQUIRE

- I. ALL THE REMAINING SEGi SHARES (EXCLUDING ALL THE TREASURY SHARES HELD BY SEGi) NOT ALREADY OWNED BY THE OFFEROR AND ITS PACS;
- II. ALL THE OUTSTANDING WARRANTS NOT ALREADY OWNED BY THE OFFEROR AND ITS PACS; AND
- III. ALL THE NEW SEGi SHARES THAT MAY BE ISSUED PRIOR TO THE CLOSING OF THE OFFER ARISING FROM THE EXERCISE OF THE OUTSTANDING WARRANTS

FOR A CASH OFFER PRICE OF RM1.714 PER SEGi SHARE AND RM1.214 PER WARRANT

1. INTRODUCTION

On 29 March 2012, PHS had acquired from Cerahsar Sdn Bhd a total of 114,800,000 SEGi Shares, representing approximately 21.53% of the issued and paid-up share capital of SEGi (excluding all the treasury shares held by SEGi) and 59,806,200 Warrants, for a total cash consideration of RM196,630,698 and RM72,484,459 respectively, which translates into RM1.713 per SEGi Share and RM1.212 per Warrant. The acquisition was effected via a direct business transaction.

Subsequently, on 2 April 2012, PHS had acquired from Segmen Entiti Sdn Bhd a total of 33,492,200 SEGi Shares, representing approximately 6.28% of the issued and paid-up share capital of SEGi (excluding all the treasury shares held by SEGi), for a total cash consideration of RM57,381,498, which translates into RM1.713 per SEGi Share.

Further on 2 April 2012, PHS had acquired from Datuk Chee Hong Leong a total of 180,800 SEGi Shares, representing approximately 0.03% of the issued and paid-up share capital of SEGi (excluding all the treasury shares held by SEGi) and 1,253,000 Warrants, for a total cash consideration of RM309,168 and RM1,516,130 respectively, which translates into RM1.71 per SEGi Share and RM1.21 per Warrant. These acquisitions were effected via direct business transactions.

On 25 April 2012, PHS had acquired from DSC, a total of 18,000,000 Warrants, for a total cash consideration of RM21,780,000. The total purchase consideration for the Warrants translates into RM1.21 per Warrant. The acquisition was effected via a direct business transaction.

The abovementioned acquisitions by PHS of the total purchase consideration for the SEGi Shares and the Warrants were determined on a willing buyer-willing seller basis after taking into consideration the one (1)-month trailing VWAMP of SEGi Shares and Warrants and after applying a liquidity discount of approximately 5% as detailed under Section 7 of the Offer Document.

Upon completion of the Acquisition of Warrants on 25 April 2012, PHS holds 148,473,000 SEGi Shares, representing approximately 27.84% of the issued and paid-up share capital of SEGi (excluding all the treasury shares held by SEGi) and 79,059,200 Warrants whilst DSC holds 158,840,480 SEGi Shares, representing approximately 29.78% of the issued and paid-up share capital of SEGi (excluding all the treasury shares held by SEGi) and 58,183,600 Warrants.

Immediately following the Acquisition of Warrants on 25 April 2012, PHS had entered into the Shareholders' Agreement with DSC.

As at the date of the Notice, PHS and DSC, being PACs as a consequence of the Shareholders' Agreement, collectively hold 307,313,480 SEGi Shares, representing approximately 57.62% of the issued and paid-up share capital of SEGi (excluding all the treasury shares held by SEGi) and 137,242,800 Warrants, thus triggering a mandatory take-over obligation under Section 9 of the Code.

On 25 April 2012, RHB Investment Bank, on behalf of the Offeror, served the Notice on the Board, informing them of the Offeror's intention to undertake the Offer.

In accordance with Section 11(10) of the Code, the Company announced the receipt of the Notice on 25 April 2012.

A copy of the Notice was sent to you earlier in a notification to shareholders dated 2 May 2012. You should have by now received a copy of the Offer Document, which sets out the terms of the Offer as well as the procedures for acceptance and method of settlement of the Offer.

Pursuant to Section 15 of the Code, it was announced on 14 May 2012 that the Board had appointed AFFIN Investment as the Independent Adviser to advise the Holders in relation to the Offer.

The SC had, vide its letter dated 15 May 2012, taken note of the possible changes to the equity structure of SEGi resulting from the Offer and in the event that SEGi remains listed upon completion of the Offer and is required to comply with the public shareholding spread requirement, equity conditions may be imposed if the Bumiputera equity is less than the level prior to the Offer.

The SC had on 25 May 2012 given its consent for the despatch of this IAC. However, such consent shall not be taken to indicate that the SC concurs with the views and recommendation of your Board and AFFIN Investment contained herein but only that the IAC has been prepared in compliance with the provisions of the Code.

As at the date of the Notice, the Offeror directly holds 148,473,000 SEGi Shares, representing approximately 27.84% of the issued and paid-up share capital of SEGi (excluding all the treasury shares held by SEGi) and 79,059,200 Warrants. NAF Ltd and NMGO Ltd are collectively the Ultimate Offerors for the Offer. The PACs of the Offeror in respect of the Offer are as follows:

- (i) SU 1, being a shareholder of PHS;
- (ii) SU 2, being a shareholder of PHS;
- (iii) NAF Ltd, being the general partner of Navis Asia Fund VI G.P., L.P. (an exempted limited partnership under the laws of the Cayman Islands), which in turn is the general partner of NAF Fund. NAF Ltd holds 100% of the equity interest in SU 1 on trust for and on behalf of NAF Fund;
- (iv) NMGO Ltd, being the general partner of NMGO Fund. NMGO Ltd holds 100% of the equity interest in SU 2 on trust for and on behalf of NMGO Fund; and
- (v) DSC, being a party to the Shareholders' Agreement entered into between DSC and the Offeror.

For information purposes, both NAF Ltd and NMGO Ltd are wholly-owned subsidiaries of NCP, which is in turn held by Richard Elletson Foyston, Nicholas Rupert Heylett Bloy, Rodney Chadwick Muse and HAL Investments (Asia) Ltd.

As at the date of the Notice, PHS and DSC, being PACs as a consequence of the Shareholders' Agreement, collectively hold 307,313,480 SEGi Shares, representing approximately 57.62% of the issued and paid-up share capital of SEGi (excluding all the treasury shares held by SEGi) and 137,242,800 Warrants. Further details on the direct and indirect interest of the Offeror and the PACs are disclosed in Section 3, Appendix III of this IAC.

2. NON-INTERESTED DIRECTORS' COMMENTS

2.1. Rationale for the Offer

The Non-Interested Directors have considered the rationale for the Offer by the Offeror as set out in Section 3 of the Offer Document as summarised below:

- (i) The Ultimate Offerors have identified the tertiary education sector in Malaysia and SEGi as an attractive sector and company respectively that met their investment criteria. Hence, they have, via the Offeror, embarked on a series of acquisitions of SEGi Shares and Warrants. Following such acquisitions, DSC and the Offeror have entered into a Shareholders' Agreement, which establishes a concert party relationship between both parties pursuant to Section 216(2) of the CMSA. This had resulted in the collective shareholdings of the Offeror and the PACs exceeding 33% of the issued and paid-up share capital of SEGi as at 25 April 2012, which triggered a mandatory take-over obligation under Section 9 of the Code;
- (ii) The Offeror intends to obtain full control and privatise SEGi to pursue additional longer term and higher risk growth opportunities both within and outside Malaysia where the private ownership of SEGi will provide the Offeror with greater flexibility to plan and implement such strategic business opportunities;

- (iii) Consequently, the SEGi Group could incur substantial capital expenditure to pursue such business opportunities which may affect their future cash flow and future dividend payment capability;
- (iv) The Offer provides the Holders with an opportunity to realise their investment in SEGi at a cash consideration of RM1.714 for each Offer Share and RM1.214 for each Offer Warrant as the Offeror does not intend to maintain listing status of SEGi and the Offeror does not intend to take any step to address any shortfall in the public shareholding spread of SEGi in the event the Offeror receives acceptances under the Offer resulting in the Offeror and its PACs holding more than 75% of the listed shares of SEGi (excluding all the treasury shares held by SEGi).

Premised on the above, the Non-Interested Directors noted that the Offer is made pursuant to the requirement of the Code and that the Offeror intends to obtain full control and privatise the Company to pursue higher risk and longer term growth opportunities. Further, the Board has also considered AFFIN Investment's comments on the rationale of the Offer and is confident that the Company will continue to grow and is in a good financial standing to benefit from future potential growth opportunities after having successfully achieved a reputable position in the education sector.

2.2. Future plans for the Group and its employees

The Directors have taken note of the intentions of the Offeror, with respect to its future plans for the SEGi Group and its employees for the next twelve (12) months after the Closing Date as stated in Section 10 of the Offer Document and Section 5.3 of Part B of this IAC.

Premised on the Offeror's intention as stated in the Offer Document, the Non-Interested Directors do not foresee any significant changes to the existing business (including major change in the structure of the SEGi Group or liquidation of SEGi and/or major disposal and/or redeployment of the fixed assets of the SEGi Group save where such disposal and/or redeployment is necessary to rationalise the business activities and/or directions of the SEGi Group or to improve the utilisations of resources) or the current level of employment of the Group within the next 12 months after the Closing Date as the Offeror intends to continue with the existing business of SEGi Group. The Non-Interested Directors also do not foresee material changes to be made on the existing management of the SEGi Group in their current role. However, the Non-Interested Directors further note that the Offeror may pursue strategic business opportunities for SEGi in the longer term, within and outside of Malaysia. Following the Shareholders' Agreement, the Offeror together with its PACs have gained controlling interest and collectively hold more than 51% interest in SEGi as at the date of the Notice being served. Hence, as controlling shareholders of the Company, the Offeror and its PACs may propose and implement different business plans and strategies in charting the business direction of the SEGi Group moving forward. In this regard, the Board will need to consider and if deemed feasible, will resolve to adopt such new business plans in the future. The Non-Interested Directors note that the Offeror does not intend to maintain listing status of SEGi in the event the Offeror receives acceptances under the Offer resulting in the Offeror and its PACs holding more than 75% of the listed shares of SEGi (excluding all the treasury shares held by SEGi).

The Non-Interested Directors also note that based on the Offer Document, the Offeror has no knowledge of and has not entered into any negotiations or arrangements or understanding whatsoever with any third party with regards to any change in the SEGi Group's business, assets or SEGi's equity structure within the next twelve (12) months from the Closing Date.

Hence, Holders who reject the Offer will get to participate in the Company's on-going operations and potential growth as well as benefit from the Offeror's future plan for SEGi. Similarly, the aforesaid Holders who reject the Offer will also assume the downside risk, if any, associated with the Company's on-going business operations and future plans.

3. DETAILS OF ACCEPTANCES

As at the LPD, the Offeror and/or its PACs have not received any irrevocable undertaking from any Holder to accept the Offer (save for all the acceptances received by the Offeror on or prior to the LPD).

As at the LPD, the Offeror has received acceptances (all of which have been verified by the share registrar of SEGi) as set out below:

No. of Shares	% ⁽¹⁾	No. of Warrants	%
992,680	0.19	-	-

Note:

(1) Based on the issued and paid-up share capital of SEGi of 559,363,788 SEGi Shares less 26,040,600 treasury shares as at the LPD

Save as disclosed above and to the best knowledge of the Board, no person (whose interest in the voting shares, convertible securities or voting rights in SEGi, whether direct or indirect, which are required to be disclosed under the Code) has accepted or has given an irrevocable undertaking to accept the Offer.

Please refer to Section 6 below for the intentions of Tan Sri Dato' Seri Megat Najmuddin Bin Dato' Seri Dr Haji Megat Khas, Lee Kok Cheng, Hew Moi Lan and Amos Siew Boon Yeong in respect of their entire shareholdings in SEGi.

4. DIRECTORS' DISCLOSURE OF INTEREST

The disclosure of interests of the Directors of SEGi in compliance with the relevant disclosure requirements of the Code is set out in Section 3 of Appendix III of this IAC.

5. DIRECTORS' RESPONSIBILITY STATEMENT

The Board has seen and approved the contents of this IAC. They have collectively and individually accepted full responsibility for the accuracy of the information contained in this IAC whereby the responsibility of the Board in respect of:

- (i) the information on PHS and its PACs, the Ultimate Offerors and the Offer in this IAC (as extracted from the Offer Document) is limited to ensure that such information is accurately reproduced in this IAC; and
- (ii) the independent advice and expression of opinion by AFFIN Investment in relation to the Offer as set out in Part B of this IAC is limited to the accuracy of the information in relation to the SEGi Group that was provided to AFFIN Investment for its evaluation of the Offer and to ensure that all information in relation to the SEGi Group that are relevant to AFFIN Investment's evaluation of the Offer have been accurately and completely disclosed to AFFIN Investment and that there are no material facts, the omission of which would make any information provided to AFFIN Investment false or misleading.

The Board has also confirmed that, after making all reasonable enquiries and to the best of their knowledge and belief, there are no false and misleading statement or any facts, the omission of which would make any information or statement in this IAC and/or any information furnished by SEGi to AFFIN Investment incomplete, false, misleading or inaccurate.

6. NON-INTERESTED DIRECTORS' RECOMMENDATION

Nicholas Rupert Heylett Bloy and Tan Chow Yin, being nominee directors of PHS, are deemed interested in the Offer and have abstained from making any recommendation in relation to the Offer.

DSC, being one of the PACs, has abstained from making any recommendation in relation to the Offer.

DSC, being one of the PACs, has abstained from making any recommendation in relation to the Offer.

In the recent years, the SEGi Group had undertaken certain measures which resulted in the increase in enrolment of students, introduction of high margin programmes, strategic collaborations with foreign universities and involvements in 2 of the EPPs under the ETP. Consequently, the financial performance of the SEGi Group over the past few years has been exceptionally good. The Non-Interested Directors of SEGi are of the view that the prospects of the SEGi Group is positive based on amongst others, the prospects of the education sector in Malaysia, their involvement in the education NKEA, the potential upgrade from University College to a full-fledged University status, current enrolment of students and range of courses offered. The SEGi Group will continue with its efforts to introduce high margin programmes, increase the enrolment of foreign students and further penetrate into the adult learning market in order to maintain or improve on their results.

Notwithstanding the above, the Non-Interested Directors are of the view that there are downside risks that may affect the SEGi Group in the long term such as the following:

- (i) Competition is expected to intensify for the SEGi Group from the major existing players in the private higher education sector considering that some of its competitors are currently in the expansion mode in terms of, amongst others, increasing capacities in existing campuses and building new campuses;
- (ii) There is no similar scheme to PTPTN for vocational and training courses which is one of programmes provided by SEGi, to encourage student enrolments for such programmes. Hence, the future growth rate of the student enrolment for these courses may be limited;
- (iii) Should SEGi venture into the business of setting up international schools in the future, competition is expected to increase considering that presently there are a number of international schools in Malaysia;
- (iv) It is noted that from the management of SEGi's discussions with the Ministry of Higher Education, it is likely that guidelines in relation to enrolment of foreign students in the country may be introduced. In this regard, international student enrolments of the SEGi Group in the future may be affected should there be any quota or restriction on the number of or tightening of the guidelines for foreign students studying in Malaysia; and
- (v) PTPTN is a ready source of education funds for those who want to finance their own tertiary education, particularly for those students in the middle to lower income group. In the event that there is a reduction or discontinuance of the PTPTN scheme without any alternative schemes, this may affect the level of student enrolments of the SEGi Group since the Group's target market is primarily the middle income group.

In view of the above, the Non-Interested Directors are mindful and will continuously advise the Board and the management to mitigate these risks by monitoring and implementing prudent business strategies in response to changing regulatory requirements and market conditions. The Non-Interested Directors believe that with the Group's good financial standing and track record, it will give the SEGi Group the edge to maintain its current market position in the private higher education sector in Malaysia despite the greater competitive environment moving forward.

After careful examination of the terms of the Offer as contained in the Offer Document and taking into consideration the evaluation and recommendation by AFFIN Investment as contained in Part B of this IAC, the Non-Interested Directors **CONCUR** with the evaluation and recommendation by AFFIN Investment and recommends that:

- (i) Holders of the Offer Shares **REJECT** the Offer in relation to the Offer Shares; and
- (ii) Holders of Offer Warrants **REJECT** the Offer in relation to the Offer Warrants.

Notwithstanding that Datuk Chee Hong Leong had sold off all his shareholdings and warrant holdings to PHS directly and indirectly via Segmen Entiti Sdn Bhd on 2 April 2012, he recommends that the Holders reject the Offer in relation to the Offer Securities. The disposal of his entire direct and indirect shareholdings and warrant holdings on 2 April 2012 was solely based on his own personal investment objectives. This includes his personal expected return vis-à-vis his cost of investment in SEGi and the opportunity for him to dispose a large block of SEGi Shares and Warrants held in one trading day.

The shareholdings of Tan Sri Dato' Seri Megat Najmuddin Bin Dato' Seri Dr Haji Megat Khas, DSC, Lee Kok Cheng, Hew Moi Lan, Amos Siew Boon Yeong and Nicholas Rupert Heylett Bloy as at the LPD are as follows:

Name	<-----Direct----->		<-----Indirect----->	
	No. of Shares held	% ⁽¹⁾	No. of Shares held	% ⁽¹⁾
Tan Sri Dato' Seri Megat Najmuddin Bin Dato' Seri Dr Haji Megat Khas	1,662	*	-	-
DSC	158,840,480	29.78	149,715,680	28.07 ⁽²⁾
Lee Kok Cheng	5,390,000	1.01	-	-
Hew Moi Lan	6,668,800	1.25	-	-
Amos Siew Boon Yeong	2,200,000	0.41	-	-
Nicholas Rupert Heylett Bloy	-	-	308,556,160	57.86 ⁽³⁾

Notes:

⁽¹⁾ Based on the issued and paid-up share capital of SEGi of 559,363,788 SEGi Shares less 26,040,600 treasury shares as at the LPD

⁽²⁾ Deemed interested in such SEGi Shares held by PHS pursuant to the Shareholders' Agreement

⁽³⁾ Deemed interested by virtue of SEGi Shares held by PHS in which he is deemed to have an interest

* Negligible

The warrant holdings of DSC and Nicholas Rupert Heylett Bloy as at the LPD are as follows:

Name	<-----Direct----->		<-----Indirect----->	
	No. of Warrants	%	No. of Warrants	%
DSC	58,183,600	30.78	79,336,800	41.97 ⁽¹⁾
Nicholas Rupert Heylett Bloy	-	-	137,520,400	72.76 ⁽²⁾

Notes:

⁽¹⁾ Deemed interested in such Warrants held by PHS pursuant to the Shareholders' Agreement

⁽²⁾ Deemed interested by virtue of Warrants held by PHS in which he is deemed to have an interest

Save as disclosed above, none of the other Directors of SEGi have any interest, direct or indirect, in the Warrants as at the LPD.

In addition, Tan Sri Dato' Seri Megat Najmuddin Bin Dato' Seri Dr Haji Megat Khas, Lee Kok Cheng, Hew Moi Lan and Amos Siew Boon Yeong have indicated their intention to **REJECT** the Offer in respect of their entire shareholdings in SEGi.

YOU ARE ADVISED TO CONSIDER CAREFULLY THE INFORMATION CONTAINED IN THE OFFER DOCUMENT AND THIS IAC, INCLUDING THE IAL FROM AFFIN INVESTMENT, BEFORE MAKING A DECISION ON THE COURSE OF ACTION TO BE TAKEN.

THE NON-INTERESTED DIRECTORS HAVE NOT TAKEN INTO CONSIDERATION ANY SPECIFIC INVESTMENT OBJECTIVE, TAX POSITION, RISK PROFILE, FINANCIAL SITUATION AND PARTICULAR NEED OF ANY INDIVIDUAL HOLDER. THE DIRECTORS RECOMMEND THAT ANY HOLDER WHO REQUIRES ADVICE IN RELATION TO THE OFFER IN THE CONTEXT OF THEIR INDIVIDUAL INVESTMENT OBJECTIVE, TAX POSITION, RISK PROFILE, FINANCIAL SITUATION OR PARTICULAR NEED, TO CONSULT THEIR RESPECTIVE STOCKBROKER, BANK MANAGER, ACCOUNTANT, SOLICITOR OR OTHER PROFESSIONAL ADVISER IMMEDIATELY.

Yours faithfully
for and on behalf of the Board of Directors
SEG INTERNATIONAL BHD

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

PART B

INDEPENDENT ADVICE LETTER FROM AFFIN INVESTMENT

26 May 2012

To: The Holders

Dear Sir/Madam,

UNCONDITIONAL TAKE-OVER OFFER BY RHB INVESTMENT BANK ON BEHALF OF PHS TO ACQUIRE

- I. ALL THE REMAINING SEGi SHARES (EXCLUDING ALL THE TREASURY SHARES HELD BY SEGi) NOT ALREADY OWNED BY THE OFFEROR AND ITS PACS;**
- II. ALL THE OUTSTANDING WARRANTS NOT ALREADY OWNED BY THE OFFEROR AND ITS PACS; AND**
- III. ALL THE NEW SEGi SHARES THAT MAY BE ISSUED PRIOR TO THE CLOSING OF THE OFFER ARISING FROM THE EXERCISE OF THE OUTSTANDING WARRANTS**

FOR A CASH OFFER PRICE OF RM1.714 PER SEGi SHARE AND RM1.214 PER WARRANT

1. INTRODUCTION

On 29 March 2012, PHS had acquired from Cerahsar Sdn Bhd a total of 114,800,000 SEGi Shares, representing approximately 21.53% of the issued and paid-up share capital of SEGi (excluding all the treasury shares held by SEGi) and 59,806,200 Warrants, for a total cash consideration of RM196,630,698 and RM72,484,459 respectively, which translates into RM1.713 per SEGi Share and RM1.212 per Warrant. The acquisition was effected via a direct business transaction.

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On 25 April 2012, PHS had acquired from DSC, a total of 18,000,000 Warrants, for a total cash consideration of RM21,780,000, which translates into RM1.21 per Warrant. The acquisition was effected via a direct business transaction.

The abovementioned acquisitions by PHS of the total purchase consideration for the SEGi Shares and the Warrants were determined on a willing buyer-willing seller basis after taking into consideration the one (1)-month trailing VWAMP of SEGi Shares and Warrants and after applying a liquidity discount of approximately 5% as detailed under Section 7 of the Offer Document.

Upon completion of the Acquisition of Warrants on 25 April 2012, PHS holds 148,473,000 SEGi Shares, representing approximately 27.84% of the issued and paid-up share capital of SEGi (excluding all the treasury shares held by SEGi) and 79,059,200 Warrants whilst DSC holds 158,840,480 SEGi Shares, representing approximately 29.78% of the issued and paid-up share capital of SEGi (excluding all the treasury shares held by SEGi) and 58,183,600 Warrants.

Immediately following the Acquisition of Warrants on 25 April 2012, PHS had entered into the Shareholders' Agreement with DSC.

AFFIN INVESTMENT BANK BERHAD (9999-V)

27th Floor, Menara Boustead, 69, Jalan Raja Chulan, 50200 Kuala Lumpur, Malaysia.
Tel: 603-2142 3700 Fax: 603-2141 7701 Website: www.affininvestmentbank.com.my

As at the date of the Notice, PHS and DSC, being PACs as a consequence of the Shareholders' Agreement, collectively hold 307,313,480 SEGi Shares, representing approximately 57.62% of the issued and paid-up share capital of SEGi (excluding all the treasury shares held by SEGi) and 137,242,800 Warrants, thus triggering a mandatory take-over obligation under Section 9 of the Code.

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In accordance with Section 11(10) of the Code, the Company announced the receipt of the Notice on 25 April 2012.

NAF Ltd and NMGO Ltd are collectively the Ultimate Offerors.

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A copy of the Notice was sent to you earlier in a notification to shareholders dated 2 May 2012. You should have by now received a copy of the Offer Document, which sets out the terms of the Offer as well as the procedures for acceptance and method of settlement of the Offer.

The SC had, vide its letter dated 15 May 2012, taken note of the possible changes to the equity structure of SEGi resulting from the Offer and in the event that SEGi remains listed upon completion of the Offer and is required to comply with the public shareholding spread requirement, equity conditions may be imposed if the Bumiputera equity is less than the level prior to the Offer.

The SC had on 25 May 2012 given its consent for the despatch of this IAC. However, such consent shall not be taken to indicate that the SC concurs with the views and recommendation of your Board and AFFIN Investment contained herein but only that the IAC has been prepared in compliance with the provisions of the Code.

As at the LPD, the direct and indirect interests of the Offeror and its PACs in the securities of SEGi are as follows:

(i) **SEGi Shares**

Name	<-----Direct----->		<-----Indirect----->	
	No. of SEGi Shares	% [^]	No. of SEGi Shares	% [^]
Offeror				
PHS	149,715,680	28.07	158,840,480	29.78 ^(a)
PACs of PHS				
SU 1	-	-	308,556,160	57.86 ^(b)
SU 2	-	-	308,556,160	57.86 ^(b)
NAF Ltd	-	-	308,556,160	57.86 ^(c)
NMGO Ltd	-	-	308,556,160	57.86 ^(d)
DSC	158,840,480	29.78	148,473,000	28.07 ^(e)

Notes:

[^] Based on the issued and paid-up share capital of SEGi of 559,363,788 SEGi Shares less 26,040,600 treasury shares as at the LPD

^(a) PHS is deemed interested in such SEGi Shares held by DSC pursuant to the Shareholders' Agreement

^(b) Deemed interested by virtue of their interest in PHS

^(c) Deemed interested by virtue of it being the general partner of Navis Asia Fund VI G.P., L.P. (an exempted limited partnership under the laws of the Cayman Islands), which in turn is the general partner of NAF Fund. NAF Ltd holds 100% of the equity interest in SU 1 on trust for and on behalf of NAF Fund

Notes (Cont'd)

- (d) *Deemed interested by virtue of it being the general partner of NMGO Fund. NMGO Ltd holds 100% of the equity interest in SU 2 on trust for and on behalf of NMGO Fund*
- (e) *DSC is deemed interested in such SEGi Shares held by PHS pursuant to the Shareholders' Agreement*

(ii) **Warrants**

Name	<-----Direct----->		<-----Indirect----->	
	No. of Warrants	%	No. of Warrants	%
<u>Offeror</u>				
PHS	79,336,800	41.97	58,183,600	30.78 ^(a)
<u>PACs of PHS</u>				
SU 1	-	-	137,520,400	72.76 ^(b)
SU 2	-	-	137,520,400	72.76 ^(b)
NAF Ltd	-	-	137,520,400	72.76 ^(c)
NMGO Ltd	-	-	137,520,400	72.76 ^(d)
DSC	58,183,600	30.78	79,336,800	41.97 ^(e)

Notes:

- (a) *PHS is deemed interested in such Warrants held by DSC pursuant to the Shareholders' Agreement*
- (b) *Deemed interested by virtue of their interest in PHS*
- (c) *Deemed interested by virtue of it being the general partner of Navis Asia Fund VI G.P., L.P. (an exempted limited partnership under the laws of the Cayman Islands), which in turn is the general partner of NAF Fund. NAF Ltd holds 100% of the equity interest in SU 1 on trust for and on behalf of NAF Fund*
- (d) *Deemed interested by virtue of it being the general partner of NMGO Fund. NMGO Ltd holds 100% of the equity interest in SU 2 on trust for and on behalf of NMGO Fund*
- (e) *DSC is deemed interested in such Warrants held by PHS pursuant to the Shareholders' Agreement*

The purpose of this IAL is to provide the Holders with relevant information on the Offer, our independent evaluation of the terms of the Offer together with our recommendation thereon, subject to the scope of our role and evaluation specified herein. You should nonetheless rely on your own examination of the merits and demerits of the Offer before making a decision on the course of action to be taken in respect of the Offer.

WE ADVISE YOU TO READ AND UNDERSTAND THIS IAL CAREFULLY TOGETHER WITH THE OFFER DOCUMENT, A COPY OF WHICH YOU SHOULD HAVE RECEIVED BY NOW, BEFORE TAKING ANY ACTION. THIS IAL DOES NOT CONSTITUTE THE OFFER OR ANY PART THEREOF. IF YOU HAVE ANY DOUBT AS TO THE COURSE OF ACTION YOU SHOULD TAKE IN RELATION TO THE OFFER, YOU SHOULD CONSULT YOUR STOCKBROKER, SOLICITOR, ACCOUNTANT, BANKER OR OTHER PROFESSIONAL ADVISERS IMMEDIATELY.

THIS IAL IS SOLELY FOR THE USE OF THE HOLDERS FOR THE PURPOSE OF CONSIDERING THE OFFER AND SHOULD NOT BE USED OR RELIED UPON BY ANY OTHER PARTY OR FOR ANY OTHER PURPOSE.

2. LIMITATIONS TO THE EVALUATION OF THE OFFER

We have not been involved in the formulation, deliberations and negotiations of the terms of the Offer. Our terms of reference pursuant to our appointment as an independent adviser to the Holders are in accordance with the requirements relating to independent adviser as contained in the Code. Our scope as Independent Adviser is limited to expressing an independent opinion on the terms of the Offer based on information and documents provided to us or which are available to us, including the following:

- (i) the information contained in the Notice, Offer Document and the appendices attached thereto;
- (ii) other relevant information furnished to us by the Company; and
- (iii) other publicly available information.

We have relied on the Company, the Board and management to take due care to ensure that all the information, documents and representations in respect of the Company provided to us by them to facilitate our evaluation are accurate, valid and complete in all material aspects. Accordingly, we have not independently verified such information as stated above for its reliability, accuracy and/or completeness and have not undertaken any independent investigation into the business and affairs of SEGi Group and all relevant parties involved in the Offer. However, we have no reason to believe that the aforesaid information provided to us is unreliable as at the LPD. Our advice should be considered in the context of the entirety of this IAL and IAC.

In preparing this IAL, we have taken into consideration those factors that we believe are of relevance and general importance to the Holders as a whole for an assessment of the terms of the Offer and therefore of concern to the Holders. Since our evaluation as set out in this IAL is rendered solely for the benefit of the Holders as a whole, we have not taken into consideration any specific investment objectives, tax position, risk profiles, financial situation and particular needs of any director, individual Holder or any specific group of Holders. We recommend that any Holder who is in doubt as to the action to be taken or requires specific advice in relation to the Offer in the context of his/her individual investment objectives, tax position, risk profiles, financial situation or particular needs, to consult his/her respective stockbroker, solicitor, accountant, banker or other professional advisers immediately.

Our evaluation and opinion as set out in this IAL are based upon equity capital market, economic, industry, regulatory and other conditions (if applicable) prevailing on, and the information/documents made available to us, as at the LPD. Such conditions may change significantly over a short period of time. Accordingly, our evaluation and opinion in this IAL do not take into account the information, events and conditions arising after the LPD.

We acknowledge that, based on all available information, and to the best of our knowledge and belief, this IAC constitutes a full and true disclosure of all material facts concerning the Offer and there are no false or misleading statements or other material facts, the omission of which would make any statement herein false or misleading.

The Board has seen and approved the contents of this IAC. They have collectively and individually accepted full responsibility for the accuracy of the information contained in this IAC whereby the responsibility of the Board in respect of:

- (i) the information on PHS and its PACs, the Ultimate Offerors and the Offer in this IAC (as extracted from the Offer Document) is limited to ensure that such information is accurately reproduced in this IAC; and

- (ii) the independent advice and expression of opinion by AFFIN Investment in relation to the Offer as set out in Part B of this IAC is limited to the accuracy of the information in relation to the SEGi Group that was provided to AFFIN Investment for its evaluation of the Offer and to ensure that all information in relation to the SEGi Group that are relevant to AFFIN Investment's evaluation of the Offer have been accurately and completely disclosed to AFFIN Investment and that there are no material facts, the omission of which would make any information provided to AFFIN Investment false or misleading.

The Board has also confirmed that, after making all reasonable enquiries and to the best of their knowledge and belief, there are no false and misleading statement or any facts, the omission of which would make any information or statement in this IAC and/or any information furnished by SEGi to AFFIN Investment incomplete, false, misleading or inaccurate.

3. SALIENT TERMS OF THE OFFER

The salient terms of the Offer, as extracted from the Offer Document, are as follows:

3.1 Consideration for the Offer

The cash consideration for the Offer is RM1.714 per Offer Share and RM1.214 per Offer Warrant.

Notwithstanding the above, if SEGi declares, makes or pays any dividend and/or distribution, the entitlement date of which is on or after the date of the Notice but before the Closing Date, and the Holder is entitled to retain such dividend and/or distribution declared, made or paid, the Share Offer Price will be reduced by the quantum of the net dividend and/or distribution per Offer Share which the Holders are entitled to retain. There will be no change to the Warrant Offer Price in such instance.

The Holders may accept the Offer in respect of all or part of their Offer Securities.

Fractions of a sen will not be paid to any Accepting Holder. The entitlement of the Accepting Holder to the cash payment (based on his/her total valid acceptances) will be rounded up to the nearest whole sen.

3.2 Conditions of the Offer

As at the date of the Notice, the Offeror and its PACs hold in aggregate more than 50% of the issued and paid-up share capital of SEGi. In this regard, the Offer is not conditional upon any minimum number of valid acceptances of the Offer Shares being received.

3.3 Duration of the Offer

Except insofar as the Offer is withdrawn by the Offeror with the written consent of the SC and every person is released from any obligation incurred thereunder, **the Offer shall remain open for acceptances for a period of not less than twenty-one (21) days from the Posting Date i.e. until 5.00 p.m. (Malaysian time) on 6 June 2012, being the First Closing Date.** However, depending on the level of acceptances, the Offeror may extend the date and time for the acceptance of the Offer beyond the First Closing Date, in accordance with the Code. Any such extension will be announced by RHB Investment Bank, on behalf of the Offeror, no later than two (2) days before the Closing Date. Notices of such extension will be posted to all the Holders accordingly.

Please refer to Section 2 of Appendix II of the Offer Document for further details on the duration of the Offer.

3.4 Method of settlement

- (i) Except with the consent of the SC which would only be granted in certain circumstances in which all Holders would be treated similarly, settlement of the consideration will be implemented in full, in accordance with the terms of the Offer without regard to any lien, right of set-off, counter claim or other analogous rights to which the Offeror may otherwise be or claim to be entitled against the Accepting Holder. This, however, is without prejudice to the Offeror's right to make any claim against the Accepting Holder after such full settlement in respect of a breach of the warranty as set out in Section 1 of Appendix II of the Offer Document.
- (ii) The settlement of the consideration for the Offer will be effected via remittance in the form of cheque, banker's draft and/or cashier's order, which will be despatched by ordinary mail to the Accepting Holders (or their designated agents, as they may direct) at their registered Malaysian address last maintained with Bursa Malaysia Depository Sdn Bhd, at their own risk within ten (10) days from the date of receipt of the acceptances which are valid and complete in all aspects in accordance with the terms set out in the Offer Document.

For further information and details of the terms of the Offer or method of settlement and the procedures for acceptance, please refer to Appendices II and III of the Offer Document respectively.

3.5 Rights of withdrawal by an Accepting Holder

- (i) Acceptances of the Offer by the Holders **SHALL BE IRREVOCABLE**.
- (ii) Notwithstanding Section 3(i) of Appendix II of the Offer Document, the SC may terminate the right of withdrawal of an acceptance if the Offeror has complied with the requirements of Section 5(i) of Appendix II of the Offer Document within eight (8) days from the Relevant Day, provided that the expiry of the eight (8) day period from the Relevant Day shall not fall after 15 July 2012, being the sixtieth (60th) day from the Posting Date.

However, the right of any Holder who has withdrawn his acceptance shall not be prejudiced by the termination of such right of withdrawal by the SC.

4. DETAILS OF ACCEPTANCES

As at the LPD, the Offeror and/or its PACs have not received any irrevocable undertaking from any Holder to accept the Offer (save for all the acceptances received by the Offeror on or prior to the LPD).

As at the LPD, the Offeror has received acceptances (all of which have been verified by the share registrar of SEGi) as set out below:

No. of Shares	% ⁽¹⁾	No. of Warrants	%
992,680	0.19	-	-

Note:

- (1) Based on the issued and paid-up share capital of SEGi of 559,363,788 SEGi Shares less 26,040,600 treasury shares as at the LPD

Save as disclosed above and to the best knowledge of the Board, no person (whose interest in the voting shares, convertible securities or voting rights in SEGi, whether direct or indirect, which are required to be disclosed under the Code) has accepted or has given an irrevocable undertaking to accept the Offer.

Please refer to Section 6, Part A of this IAC for the intentions of Tan Sri Dato' Seri Megat Najmuddin Bin Dato' Seri Dr Haji Megat Khas, Lee Kok Cheng, Hew Moi Lan and Amos Siew Boon Yeong in respect of their Offer Shares.

5. EVALUATION OF THE OFFER

In our evaluation of the Offer, we have taken into consideration of the following:

Factor	Section
Rationale for the Offer	Section 5.1
Listing status and compulsory acquisition	Section 5.2
Future plans for the SEGi Group and its employees	Section 5.3
Financial evaluation of the Offer	Section 5.4
- Share price	Section 5.4.1
- Analysis of recent unconditional mandatory take-over offer transactions	Section 5.4.2
- Selected comparable companies analysis	Section 5.4.3
- Dividend track record of SEGi	Section 5.4.4
- Dividend Discount Analysis	Section 5.4.5
- Financial evaluation of the Offer Warrants	Section 5.4.6
- Historical financial performance of SEGi Group	Section 5.4.7
Overview and prospects of the Malaysian economy	Section 5.5
Overview and prospects of the education sector in Malaysia	Section 5.6
Prospects of the SEGi Group	Section 5.7

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5.1 Rationale for the Offer

As set out in Section 3 of the Offer Document, we note that the rationale for the Offer is summarised as follows:

- The Ultimate Offerors have identified the tertiary education sector in Malaysia and SEGi as an attractive sector and company respectively that met their investment criteria. Hence, they have, via the Offeror, embarked on a series of acquisitions of SEGi Shares and Warrants. Following such acquisitions, DSC and the Offeror have entered into a Shareholders' Agreement. Arising from the execution of the Shareholders' Agreement, it establishes a concert party relationship between both parties pursuant to Section 216(2) of the CMA and the aggregate shareholding of PHS together with the PACs in SEGi exceeded 33% of the issued and paid-up share capital of SEGi. As such, pursuant to the requirements of the Code, PHS is obliged to extend a mandatory take-over offer for all the Offer Securities;
- The Offer is in line with the Offeror's intention to obtain full control and privatise SEGi. The Offeror believes that private ownership of SEGi would accord it with greater flexibility to plan and implement longer term strategic business opportunities in realising the Group's long term growth potential;
- The Offeror believes that the Group has the potential to pursue additional, but longer term and possibly higher risk business opportunities. This could potentially change the Group's financial and risk profile as it may require significant capital expenditure to pursue such business activities. Consequently, this may reduce the Group's free cash flow position and dividend payment capability. Further, such new business opportunities are likely to have medium term gestation periods that could translate into short and medium term earnings volatility; and
- The Offer provides the Holders with an opportunity to realise their investment in SEGi.

Comments:

From the above, we note that the Offer is made pursuant to the suitability of SEGi as an attractive company that meets the investment criteria of the Ultimate Offerors. Hence, the Ultimate Offerors have, via the Offeror, embarked on a series of acquisitions of SEGi Shares and Warrants. Following such acquisitions, DSC and the Offeror have entered into a Shareholders' Agreement, which establishes a concert party relationship between both parties pursuant to Section 216(2) of the CMA. As the aggregate shareholding of PHS together with the PACs in SEGi exceeded 33% of the issued and paid-up share capital of SEGi, the Offeror is obliged to extend a mandatory take-over offer for all the Offer Securities. The Offer is also made to obtain full control and privatise SEGi. In this manner, the Offeror believes the Group will have greater flexibility to pursue and implement long term strategic business activities. Generally, we acknowledge that a privately owned company with full control by the promoters would have greater flexibility to pursue and implement business activities, from the perspective of not having to undergo the additional processes associated with being a public listed status company. These processes may include matters to meet, amongst others, additional public disclosure and compliance requirements. We note from the Shareholders' Agreement that DSC will continue to play a role in the management and the running of the business operations of the SEGi Group. As such, we believe that there will be continuity in the management of SEGi that has contributed to the success and achievements of the SEGi Group thus far. Further, we note that the Offeror would contribute positively towards SEGi's continuing efforts to enhance the future performance of the Group as NCP has investments in businesses similar to SEGi namely ITM Group of Institutions in India and Wall Street Institute in Thailand (*Source: Website of Navis Capital Partners*) where they would be able employ past and regional experiences to improve the performance of the Group to further facilitate its growth and development.

The Group has recorded commendable financial performance for the past five (5) financial years ended 31 December 2011. The Group has recorded CAGR of 26.40% in revenue and 69.58% in PAT during the aforesaid financial years. The commendable growth is attributable to, amongst others, sustainable increase in student enrolments, introduction of new and/or high margin programmes, as well as the 'asset light' business model which minimises borrowings and significant capital expenditure. Please refer to Section 5.4.7 of this IAL for further details of the Group's financial performance for the past five (5) years. Moving forward, it is stated that the Group's financial and risk profile may change as it may require significant capital expenditure to pursue business opportunities which may have medium term gestation period that could translate into short and medium term earnings volatility.

We observed that based on the latest audited financial statements of the Group for the financial year ended 31 December 2011 and other publicly available information, the Group is expected to be able to undertake its planned capital expenditure based on the following:

- Financial capacity for additional leverage given its low gearing ratio. As at 31 December 2011, the Group's total borrowings is approximately RM8.7 million as compared to its shareholders' funds of approximately RM183.8 million. This translates into a gearing ratio of approximately 0.05 times;
- Cash reserves to support capital and/or non-capital expenditure. The total cash and cash equivalents as at 31 December 2011 are RM87.2 million. In addition, during the aforesaid financial year, the Group recorded net cash from operating activities of RM69.1 million;
- Adopted an 'asset light' business model where its existing facilities/campuses are mainly under sale and leaseback arrangements and/or rental arrangements;
- Sustainable number of student enrolments to support its future cashflow and earnings; and
- In the event that all of the outstanding 189,015,354 Warrants are exercised, there will be a potential cashflow of up to approximately RM94.5 million in the future. The Warrants are 'in-the-money' whereby the exercise price of each Warrant is RM0.50 and five (5)-day VWAP to 20 April 2012 (being the last full trading day prior to the date of the Notice in which the Warrants were traded) is RM1.271 per Share.

5.2 Listing status of SEGi, compulsory acquisition and potential outcome of the Offer

(i) Listing status

As stated in Section 6 of the Offer Document, under Paragraph 8.02(1) of the Listing Requirements, in order to ensure the continued listing of SEGi, SEGi must satisfy the public shareholding spread requirement that at least 25% of the total issued and paid-up share capital of SEGi (excluding treasury shares) are in the hands of public shareholders. Bursa Securities may accept a percentage lower than 25% of the total number of listed shares (excluding treasury shares) if it is satisfied that such lower percentage is sufficient for a liquid market in such shares.

A listed issuer which fails to maintain the required shareholding spread may request for an extension of time to rectify the situation. Where no extension of time is granted by Bursa Securities, Bursa Securities may take or impose any type of action or penalty pursuant to Paragraph 16.19 of the Listing Requirements for a breach of Paragraph 8.02(1) of the Listing Requirements and suspend trading in the securities of the listed issuer pursuant to Paragraph 16.02 of the Listing Requirements. However, it should be noted that the enforcement action of suspension and delisting on non-compliance of the public shareholding spread requirement is not automatic.

In the event that the public shareholding spread of a listed issuer is equal to or below 10% of the total number of its listed shares (excluding treasury shares), Bursa Securities shall suspend trading of the securities of the listed issuer upon expiry of thirty (30) Market Days from the date of immediate announcement by the listed issuer pursuant to, inter-alia, a take-over offer whereby 90% or more of the listed shares (excluding treasury shares) of the said listed issuer are being held by a shareholder either individually or jointly with associates of the said shareholder, and the listed issuer announcing that the offeror intends to maintain the listed issuer's listing status.

In the event that the Offeror receives acceptances under the Offer resulting in the Offeror and its PACs holding 75% or less of the listed shares of SEGi (excluding all the treasury shares held by SEGi), it is the present intention of the Offeror to maintain the listing status of SEGi.

As stated in the Offer Document, the Offeror does not intend to maintain the listing status of SEGi on the Official List of Bursa Securities and does not intend to take any steps to address any shortfall in the public shareholding spread in the event that the Offeror receives acceptances under the Offer resulting in the Offeror and its PACs holding more than 75% of the listed shares in SEGi (excluding all the treasury shares held by SEGi). If the Offeror receives acceptances under the Offer resulting in the Offeror and its PACs holding in aggregate more than 75% but less than 90% of the listed shares of SEGi (excluding all the treasury shares held by SEGi), the Offeror will within three (3) months from the Closing Date, procure SEGi to take the requisite steps to withdraw its listing status from the Official List of Bursa Securities in accordance with Chapter 16 of the Listing Requirements. Hence, the suspension of trading and delisting of SEGi will not be automatic. Paragraph 16.06 of the Listing Requirements stipulates that a listed issuer may not request to withdraw its listing from the Official List of Bursa Securities, unless:

- (a) the listed issuer convenes a general meeting to obtain its shareholders' approval and a separate meeting for the approval of the holders of any other class of listed securities, if applicable;
- (b) the resolution for the withdrawal of its listing is approved by a majority in number representing three fourths (3/4) in value of the shareholders and holders of any other class of listed securities, if applicable, present and voting either in person or by proxy at the meetings and provided that such shareholders and holders of any other class of listed securities who object to the withdrawal is not more than 10% of the value of the shareholders and holders of any other class of listed securities present and voting either in person or by proxy. Where the constituent document of the listed issuer imposes a stricter condition in respect of the votes required to approve the withdrawal of listing, such stricter condition will apply in substitution of the foregoing provision;

- (c) the shareholders and holders of any other class of listed securities, if applicable, are offered a reasonable cash alternative or other reasonable alternative ("Exit Offer"); and
- (d) the listed issuer appoints an independent adviser, which meets the approval of the independent directors, to advise and make recommendations for the consideration of the shareholders and holders of any other class of listed securities, if applicable, in connection with the withdrawal of its listing as well as the fairness and reasonableness of the Exit Offer.

If the resolutions are carried at the respective meetings and subject to compliance with Paragraph 16.06 of the Listing Requirements, the SEGi Shares and Warrants would be suspended from trading and thereafter be removed from the Official List of Bursa Securities.

In relation to a take-over offer for the acquisition of the listed shares of a listed issuer pursuant to the Code, upon 90% or more of the listed shares (excluding treasury shares) of the listed issuer being held by a shareholder either individually or jointly with associates of the shareholder, an immediate announcement must be made by the listed issuer. Upon such immediate announcement, Bursa Securities shall in the case where the offeror does not intend to maintain the listing status, suspend the trading in the listed issuer's securities immediately upon the expiry of five (5) Market Days from the date of the immediate announcement. Thereafter, in accordance with Paragraph 16.07 of the Listing Requirements, the listed issuer may withdraw its listing from the Official List of Bursa Securities. In this regard, in the event the Offeror receives acceptances under the Offer resulting in the Offeror and its PACs holding in aggregate 90% or more of the listed shares of SEGi (excluding all the treasury shares held by SEGi), the SEGi Shares and Warrants would be suspended from trading. Thereafter, the Offeror will procure SEGi to file an application to withdraw its listing from the Official List of Bursa Securities.

(ii) Compulsory acquisition and rights of Dissenting Holders

Section 222(1) of the CMSA provides that where a take-over offer by an offeror to acquire all the shares or all the shares in any particular class in an offeree has, within four (4) months after the making of the take-over offer, been accepted by the holders of not less than nine-tenths (9/10) in the nominal value of those shares or of the shares of that class (excluding shares already held at the date of the take-over offer by the offeror or persons acting in concert), the offeror may, at any time within two (2) months from the date the nine-tenths (9/10) in the nominal value of those shares have been achieved, give notice in the manner prescribed under the Code to any dissenting shareholder that it desires to acquire his shares together with a copy of a statutory declaration by the offeror that the conditions for the giving of the notice are satisfied.

As stated in Section 6.2 of the Offer Document, in the event that the Offeror receives sufficient level of acceptances as described above, **the Offeror, subject to Section 224 of the CMSA, intends to invoke the provisions of Section 222 of the CMSA** to compulsorily acquire any remaining Offer Shares for which acceptances have not been received, and necessary steps will thereafter be taken to de-list SEGi from the Official List of Bursa Securities. Under such circumstance, the Holders whose Offer Shares are compulsorily acquired will receive the consideration on the same terms as set out in the Offer Document and in accordance with Section 222 of the CMSA.

Notwithstanding the above, if the Offeror receives acceptances from the Holders resulting in the Offeror and its PACs holding not less than nine-tenths (9/10) in the nominal value of the issued and paid-up share capital of SEGi on or before the Closing Date, a Holder who has not accepted the Offer may exercise his rights under Section 223 of the CMSA by serving a notice on the Offeror to require the Offeror to acquire his SEGi Shares on the same terms as set out in the Offer Document or such other terms as may be agreed by the Offeror and the Holder concerned, subject to Section 224 of the CMSA.

In accordance with Section 224 of the CMSA, when a Holder exercises his rights under Section 223 of the CMSA, the court may, on an application made by such Holder or by the Offeror, order that the terms on which the Offeror shall acquire the SEGi Shares shall be as the court thinks fit.

There is no provision within the CMSA which gives an offeror the right to compulsorily acquire all the warrants in an offeree following a take-over offer. As such, and notwithstanding that the Offeror has invoked Section 222(1) of the CMSA in respect of the Offer Shares, the Warrants will continue to be held by the Holders who do not accept the Offer and the rights of such Holders shall continue to be governed by the deed poll dated 15 July 2010.

In the event the Offeror receives acceptances from the Holders resulting in the Offeror and its PACs holding not less than nine-tenths (9/10) in the nominal value of the issued and paid-up share capital of SEGi on or before the Closing Date, a Warrant Holder who has not accepted the Offer does not have any rights under Section 223 of the CMSA to require the Offeror to acquire his Warrants or entitled or eligible for the Exit Offer. Nonetheless, a Warrant Holder who has exercised his Warrants into SEGi Shares may exercise his rights under Section 223 of the CMSA in the manner as set out above and also through the Exit Offer.

The Offeror does not currently have any intention to extend any new or further offer for the Warrants even after the invocation of its right to compulsorily acquire the Offer Shares under Section 222(1) of the CMSA. Further, following the completion of the compulsory acquisition of the Offer Shares, both the SEGi Shares and Warrants will be suspended and de-listed from the Official List of Bursa Securities.

Comments:

Holders should take note that pursuant to the Offer, the trading liquidity of SEGi Shares may deteriorate as the shareholdings of the Offeror may increase as a result of acceptances received pursuant to the Offer. Holders should further note that if liquidity deteriorates, this may impact the ability of the Holders to realise their investment in the open market should Holders decide to do so in the future, especially if Holders intend to dispose a sizeable amount of shares. In addition, Holders should also note that:

(i) In the event the Offeror and PACs hold 75% or less of SEGi Shares (excluding all treasury shares)

SEGi will remain listed on the Main Market of Bursa Securities. SEGi Shares and Warrants will continue to be listed on Bursa Securities as the required public shareholding spread is met.

(ii) In the event the Offeror and PACs hold more than 75% but less than 90% of SEGi Shares (excluding all treasury shares)

The Offeror will procure SEGi to take the requisite steps to withdraw its listing status from the Official List of Bursa Securities in accordance with Chapter 16 of the Listing Requirements, which is subject to, inter-alia, the approval of a majority shareholders in number representing 75% in value of those present and voting in person or by proxy with and not more than 10% in value who object to the withdrawal.

You should take note that in the event that the trading of SEGi Shares and Warrants is suspended (or delisted if subsequently approved), SEGi Shares and Warrants will no longer be traded on the Main Market of Bursa Securities. Therefore, Holders who do not accept the Offer will end up holding less marketable securities of SEGi as there is no active ready market for the suspended/unlisted securities.

In the event the Company faces a delisting prospect as a result of the above, the Holders who have not accepted the Offer earlier will have the opportunity to be given an exit offer if SEGi convenes a general meeting to obtain shareholders' approval to withdraw its listing from the Official List of Bursa Securities in the event SEGi takes the necessary steps to delist the Company from the Official List of Bursa Securities as detailed under Section 5.2(i) of this IAL.

It is important to note the Offeror's intention of not maintaining the listing status of SEGi on the Official List of Bursa Securities and of not taking any steps to address any shortfall in the public shareholding spread in the event that the Offeror receives acceptances under the Offer resulting in the Offeror and its PACs holding more than 75% of the listed shares in SEGi (excluding all the treasury shares held by SEGi).

(iii) In the event the Offeror and PACs hold 90% or more of SEGi Shares (excluding all treasury shares)

The SEGi Shares and Warrants would be suspended from trading and the Offeror will procure SEGi to file an application with Bursa Securities to withdraw its listing from the Official List of Bursa Securities pursuant to paragraphs 16.07 and 16.08 of the Listing Requirements.

As at the LPD, the Offeror and its PACs hold in aggregate, directly and indirectly, approximately 57.86% of SEGi Shares (excluding all the treasury shares held by SEGi) and 72.76% of the outstanding Warrants. You should take note that in the event that the Offeror receives acceptances resulting in the Offeror and its PACs holding not less than nine-tenths (9/10) of the Offer Shares on or before the Closing Date, the Offeror, subject to Section 224 of the CMSA, intends to invoke Section 222 of the CMSA to compulsorily acquire any remaining Offer Shares for which acceptances have not been received as detailed under Section 5.2(ii) of this IAL. In this regard, your SEGi Shares will be compulsorily acquired at the Share Offer Price based on the terms set out in the Offer Document even if you reject the Offer in respect of the Offer Shares.

We wish to advise that if Holders of Offer Shares are entitled to exercise their rights under Section 223 of the CMSA, such Holders should consult their professional advisers immediately upon the announcement by the Offeror and SEGi.

The provisions under Section 223 of the CMSA do not apply to the Offer Warrants. Warrant Holders do not have the right under Section 223 of the CMSA to compel the Offeror to acquire their Warrants if the Offeror receives acceptances of at least 90% of the Offer Shares or at least 90% of the outstanding Warrants.

Further, as the Offeror does not currently have any intention to extend any new or further offer for the Warrants, the Warrant Holders who do not accept the Offer shall continue to hold such Warrants and the rights of such Holders shall continue to be governed by the deed poll dated 15 July 2010. Nonetheless, a Warrant Holder who has exercised his Warrants into SEGi Shares may exercise his rights under Section 223 of the CMSA in the manner as set out above.

Therefore, Holders who choose not to accept the Offer may end up holding suspended or delisted securities (based on the relevant scenarios as set out in (ii) and (iii) above) of SEGi unless:

- the Holder is given an exit offer from SEGi should SEGi convenes a general meeting to obtain shareholders' and Warrant Holders' approval to withdraw its listing from the Official List of Bursa Securities (in situation where the Offeror and the PACs hold more than 75% but less than 90% of SEGi Shares (excluding all treasury shares));
- the Dissenting Holders of the Offer Shares or Warrant Holders who has exercised their Warrants are able to compel the Offeror to acquire their SEGi Shares under Section 223 of the CMSA (in situation where the Offeror and the PACs hold 90% or more of SEGi Shares (excluding all treasury shares)); or
- the Offeror can and will exercise its right to compulsorily acquire SEGi Shares held by Dissenting Holders under Section 222 of the CMSA, subject to Section 224 of the CMSA (in situation where the Offeror and the PACs hold more than 90% of the Offer Shares (excluding all treasury shares)).

In this regard, Holders are advised to regularly monitor the announcement(s) made regarding the status of the acceptance level of the Offer.

5.3 Future plans for the SEGi Group and its employees

As stated in Section 10 of the Offer Document, we note the intentions of the Offeror in relation to the future plans for the SEGi Group and its employees within the next twelve (12) months from the Closing Date are as follows:

(a) Continuation of SEGi Group's business

The Offeror intends to continue with the SEGi Group's existing business and operations within the next twelve (12) months from the Closing Date. The Offeror has no intention to make any material change to the corporate structure of SEGi or liquidate SEGi within the next twelve (12) months from the Closing Date.

Nevertheless, as set out in Section 5.2 of the IAL, the Offeror does not intend to maintain the listing status of SEGi in the event the Offeror receives acceptances under the Offer resulting in the Offeror and its PACs holding more than 75% of the listed shares of SEGi (excluding all the treasury shares held by SEGi).

(b) Major changes to SEGi Group's business

Save as disclosed in Section 3 of the Offer Document, the Offeror does not presently have plans to introduce or effect major changes to the business of the SEGi Group within the next twelve (12) months from the Closing Date, including major change in the structure of the SEGi Group and/or major disposal and/or redeployment of the fixed assets of the SEGi Group save where such disposal and/or redeployment is necessary to rationalise the business activities and/or directions of the SEGi Group or to improve the utilisation of resources.

(c) Employees of the SEGi Group

The Offeror does not presently have plans to dismiss or make redundant the employees of the SEGi Group as a direct consequence of the Offer within the next twelve (12) months from the Closing Date. Any change with regards to staff employment may take place as a result of any rationalisation of business activities and/or to further improve efficiency of the operations of the SEGi Group.

As stated in the Offer Document, the Offeror has no knowledge of and has not entered into any negotiations or arrangements or understanding whatsoever with any third party with regards to any change in the SEGi Group's businesses, assets or SEGi's equity structure within the next twelve (12) months from the Closing Date.

Comments:

We note that the Offeror intends to continue with the existing businesses of SEGi and will not liquidate or make any material changes to the corporate structure of SEGi within the next twelve (12) months from the Closing Date. We also note that the Offeror has no plan to introduce major changes to the existing business and staff employment within the next twelve (12) months after the Closing Date except measures that are necessary to, amongst others, rationalise the business activities and/or directions of the SEGi Group as well as to further improve the efficiency of the operations of the SEGi Group.

Premised on the above, the business and management of the SEGi Group will remain intact and continue as a going concern. Consequently, *ceteris paribus*, we expect the existing underlying business of the Group to remain status quo. We expect any decision on the change in future plans and employment will be made by the Board in the best interest of the Company.

5.4 Financial evaluation of the Offer

Holders of the Offer Securities should note that the evaluation set out herein is based on the historical market prices of the Offer Securities as at the respective dates/periods and hence, has not taken into consideration any movements in the market price of Offer Securities subsequent to the date of the LPD. Holders should therefore continue to monitor the movement in the market prices of Offer Securities from the date of this IAC up to the last day for acceptance of the Offer. We note that the Offer Price for the Offer Securities is marginally higher than the highest price paid by the Offeror which is RM1.71 per Share and RM1.21 per Warrant for the SEGi Shares and Warrants acquired respectively during the six (6) months prior to the beginning of the Offer Period, which is in compliance with the requirement of the Code. Further, the Warrant Offer Price is also in compliance with Section 1.2 of Practice Note 31 of the Code.

5.4.1 Share price

(i) Current market prices

The comparison of the Share Offer Price against the closing market prices and the respective VWAMP are as follows:

	Share Price (RM)	Premium/(Discount) based on the VWAMP/Last Price	
		RM	%
Last traded on 24 April 2012 ⁽¹⁾	1.800	(0.086)	(4.78)
Five (5)-day VWAMP to 24 April 2012 ⁽¹⁾	1.783	(0.069)	(3.87)
One (1)-month VWAMP to 24 April 2012 ⁽¹⁾	1.767	(0.053)	(3.00)
Three (3)-month VWAMP to 24 April 2012 ⁽¹⁾	1.815	(0.101)	(5.56)
Six (6)-month VWAMP to 24 April 2012 ⁽¹⁾	1.825	(0.111)	(6.08)
Twelve (12)-month VWAMP to 24 April 2012 ⁽¹⁾	1.850	(0.136)	(7.35)
Last transacted price on the LPD ⁽²⁾	1.710	0.004	0.23
Five (5)-day VWAMP up to the LPD	1.708	0.006	0.35

(Source: Bloomberg)

Notes:

(1) Being the last full trading day prior to the serving of the Notice

(2) The twelve (12)-month VWAMP share prices have been adjusted to take into account the share split exercise which was completed on 13 July 2011

Based on the above, the Share Offer Price of RM1.714 per Share represents:

- (a) a discount of 8.6 sen or 4.78% to the last transacted price on 24 April 2012, being the last full trading day prior to the serving of the Notice;
- (b) a premium of 0.6 sen or 0.35% to the five (5)-day VWAMP up to the LPD and a premium of 0.4 sen or 0.23% to the last transacted price on the LPD;
- (c) a discount of 6.9 sen or 3.87% over the five (5)-day VWAMP of SEGi Shares up to 24 April 2012;
- (d) a discount of 5.3 sen or 3.00% over the one (1)-month VWAMP of SEGi Shares up to 24 April 2012;
- (e) a discount of 10.1 sen or 5.56% over the three (3)-month VWAMP of SEGi Shares up to 24 April 2012;

- (f) a discount of 11.1 sen or 6.08% over the six (6)-month VWAMP of SEGi Shares up to 24 April 2012; and
- (g) a discount of 13.6 sen or 7.35% over the twelve (12)-month VWAMP of SEGi Shares up to 24 April 2012.

Comments:

Holders of Offer Shares should monitor carefully the market prices of SEGi Shares before arriving at a decision whether to accept or reject the Offer. Holders should take into account the other areas of evaluation in this IAL in arriving at the decision to accept or reject the Offer Shares. Holders should take note that subsequent to 24 April 2012, the market prices of the SEGi Shares have traded downwards and have since been trading close to the Share Offer Price, likely due to the Offer.

(ii) Trading liquidity

The monthly highest and lowest transacted market prices and the trading volume of SEGi Shares for the past twelve (12) months preceding the date of the Offer[#] are as follows:

Month	High RM	Low RM	Volume Units	Percentage of volume traded over free float [^] %
<u>2011</u>				
April ⁽¹⁾	2.04	1.88	4,517,400	2.00
May	2.07	1.85	20,182,400	8.93
June	1.96	1.875	14,060,600	6.22
July	2.09	1.91	18,918,300	8.37
August	1.94	1.79	21,983,600	9.73
September	1.86	1.67	19,376,600	8.57
October	1.83	1.65	21,263,300	9.41
November	2.06	1.73	8,873,100	3.93
December	1.97	1.77	5,296,500	2.34
<u>2012</u>				
January	1.94	1.77	8,879,600	3.93
February	1.99	1.83	10,762,500	4.76
March	1.91	1.69	17,396,100	7.70
April ⁽²⁾	1.84	1.72	16,878,100	7.47
Average monthly trading volume			15,699,008	6.95

(Source: Bloomberg)

Notes:

[#] The monthly highest and lowest transacted market prices for the months of April to July 2011 have been adjusted to take into account the share split exercise which was completed on 13 July 2011

⁽¹⁾ The high and low prices and the volume stated are for the days commencing 25 April 2011, being the cut-off date for the twelve (12) months period prior to the serving of the Notice, to 30 April 2011

Notes (Cont'd):

⁽²⁾ The high and low prices and the volume stated are for the days commencing 1 April 2012 to 24 April 2012, being the last full trading day prior to the serving of the Notice

^A Based on the issued and paid-up share capital of SEGi of 559,349,588 SEGi Shares less 26,040,600 treasury shares held as at 24 April 2012 and free float excludes SEGi Shares held by the Offeror and the PACs of 307,313,480 SEGi Shares as at the date of the Notice

Comments:

As illustrated in the above table, the SEGi Shares have generally traded above the Share Offer Price of RM1.714 for the past 12 months prior to the date of the Offer with the exception of certain periods in September and October 2011 and March 2012.

The average monthly trading volume of SEGi Shares for the past twelve (12) months up to 24 April 2012 was 15,699,008 Shares or approximately 2.94% of SEGi's total issued and paid-up share capital of 559,349,588 Shares less 26,040,600 treasury shares held as at 24 April 2012, being the last day prior to the Notice being served on SEGi.

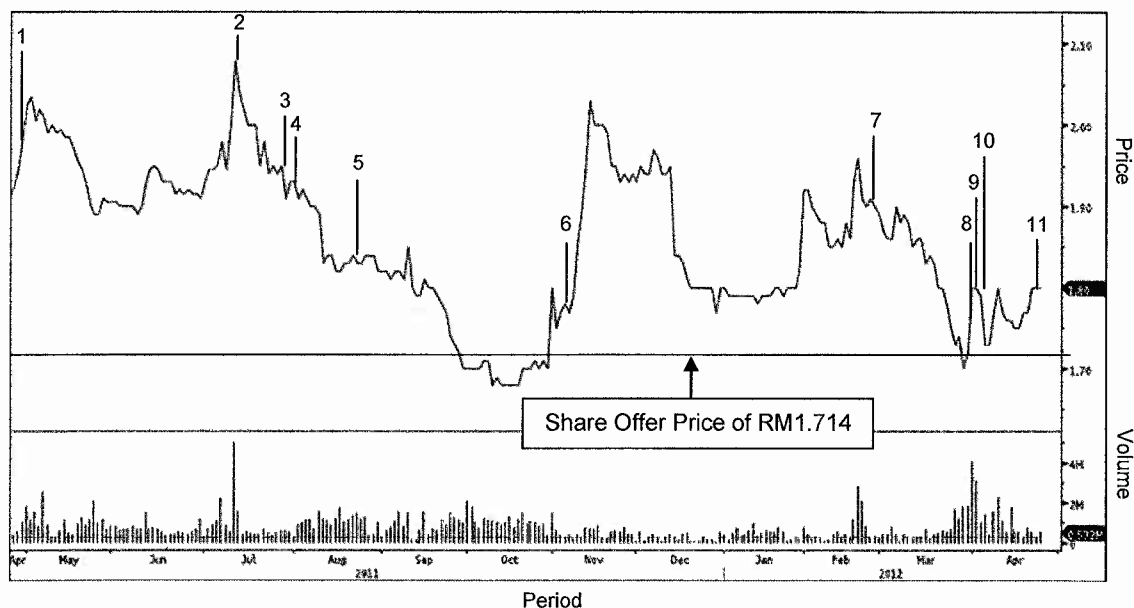
We note that there was a decrease in the trading volume of SEGi Shares for the months of November 2011 to February 2012. Such decrease in trading volume for the aforesaid could possibly be due to the prevailing market sentiment then as we observed that the trading volume of the FBM KLCI Index for the respective months was also reduced.

Further, the average monthly trading volume of 15,699,008 Shares represents approximately 6.95% of the free float based on the public float of SEGi Shares of approximately 226.0 million Shares (being the number of Shares not held by the Offeror and the PACs as at the date of the Notice). **Hence, we would like to caution Holders who reject the Offer that in the event the liquidity deteriorates because of acceptances received by the Offeror resulting in the increase in the shareholdings of the Offeror pursuant to the Offer, this may impact the ability of the Holders to realise their investment in the open market at a certain price, should the Holders decide to do in the future, particularly for those who intend to dispose a sizable amount of SEGi Shares.**

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(iii) Movement in the market price and volume of SEGi Shares

The movement in the market price and volume of SEGi Shares for the past twelve (12) months prior to the date of the Notice is as follows:



(Source: Bloomberg)

Please note that the market prices have been adjusted to take into account the share split exercise which was completed on 13 July 2011.

Comments:

Despite the above price movements, the traded prices of SEGi Shares have generally traded above the Offer Price with the exception of certain periods in September and October 2011 and March 2012. The highest closing market price of SEGi Shares was RM2.08 whilst the lowest closing price was RM1.68 during the period under review. The twelve (12)-month VWAMP up to 24 April 2012, being the last full trading day prior to the serving of the Notice is RM1.85.

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Significant events announced for the past twelve (12) months prior to the date of the Notice include the following:

No.	Date	Events
1.	28 April 2011	(i) Announcement on the proposed share split involving the subdivision of every one (1) existing ordinary share of RM0.50 each in SEGi into two (2) ordinary shares of RM0.25 each (ii) Announcement of quarterly report on consolidated results for the financial period ended 31 March 2011
2.	13 July 2011	Completion of share split involving the subdivision of every one (1) existing SEGi Share of RM0.50 each into two (2) ordinary shares of RM0.25 each in SEGi
3.	21 July 2011	SEGi appointed by the Government of Malaysia as Project Leader for a new initiative to bring foreign trainees and learners to Malaysia, known as <i>SkillsMalaysia International Technical Education & Vocational Training Programme (SkillsMalaysia INVITE)</i>
4.	28 July 2011	Announcement of quarterly consolidated report for the financial period ended 30 June 2011
5.	23 August 2011	Signing of a Memorandum of Understanding on the collaboration for technical and vocational training with the Ministry of Labour, War Invalids and Social Affairs (MOLISA) through the General Department of Vocational Training of the Government of Vietnam
6.	9 November 2011	(i) Update on Memorandum Of Understanding with the Government of Vietnam for development and delivery of training programmes in Vietnam and Malaysia (ii) Announcement of second interim single tier dividend of 10.0 sen per ordinary share of RM0.25 each (iii) Announcement of quarterly consolidated report for the financial period ended 30 September 2011
7.	28 February 2012	Announcement of quarterly consolidated report for the financial period ended 31 December 2011
8.	30 March 2012	Release of the newspaper article by the media on large blocks of shares in SEGi being sold
9.	31 March 2012	Release of the newspaper article by the media on NCP's acquisition of a 37.5% stake in SEGi
10.	2 April 2012	(i) SEGi announces the disposals by certain shareholders namely, Cerahsar Sdn Bhd, Segmen Entiti Sdn Bhd and Datuk Chee Hong Leong of their entire stakes in SEGi to PHS, representing a total equity interest of 27.8% of SEGi. NCP is deemed to have an interest in PHS pursuant to Section 6A(4) of the Act

No.	Date	Events
		(ii) Changes in boardroom with the appointment of Nicholas Rupert Heylett Bloy and Tan Chow Yin, the representatives of PHS, a major shareholder of SEGi and resignations of Dato' (Dr.) Patrick Teoh Seng Foo, Foo San Kan and Datu Haji Putit bin Matzen following the cessation of Cerahsar Sdn Bhd as a substantial shareholder of SEGi

(Source: Announcements from Bursa Securities' website)

The following chart sets out the performance of the market prices of SEGi Shares against the FBM KLCI Index for the past twelve (12) months up to 24 April 2012.



(Source: Bloomberg)

Based on the chart above, we note that the SEGi Shares have generally recorded a relatively lower total return of 1.11% vis-à-vis the total return of FBM KLCI Index of 7.23%. The SEGi Shares have recorded a negative share price appreciation of 5.76% as compared to the appreciation in FBM KLCI Index of 3.82% for the period under review. However, during the months of November and December 2011, SEGi Shares have recorded a higher return in terms of share price appreciation as compared to the return of the FBM KLCI Index. This could possibly be due to, amongst others, the release of announcements in November 2011 on the second interim single tier dividend of 10.0 sen per Share and the favourable quarterly consolidated financial results for the financial period ended 30 September 2011 as well as the positive news on the Memorandum of Agreement entered into with the Government of Vietnam for the development and delivery of training programmes in Vietnam and Malaysia following the Memorandum of Understanding entered into earlier by the two parties.

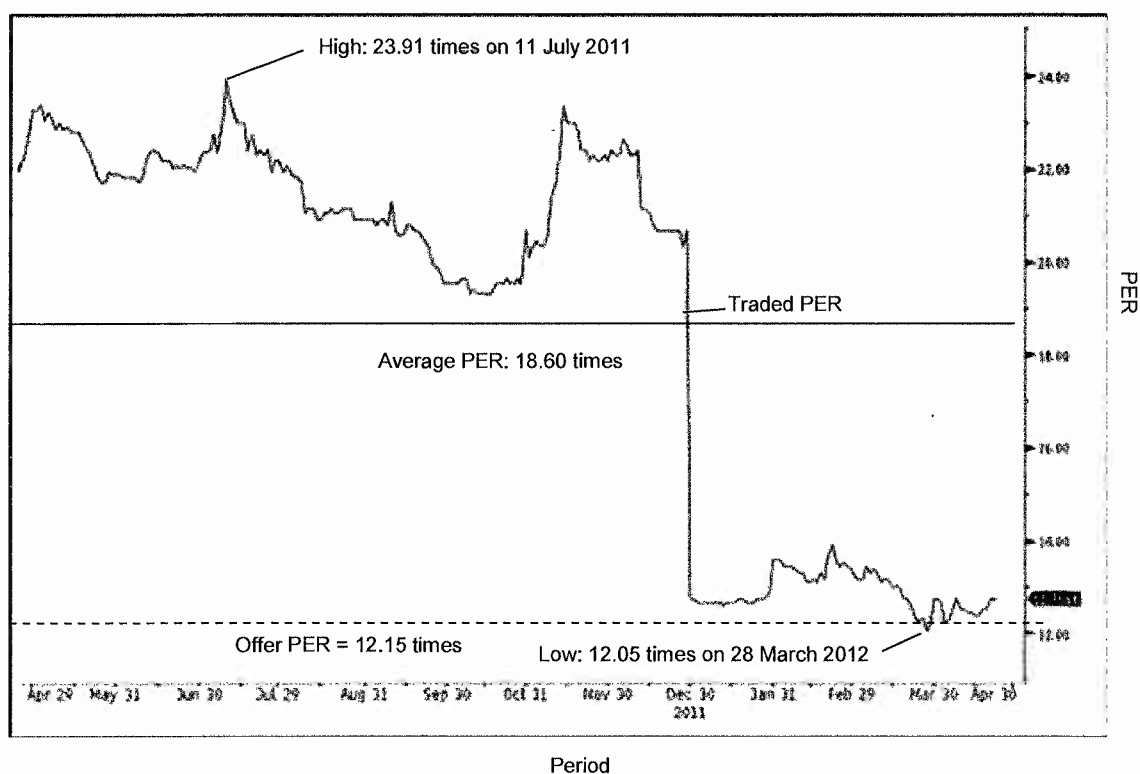
Post December 2011, we observed that SEGi Shares did not generally track the movement in the FBM KLCI Index. Nevertheless, it is noted that the Share Offer Price is generally below market prices of SEGi Shares for the past twelve (12) months up to 24 April 2012.

Based on the foregoing, Holders should monitor carefully the market prices of SEGi Shares before arriving at a decision whether to accept or reject the Offer. Holders should also take into consideration other evaluation in this IAL in arriving at a decision to accept or reject the Share Offer Price.

(iv) Earnings

PER is a valuation metric which compares a company's share price against its EPS. It can be used to compare the PER to that of its peers to gauge the relative valuation of SEGi vis-à-vis the Comparable Companies on the basis of their earnings. Generally, a higher the PER would mean that investors are paying more for each unit of income, so the share is valued higher compared to one with a lower PER from an earnings perspective.

The traded PER of SEGi Shares for the past twelve (12) months to 24 April 2012 is shown in the chart below:



(Source: Bloomberg)

We noted that the traded PER had recorded an adjustment in December 2011. This was due to the adjustment made to the EPS (which is used in the computation of traded PER) in December 2011 upon the release of the financial results for the FYE 31 December 2011. Therefore, based on the chart above, the computation of traded PER prior to December 2011 was based on the EPS for the FYE 31 December 2010 whilst the traded PER subsequent to December 2011 was computed based on the EPS for the FYE 31 December 2011.

As illustrated above, the PER based on the Share Offer Price and the audited EPS for the FYE 31 December 2011 of 12.15 times is within the traded PER range of 12.05 times to 23.91 times and is below the average traded PER of 18.60 times for the last twelve (12) months to the last full trading day prior to the date of the Notice.

The above chart indicates that the market has, historically in the past (12) months to the last full trading day prior to the date of the Notice, valued SEGi Shares higher than the Share Offer Price based on PER.

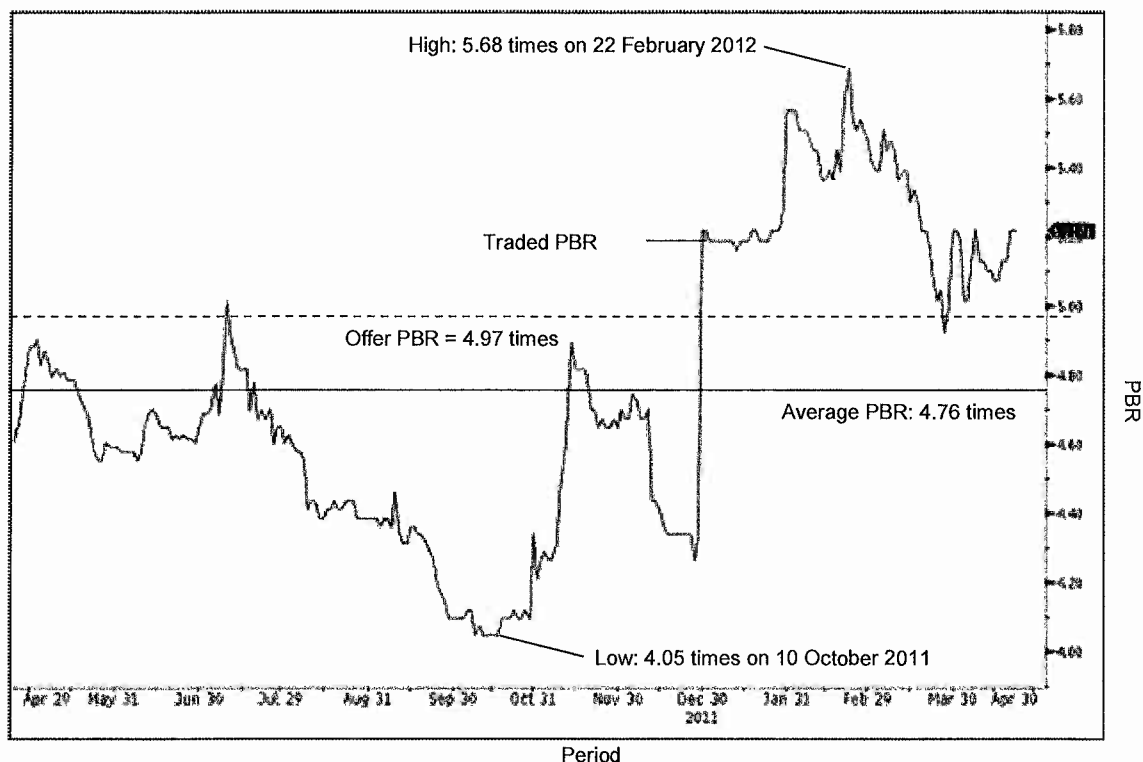
In this regard, it appears that if you accept the Offer, you will only be able to realise your investment in SEGi below the average historical traded PER for the past twelve (12)-months preceding 24 April 2012. Hence, the Share Offer Price appears to be undervalued. However, Holders should note that past trading patterns may not be reflective of future share price performance.

(v) NA

PBR is a method used in the valuation of companies by comparing the company's market value to its book value. A PBR of less than one (1) time would mean that the market value accorded to the company is less than the NA attributable to the shareholders of the company and may therefore indicate that the company is undervalued.

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The traded PBR of SEGi Shares for the past twelve (12) months to 24 April 2012 is shown in the chart below:



(Source: Bloomberg)

Likewise, the traded PBR had recorded an adjustment in December 2011. This was due to the adjustment made to the NA per Share (which is used in the computation of traded PBR) in December 2011 upon the release of the financial results for the FYE 31 December 2011. Therefore, based on the chart above, the computation of traded PBR prior to December 2011 was based on the NA per Share for the FYE 31 December 2010 whilst the traded PBR subsequent to December 2011 was computed based on the NA per Share for the FYE 31 December 2011.

As illustrated above, the PBR based on the Share Offer Price and the audited NA per Share for the FYE 31 December 2011 of 4.97 times is within the traded PBR range of 4.05 times and 5.68 times and is above the average traded PBR of 4.76 times for the last twelve (12) months to the last full trading day prior to the date of the Notice.

The above chart indicates that the market has, historically in the past (12) months to the last full trading day prior to the date of the Notice, valued SEGi Shares lower than the Share Offer Price based on PBR.

Premised on the foregoing, you should note that the Offer provides you with the opportunity to realise your investment in SEGi at higher than the average historical traded PBR for the past twelve (12) months to 24 April 2012. Holders should also note that the past trading patterns may not be reflective of future share price performance.

Further, we note that based on the audited consolidated financial statements of SEGi for the financial year ended 31 December 2011, the three (3) biggest components of the assets are (i) property, plant and equipment, (ii) cash and cash equivalents and (iii) receivables representing approximately 38.5%, 30.1% and 16.3% respectively of the total assets. The SEGi Group had adopted an 'asset light' business model which minimises borrowings and significant capital expenditure. Therefore, the PBR based on the Share Offer Price appears to be overvalued. Holders should also take into consideration other evaluation in this IAL in arriving at a decision to accept or reject the Share Offer Price.

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5.4.2 Analysis of recent unconditional mandatory take-over offer transactions

In evaluating the Share Offer Price of RM1.714 per Offer Share, we have compared the Share Offer Price to some of the precedent unconditional take-over offers announced since May 2010, involving mandatory take-over offers with offer price in the form of cash only and with the intention not to maintain listing status of the target company, as follows:

Target companies	Date of announcement of acquisition / date of service of notice of take-over offer	Offer price (RM)	Five (5)-day VWAMP prior to the date of announcement of acquisition / notice of take-over offer (RM)	Premium / (discount) (%)	One (1) month VWAMP prior to the date of announcement of acquisition / notice of take-over offer (RM)	Premium / (discount) (%)	Three (3) month VWAMP prior to the date of announcement of acquisition / notice of take-over offer (RM)	Premium / (discount) (%)
SEGi	25 April 2012	1.714	1.783	(3.87)	1.767	(3.00)	1.815	(5.56)
MTD Capital Bhd	20 December 2010	9.50	8.32	14.18	7.68	23.70	6.57	44.60
Berjaya Retail Berhad	11 March 2011	0.65	0.412	57.77*	0.439	48.06*	0.476	36.55*
Esso Malaysia Berhad [^]	17 August 2011	3.59	4.31	(16.71)	4.56	(21.27)	5.06	(29.05)
Eastern Pacific Industrial Corporation Berhad	24 August 2011	3.10	2.85	8.77	2.80	10.71	2.72	13.97
Pan Malaysian Industries Berhad	26 August 2011	0.045	0.0443	1.58	0.0407	10.57	0.0432	4.17
Proton Holdings Berhad	16 January 2012	5.50	5.35	2.80	4.88	12.70	4.34	26.73
Highest (excluding outlier)				14.18 (16.71)		23.70 (21.27)		44.60 (29.05)
Lowest (excluding outlier)								

Notes:

* Denotes outlier being excluded from the computation of the highest and lowest premium/discount of the precedent unconditional take-over offers set out above i.e. Berjaya Retail Berhad. Outlier is determined based on extreme deviation from the mean. As Berjaya Retail Berhad was only listed on Bursa Securities seven (7) months prior to its privatisation, the offer price may have been set at attractive premium over the market price to ensure high acceptances from its shareholders and successful implementation of the privatisation. By excluding the outlier, the premium of the precedent unconditional take-over offers will be more reflective of the mean of the analysis.

[^] We note that the offer price for Esso Malaysia Berhad based on the five (5)-day, one (1)-month and three (3)-month VWAMPs was at a higher discount as compared the Share Offer Price based on the corresponding time period respectively. It was noted that the market prices of the shares of Esso Malaysia Berhad recorded new levels during the first quarter of 2011. The good performance of its market prices continued on during the second and third quarters of 2011. The new level of market prices of shares in Esso Malaysia Berhad was possibly due to, amongst others, increase in net earnings by 85% as compared to the previous financial year which was announced in February 2011, market speculation on a possible privatisation of Esso Malaysia Berhad which was reported in March 2011 and continued on to August 2011 and coupled with the announcement of its first quarter results for FPE 31 March 2011 which was a significant improvement from the previous year as announced in May 2011.

(Source: Respective company announcements on Bursa Securities and circular to shareholders and Bloomberg)

Based on the above analysis, we note that the Share Offer Price represents a discount of 3.87%, 3.00%, 5.56% to the five (5)-day, one (1)-month and three (3)-month VWAMPs respectively of SEGi Shares up to 24 April 2012, being the last full trading day prior to the serving of the Notice. This is not attractive as it is offered at a discount as compared to the range of the premium paid for the majority of certain precedent unconditional mandatory take-over offer transactions (with the offer price in the form of cash) of between:

- (a) 1.58% and 14.18% (excluding the outlier) for the five (5)-day VWAMP prior to the date of announcement of acquisition or notice of take-over offer for the precedent transaction identified above;
- (b) 10.57% and 23.70% (excluding the outlier) for the one (1)-month VWAMP prior to the date of announcement of acquisition or notice of take-over offer for the precedent transaction identified above; and
- (c) 4.17% and 44.60% (excluding the outlier) for the three (3)-month VWAMP prior to the date of announcement of acquisition or notice of take-over offer for the precedent transaction identified above.

In view of the above, we are of the view that the Share Offer Price is not fair based on the analysis of the majority of the precedent unconditional mandatory take-over offer transactions with offer price in the form of cash.

5.4.3 Selected comparable companies analysis

The principal activities of the SEGi is investment holding. Through its subsidiaries, SEGi provides professional, commercial and academic education, operates commercial colleges and provides education facilities, training centers and job placement consultancy services.

For purposes of assessing the Offer Price, we have reviewed the PER and PBR of selected companies comparable to the SEGi Group ("**Comparable Companies**") which are listed and traded on Bursa Securities and whose principal activities being broadly similar to the principal activities of the SEGi Group. However, PBR and other ratios such as PER should be compared to companies within the similar industry to arrive at a more meaningful conclusion regarding the valuation of a company.

Holders are advised that the selected Comparable Companies tabulated herein is by no means exhaustive and have been selected for comparison purposes only and may not be directly comparable to the SEGi Group due to various factors which include, amongst others, the marketability and liquidity of the securities, scale and composition of the business, target markets or offerings, profit track record, management strength, risk profile, financial strength and future prospects.

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The details of SEGi and the Comparable Companies are as follows:

Comparable Companies	Market capitalisation [^] (RM'million)	Principal activities
SEGi	960.0	The principal activities of the SEGi is investment holding. Through its subsidiaries, SEGi provides professional, commercial and academic education, operates commercial colleges and provides education facilities, training centers and job placement consultancy services
HELP International Corporation Berhad ("HELP")	238.6	The principal activity of HELP is investment holding. The core business of the HELP Group is in education and training. This includes tertiary, continuing professional development, vocational, pre-university, primary and secondary programmes
Masterskill Education Group Berhad ("Masterskill")	475.5	Masterskill is an investment holding company. Through its subsidiaries, Masterskill provides higher education and training in nursing and allied health services

(Source: Bloomberg and the latest annual reports of the respective Comparable Companies)

Note:

[^] Based on the closing prices of the respective companies as at 24 April 2012, being the last full trading day prior to the serving of the Notice

(i) PER analysis

We have compared the PER of SEGi to the PER of the Comparable Companies based on the last traded prices as at 24 April 2012 as follows:

Companies	Closing price as at 24 April 2012 ⁽²⁾ / Share Offer Price ⁽¹⁾ (RM)	Net EPS (sen)	PER (times)
HELP	1.68	9.20	18.26
Masterskill	1.16	9.31	12.46
High			18.26
Low			12.46
SEGi	1.714	14.11	12.15 ⁽¹⁾

(Source: Bloomberg and the respective latest audited financial statements of the Comparable Companies and SEGi)

Notes:

⁽¹⁾ Based on the Share Offer Price of RM1.714

⁽²⁾ Based on the closing price of the respective shares on 24 April 2012, being the last full trading day prior to the serving of the Notice

Based on the above table, the PER of SEGi based on the Share Offer Price of 12.15 times is below the range of the PER of the Comparable Companies of between 12.46 times and 18.26 times.

Further, based on the historical traded PER of SEGi as shown in Section 5.4.1(iv) of this IAL, we note that the historical PER of SEGi has always been high for the past twelve (12) months and hence the PER of SEGi based on the Share Offer Price is therefore not fair.

(ii) **PBR analysis**

We have compared the PBR of SEGi to the PBR of the Comparable Companies based on the last traded prices as at 24 April 2012 as follows:

Companies	Closing price as at 24 April 2012⁽²⁾ / Share Offer Price⁽¹⁾ (RM)	NA per share (RM)	PBR (times)
HELP	1.68	0.88	1.91
Masterskill	1.16	1.26	0.92
High			1.91
Low			0.92
SEGi	1.714	0.345	4.97 ⁽¹⁾

(Source: Bloomberg and the respective latest audited financial statements of the Comparable Companies and SEGi)

Notes:

⁽¹⁾ Based on the Share Offer Price of RM1.714

⁽²⁾ Based on the closing price of the respective shares on 24 April 2012, being the last full trading day prior to the serving of the Notice

Based on the above table, the PBR of SEGi based on the Share Offer Price of 4.97 times is above the range of the PBR of the Comparable Companies of between 0.92 times and 1.91 times. This may indicate it is overvalued as compared to the Comparable Companies.

However, we note that there is a significant difference in the implied PBR of SEGi vis-à-vis the Comparable Companies. This is largely due to SEGi adopting an 'asset light' business model approach where their existing facilities/campuses are mainly under sale and leaseback agreements or are tenanted. This 'asset light' business model has enabled the SEGi Group to minimise its borrowings and significant capital expenditure which in turn allows the Group to have the financial flexibility to take up strategic growth opportunities while also generating a healthy return for shareholders and maintaining its dividend policy.

For illustration purposes only, we have compared the adjusted PBR of SEGi to the adjusted PBR of the Comparable Companies based on the last traded prices as at 24 April 2012 as follows:

Companies	Closing price as at 24 April 2012⁽²⁾ / Share Offer Price⁽¹⁾ (RM)	Adjusted NA per share (RM)	Adjusted PBR (times)
HELP	1.68	0.17	9.72
Masterskill	1.16	0.81	1.43
High			9.72
Low			1.43
SEGi	1.714	0.28	6.20 ⁽¹⁾

(Source: Bloomberg and the respective latest audited financial statements of the Comparable Companies and SEGi)

Notes:

⁽¹⁾ Based on the Share Offer Price of RM1.714

⁽²⁾ Based on the closing price of the respective shares on 24 April 2012, being the last full trading day prior to the serving of the Notice

The NA of the Comparable Companies and SEGi have been adjusted to exclude land and building held in order to arrive at a more comparable NA between the 3 companies in view of SEGi's 'asset light' business model approach. Notwithstanding the above, no adjustment had been made on the NA of the Comparable Companies for items such as the additional rental or lease expenses to be incurred in the absence of the land and building held as we are unable to quantify the additional expenses to be incurred with reasonable certainty.

Based on the table above, the adjusted PBR of SEGi of 6.20 times is within the range of adjusted PBR for the Comparable Companies of between 1.43 times and 9.72 times. Holders should note that the adjusted PBR is computed based on the abovementioned assumptions used to reflect the "asset-light" business model of the SEGi Group.

Holders should also note that the PBR analysis is not the only criteria for consideration and should also take into account the other areas of evaluation in the IAL in arriving at a decision to accept or reject the Offer, such as the Dividend Discount Analysis which takes into account SEGi's Dividend Policy and the PER analysis.

5.4.4 Dividend track record of SEGi

The dividends declared by SEGi for the past five (5) FYE 31 December 2007 to 31 December 2011 are as follows:

	FYE 31 December				
	2007	2008	2009	2010	2011
Adjusted net dividend per share ⁽¹⁾ (sen)	0.37	0.56	0.66	3.50	31.00 ⁽³⁾
Net dividend yield ⁽²⁾ (%)	2.58	4.84	4.30	4.56	18.17

(Source: Bloomberg and the annual reports of SEGi for the respective FYEs)

Notes:

- (1) The historical net dividend per share had been adjusted to reflect the current par value of RM0.25 per Share
- (2) Computed based on the VWAMPs of SEGi Shares for the respective FYEs which had been adjusted for share split exercises in 2010 and 2011
- (3) Includes a special dividend of RM0.14 per ordinary share of RM0.50 each in SEGi, less income tax at 25%

We note that the net dividend payouts of SEGi have been in the range of 0.37 sen to 31.00 sen per share (which is inclusive of a special dividend of RM0.14 per ordinary share of RM0.50 each in SEGi, less income tax at 25%, paid during FYE 31 December 2011) for the past five (5) financial years with net dividend yields ranging from 2.58% to 18.17%.

The net dividend yield for the FYE 31 December 2011, excluding the aforesaid special dividend, is 5.86% (which is computed based on the VWAMP of SEGi Shares for FYE 31 December 2011).

On 24 March 2011, SEGi had announced their dividend policy to distribute a minimum of 50% of their Group's net profits to shareholders, with effect from the FYE 31 December 2011 ("**Dividend Policy**").

However, we wish to highlight that as mentioned under the rationale for the Offer, the Offeror believes that SEGi's financial and risk profile could change with SEGi pursuing other business opportunities, in the long term, and with possibly higher risk. Such strategies could result in SEGi incurring substantial capital expenditure and expenses which may then affect SEGi's free cash flow and future dividend payment capabilities. It should be noted that its dividend policy is based on a minimum of 50% of the Group's net profits to be distributed to its shareholders. Therefore, the quantum of dividend to be paid in the future would still be dependent on various factors such as future capital investments, working capital requirements, financial results and cash position of the SEGi Group. Hence, moving forward, there is no assurance that SEGi will be able to maintain such 50% dividend payout policy or if maintained, will be able to maintain the absolute quantum of dividends payments in the future as those paid out during the FYE 31 December 2011.

Holders should also note that dividend payout is only one aspect of total returns to shareholders. Holders should also consider the potential capital gains from the increase in share prices.

5.4.5 Dividend Discount Analysis

The Offeror together with the PACs hold collectively 57.67% equity interest in SEGi as at the LPD. In addition to the capital appreciation, the return on investment for all the other non-controlling shareholders of SEGi will be in the form of dividend payout as the non-controlling shareholders are not in a position to influence the dividend payout and policy and future business direction of SEGi.

On 24 March 2011, SEGi had announced the Dividend Policy.

The Dividend Discount Analysis is a method of valuing a firm based on the finance theory that the equity value is the sum of present value of future cash flows to shareholders, being dividend payment. This valuation methodology takes into consideration the yields on the business assets of SEGi and its cost of capital. However, this valuation tool is very sensitive to the assumptions employed in the variables.

We have adopted the following assumptions in arriving at the valuation of the entire equity interest in SEGi:

- (a) The historical dividend paid out by SEGi in respect of FYE 31 December 2011 as the same is in line with the announced Dividend Policy of the Company;
- (b) The required rate of return of equity holders (K_e) to make an equity investment in SEGi is 11.848% (Source: Bloomberg);
- (c) Audited consolidated net cash surplus of SEGi as at 31 December 2011 of RM78.426 million is deemed to be their cash surplus; and
- (d) Adopted the following scenarios in respect of the growth rate for future dividend payout:
 - (i) Scenario 1 - No growth rate to perpetuity for future dividend payout for lower range of valuation; and
 - (ii) Scenario 2 - growth rate to perpetuity of 2.1% per annum for future dividend payout for higher range of valuation (based on the latest inflation rate of Malaysia of 2.1% per annum as at March 2012) (Source: www.statistics.gov.my).

With the assumptions above, the equity valuation of SEGi ranges from RM1,001.18 million (Scenario 1) to RM1,223.52 million (Scenario 2). Based on 559,349,588 SEGi Shares less 26,040,600 treasury shares as at 24 April 2012 (being the last day prior to the Notice being served on SEGi), the aforesaid equity valuation translates into RM1.88 to RM2.29 per SEGi Share.

Based on the above, the Share Offer Price of RM1.714 represents the following:

	Scenario 1	Scenario 2
Equity valuation of SEGi (RM' million)	1,001.18	1,223.52
Valuation per SEGi Share (RM)	1.88	2.29
Discount over the valuation per SEGi Share (%)	8.83	25.15

Hence, the Share Offer Price of RM1.714 is lower than the range of equity valuation per SEGi Share of RM1.88 to RM2.29 based on Dividend Discount Analysis.

5.4.6 Financial evaluation of the Offer Warrants

In evaluating the fairness and the reasonableness of the Offer Warrants we have considered the following:

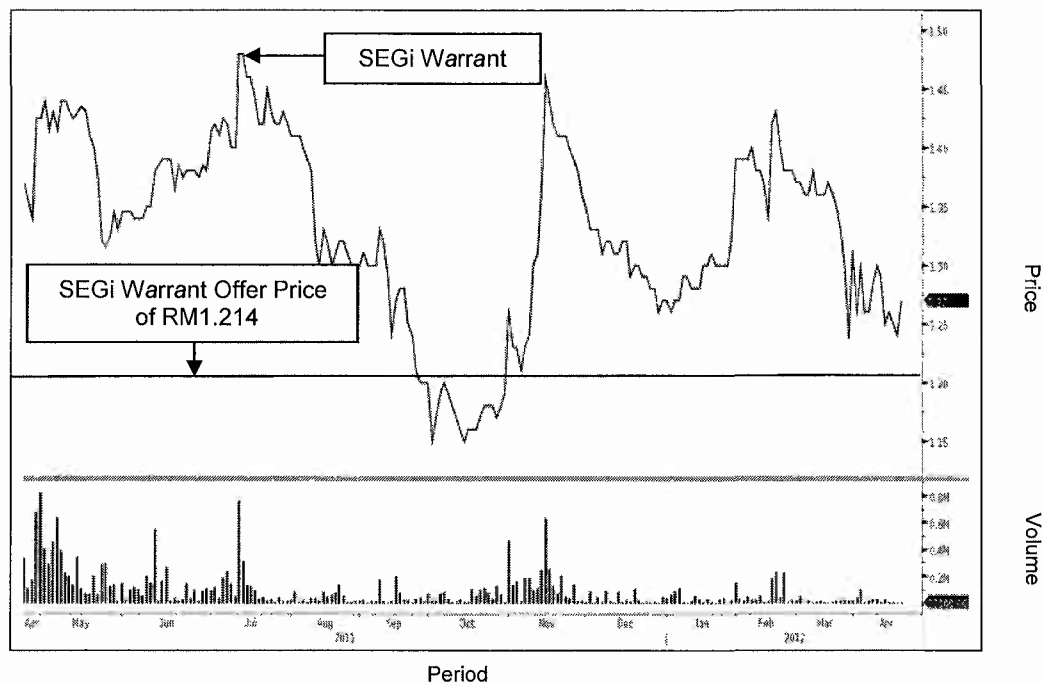
- (a) Market prices of SEGi Warrants;
- (b) Trading liquidity of the SEGi Warrants;
- (c) Expiry Date of the Warrants;
- (d) Theoretical Option Value; and
- (e) Conversion of Warrants into Offer Shares

as set out below.

(a) Market prices of SEGi Warrants

In evaluating the Offer Warrants, Warrant Holders should take into consideration the historical movement of the market price and trading volume of the Warrants traded on the Main Market of Bursa Securities. The movement in the closing market price of the Warrants for the twelve (12)-month period up to 20 April 2012, being the last full trading day prior to the date of the Notice on 24 April 2012 in which the Offer Warrants were traded is as follows:

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(Source: Bloomberg)

The market prices of the Warrants for the twelve (12)-month period up to 20 April 2012 have been adjusted to take into account the share split exercise which was completed on 13 July 2011

Based on the movement in the closing market price of Warrants for the twelve (12)-month period up to 20 April 2012, being the last full trading day prior to the date of the Notice on 24 April 2012 in which the Offer Warrants were traded above, the closing price of the Warrants ranged from a high of RM1.48 on 12 July 2011 to a low of RM1.15 on 13 October 2011.

A comparison of the price of the Offer Warrants against the historical closing market price of the Warrants and the respective VWAMP up to 20 April 2012, being the last full trading day prior to the date of the Notice on 24 April 2012 in which the Offer Warrants were traded, is as follows:

	Warrant Price (RM)	Premium/(Discount) based on the VWAMP/Last Price	
		RM	%
Last traded on 20 April 2012 ⁽¹⁾	1.270	(0.056)	(4.41)
Five (5)-day VWAMP to 20 April 2012 ⁽²⁾	1.271	(0.057)	(4.48)
One (1)-month VWAMP to 20 April 2012 ⁽²⁾	1.285	(0.071)	(5.53)
Three (3)-month VWAMP to 20 April 2012 ⁽²⁾	1.364	(0.150)	(11.00)
Six (6)-month VWAMP to 20 April 2012 ⁽²⁾	1.330	(0.116)	(8.72)
Twelve (12)-month VWAMP to 20 April 2012 ⁽²⁾⁽³⁾	1.363	(0.149)	(10.93)
Last transacted price on the LPD	1.210	0.004	0.33
Five (5)-day VWAMP up to the LPD	1.206	0.008	0.66

(Source: Bloomberg)

Notes:

- (1) There were no trades done for Warrants on 23 April and 24 April 2012*
- (2) Being the last full trading day prior to the serving of the Notice*
- (3) The twelve (12) VWAMP market prices of the Warrants have been adjusted to take into account the share split exercise which was completed on 13 July 2011*

Based on the above, the Warrant Offer Price of RM1.214 per Warrant represents:

- (a) a discount of 5.6 sen or 4.41% to the last transacted price on 20 April 2012, being the last full trading day prior to the serving of the Notice of 24 April 2012;
- (b) a premium of 0.8 sen or 0.66% to the five (5)-day VWAMP up to the LPD and a premium of 0.4 sen or 0.33% to the last transacted price on the LPD;
- (c) a discount of 5.7 sen or 4.48% over the five (5)-day VWAMP of SEGi Warrants up to 20 April 2012;
- (d) a discount of 7.1 sen or 5.53% over the one (1)-month VWAMP of SEGi Warrants up to 20 April 2012;
- (e) a discount of 15.0 sen or 11.00% over the three (3)-month VWAMP of SEGi Warrants up to 20 April 2012;
- (f) a discount of 11.6 sen or 8.72% over the six (6)-month VWAMP of SEGi Warrants up to 20 April 2012; and
- (g) a discount of 14.9 sen or 10.93% over the twelve (12)-month VWAMP of SEGi Warrants up to 20 April 2012.

Holders should take note that subsequent to 24 April 2012, the market prices of the Warrants have traded downwards and have since been trading close to the Warrant Offer Price, likely due to the Offer.

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(b) Trading liquidity of the Warrants

The monthly highest and lowest transacted market price and the trading volume of SEGi Warrants for the past twelve (12) months preceding the date of the Offer[#] are as follows:

Month	High RM	Low RM	Volume Units	Percentage of volume traded over free float [^] %
<u>2011</u>				
April ⁽¹⁾	1.47	1.33	2,123,600	4.10%
May	1.46	1.31	4,641,800	8.96%
June	1.42	1.33	2,491,000	4.81%
July	1.48	1.40	2,469,300	4.77%
August	1.42	1.26	754,100	1.46%
September	1.33	1.11	773,400	1.49%
October	1.27	1.13	1,493,500	2.88%
November	1.46	1.20	2,726,900	5.27%
December	1.34	1.23	654,800	1.26%
<u>2012</u>				
January	1.44	1.25	686,200	1.33%
February	1.48	1.33	971,300	1.88%
March	1.38	1.24	245,900	0.47%
April ⁽²⁾	1.36	1.24	329,100	0.64%
Average monthly trading volume			1,696,742	3.28%

(Source: Bloomberg)

Notes:

The monthly highest and lowest transacted market prices of the Warrants for the months of April to July 2011 have been adjusted to take into account the share split exercise which was completed on 13 July 2011. The share split exercise had resulted in the reduction in the par value of SEGi Shares from RM0.50 per Share to RM0.25 per Share together with its corresponding increase in the number of Shares in issue. Correspondingly, the market prices of the Warrants and its exercise price have been adjusted downwards together with the corresponding increase in the number of Warrants in issue to reflect the effects of the share split exercise.

⁽¹⁾ The high and low prices and the volume stated are for the days commencing 25 April 2011, being the cut-off date for the twelve (12) months period prior to the serving of the Notice, to 30 April 2011

⁽²⁾ The high and low prices and the volume stated are for the days commencing 1 April 2012 to 20 April 2012, being the last full trading day prior to the serving of the Notice as there were no trades done for Warrants on 23 April and 24 April 2012

[^] Based on the 189,029,554 outstanding Warrants and free float excludes Warrants held by the Offeror and the PACs of 137,242,800 Warrants as at the date of the Notice

As illustrated in the above table, the Warrants have generally traded above the Warrant Offer Price of RM1.214 for the past 12 months prior to the date of the Offer with the exception of certain periods in September, October and November 2011.

The average monthly trading volume of the Warrants for the past twelve (12) months up to 20 April 2012 was approximately 1,696,742 Warrants or approximately 0.90% of the total 189,029,554 outstanding Warrants held as at 24 April 2012, being the last day prior to the Notice being served on SEGi. Further, the average monthly trading volume of 1,696,742 Warrants represents approximately 3.28% of the free float of SEGi Warrants of approximately 51.78 million Warrants (being the number of outstanding Warrants not held by the Offeror and the PACs as at the date of the Notice).

As the SEGi Shares has higher liquidity as compared to the Warrants, Warrant Holders can consider exercising the Warrants and have the opportunity to enjoy higher liquidity as compared to the Warrants. Further, Warrant Holders who have exercised their Warrants into SEGi Shares can potentially enjoy the Dividend Policy as detailed in Section 5.4.4 of this IAL.

Holders of the Offer Warrants should monitor carefully the market prices of the Warrants before arriving at a decision whether to accept or reject the Offer. Holders should take into account the other areas of evaluation in this IAL in arriving at the decision to accept or reject the Offer Warrants.

(c) Expiry Date of the Warrants

The principal financial terms of the Warrants are summarised below:

Expiry Date: 16 August 2015

Exercise Price: RM0.50*

Note:

* *Being the revised price pursuant to the share split involving the subdivision of each existing ordinary share of RM0.50 each in SEGi into two (2) ordinary shares of RM0.25 each in SEGi on 13 July 2011.*

Holders should be aware that the Warrants will expire on 16 August 2015, which is approximately thirty-nine (39)-months from the LPD, after which the Warrants will be worthless. Warrant holders may, up to the expiry date of the Warrants, exercise the Warrants into SEGi Shares at an exercise price of RM0.50. If the difference between the current value of the underlying shares and the exercise price of an option is a positive monetary value, the warrant is "in-the-money". On the other hand, if the difference between the current value of the underlying shares and the exercise price of an option shows a negative monetary value, the warrant is deemed to be "out-of-the-money". The last transacted market price of the Warrants as at the LPD was RM1.21 per Warrant and based on the exercise price of RM0.50, this was reflective of the last transacted share price of SEGi as at the LPD of RM1.71 per Share.

(d) Theoretical Option Value

The Warrants are listed on the Main Market of Bursa Securities and can be exercised at any time up to its expiry date on 16 August 2015. Warrants not exercised during the period up to and including 16 August 2015 will lapse and cease to be valid. As such, the Warrants are considered an American-style call option. We have used the Black-Scholes option pricing model to arrive at the theoretical value of the Warrants of RM1.33 per Warrant as at 24 April 2012, being the last day prior to the serving of the Notice. The main parameters used in the model are as follows:

- (i) the price of the underlying SEGi Shares of RM1.80 each, being the closing price of SEGi Shares on the day prior to the serving of the Notice;
- (ii) exercise price of the Warrants of RM0.50;

- (iii) time to maturity of the Warrants is 1,209 days from the date of the Notice;
- (iv) the expected risk-free interest rate over the tenure of the option of 3.203% (based on three (3)-year Malaysian Government Bonds semi-annual rate as extracted from Bloomberg); and
- (v) historical volatility of the underlying SEGi Shares of 25.855%.

Conceptually, the theoretical value of the Warrants is the sum of the "intrinsic value" (being the difference between the value of SEGi Shares and the exercise price of the Warrant) and the "time value" (which is the value attributed to the Warrant taking into consideration factors such as, amongst others, the time to expiry of the Warrant and the volatility of SEGi Shares). Hence, value of the warrants is the summation of its intrinsic value and time value. Based on the above, the theoretical value of the Warrants based on data extracted from Bloomberg and the premium/discount to the Warrant market price and the price of the Offer Warrants are set out below:

	RM
Theoretical value of the Warrants	
- intrinsic value ⁽¹⁾	1.30
- time value ⁽²⁾	0.03
	<u>1.33</u>
Closing market price of the Warrants as at 20 April 2012 ⁽³⁾⁽⁴⁾	1.27
Warrant Offer Price ⁽⁵⁾	1.214

Notes:

- (1) *Intrinsic value computed based on market price of the SEGi Shares on 20 April 2012⁽³⁾ of RM1.80 less the exercise price of the Warrants of RM0.50*
- (2) *Implied time value of Warrants computed based on the theoretical value of Warrants of RM1.33 less the intrinsic value set out above of RM1.30*
- (3) *There were no trades done for Warrants on 23 April and 24 April 2012*
- (4) *Represents a discount of 0.06 or 4.51% to the theoretical value of the Warrants*
- (5) *Represents a discount of 0.116 or 8.72% to the theoretical value of the Warrants*

Based on the above, we note the following:

- (i) the market price of the Warrants on 20 April 2012, being the last full trading day prior to the date of the Notice in which the Warrants were traded of RM1.27 was 4.51% below the theoretical value of the Warrants computed based on the Black-Scholes model of RM1.33 as at 24 April 2012. The market price was also below the intrinsic value of the Warrants of RM1.30 based on the closing price of SEGi Shares on 20 April 2012, being the last full trading day prior to the date of the Notice in which the Warrants Offer were traded; and
- (ii) the price of the Offer Warrants of RM1.214 represents a discount of 8.72% over the theoretical value of the Warrants computed based on the Black-Scholes model of RM1.33 as at 24 April 2012.

Holders should note that the price of the Offer Warrants of RM1.214 equals to the intrinsic value represented by the price of the Offer Shares (i.e. Share Offer Price of RM1.714 less the exercise price of RM0.50).

(e) Conversion of Warrants into Offer Shares

Holders of Offer Warrants have the option to convert their Warrants into new SEGi Shares anytime during the exercise period at an exercise price of RM0.50 per Offer Warrant for the purpose of accepting the Offer Shares of RM1.714 per Offer Share.

For illustration purposes, we have made financial position comparison between a holder of 1,000 Warrants who chooses to accept the Offer Warrants and a holder of 1,000 Warrants who chooses to exercise his/her Warrants into Offer Shares and accept the Share Offer Price:

Assumptions

Number of Warrants held	1,000
Warrant exercise price ⁽¹⁾	0.50
Shares held after exercise ⁽²⁾	1,000

Acceptance of the Offer

	Holders who accepts the Warrants Offer	Holders who exercise the Warrants and accept the Offer Shares
Cash receipt	1,214	1,714
Investment outlay ⁽³⁾	-	(500)
	1,214	1,214

Notes:

- (1) *To be paid by the Warrant Holders upon the exercise of the Warrants to convert the Warrants into new SEGi Shares*
- (2) *Number of Shares held assuming that the Holder of 1,000 Warrants chooses to convert all his/her Warrants into new SEGi Shares*
- (3) *Being the exercise price of the Warrants of RM0.50 paid upon conversion of the Warrants into SEGi Shares*

Based on the above, there is no difference in the financial position of a Holder who chooses to accept the Offer Warrants and a Holder who chooses to exercise his/her Warrants into Offer Shares and accept the Share Offer Price.

Although there is no difference in the financial position to Holders of the Offer Warrants as shown above, Holders should note that the acceptance of the Offer Warrants will incur no transaction costs (as the Malaysian stamp duty and Malaysian transfer fees, if any, resulting from acceptance of the Offer will be borne by the Offeror) while the conversion of Warrants into SEGi Shares will incur costs i.e. exercise price of RM0.50 per Warrant. There may be an opportunity cost to Holders in converting the Warrants into SEGi Shares which could otherwise be placed in other alternative form of investments to yield a higher return.

As such, if the Holder wish to accept the Offer Warrants, it is beneficial for Holders to accept the Offer Warrants if the Warrant Offer Price is above the market price of the Warrants than to exercise their Warrants into SEGi Shares in order to accept the Offer.

Holders are advised to closely monitor the market price of the Warrants and if the market prices of the Warrants are above the Warrant Offer Price (net of transaction costs), it is financially beneficial to dispose of the Offer Warrants in the open market rather than accepting the Offer Warrants.

Based on our analysis in Section 5.4.6 above, we conclude the following:

- (i) the price of the Offer Warrants of RM1.214 represents a discount of between 4.41% to 11.00% over the five (5)-day, one (1)-month, three (3)-month, six (6)-month and twelve (12)-month VWAMPs of the Warrants up to 20 April 2012, being the last full trading day prior to the date of the Notice in which the Warrants were traded;
- (ii) the Warrant Offer Price represents a 8.72% discount over the theoretical value of the Warrants computed based on the Black-Scholes model of RM1.33 as at 24 April 2012;
- (iii) the Warrants are largely dependent on the market prices of SEGi Shares of which may be subject to market and economic uncertainties as well as the prospects of the education sector in Malaysia and prospects of the SEGi Group as set out in Sections 5.5, 5.6 and 5.7 of this IAL; and
- (iv) the Warrants have a limited life span and will expire on 16 August 2015. The value of the Warrants declines over time as it trades closer to the expiry date since any Warrants not exercised prior to the expiry date will lapse and cease to be valid. The exercise of Warrants depends significantly on the underlying i.e. SEGi Shares which may not at any time up to the expiry trade at or above the indicative valuation range. Despite the limited life span, Warrant Holders have the option to exercise the Warrants considering that it is “in-the-money” and have the opportunity to enjoy the Dividend Policy and any potential upside from the appreciation of the market prices of SEGi Shares or realise their investment in SEGi under Section 223 of the CMSA.

Premised on the above, we are of the view that the Warrant Offer Price of RM1.214 is generally below the market prices of the Warrants as traded on Bursa Securities for the past twelve (12) months and represents discounts of between 4.41% to 11.00% based on the relevant dates under the various scenarios as set out in Section 5.4.6(a) above and is below the theoretical value of the Warrants computed based on the Black Scholes model as at 24 April 2012, being the last day prior to the serving of the Notice. Further, Warrant Holders have the option to exercise the Warrants considering that it is “in-the-money” and have the opportunity to enjoy the Dividend Policy and any potential upside from the appreciation of the market prices of SEGi Shares premised on the prospects of the SEGi Group and the education sector in Malaysia. Warrant Holders could also exercise their Warrants and realise their investment in SEGi under Section 223 of the CMSA in a scenario as detailed in Section 5.2(ii) of this IAL.

Warrant Holders should note that the above evaluation is based on the historical market prices of the Warrants. The actual cash realisation will depend on the prevailing market price movements of the Warrants as traded on Bursa Securities. Warrant Holders should continuously monitor the market prices of the Warrants before making any decision on the Offer.

5.4.7 Historical financial performance of SEGi Group

The historical financial performance of SEGi Group for the past five (5) financial years up to FYE 31 December 2011 and the unaudited consolidated results for the three (3)-month FPE 31 March 2011 as well as the latest unaudited consolidated results for the three (3)-month FPE 31 March 2012 and the commentaries thereof are set out in the table below:

	←-----Audited-----→					Unaudited 3-month FPE 31 March	
FYE 31 December	2007	2008	2009	2010	2011	2011	2012
	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)
Revenue	86,263	127,407	166,372	217,615	278,293	68,470	77,819
Profit before taxation	2,479	9,884	14,606	54,314	88,218	23,124	26,941
Tax	2,864	(2,564)	(4,367)	(11,074)	(16,002)	(4,864)	(5,174)
Profit for the financial year	5,343	7,320	10,239	43,240	72,216	18,260	21,767
Attributable to:							
Equity holders of SEGi	5,156	7,266	10,023	43,059	72,314	18,122	21,897
Minority interest	187	54	216	181	(98)	138	(130)
Profit for the financial year	5,343	7,320	10,239	43,240	72,216	18,260	21,767
Earnings per share ⁽¹⁾ (sen)	6.03	8.70	4.23 ⁽²⁾	8.70 ⁽³⁾	14.11	3.68 ⁽³⁾	4.11
Net dividend per share (sen)	1.48 @ RM1.00 per share	2.25 @ RM1.00 per share	2.63 @ RM1.00 per share	7.00 @ RM0.50 per share	31.00 @ RM0.25 per share	-	-

Notes:

⁽¹⁾ Computed by dividing profit for the financial year by the weighted average number of ordinary shares in issue during the financial year

⁽²⁾ Restated for the effects of share split from RM1.00 per ordinary share to RM0.50 per ordinary share and bonus issue of 2:5

⁽³⁾ Restated for the effects of share split from RM0.50 per ordinary share to RM0.25 per ordinary share

FYE 31 December 2008 as compared to FYE 31 December 2007

For the FYE 31 December 2008, the SEGi Group's revenue increased by RM41.15 million from RM86.26 million in FYE 31 December 2007 to RM127.41 million in FYE 31 December 2008. This represents an increase of approximately 47.70%. In tandem with the higher revenue, the SEGi Group recorded a higher PAT of RM7.32 million for FYE 31 December 2008 as compared to the RM5.34 million recorded in FYE 31 December 2007. The improvement in revenue and PAT was mainly attributable to the introduction of new academic and training courses at the SEGi Group's institutions as well as the gain on disposal of the SEGi Group's Flagship Campus in Kota Damansara to the Amanah Raya Real Estate Investment Trust. Furthermore, SEGi Group was upgraded to University College status in June 2008. This enabled SEGi to introduce new homegrown high margin programmes which in turn translates into higher profitability.

FYE 31 December 2009 as compared to FYE 31 December 2008

For the FYE 31 December 2009, the SEGi Group's revenue increased by RM38.96 million from RM127.41 million in FYE 31 December 2008 to RM166.37 million in FYE 31 December 2009, representing an increase in revenue of approximately 30.58%. PAT in FYE 31 December 2009 increased by RM2.92 million or 39.89% from RM7.32 million in FYE 31 December 2008 to RM10.24 million in FYE 31 December 2009. The increase in revenue and PAT was mainly attributable to the increase in student enrolments of the SEGi Group's institutions.

FYE 31 December 2010 as compared to FYE 31 December 2009

For the FYE 31 December 2010, the SEGi Group's revenue increased by RM51.25 million from RM166.37 million in FYE 31 December 2009 to RM217.62 million in FYE 31 December 2010, representing an increase in revenue of approximately 30.80%. PAT in FYE 31 December 2010 increased by RM33.00 million or 322.27% from RM10.24 million in FYE 31 December 2009 to RM43.24 million in FYE 31 December 2010. The improvement in performance was generally due to the increase of student enrolments at the SEGi Group's institutions, particularly for quality niche programmes.

FYE 31 December 2011 as compared to FYE 31 December 2010

For the FYE 31 December 2011, the SEGi Group's revenue increased by RM60.67 million from RM217.62 million in FYE 31 December 2010 to RM278.29 million in FYE 31 December 2011, representing an increase in revenue of approximately 27.88%. PAT in FYE 31 December 2011 increased by RM28.98 million or 67.02% from RM43.24 million in FYE 31 December 2010 to RM72.22 million in FYE 31 December 2011. The improvement in performance was primarily driven by the increase in student enrolments, both local and international, and higher margins received from new programmes launched as well as the Group's homegrown programmes. In 2011, the number of international students in the Group increased by 87%. Furthermore, in early of 2011, SEGi was appointed by the Government as champion to lead a consortium to upgrade the qualifications of the existing work force and train future practitioners of pre-schools and childcare centres under the NKEA. With the appointment, SEGi will lead the initiative in training, developing high quality early childhood and childcare practitioners and coordinate the establishment of teacher training centres that provide pre-service and in-service ECCE courses recognised by the Malaysian Qualifications Agency. SEGi was again appointed as project leader by the Government to promote skill-based training to the international market under the new initiative to bring in foreign trainees and learners to Malaysia, known as SkillsMalaysia International Technical Education and vocational training programme.

FPE 31 March 2012 as compared to FPE 31 March 2011

For the FPE 31 March 2012, the Group achieved revenue of RM77.82 million and PAT of RM21.77 million, an improvement of 13.65% and 19.21% respectively, as compared to the FPE 31 March 2011.

The Group achieved higher PAT as compared to the previous financial period mainly due to the increase in both local and overseas students enrolments and launch of new courses from overseas partner universities as well as SEGi University College's own homegrown programmes.

Comments:

In summary, we note that the revenue of the SEGi Group has been growing progressively for the past five (5) financial years under review from RM86.26 million in the FYE 31 December 2007 to RM278.29 million in the FYE 31 December 2011, representing a CAGR of approximately 26.40%. The progressive increase in revenue was primarily due to the increase in student enrolments and continual introduction of new programmes. Correspondingly, the net profit of the Group has been growing steadily for the past five (5) financial years from RM5.34 million in the FYE 31 December 2007 to RM72.22 million in the FYE 31 December 2011, representing a CAGR of approximately 68.35%. The commendable net profit growth was attributable to the introduction of new programmes, particularly quality niche programmes and high margin homegrown programmes, which translated to higher profitability.

Premised on the foregoing and coupled with the positive outlook of the education sector as set out in Section 5.6 of this IAL, it would appear that the prospects and financial performance of SEGi will continue to remain favourable. As the number of student enrolments increases, there will be more opportunities for the Group to secure its future revenue as the students will likely continue their studies in the following years depending on the duration of their programmes. Hence, there is a yearly captive market that the Group could benefit from existing continual student enrolments. This will be compounded with the fresh intake on a yearly basis that will contribute the aforesaid captive market. We have been made to understand that in 2011, the Group has 26,000 students.

5.5 Overview and prospects of the Malaysian economy

The Malaysian economy recorded a steady pace of growth of 5.1% in 2011 (2010: 7.2%), despite the challenging international economic environment. Growth was lower in the first half of the year, particularly in the second quarter, as the economy was affected by the overall weakness in the advanced economies and the disruptions in the global manufacturing supply chain arising from the natural disaster in Japan. Although the global economic environment became increasingly more challenging and uncertain in the second half-year, Malaysia's economic growth improved due to stronger domestic demand.

Amid the more challenging external environment, Malaysia's economy is projected to experience a steady pace of growth of 4 - 5% in 2012. Domestic demand is expected to remain resilient and will continue to be the anchor for growth. Several measures that were announced in the 2012 Budget are expected to provide support to private consumption. These include the upward revision of public sector wages and the one-off financial assistance to low and middle-income groups. Private investment will be supported by domestic-oriented industries and the ongoing implementation of projects under the ETP. The public sector will remain supportive of growth in 2012, with higher capital expenditure by both the Federal Government and the non-financial public enterprises. The implementation of the Special Stimulus Package through Private Financing Initiative that was announced in the 2012 Budget would provide further impetus to real activity during the year.

The Gross Domestic Product ("GDP") growth projection of between 4 – 5% in 2012 is premised upon the expectation of a moderation in global growth and the timely and full implementation of measures announced in the 2012 Budget. Several risks, however, remain. These risks include an escalation in the eurozone sovereign debt crisis and much slower growth in our major trade partners. Should growth in the advanced economies turn out to be stronger than expected, there is some upside potential to domestic growth in 2012. It should also be noted that the authorities have sufficient policy flexibility to support the domestic economy and respond to global developments.

(Source: BNM Annual Report 2011)

Comments:

Based on the above, we are of the view that the Malaysian economy will be underpinned by domestic factors such as government initiatives, the upcoming general election and the strategies of the Malaysian government to counter the situation in the global economy. The current negative sentiment in the global economy may have a negative impact, to a certain extent to the Malaysian economy. Outlook for the global economy in 2012 is expected to be clearer upon the resolution of certain issues including, amongst others, real GDP growth in advanced economies, financial conditions in a number of economies, renewed escalation of the euro area crisis and heightened geopolitical uncertainty (which could trigger a sharp increase in the price of oil).

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5.6 Overview and prospects of the education sector in Malaysia

The Education NKEA is focused on four prioritised segments based on existing market share and potential for future growth: (i) ECCE, (ii) basic education (primary and secondary), (iii) technical education and vocational training ("TEVT"), and (iv) tertiary education (both domestic and international students).

Malaysia's private education sector has made major contributions in all segments by complementing the Government's efforts in providing access to quality education to the people. The early childcare market (birth to four years) is largely untapped with a low 4% enrolment rate. Although private sector participation in pre-school education (five to six years) has been more significant, there is increased demand for better quality preschool education. Meanwhile, enrolment in international schools has been steadily increasing since 2006, when the Government liberalised the intake of Malaysian students. Malaysians now make up nearly 43% of students enrolled in international schools.

On the tertiary front, about 46% of students pursuing tertiary education are enrolled in private higher education institutions. Malaysia's aspiration to be a major destination for international students is enhanced by broad offerings of programmes and the establishment of branch campuses by internationally recognised institutions such as Newcastle University, Swinburne University, Curtin University, Monash University and Nottingham University, to name a few.

TEVT has been identified as a critical enabler for the success of the ETP, with nearly one million jobs requiring vocational certificates or diplomas by 2020. Several initiatives have been introduced to raise the quality of TEVT offerings and to ensure the programmes are in line with industry needs and requirements. Additional funds have been allocated to the Skills Development Fund (Perbadanan Tabung Pembangunan Kemahiran – PTPK), giving more students the opportunity to undertake TEVT programmes in private skills training institutes.

During the 2010 Education NKEA labs, 13 EPPs together with business opportunities and baseline growth were projected to deliver a total of RM60.7 billion in Gross National Income ("GNI") by 2020. In 2011, Performance Management & Delivery Unit ("PEMANDU") successfully implemented the addition of a new EPP — Premium Health Education Cluster, bringing in an additional investment of RM900 million and 2,143 new jobs. As a result, the Education NKEA with its 14 EPPs will now deliver RM61.6 billion in GNI in 2020.

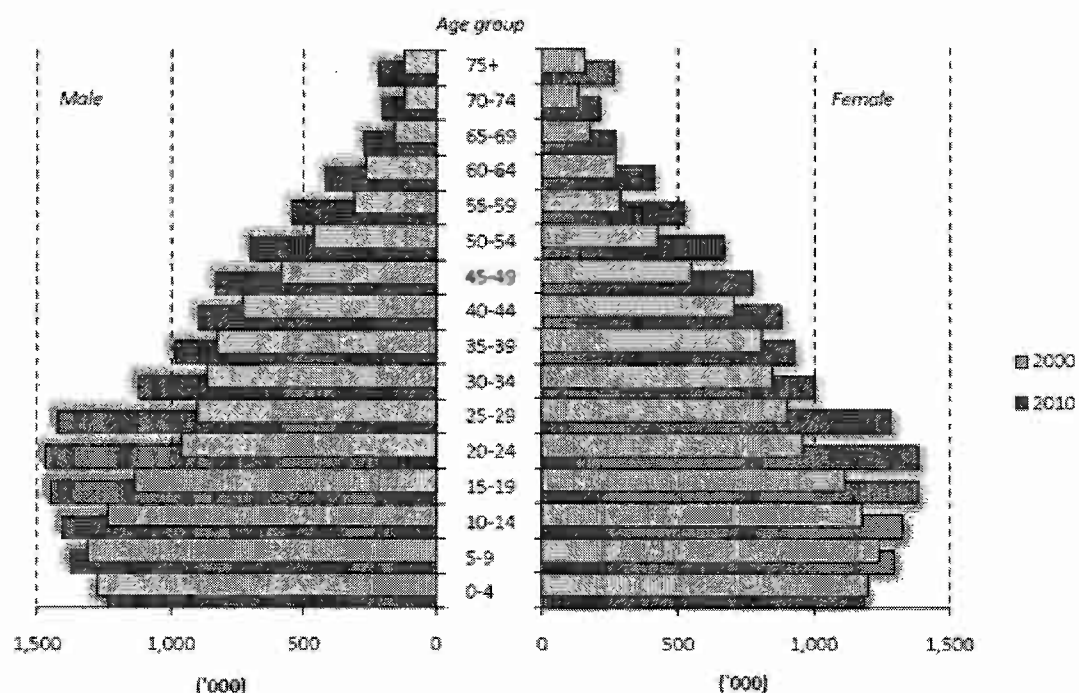
The positioning of Malaysia as a regional hub in the global education network has also gained tremendous traction with the success of Educity@Iskandar and the creation of the Kuala Lumpur Education Cluster ("KLEC"). Educity@Iskandar has attracted eight world-class universities and colleges with committed investments totalling RM581.8 million while Epsom College Malaysia branch campus will be made available at KLEC.

(Source: ETP Annual Report 2011, Jabatan Perdana Menteri)

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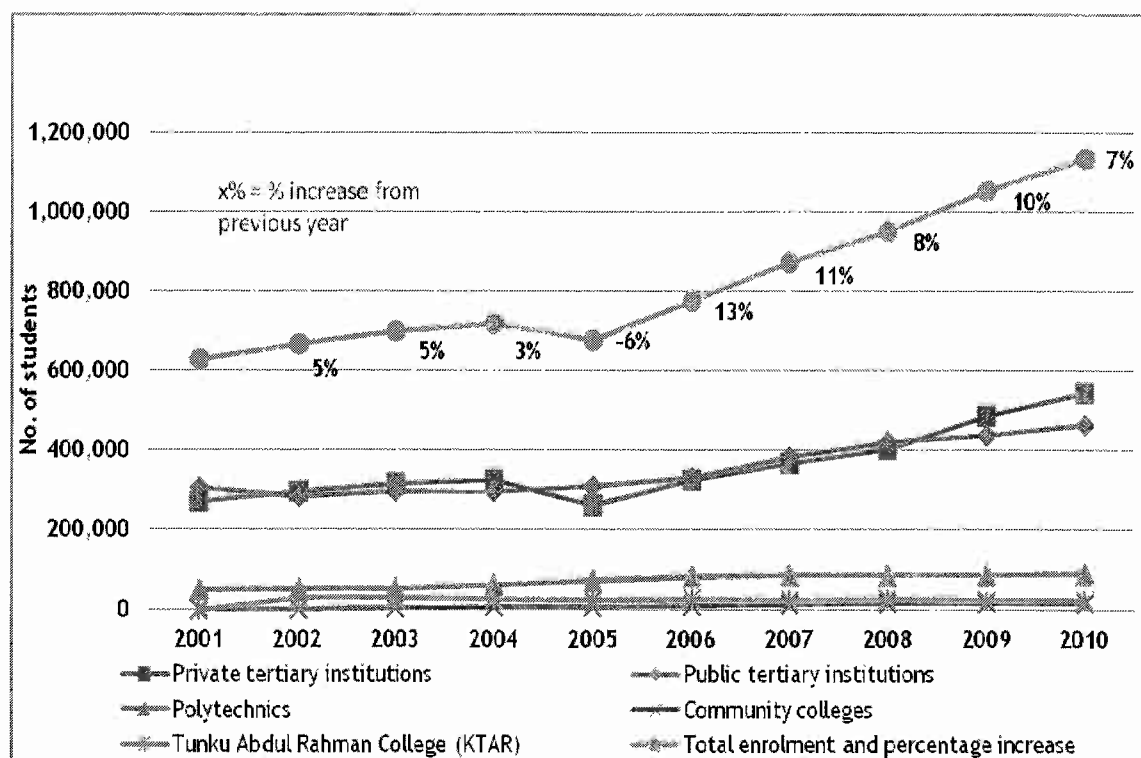
The details of the population status of Malaysia in 2010 are as follows:

Number of population by sex and age group, Malaysia, 2000 and 2010



(Source: Department of Statistics, Malaysia)

The details pertaining to the total student enrolments in tertiary institutions under the Ministry of Higher Education from 2001 to 2010 are as follows:



(Source: Ministry of Higher Education, Malaysia)

The Government defines the high-income threshold at a per capita income of about RM48,000 or USD15,000 in 2020, based on the World Bank's current definition of high income. Therefore, achieving high-income status by 2020 will require an annual real growth rate of about 6 percent in the next 10 years. The way in which Malaysia grows to achieve this high-income target will be inclusive in nature, enabling all Malaysians to share in the benefits. Government will encourage employment-rich growth that creates 3.3 million new jobs, of which half will require diploma or vocational qualifications. The investments made in education and training will ensure that more Malaysians are able to participate in these new opportunities. In addition, specific attention will be paid to lifting the incomes of the bottom 40 percent of households, with a target of increasing the monthly mean income of this group from RM1,440 in 2009 to RM2,300 in 2015, as stated in the Tenth Malaysia Plan.

(Source: <http://etp.pemandu.gov.my>)

Comments:

Based on the above, it can be deduced that the largest population segment in Malaysia comprises those aged between 5 – 29 years old. This augurs well for the education sector as this is the population segment which requires education, from pre-school level to tertiary education and post graduate studies.

There is also growing enrolment in tertiary institutions in Malaysia whereby student enrolments increased from approximately 628,479 students in 2001 to 1,134,134 students in 2010 (as set out in the chart above), representing a CAGR of 6.78%. However, the total corresponding CAGR in enrolments in private tertiary institutions is approximately 7.17% as compared to that of public tertiary institutions of approximately 4.27%.

In line with Malaysia's intention to achieve high income status by 2020, there should be a rise in high income households in the future. This will create additional demand for quality education which is typically associated with private higher education providers. Furthermore, the progress to achieve high income nation will naturally create more demand for highly qualified workforce coming from a background of good education and training.

We are of the view that the higher awareness and appreciation for quality education, coupled with the population demographic along with rising income levels, supports the increase in demand for tertiary education. Furthermore, the Government is currently undertaking efforts to improve the private education sector in Malaysia with the education sector identified as one of NKEAs under the ETP.

Based on the above, we are of the view that the prospects for the education sector in Malaysia are encouraging within the next twelve (12) months.

5.7 Prospects of the SEGi Group

"SEGi has rapidly transformed in the last few years. I am proud to announce that our institution has been invited by the Ministry of Higher Education of the Government of Malaysia for upgrading to a full-fledged university status."

"With steadfast determination and good teamwork within the Group, the Group will begin its operations as a University and will offer new fields of studies. Research and development will be intensified as we become a full-fledged university."

"The stellar performance of the Group (in FYE 31 December 2011) was primarily driven by the increase in student enrolments, both local and international, and higher margins received from new programmes launched as well as our homegrown programmes."

"The Group will continue its efforts to seek growth opportunities while striving to optimise capital structure in order to maximise return on shareholders' funds."

"The Group will strive to maintain an appropriate balance of providing its shareholders with sustainable cash returns from dividends while conserving adequate funds for reinvestment that is necessary to enhance future profitability. The Company has committed to declare a minimum of 50% of the Group's net profits for the year, as dividends to its shareholders."

"Early of 2011, SEGi was appointed by the Government as champion to lead a consortium to upgrade the qualifications of the existing work force and train future practitioners of pre-schools and childcare centres under the NKEA. SEGi will also lead in the setting up of an ECCE training hub in Kuala Lumpur and other parts of the country."

"SEGi was again appointed project leader by the Government to promote skill-based training to the international market. This is a new initiative to bring in foreign trainees and learners to Malaysia, known as SkillsMalaysia International Technical Education and vocational training programme ("**SkillsMalaysia INVITE**")."

"SEGi entered into a Memorandum of Agreement with the Government of Vietnam for providing skill-based training to vocational teachers and instructors so as to raise their level of competencies to that of an internationally recognised standard following its appointment as project leader in SkillsMalaysia INVITE. Other initiatives of SEGi with the Vietnam Government include the teaching of English to Vietnamese teachers and students, as well as the development of early childhood and childcare education for the country."

"The prospect of the Group remains positive as the Group continues to introduce niche programmes and grow the enrolments from the local and international markets. It is also implementing new educational and training initiatives to increase its revenue base and widen its income streams. Our vision and mission remain to be the premier education and training provider for all levels of society and empower learners with education and training that is relevant to industry needs so that they can contribute positively to the global community."

(Source: Chairman's Statement, SEGi's Annual Report 2011)

"Towards the later part of 2011 SEGi proved itself once again, following the achievement of outstanding results by the Group in the 1st Malaysian Quality Evaluation Systems for Private Colleges ("**MyQUEST**"), an evaluation carried out by the Ministry of Higher Education Malaysia. SEGi Subang Jaya was one of only three colleges in Malaysia to be awarded the highest 6-star rating in the overall college-based category depicting an outstanding performance. In addition, SEGi scored 6-star ratings for 5 of the 9 cluster-based categories, the most of any education group."

"The next few years will see continued growth for the Group, not only with the implementation of new and exciting programmes, but also with the development of a new modern campus in Perak. The campus will be situated nearby to Ipoh city centre and is expected to serve up to 8,000 students. The development, comprising academic blocks, apartments, laboratories, and recreational activities, is set to be completed in late 2013 or early 2014."

(Source: Messages from Key Management, SEGi's Annual Report 2011)

The Board of Directors of SEGi is of the view that the prospects of the SEGi Group is positive based on, amongst others, the prospects of the education sector in Malaysia, their involvement in the education NKEA vide ECCE and Skills Malaysia INVITE, the potential upgrade from University College to a full-fledged University status, current enrolment of students and range of courses offered. The SEGi Group will continue with its efforts to introduce high margin programmes, increase the enrolment of foreign students and further penetrate into the adult learning market. Notwithstanding the above, Holders should take note of the downside risks that may affect the SEGi Group as highlighted by the Non-Interested Directors of SEGi detailed under Section 6 of Part A of this IAC.

Comments:

The SEGi Group is one of the largest private higher education providers in Malaysia, in terms of programmes offerings and student enrolments which are generated from six major campuses located in the Klang Valley, Penang and Sarawak. Currently there are approximately 27,000 students as at 31 March 2012 enrolled in various programmes with broad categories such as pre-university, diploma courses, degree courses, English language, postgraduate studies, vocational and training courses. The SEGi Group also has various strategic collaborations with foreign universities such as the University of Sunderland, Upper Iowa University and University of Greenwich. The SEGi Group had also been identified to lead 2 EPPs as mentioned above.

The SEGi Group experienced rapid earnings growth in recent years principally due to the economies of scale. As the major cost component is fixed costs and therefore constant, any increase in revenue due to the increase in student enrolments and/or take-up rate in high margin programmes will directly translate into profitability after cost break-even point has been breached. These costs such as teaching faculty and staff costs, and leasing costs and depreciation of plant and equipment, are not too sensitive to the corresponding increase in student enrolments. As the Group has capacity for expansion in terms of taking additional student enrolments, we expect the earnings of the Group will continue to be positive within the next twelve (12) months. The earnings of the Group will also be enhanced from the introduction of high margin homegrown programmes such as new undergraduate and postgraduate degrees. Further, continuing marketing efforts by the Group to attract and increase enrolment of international students has also contributed to the increase in the Group's earnings.

Furthermore, the SEGi Group is currently developing in a new campus near Ipoh which can accommodate up to 8,000 students and is expected to be completed in late 2013 or early 2014. This is expected to augur well for the SEGi Group in the future as other local competitors also have plans to expand their campus capacities.

Notwithstanding the above, we wish to highlight the Offeror's intention with respect to SEGi. It is stated in Section 3 of the Offer Document that the Offeror believes that SEGi has the potential to pursue additional, but longer term and possibly higher risk, growth opportunities, both within as well as outside Malaysia. In the event that SEGi does pursue growth opportunities which have higher risk, SEGi could potentially undertake significant capital expenditure. Consequently, SEGi would require a certain period of time to recoup their investment, which could have an impact on their financial results during the gestation period. This may, in turn, have an impact on SEGi's dividend payment capabilities when there is a cash constraint in terms of substantial capital expenditure and expenses. Please refer to our comments on this matter as set out in Section 5.1 of this IAL.

Further, we note that the Education NKEA is aimed at improving the education sector in Malaysia. Such major efforts by the Government to make Malaysia into a major education exporting country are expected to intensify competition amongst the private higher education players in the future. This includes Educity@Iskandar and the creation of the KLEC which will attract participation of several universities and institutions in developing a fully integrated global education hub. However, we understand from the management of SEGi that Iskandar Malaysia is not expected to pose much competition since the target market segment of Iskandar Malaysia is different from the SEGi Group in terms of location, fee structure and courses. Competition is more likely to come from the major existing players in the private higher education sector whereby their competitors are currently in the process of, amongst others, building new campuses, increasing capacities in existing campuses and venturing into new niche education market segments such as setting up private international schools.

Further, notwithstanding the downside risks that may affect the SEGi Group as highlighted by the Non-Interested Directors in Section 6 of Part A of this IAC, we are of the view that with the Group's good financial standing and commendable financial track record, coupled with its reputable brand and breadth of programmes offered, the SEGi Group has an advantage to compete with the other private education providers in Malaysia.

Based on the above, the outlook of the Malaysian economy as set out in Section 5.5 of this IAL, positive outlook of the education sector as set out in Section 5.6 of this IAL, and barring unforeseen circumstances, we are of the view that the prospects of the SEGi Group for the next twelve (12) months are positive.

6. FURTHER INFORMATION

Holders are advised to refer to the views and recommendation of your Board as set out in Part A of this IAC as well as the attached Appendices and other relevant information as set out in the Offer Document for further information in relation to the Offer.

7. CONCLUSION AND RECOMMENDATION

You should consider carefully all the merits and demerits of the Offer based on all relevant and pertinent factors including those which are set out above, and other considerations as set out in this IAC, the Offer Document and any other publicly available information prior to making a decision on whether to accept or reject the Offer.

In arriving at our conclusion and recommendation, we have considered the fairness and reasonableness of the Offer based on all relevant and pertinent factors including those which are set out above and summarised below as set out in Section 5 of this IAL.

In evaluating the fairness and reasonableness of the Offer, we have considered various pertinent factors as summarised below:

(i) Historical share price performance of SEGi Shares

It is noted that the SEGi Shares had generally traded above the Share Offer Price for the past one (1) year up to the last full trading day prior to the serving of the Notice.

The Share Offer Price represents a **discount** ranging from 3.00% to 7.35% to the five (5)-day, one (1)-month, three (3)-month, six (6)-month and twelve (12)-month VWAMPs of SEGi Shares up to 24 April 2012, being the last full trading day prior to the serving of the Notice and the last transacted price on 24 April 2012. In this regard, the Share Offer Price is not fair when compared against historical share market prices of SEGi Shares during the period under review.

(ii) Comparison of the Share Offer Price with precedent take-over offer transactions

The Share Offer Price is not attractive as it is offered at a discount as compared to the range of the premium paid for the majority of certain precedent unconditional mandatory take-over offer transactions (with the offer price in the form of cash) of between 1.58% and 44.60% (excluding the outlier) for the five (5)-day, one (1)-month and three (3)-month VWAMPs prior to the date of announcement of acquisition of notice or take-over offer for the precedent transaction identified in Section 5.4.2 of this IAL.

(iii) Relative valuation of the Offer with Comparable Companies

- (a) the PER of 12.15 times based on the Share Offer Price is below the range of the PER of the Comparable Companies of between 12.46 times and 18.26 times.
- (b) the adjusted PBR of 6.20 times based on the Share Offer Price is within the range of the PBR of the Comparable Companies of between 1.43 times and 9.72 times.

(iv) Dividend Discount Analysis

The Share Offer Price of RM1.714 is not attractive as it is lower than the range of equity valuation per SEGi Share of RM1.88 to RM2.29 based on the Dividend Discount Analysis method of valuation.

(v) Financial evaluation of the Offer Warrants

- (a) the price of the Offer Warrants of RM1.214 represents a discount of between 4.41% to 11.00% to the five (5)-day, one (1)-month, three (3)-month, six (6)-month and twelve (12)-month VWAMPs of the Warrants up to 20 April 2012, being the last full trading day prior to the date of the Notice in which the Warrants were traded.
- (b) the Warrant Offer Price represents a 8.72% discount to the theoretical value of the Warrants computed based on the Black-Scholes model of RM1.33 derived after taking into consideration the share price of SEGi of RM1.80 on 20 April 2012, being the last full trading day prior to the serving of the Notice on 24 April 2012.
- (c) the trading level of the Warrants are considered to be largely dependent on the market prices of SEGi Shares which are in turn subject to market and economic uncertainties as well as the prospects of the education sector in Malaysia and prospects of the SEGi Group as set out in Sections 5.5, 5.6 and 5.7 of this IAL.
- (d) the Warrants have a limited life span and will expire on 16 August 2015. The value of the Warrants declines over time as it trades closer to the expiry date since any Warrants not exercised prior to the expiry date will lapse and cease to be valid upon expiry. The exercise of the Warrants depends significantly on the market price of the underlying SEGi Shares which may not, at any time up to the expiry trade, at or above the indicative valuation range. Despite the limited life span, Warrant Holders have the option to exercise the Warrants considering that it is "in-the-money" and have the opportunity to enjoy the Dividend Policy and any potential upside from the appreciation of the market prices of SEGi Shares or realise their investment in SEGi under Section 223 of the CMSA.

In evaluating the reasonableness of the Offer, we have considered various pertinent factors as summarised below:

(a) Rationale of the Offer

It is noted that the Offer is made pursuant to a series of acquisitions of SEGi Shares and Warrants by the Offeror and the Shareholders' Agreement which had resulted in the Offeror's obligation to undertake the Offer. The Offer is also made to obtain full control and privatise SEGi. In this manner, the Offeror believes the Group will have greater flexibility to pursue and implement long term strategic business activities. From the Shareholders' Agreement, DSC will continue to play a role in the management and the running of the business operations of the SEGi Group and hence there will be continuity in the management of SEGi that has contributed to the success and achievements of the SEGi Group thus far.

The Group has recorded commendable financial performance in terms of its revenue and PAT for the past five (5) financial years ended 31 December 2011. Moving forward, it is stated that the Group's financial and risk profile may change as it may require significant capital expenditure to pursue business opportunities which may require a medium term gestation period that could translate into short and medium term earnings volatility. We note from the Chairman's Statement in the Annual Report 2011 that the SEGi Group will continue with its efforts to seek growth opportunities while striving to optimise capital structure in order to maximise return on shareholders' funds. Further, the management of SEGi had highlighted in its Annual Report 2011 that there will be continued growth for the SEGi Group in the next few years with the development of new modern campus in Ipoh, Perak which is consistent with the Offeror's rationale in pursuing additional growth opportunities. However, it is observed that based on the latest audited financial statements of the Group for the financial year ended 31 December 2011 and other publicly available information, the Group has the financial capacity to leverage and to absorb additional capital expenditure moving forward.

(b) Trading liquidity of SEGi Shares and Warrants

It is noted that the average monthly trading volume of SEGi Shares for the past twelve (12) months up to 24 April 2012, being the last full trading day prior to the serving of the Notice was approximately 15.7 million Shares, representing approximately 6.95% of the free float of SEGi Shares of approximately 226.0 million Shares (being the number of Shares not held by the Offeror and the PACs as at the date of the Notice). The average trading volume of the Warrants for the past twelve (12) months prior to the Notice was approximately 1.7 million Warrants, representing approximately 3.28% of the free float of SEGi Warrants of approximately 51.78 million Warrants (being the number of outstanding Warrants not held by the Offeror and the PACs as at the date of the Notice).

(c) Listing status of SEGi and compulsory acquisition

The Offeror will maintain the listing status of SEGi in the event that the Offeror receives acceptances under the Offer resulting in the Offeror and its PACs holding 75% or less of the listed shares of SEGi (excluding all the treasury shares held by SEGi).

Further, Holders should note that the Offeror does not intend to maintain listing status of SEGi and the Offeror does not intend to take any step to address any shortfall in the public shareholding spread of SEGi in the event that the Offeror receives acceptances under the Offer resulting in the Offeror and its PACs holding more than 75% of the listed shares of SEGi (excluding all the treasury shares held by SEGi), and henceforth will procure SEGi to take the necessary steps to withdraw its listing status in accordance with the Listing Requirements which is subject to, inter-alia, shareholders' approval of majority in number representing 75% in value of those present and voting in person with not more than 10% in value who object to the withdrawal. Therefore, the suspension and de-listing will not be automatic. Under such circumstances, Holders who reject the Offer may end up holding unlisted securities of SEGi unless the Dissenting Holders are able to compel the Offeror to acquire their SEGi Shares under Section 223 of the CMSA or when the Offeror can exercise its right to compulsorily acquire SEGi Shares held by Dissenting Holders under Section 222 of the CMSA, subject to Section 224 of the CMSA or through an exit offer.

(d) Warrants

As the Offeror does not currently have any intention to extend any new or further offer for the Warrants which will expire on 16 August 2015, the Warrant Holders who do not accept the Offer shall continue to hold such Warrants and the rights of such Holders shall continue to be governed by the deed poll dated 15 July 2010. However, the Holders should note that they will then hold Warrants with no active market to trade in the event that both the SEGi Shares and Warrants are suspended and delisted from the official list of Bursa Securities. In the event the Offeror is able to undertake a compulsory acquisition for the remaining SEGi Shares for which acceptances have not been received, there will not be any compulsory acquisition or new offer for Warrants. Nonetheless, a Warrant Holder who has exercised his Warrants into SEGi Shares may exercise his rights under Section 223 of the CMSA.

(e) Future prospects

There are approximately 27,000 students in SEGi as at 31 March 2012 enrolled in various programmes. Furthermore, the SEGi Group have various strategic collaborations with foreign universities and they had also been identified to lead 2 EPPs vide the ECCE and SkillsMalaysia INVITE initiatives. The SEGi Group experienced rapid earnings growth in recent years principally due to the economies of scale. As the major cost component is fixed costs, any increase in revenue will directly translate into profitability after cost break-even point has been breached. As the Group has capacity for expansion for additional student enrolments, we expect the earnings will continue to be positive within the next twelve (12) months. The earnings will also be enhanced from the introduction of high margin homegrown programmes and continuing marketing efforts to attract and increase enrolment of international students. The SEGi Group is currently developing a new campus near Ipoh which can accommodate up to 8,000 students that will augur well for the SEGi Group in the future.

Based on the above, the outlook of the Malaysian economy as set out in Section 5.5 of this IAL, positive outlook of the education sector as set out in Section 5.6 of this IAL, and barring unforeseen circumstances, we are of the view that the prospects of the SEGi Group for the next twelve (12) months are positive.

After taking into consideration the various factors included in our evaluation of the Offer, the Share Offer Price is not attractive as follows:

- (i) it represents a discount to the historical market prices of SEGi Shares;
- (ii) the Share Offer Price represents a discount as compared to the range of the premium paid for the majority of certain precedent unconditional mandatory take-over offer transactions;
- (iii) the PER of SEGi based on the Share Offer Price is below the range of the PER of the Comparable Companies;
- (iv) the Share Offer Price is lower than the range of equity valuation per SEGi Share based on the Dividend Discount Analysis valuation model; and
- (v) the dividend policy of SEGi as detailed in Section 5.4.4 of this IAL.

As such, we are of the view that the Share Offer Price is **NOT FAIR**.

Further, AFFIN Investment is of the view that the Offer is **UNREASONABLE** based on the evaluation of the other factors, amongst others, the overview and prospects of the Malaysian economy and education sector and the positive prospects of the SEGi Group in the future given a positive foundation evidenced in their past financial performance.

Based on the above, AFFIN Investment recommends that you **REJECT** the Offer in respect of the Offer Shares.

In respect of the Offer Warrants, AFFIN Investment is of the view that the Warrants Offer Price is **NOT FAIR** and **UNREASONABLE** and recommends that you **REJECT** the Offer in respect of the Offer Warrants.

Given the factors above, the decision to be made would rest on the individual risk appetite and specific requirements of the Holder. Holders should also be mindful that there may be continuous fluctuations in the market prices of SEGi Shares and Warrants. As such, Holders are advised to closely monitor the market prices and its associated transaction costs, and information/announcement in relation to the Offer before making a decision.

The advice of AFFIN Investment as contained in this letter is addressed to the Holders at large and not to any particular Holder. Accordingly, in providing this advice, we have not taken into consideration any specific investment objectives of any individual Holder or any specific group of Holders. We recommend that any individual Holder or any specific group of Holders who may require advice in the context of their objectives, financial situation and particular needs should consult their respective stockbrokers, bank manager, accountant, solicitor or other professional adviser immediately.

Yours faithfully,
AFFIN INVESTMENT BANK BERHAD

JOHAN HASHIM
Head
Corporate Finance

A. HISHAM MD HASHIM
Senior Vice President
Corporate Finance

INFORMATION ON SEGi

1. HISTORY AND PRINCIPAL ACTIVITIES

SEGi was incorporated in Malaysia on 11 October 1985 as a private limited company under the Act under the name of Systematic Professional Centre Sdn Bhd. SEGi changed its name to Systematic Education Group Sdn Bhd on 3 June 1994. Subsequently, SEGi converted into a public limited company under the name of Systematic Education Group Berhad on 8 June 1994. SEGi assumed its present name on 8 April 2002.

SEGi was listed on the Second Board of Kuala Lumpur Stock Exchange (now known as Bursa Securities) on 16 May 1995. SEGi was subsequently transferred to the Main Board (now known as the Main Market) of Bursa Securities on 5 August 2004.

SEGi is principally engaged in the business of investment holding and provision of management consultancy services, property management, rental of premises, business advisory services, and educational and training services whilst the principal activities of its subsidiaries are mainly in the provision of educational and training services.

The SEGi Group have six (6) private tertiary institutions and four (4) training centres located at Kota Damansara, Subang Jaya, Kuala Lumpur, Penang, Kuching, Seri Kembangan and Pulau Indah. The SEGi Group is one of the largest education conglomerates in the country with approximately 27,000 students as at 31 March 2012.

The types of programmes offered range from postgraduate studies, medicine and dentistry, pharmacy and allied health sciences, business and accountancy, engineering and the built environment, creative design and technology, education and social sciences, American Degree Programme, law, optometry and vision sciences, nursing, hotel tourism and management, foundation studies, professional studies and vocational and training.

Further details of its subsidiary and associate companies are set out in Section 5 of this Appendix I.

2. SHARE CAPITAL

The authorised and issued and paid-up share capital of SEGi as at the LPD, based on the register of substantial shareholders, are as follows:

Type	No. of SEGi Shares	Par value (RM)	Amount (RM)
Authorised	1,000,000,000	0.25	250,000,000
Issued and paid-up [^]	559,363,788	0.25	139,840,947

Note:

[^] Including 26,040,600 treasury shares held by SEGi

INFORMATION ON SEGi (CONT'D)

3. SUBSTANTIAL SHAREHOLDERS / WARRANT HOLDERS

The substantial shareholders of SEGi (holding 5% or more) as at the LPD, based on the register of substantial shareholders, are as follows:

Name	Country of Incorporation/ Nationality	<-----Direct----->		<-----Indirect----->	
		No. of SEGi Shares	% [^]	No. of SEGi Shares	% [^]
DSC	Malaysian	158,840,480	29.78	149,715,680	28.07 ^(a)
PHS	Malaysia	149,715,680	28.07	158,840,480	29.78 ^(b)
SU 1	Mauritius	-	-	308,556,160	57.86 ^(c)
SU 2	Mauritius	-	-	308,556,160	57.86 ^(c)
NAF Ltd	Cayman Islands	-	-	308,556,160	57.86 ^(d)
NMGO Ltd	Cayman Islands	-	-	308,556,160	57.86 ^(e)
NCP	Cayman Islands	-	-	308,556,160	57.86 ^(f)
Richard Elletson Foyston	Canadian	-	-	308,556,160	57.86 ^(g)
Nicholas Rupert Heylett Bloy	British	-	-	308,556,160	57.86 ^(g)
Rodney Chadwick Muse	St Kitts and Nevis	-	-	308,556,160	57.86 ^(g)
HAL Investments (Asia) Ltd	British Virgin Islands	-	-	308,556,160	57.86 ^(g)
HAL Holding N.V.	Curacao	-	-	308,556,160	57.86 ^(h)
HAL Trust	Bermuda	-	-	308,556,160	57.86 ⁽ⁱ⁾

Notes:

^(a) Excluding all the treasury shares held by SEGi

^(b) DSC is deemed interested in such SEGi Shares held by PHS pursuant to the Shareholders' Agreement

^(c) PHS is deemed interested in such SEGi Shares held by DSC pursuant to the Shareholders' Agreement

^(d) Deemed interested by virtue of their interest in PHS

^(e) Deemed interested by virtue of it being the general partner of Navis Asia Fund VI G.P., L.P. (an exempted limited partnership under the laws of the Cayman Islands), which in turn is the general partner of NAF Fund. NAF Ltd holds 100% of the equity interest in SU 1 on trust for and on behalf of NAF Fund

^(f) Deemed interested by virtue of it being the general partner of NMGO Fund. NMGO Ltd holds 100% of the equity interest in SU 2 on trust for and on behalf of NMGO Fund

^(g) Deemed interested by virtue of its interest in NAF Ltd and NMGO Ltd.

^(h) Deemed interested by virtue of their interest in NCP

⁽ⁱ⁾ Deemed interested by virtue of its interest in HAL Investments (Asia) Ltd.

^(j) Deemed interested by virtue of its interest in HAL Holding N.V.

The substantial Warrant Holders of SEGi (holding 5% or more) as at the LPD are as follows:

Name	Country of Incorporation/ Nationality	<-----Direct----->		<-----Indirect----->	
		No. of Warrants	%	No. of Warrants	%
PHS	Malaysia	79,336,800	41.97	58,183,600	30.78 ^(a)
DSC	Malaysian	58,183,600	30.78	79,336,800	41.97 ^(b)
SU 1	Mauritius	-	-	137,520,400	72.76 ^(c)
SU 2	Mauritius	-	-	137,520,400	72.76 ^(c)
NAF Ltd	Cayman Islands	-	-	137,520,400	72.76 ^(d)
NMGO Ltd	Cayman Islands	-	-	137,520,400	72.76 ^(e)
NCP	Cayman Islands	-	-	137,520,400	72.76 ^(f)
Richard Elletson Foyston	Canadian	-	-	137,520,400	72.76 ^(g)
Nicholas Rupert Heylett Bloy	British	-	-	137,520,400	72.76 ^(g)
Rodney Chadwick Muse	St Kitts and Nevis	-	-	137,520,400	72.76 ^(g)
HAL Investments (Asia) Ltd	British Virgin Islands	-	-	137,520,400	72.76 ^(g)
HAL Holding N.V.	Curacao	-	-	137,520,400	72.76 ^(h)
HAL Trust	Bermuda	-	-	137,520,400	72.76 ⁽ⁱ⁾

INFORMATION ON SEGi (CONT'D)

Notes:

- (a) PHS is deemed interested in such Warrants held by DSC pursuant to the Shareholders' Agreement
- (b) DSC is deemed interested in such Warrants held by PHS pursuant to the Shareholders' Agreement
- (c) Deemed interested by virtue of their interest in PHS
- (d) Deemed interested by virtue of it being the general partner of Navis Asia Fund VI G.P., L.P. (an exempted limited partnership under the laws of the Cayman Islands), which in turn is the general partner of NAF Fund. NAF Ltd holds 100% of the equity interest in SU 1 on trust for and on behalf of NAF Fund
- (e) Deemed interested by virtue of it being the general partner of NMGO Fund. NMGO Ltd holds 100% of the equity interest in SU 2 on trust for and on behalf of NMGO Fund
- (f) Deemed interested by virtue of its interest in NAF Ltd and NMGO Ltd.
- (g) Deemed interested by virtue of their interest in NCP
- (h) Deemed interested by virtue of its interest in HAL Investments (Asia) Ltd.
- (i) Deemed interested by virtue of its interest in HAL Holding N.V.

4. BOARD OF DIRECTORS

The particulars of the Directors of SEGi and their respective shareholdings in SEGi as at the LPD, based on the register of Directors' shareholdings, are as follows:

Name	Nationality	<-----Direct----->		<-----Indirect----->	
		No. of SEGi Shares	% ^	No. of SEGi Shares	% ^
Tan Sri Dato' Seri Megat Najmuddin Bin Dato' Seri Dr Haji Megat Khas	Malaysian	1,662	-	-	-
DSC	Malaysian	158,840,480	29.78	149,715,680	28.07 ^(a)
Lee Kok Cheng	Malaysian	5,390,000	1.01	-	-
Hew Moi Lan	Malaysian	6,668,800	1.25	-	-
Datuk Chee Hong Leong	Malaysian	-	-	-	-
Amos Siew Boon Yeong	Malaysian	2,200,000	0.41	-	-
Nicholas Rupert Heylett Bloy	British	-	-	308,556,160	57.86 ^(b)
Tan Chow Yin	Malaysian	-	-	-	-
Goh Leng Chua	Malaysian	-	-	-	-

Notes:

- Negligible
- ^ Excluding all the treasury shares held by SEGi
- (a) DSC is deemed interested in such SEGi Shares held by PHS pursuant to the Shareholders' Agreement
- (b) Deemed interested by virtue of SEGi Shares held by PHS in which he is deemed to have an interest

The Warrant holdings of the Directors of SEGi as at the LPD, based on the register of Directors' warrant holdings, are as follows:

Name	Nationality	<-----Direct----->		<-----Indirect----->	
		No. of Warrants	%	No. of Warrants	%
Tan Sri Dato' Seri Megat Najmuddin Bin Dato' Seri Dr Haji Megat Khas	Malaysian	-	-	-	-
DSC	Malaysian	58,183,600	30.78	79,336,800	41.97 ^(a)
Lee Kok Cheng	Malaysian	-	-	-	-
Hew Moi Lan	Malaysian	-	-	-	-
Datuk Chee Hong Leong	Malaysian	-	-	-	-
Amos Siew Boon Yeong	Malaysian	-	-	-	-
Goh Leng Chua	Malaysian	-	-	-	-
Nicholas Rupert Heylett Bloy	British	-	-	137,520,400	72.76 ^(b)
Tan Chow Yin	Malaysian	-	-	-	-

Notes:

- (a) DSC is deemed interested in such Warrants held by PHS pursuant to the Shareholders' Agreement
- (b) Deemed interested by virtue of the Warrants held by PHS in which he is deemed to have an interest

INFORMATION ON SEGi (CONT'D)

5. SUBSIDIARY AND ASSOCIATE COMPANIES

The subsidiaries and associated companies of SEGi as at the LPD are as follows:

Name of company	Country of Incorporation	Effective Equity Interest (%)	Principal Activities
Subsidiaries of SEGi			
SEGi College (KL) Sdn. Bhd.	Malaysia	100	Provision of professional, commercial and academic education
SEGi College of Technology (KL) Sdn. Bhd.	Malaysia	100	Provision of computer training, commercial and academic education
SEGi College (PJ) Sdn. Bhd.	Malaysia	100	Provision of professional, commercial and academic education
SEGi College (PG) Sdn. Bhd.	Malaysia	100	Provision of professional, commercial and academic education
SMRC Learning Alliance Sdn. Bhd.	Malaysia	100	Provision of educational and training services
SBT Professional Publications Sdn. Bhd.	Malaysia	100	Operation of a book centre dealing in all kinds of reading materials, information research and related business
SEG Equity Sdn. Bhd.	Malaysia	100	Investment holding.
SMRC Learning Alliance (EM) Sdn. Bhd.	Malaysia	100	Provision of management consultancy services and investment holding
SEGi Properties (M) Sdn. Bhd.	Malaysia	100	Investment property holding
Agensi Pekerjaan Job Venture Sdn. Bhd.	Malaysia	100	Provision of job placement consultancy services
SEG International Group Sdn. Bhd.	Malaysia	100	Investment holding and provision of training and education services
SEGi EyeCare Sdn. Bhd.	Malaysia	100	Provision of eye care and optometry related services
SEGi Holdings Sdn. Bhd.	Malaysia	100	Investment holding and management consultancy
SEGi Assets Sdn. Bhd. (formerly known as Prestige Front Sdn. Bhd.)	Malaysia	100	Property investment and property management
SEGi University College (M) Sdn. Bhd.	Malaysia	70	Provision of professional, commercial and academic education

INFORMATION ON SEGi (CONT'D)

Name of company	Country of Incorporation	Effective Equity Interest (%)	Principal Activities
SMRC Learning Alliance (KL) Sdn. Bhd.	Malaysia	100	Provision of educational and training services
SEGi College (Sarawak) Sdn. Bhd.	Malaysia	100	Operation of an educational institution for further studies
IFPA Resources Sdn. Bhd.	Malaysia	100	Provision of financial planning and financial related courses
Summit Education Sdn. Bhd.	Malaysia	98.63	Investment holding and management consultancy
SEGi College (Subang Jaya) Sdn. Bhd.	Malaysia	98.63	Operation of an institute providing educational programmes
Binary Mark Sdn. Bhd.	Malaysia	98.63	Investment holding and property investment
Summit Multimedia Education Sdn. Bhd.	Malaysia	73.97	Operation of an institution providing educational programmes
Summit Early Childhood Edu-Care Sdn. Bhd.	Malaysia	100	Provision of child educational and related services
Pusat Kemahiran Maju Ria Sdn. Bhd.	Malaysia	100	Provision of educational and training services
Summit Early Childhood Edu-Care (Rawang) Sdn. Bhd.	Malaysia	70	Provision of child educational and related services
SEGi Diversified Sdn. Bhd. (formerly known as Prim Edu-Services Sdn. Bhd.)	Malaysia	100	Investment holding
SEGi Learning Resources (Sarawak) Sdn. Bhd.	Malaysia	100	Provision of educational and training services
SEGi Campus Sdn. Bhd. (formerly known as Sino-Malaysia EduCulture Centre Sdn. Bhd.)	Malaysia	100	Provision of cross border education and culture activities
SEGi Training Centre (Kuching) Sdn. Bhd.	Malaysia	100	Operation of a training centre for vocational and professional courses
Worldwide Accreditation Ltd	Republic of Mauritius	100	Provision of licensing and accreditation of educational programmes
Systematic Training Network Sdn. Bhd.	Malaysia	95	Investment holding and provision of education services
SEGi EduHub Sdn. Bhd. (formerly known as SEGi Unisel Sdn. Bhd.)	Malaysia	100	Property investment and development

INFORMATION ON SEGi (CONT'D)

Name of company	Country of Incorporation	Effective Equity Interest (%)	Principal Activities
SEGi International Education Sdn. Bhd	Malaysia	100	Provision of training and educational services
SEGi DentalCare Sdn. Bhd. (formerly known as SEGi Skills Development & Placement Services Sdn. Bhd.)	Malaysia	100	Provision of dental care and training services
SEGi Youth Training Sdn. Bhd.	Malaysia	100	Provision of training services
SEGi Methods Sdn. Bhd.	Malaysia	100	Investment holding
SEGi Jobs Sdn. Bhd.	Malaysia	100	Dormant
SEGi Land Sdn. Bhd.	Malaysia	100	Property investment
SEGi-IGS Sdn. Bhd.	Malaysia	70	Provision of educational services
Metromas Realtors Sdn. Bhd.	Malaysia	100	Investment holdings and property investment
I-Station Solutions Sdn. Bhd.	Malaysia	100	Provision of E-learning solutions
Consortium Support Services Sdn. Bhd.	Malaysia	100	Provision of property management services
Milenium Optima Sdn. Bhd.	Malaysia	100	Provision of solutions and e-community management system
Platinum Icon Sdn. Bhd.	Malaysia	100	Development of software business solutions
Jana Daiman Sdn. Bhd.	Malaysia	100	Property investment and property management
Andaman Daya Sdn. Bhd.	Malaysia	100	Property investment and property management
Skills Malaysia INVITE Sdn. Bhd.	Malaysia	100	Provision of skill-based and vocational training
Associated company of SEGi			
Palm Leisure Sdn. Bhd.	Malaysia	30	Dormant

INFORMATION ON SEGi (CONT'D)

6. PROFIT AND DIVIDEND RECORD

The profit and dividend record of the SEGi Group based on the audited consolidated financial statements of SEGi for the past five (5) FYE 31 December 2007 to 2011 and the latest unaudited consolidated results for the three (3)-month FPE 31 March 2012 are as follows:

FYE 31 December	←-----Audited-----→					Unaudited
	2007	2008	2009	2010	2011	3-month FPE 31 March 2012
	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)
Revenue	86,263	127,407	166,372	217,615	278,293	77,819
Profit before taxation	2,479	9,884	14,606	54,314	88,218	26,941
Tax	2,864	(2,564)	(4,367)	(11,074)	(16,002)	(5,174)
Profit for the financial year	5,343	7,320	10,239	43,240	72,216	21,767
Attributable to:						
Equity holders of SEGi	5,156	7,266	10,023	43,059	72,314	21,897
Minority interest	187	54	216	181	(98)	(130)
Profit for the financial year	5,343	7,320	10,239	43,240	72,216	21,767
Earnings per share ⁽¹⁾ (sen)	6.03	8.70	4.23 ⁽²⁾	8.70 ⁽³⁾	14.11	4.11
	1.48 @	2.25 @	2.63 @	7.00 @	31.00 @	-
Net dividend per share (sen)	RM1.00	RM1.00	RM1.00	RM0.50	RM0.25	
	per share	per share	per share	per share	per share	

Notes:

⁽¹⁾ Computed by dividing profit for the financial year by the weighted average number of ordinary shares in issue during the financial year

⁽²⁾ Restated for the effects of share split from RM1.00 per ordinary share to RM0.50 per ordinary share and bonus issue of 2:5

⁽³⁾ Restated for the effects of share split from RM0.50 per ordinary share to RM0.25 per ordinary share

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7. STATEMENTS OF ASSETS AND LIABILITIES

The statement of assets and liabilities of the SEGi Group as at 31 December 2010 and 2011 respectively based on SEGi's audited consolidated financial statements and the latest unaudited consolidated statement of assets and liabilities for the three (3)-month FPE 31 March 2012 are as follows:

As at 31 December	2010	2011	Unaudited as at 31 March 2012
	(RM'000)	(RM'000)	(RM'000)
ASSETS			
Non-current assets			
Investments in associates	4,760	-	-
Property, plant and equipment	100,113	111,614	110,848
Receivables	2,425	1,233	918
Intangible assets	27,679	28,041	28,015
Other investments	2,734	4,567	4,597
Deferred tax assets	3,174	2,771	2,753
	140,885	148,226	147,131
Current assets			
Inventories	30	28	26
Receivables	37,572	47,146	68,959
Tax refundable	5,720	7,552	7,010
Cash and cash equivalents	78,831	87,155	41,775
	122,153	141,881	117,770
Total Assets	263,038	290,107	264,901
EQUITY AND LIABILITIES			
Equity			
Share capital	125,623	139,674	139,795
Reserves	76,961	44,085	66,083
	202,584	183,759	205,878
Minority interest	899	762	632
Total Equity	203,483	184,521	206,510
LIABILITIES			
Non-current liabilities			
Long term borrowings	10,831	4,992	4,467
Deferred tax liabilities	2,487	4,322	4,091
	13,318	9,314	8,558
Current liabilities			
Payables	38,607	37,850	43,412
Short term borrowings	7,170	3,737	3,561
Current tax liabilities	460	1,422	2,860
Dividend payable	-	53,263	-
	46,237	96,272	49,833
Total Liabilities	59,555	105,586	58,391
Total Equity and Liabilities	263,038	290,107	264,901

INFORMATION ON PHS

(As extracted from the Offer Document. All terms and abbreviations used are as defined in the Offer Document.)

1. HISTORY AND PRINCIPAL ACTIVITIES

PHS was incorporated in Malaysia on 2 March 2012 as a private limited company under the Act.

PHS is an investment holding company.

Details of its subsidiaries and associated companies are set out in Section 5 of this Appendix II.

2. SHARE CAPITAL

The authorised and issued and paid-up share capital of PHS as at the Offer Document LPD are as follows:

Type	No. of PHS shares	Par value (RM)	Amount (RM)
Authorised	1,000,000,000	1.00	1,000,000,000
Issued and paid-up	349,550,463	1.00	349,550,463

3. SUBSTANTIAL SHAREHOLDERS

The substantial shareholders of PHS (holding 5% or more) as at the Offer Document LPD are as follows:

Name	Country of Incorporation/ Nationality	<-----Direct----->		<-----Indirect----->	
		No. of PHS shares	%	No. of PHS shares	%
SU 1	Mauritius	292,550,462	83.69	-	-
SU 2	Mauritius	57,000,001	16.31	-	-
NAF Ltd	Cayman Islands	-	-	292,550,462	83.69 ^(a)
NMGO Ltd	Cayman Islands	-	-	57,000,001	16.31 ^(b)
NCP	Cayman Islands	-	-	349,550,463	100.00 ^(c)
Richard Elletson Foyston	Canadian	-	-	349,550,463	100.00 ^(d)
Nicholas Rupert Heylett Bloy	British	-	-	349,550,463	100.00 ^(d)
Rodney Chadwick Muse	St Kitts and Nevis	-	-	349,550,463	100.00 ^(d)
HAL Investments (Asia) Ltd	British Virgin Islands	-	-	349,550,463	100.00 ^(d)
HAL Holding N.V.	Curacao	-	-	349,550,463	100.00 ^(e)
HAL Trust	Bermuda	-	-	349,550,463	100.00 ^(f)

Notes:

^(a) Deemed interested by virtue of it being the general partner of Navis Asia Fund VI G.P., L.P. (an exempted limited partnership under the laws of the Cayman Islands), which in turn is the general partner of NAF Fund. NAF Ltd holds 100% of the equity interest in SU 1 on trust for and on behalf of NAF Fund

^(b) Deemed interested by virtue of it being the general partner of NMGO Fund. NMGO Ltd holds 100% of the equity interest in SU 2 on trust for and on behalf of NMGO Fund

^(c) Deemed interested by virtue of its interest in NAF Ltd and NMGO Ltd.

^(d) Deemed interested by virtue of their interest in NCP

^(e) Deemed interested by virtue of its interest in HAL Investments (Asia) Ltd.

^(f) Deemed interested by virtue of its interest in HAL Holding N.V.

INFORMATION ON PHS (CONT'D)

(As extracted from the Offer Document. All terms and abbreviations used are as defined in the Offer Document.)

4. DIRECTORS

The particulars of the Directors of PHS and their respective shareholdings in PHS as at the Offer Document LPD are as follows:

Name	Nationality	<-----Direct----->		<-----Indirect----->	
		No. of PHS shares	%	No. of PHS shares	%
Jonathan Daryl Gartner	American	-	-	-	-
Srikala A/P P. Janarhanan	Malaysian	-	-	-	-

5. SUBSIDIARY AND ASSOCIATE COMPANIES

As at the Offer Document LPD, PHS does not have any subsidiaries.

The associated company of PHS as at the Offer Document LPD are as follows:

Name of company	Country of Incorporation	Effective Equity Interest (%)	Principal Activities
SEGi [^]	Malaysia	27.84	Principally engaged in the business of investment holding and provision of management consultancy services, property management, rental of premises, business advisory services, and educational and training services whilst the principal activities of its subsidiaries are mainly in the provision of educational and training services

Note:

[^] Details of the subsidiaries and associated companies of SEGi are set out in Section 5 of Appendix I.

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INFORMATION ON PHS (CONT'D)

(As extracted from the Offer Document. All terms and abbreviations used are as defined in the Offer Document.)

6. PROFIT AND DIVIDEND RECORD

The profit and dividend record of PHS based on the latest management accounts of PHS since its incorporation up to 30 April 2012 are as follows:

Since incorporation up to 30 April 2012	
	(RM'000)
Revenue	115
Profit before taxation	115
Tax	-
Profit for the financial year	115
Attributable to:	
Equity holders of PHS	115
Minority interest	-
Profit for the financial year	115
EPS (sen)	0.03
Basic dividend per PHS share (sen)	-

7. STATEMENTS OF ASSETS AND LIABILITIES

The statement of assets and liabilities of PHS since its incorporation up to 30 April 2012 based on the latest management accounts of PHS are as follows:

Since incorporation up to 30 April 2012	
	(RM'000)
ASSETS	
Non-current assets	
Investment in associate	350,779
	350,779
Current assets	
Cash and bank balances	13,107
	13,107
Total Assets	363,886
EQUITY AND LIABILITIES	
Share capital	349,550
Reserves	115
Total Equity	349,665
LIABILITIES	
Non-current liabilities	
Trade and other payables	14,221
	14,221
Current liabilities	
Trade and other payables	-
	-
Total Equity and Liabilities	363,886

INFORMATION ON PHS (CONT'D)

(As extracted from the Offer Document. All terms and abbreviations used are as defined in the Offer Document.)

8. DETAILS OF PURCHASES OF PHS' OWN VOTING SHARES, VOTING RIGHTS OR CONVERTIBLE SECURITIES

PHS has not, during the six (6) month period prior to the date of the Notice up until the Offer Document LPD, purchased its own voting shares, voting rights or convertible securities.

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FURTHER INFORMATION

1. DIRECTORS' RESPONSIBILITY STATEMENT

The Board has seen and approved the contents of this IAC. They have collectively and individually accepted full responsibility for the accuracy of the information contained in this IAC whereby the responsibility of the Board in respect of:

- (i) the information on PHS and its PACs, the Ultimate Offerors and the Offer in this IAC (as extracted from the Offer Document) is limited to ensure that such information is accurately reproduced in this IAC; and
- (ii) the independent advice and expression of opinion by AFFIN Investment in relation to the Offer as set out in Part B of this IAC is limited to the accuracy of the information in relation to the SEGi Group that was provided to AFFIN Investment for its evaluation of the Offer and to ensure that all information in relation to the SEGi Group that are relevant to AFFIN Investment's evaluation of the Offer have been accurately and completely disclosed to AFFIN Investment and that there are no material facts, the omission of which would make any information provided to AFFIN Investment false or misleading.

The Board has also confirmed that, after making all reasonable enquiries and to the best of their knowledge and belief, there are no false and misleading statement or any facts, the omission of which would make any information or statement in this IAC and/or any information furnished by SEGi to AFFIN Investment incomplete, false, misleading or inaccurate.

2. CONSENTS

AFFIN Investment has given and has not subsequently withdrawn its written consent to the inclusion of its name, letter and all references thereto, in the form, manner and context in which they appear in this IAC.

RHB Investment Bank has given and has not subsequently withdrawn its written consent to the inclusion of its name and all references thereto, in the form, manner and context in which they appear in this IAC.

3. DISCLOSURE OF INTERESTS AND DEALINGS**3.1 By SEGi**

- (i) As at the LPD, SEGi has 189,015,354 outstanding Warrants which are exercisable into 189,015,354 new SEGi Shares. The Warrants were issued on 17 August 2010 and will expire on 16 August 2015.
- (ii) As at the LPD, neither SEGi nor its subsidiaries holds, directly or indirectly, any voting shares or convertible securities in PHS and neither SEGi nor its subsidiaries has dealt, directly or indirectly, in the voting shares or convertible securities of PHS during the period commencing six (6) months prior to the beginning of the Offer Period and ending on the LPD.

- (iii) Save as disclosed below, SEGi has not purchased its own voting Shares, convertible securities or voting rights during the period commencing six (6) months prior to the beginning of the Offer Period and ending on the LPD:

Date purchased	No. of Shares purchased	Price (RM)
1 March 2012	1,000	1.87

3.2 By the Directors of SEGi

- (i) Disclosure of interest in SEGi Shares

Save as disclosed below, none of the Directors of SEGi have any interest, direct or indirect, in SEGi Shares as at the LPD:

Name	Nationality	<-----Direct----->		<-----Indirect----->	
		No. of SEGi Shares	% [^]	No. of SEGi Shares	% [^]
Tan Sri Dato' Seri Megat Najmuddin Bin Dato' Seri Dr Haji Megat Khas	Malaysian	1,662	- [*]	-	-
DSC	Malaysian	158,840,480	29.78	149,715,680	28.07 ^(a)
Lee Kok Cheng	Malaysian	5,390,000	1.01	-	-
Hew Moi Lan	Malaysian	6,668,800	1.25	-	-
Amos Siew Boon Yeong	Malaysian	2,200,000	0.41	-	-
Nicholas Rupert Heylett Bloy	British	-	-	308,556,160	57.86 ^(b)

Notes:

^{*} Negligible

[^] Excluding all the treasury shares held by SEGi

^(a) DSC is deemed interested in such SEGi Shares held by PHS pursuant to the Shareholders' Agreement

^(b) Deemed interested by virtue of SEGi Shares held by PHS in which he is deemed to have an interest

- (ii) Disclosure of interest in Warrants

Save as disclosed below, none of the Directors of SEGi have any interest, direct or indirect, in the Warrants as at the LPD:

Name	Nationality	<-----Direct----->		<-----Indirect----->	
		No. of Warrants	%	No. of Warrants	%
DSC	Malaysian	58,183,600	30.78	79,336,800	41.97 ^(a)
Nicholas Rupert Heylett Bloy	British	-	-	137,520,400	72.76 ^(b)

Notes:

^(a) DSC is deemed interested in such Warrants held by PHS pursuant to the Shareholders' Agreement

^(b) Deemed interested by virtue of Warrants held by PHS in which he is deemed to have an interest

- (iii) Dealings in SEGi Shares

Save as disclosed below, none of the Directors of SEGi has dealt, directly and indirectly, in SEGi Shares during the period commencing six (6) months prior to the beginning of the Offer Period and ending on the LPD:

Name	Date of transaction	Nature of transaction	No. of Shares	Price RM
<u>Direct interest</u>				
Datuk Chee Hong Leong	2 April 2012	Disposal	180,800	1.71
Lee Kok Cheng	16 November 2011	Acquisition	500,000	1.99
	23 November 2011	Acquisition	326,000	1.95
	24 November 2011	Acquisition	400,000	1.94
	25 November 2011	Acquisition	214,000	1.94
	18 January 2012	Acquisition	300,000	1.798
	19 January 2012	Acquisition	300,000	1.804
	20 January 2012	Acquisition	350,000	1.802
<u>Indirect interest</u>				
Datuk Chee Hong Leong ⁽¹⁾	2 April 2012	Disposal	33,492,200	1.71
Nicholas Rupert Heylett Bloy ⁽²⁾	29 March 2012	Acquisition	114,800,000	1.71
	2 April 2012	Acquisition	33,673,000	1.71
	17 May 2012	Acquisition	250,000	1.71

Notes:

⁽¹⁾ Held indirectly through Segmen Entiti Sdn Bhd⁽²⁾ Deemed interest by virtue of SEGi Shares held by PHS in which he is deemed to have an interest

(iv) Dealings in Warrants

Save as disclosed below, none of the Directors of SEGi has dealt, directly and indirectly, in the Warrants (including any exercise of the Warrants) during the period commencing six (6) months prior to the beginning of the Offer Period and ending on the LPD:

Name	Date of transaction	Nature of transaction	No. of Warrants	Price RM
<u>Direct interest</u>				
Datuk Chee Hong Leong	2 April 2012	Disposal	1,253,000	1.21
DSC	25 April 2012	Disposal	18,000,000	1.21
<u>Indirect interest</u>				
Nicholas Rupert Heylett Bloy ⁽¹⁾	25 April 2012	Acquisition	137,242,800	1.21
	17 May 2012	Acquisition	177,600	1.21
	18 May 2012	Acquisition	100,000	1.21

FURTHER INFORMATION (CONT'D)

Note:

⁽¹⁾ Deemed interest by virtue of SEGi Shares held by PHS in which he is deemed to have an interest

(v) Disclosure of interest in the voting shares of PHS

Save as disclosed below, none of the Directors of SEGi have any interest, direct or indirect, in the voting shares of PHS as at the LPD.

Name	<-----Direct----->		<-----Indirect----->	
	No. of PHS shares	%	No. of PHS shares	%
Nicholas Rupert Heylett Bloy	-	-	349,550,463	100.00 ^(a)

Note:

^(a) Deemed interested by virtue of his interest in NCP

(vi) Dealings in voting shares of PHS

None of the Directors of SEGi have dealt, direct or indirectly, in the voting shares of PHS during the period commencing six (6) months prior to the beginning of the Offer Period and ending on the LPD.

(vii) Save as disclosed herein, none of the Directors of SEGi have any other interest in SEGi and PHS as at the LPD.

3.3 By the Offeror

(As extracted from the Offer Document. All terms and abbreviations used are as defined in the Offer Document.)

(i) Disclosure of interest in SEGi Shares and Warrants

Save as disclosed below, the Offeror does not have any other interest, whether direct or indirect, in SEGi Shares and Warrants as at the Offer Document LPD:

(a) SEGi Shares

Name	< ----- Direct ----- >		< ----- Indirect ----- >	
	No. of SEGi Shares	% [*]	No. of SEGi Shares	% [*]
PHS	148,473,000	27.84	158,840,480	29.78 ^(a)

Notes:

^{*} Excluding all the treasury shares held by SEGi

^(a) PHS is deemed interested in such SEGi Shares held by DSC pursuant to the Shareholders' Agreement

(b) Warrants

Name	< ----- Direct ----- >		< ----- Indirect ----- >	
	No. of Warrants	%	No. of Warrants	%
PHS	79,059,200	41.83	58,183,600	30.78 ^(a)

Note:

^(a) PHS is deemed interested in such Warrants held by DSC pursuant to the Shareholders' Agreement

FURTHER INFORMATION (CONT'D)

(ii) Dealings in SEGi Shares and Warrants

Save as disclosed below, the Offeror has not dealt in SEGi Shares and Warrants (including any exercise of the Warrants) during the period commencing six (6) months prior to 25 April 2012, being the date of the Notice and ending on the Offer Document LPD:

(a) SEGi Shares

Date of transaction	Nature of transaction	No. of SEGi Shares	Price per SEGi Share (RM)	Total consideration ^ (RM)
29 March 2012	Acquisition	114,800,000	1.713	196,630,698
2 April 2012	Acquisition	33,492,200	1.713	57,381,498
2 April 2012	Acquisition	180,800	1.71	309,168

Note:

^ Excludes brokerage and other incidental costs

(b) Warrants

Date of transaction	Nature of transaction	No. of Warrants	Price per Warrant (RM)	Total consideration ^ (RM)
29 March 2012	Acquisition	59,806,200	1.212	72,484,459
2 April 2012	Acquisition	1,253,000	1.21	1,516,130
25 April 2012	Acquisition	18,000,000	1.21	21,780,000

Note:

^ Excludes brokerage and other incidental costs

3.4 By the Directors of the Offeror

(As extracted from the Offer Document. All terms and abbreviations used are as defined in the Offer Document.)

(i) Disclosure of interest in SEGi Shares and Warrants

As at the Offer Document LPD, none of the Directors of PHS have any interest, whether direct or indirect, in SEGi Shares and Warrants.

(ii) Dealings in SEGi Shares and Warrants

The Directors of the Offeror have not dealt in SEGi Shares and Warrants (including any exercise of the Warrants) during the period commencing six (6) months prior to 25 April 2012, being the date of the Notice and ending on the Offer Document LPD.

FURTHER INFORMATION (CONT'D)

3.5 By the PACs

(As extracted from the Offer Document. All terms and abbreviations used are as defined in the Offer Document.)

(i) Disclosure of interest in SEGi Shares and Warrants

Save as disclosed below, the PACs of the Offeror do not have any other interest, whether direct or indirect, in SEGi Shares and Warrants as at the Offer Document LPD:

(a) SEGi Shares

Name	< ----- Direct ----- >		< ----- Indirect ----- >	
	No. of SEGi Shares	% ^A	No. of SEGi Shares	% ^A
SU 1 Ltd	-	-	307,313,480	57.62 ^(a)
SU 2 Ltd	-	-	307,313,480	57.62 ^(a)
NAF Ltd	-	-	307,313,480	57.62 ^(b)
NMGO Ltd	-	-	307,313,480	57.62 ^(c)
DSC	158,840,480	29.78	148,473,000	27.84 ^(d)

Notes:

^A Excluding all the treasury shares held by SEGi

^(a) Deemed interested by virtue of their interest in PHS

^(b) Deemed interested by virtue of it being the general partner of Navis Asia Fund VI G.P., L.P. (an exempted limited partnership under the laws of the Cayman Islands), which in turn is the general partner of NAF Fund. NAF Ltd holds 100% of the equity interest in SU 1 on trust for and on behalf of NAF Fund

^(c) Deemed interested by virtue of it being the general partner of NMGO Fund. NMGO Ltd holds 100% of the equity interest in SU 2 on trust for and on behalf of NMGO Fund

^(d) DSC is deemed interested in such SEGi Shares held by PHS pursuant to the Shareholders' Agreement

(b) Warrants

Name	< ----- Direct ----- >		< ----- Indirect ----- >	
	No. of Warrants	%	No. of Warrants	%
SU 1	-	-	137,242,800	72.61 ^(a)
SU 2	-	-	137,242,800	72.61 ^(a)
NAF Ltd	-	-	137,242,800	72.61 ^(b)
NMGO Ltd	-	-	137,242,800	72.61 ^(c)
DSC	58,183,600	30.78	79,059,200	41.83 ^(d)

Notes:

^(a) Deemed interested by virtue of their interest in PHS

^(b) Deemed interested by virtue of it being the general partner of Navis Asia Fund VI G.P., L.P. (an exempted limited partnership under the laws of the Cayman Islands), which in turn is the general partner of NAF Fund. NAF Ltd holds 100% of the equity interest in SU 1 on trust for and on behalf of NAF Fund

^(c) Deemed interested by virtue of it being the general partner of NMGO Fund. NMGO Ltd holds 100% of the equity interest in SU 2 on trust for and on behalf of NMGO Fund

^(d) DSC is deemed interested in such Warrants held by PHS pursuant to the Shareholders' Agreement

FURTHER INFORMATION (CONT'D)

(ii) Dealings in SEGi Shares and Warrants

Save as disclosed below, the PACs of the Offeror have not dealt in SEGi Shares and Warrants (including any exercise of the Warrants) during the period commencing six (6) months prior to 25 April 2012, being the date of the Notice and ending on the Offer Document LPD:

Name	Date of transaction	Nature of transaction	No. of Warrants	Price per Warrant (RM)	Total consideration ^ (RM)
DSC	25 April 2012	Disposal	18,000,000	1.21	21,780,000

Note:

^ Excludes brokerage and other incidental costs

3.6 By persons who have irrevocably committed to accept the Offer

(As extracted from the Offer Document. All terms and abbreviations used are as defined in the Offer Document.)

As at the Offer Document LPD, the Offeror and/or its PACs have not received any irrevocable undertaking from any Holder to accept the Offer.

4. GENERAL DISCLOSURES

(As extracted from the Offer Document. All terms and abbreviations used are as defined in the Offer Document.)

- (a) There is no ongoing negotiation that exists between the Offeror and Ultimate Offerors and any person with respect to the shares, rights and convertible securities of either PHS or SEGi.
- (b) As at the Offer Document LPD, there is no agreement, arrangement or understanding that exists between the Offeror or any of its PACs and any of the directors or past directors of SEGi (being a person who was, during the period of six (6) months immediately prior to the beginning of the Offer Period, a director) and any of the holders or past holders of the voting shares or voting rights of SEGi (being a person who was, during the period of six (6) months immediately prior to the beginning of the Offer Period, a holder of voting shares or voting rights) having any connection with or dependence upon the Offer other than the Shareholders' Agreement.
- (c) As at the Offer Document LPD, there is no existing or proposed agreement, arrangement or understanding entered into by the Offeror whereby any Offer Securities acquired pursuant to the Offer will be transferred to any other person(s) within a foreseeable period from the Offer Document LPD.
- (d) As at the Offer Document LPD, the Offeror does not consider any persons other than as disclosed in Section 1.2 of Appendix VII of the Offer Document as acting in concert with the Offeror for the purposes of the Offer.
- (e) All the Offer Securities acquired pursuant to the Offer will be registered in the name of PHS and/or its appointed nominee, if any.

FURTHER INFORMATION (CONT'D)

5. MATERIAL LITIGATION, CLAIM AND ARBITRATION**5.1 SEGi Group**

As at the LPD, neither SEGi nor any of its subsidiaries is engaged in any material litigation, claim or arbitration, either as plaintiff or defendant, which has a material effect on the financial position of the SEGi Group and the Directors of SEGi do not have any knowledge of proceedings pending or threatened against SEGi and/or its subsidiaries, or of any fact likely to give rise to any proceedings, which might materially and adversely affect the financial position or business of SEGi and/or its subsidiaries.

5.2 PHS

(As extracted from the Offer Document. All terms and abbreviations used are as defined in the Offer Document.)

As at the Offer Document LPD, the Offeror is not engaged in any material litigation, claims or arbitration, either as plaintiff or defendant, and the Offeror is not aware of any proceedings, pending or threatened against them or of any fact likely to give rise to any proceedings which might materially and adversely affect their financial position or business.

6. MATERIAL CONTRACTS**6.1 SEGi Group**

Save as disclosed below, SEGi has not entered into any material contracts (not being contracts entered into in the ordinary course of business) during the past 2 years immediately preceding the LPD:

- (a) Summit Early Childhood Edu-Care Sdn Bhd, a wholly-owned subsidiary company of SEGi had on 2 June 2011, entered into a conditional share sale agreement ("**the SSA**") with Eduspec Holdings Berhad ("**EHB**") for the proposed disposal of all its shareholding of 1,000,000 ordinary shares of RM1.00 each in Eduspec Sdn Bhd ("**ESB**"), representing 22.22% of the issued and paid-up share capital of ESB, for a total consideration of RM5,000,000.00, to be satisfied by the issuance of 33,333,333 ordinary shares of RM0.10 each in EHB, at an issue price of RM0.15 per share upon terms and conditions therein contained.

The SSA was completed on 23 September 2011.

- (b) Andaman Daya Sdn Bhd, a wholly-owned subsidiary of SEGi had on 13 February 2012 entered into a sale and purchase agreement with Perbadanan Kemajuan Negeri Selangor as the vendor to acquire a piece of leasehold land measuring approximately 14.413 acres/627,830.28 square feet and forming part of the Master Land held under Block Title H.S.(D) 11759 P.T. 20979, Mukim Dengkil, Daerah Sepang, Negeri Selangor with a lease tenure of 99 years located at Selangor Science Park 2, Sepang, Selangor Darul Ehsan ("**the Land**") for a total consideration of RM22,077,911 ("**Purchase Consideration**") upon terms and conditions therein contained. The Purchase Consideration is payable in stages dependent, inter-alia, upon completion of land works (including infrastructure works) by the vendor on the Land ("**Land Works**").

As at the LPD, the sale and purchase is awaiting completion pending the completion of the Land Works.

FURTHER INFORMATION (CONT'D)

6.2 PHS

(As extracted from the Offer Document. All terms and abbreviations used are as defined in the Offer Document.)

Save as disclosed below, the Offeror has not entered into any material contracts (not being contracts entered into in the ordinary course of business) within the two (2) years immediately preceding the Offer Document LPD:

- (i) Shareholders' Agreement dated 25 April 2012 between the Offeror and DSC to regulate their relationship with one another as shareholders of SEGi and certain aspects of the affairs of SEGi and dealings in the securities of SEGi.

7. MATERIAL CAPITAL COMMITMENTS

There are no capital commitments which are or may be material capital commitments which have been entered into by SEGi and/or its subsidiary companies which may have a material impact on the business or financial position of SEGi and its subsidiary companies as at the LPD.

8. SERVICE CONTRACTS

As at the LPD, there are no service contracts between SEGi and/or its subsidiary companies with any of its Directors or proposed Directors, which excludes contracts expiring or determinable by SEGi or its subsidiary companies without payment or compensation within 12 months from the date of the Offer Document.

9. CONFLICT OF INTERESTS

(As extracted from the Offer Document. All terms and abbreviations used are as defined in the Offer Document.)

There is no deemed conflict of interest situation arising from the Offer which is required to be disclosed under Section 1.2 of Practice Note 12 of the Code.

10. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be made available for inspection during normal business hours 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 from Monday to Friday (except for public holidays) so long as the Offer remains open for acceptances:

- (i) Memorandum and Articles of Association of SEGi;
- (ii) A copy of the Notice and the Offer Document;
- (iii) The latest audited consolidated financial statements of SEGi for the past two (2) FYE 31 December 2010 and 2011 and the latest unaudited consolidated quarterly results of SEGi for the FPE 31 March 2012;
- (iv) The written consents referred to in Section 2 above; and
- (v) The material contracts of the SEGi Group as referred to in Section 6.1 above.