

SEG INTERNATIONAL BERHAD ("SEGi" OR THE "COMPANY")

- I. PROPOSED ACQUISITION BY SEGi EDUHUB SDN BHD ("SESB"), A WHOLLY-OWNED SUBSIDIARY OF SEGi, OF 1,000,000 ORDINARY SHARES IN PENINSULA EDUCATION SDN BHD ("PESB") ("PESB SHARE(S)"), REPRESENTING 100% OF THE EQUITY INTEREST IN PESB, FROM GLOBAL ACTIVATE SDN BHD ("GASB") FOR A PURCHASE CONSIDERATION OF RM500,000 TO BE SATISFIED ENTIRELY VIA CASH ("PROPOSED ACQUISITION OF PESB"); AND
- II. PROPOSED ACQUISITION BY SEGi EDUHUB SDN BHD ("SESB"), A WHOLLY-OWNED SUBSIDIARY OF SEGi, OF 5,087,853 ORDINARY SHARES IN IMPERIAL EDUCATION (IPOH) SDN BHD ("IEISB") ("IEISB SHARE(S)"), REPRESENTING 100% OF THE EQUITY INTEREST IN IEISB, FROM HCK EDUCATION SDN BHD ("HCKE") FOR A PURCHASE CONSIDERATION OF RM200,000 TO BE SATISFIED ENTIRELY VIA CASH ("PROPOSED ACQUISITION OF IEISB").

(COLLECTIVELY REFERRED TO AS THE "PROPOSED ACQUISITIONS")

1. INTRODUCTION

The Board of Directors of SEGi ("**Board**") is pleased to announce the following:-

- i. SESB had on 28 December 2022 entered into a conditional share sale agreement with GASB ("**PESB Vendor**") ("**PESB SSA**") for the proposed acquisition of 1,000,000 PESB Shares, representing 100% of the equity interest in PESB for a purchase consideration of RM500,000 ("**PESB Purchase Consideration**") to be satisfied entirely via cash; and
- ii. SESB had on 28 December 2022 entered into a conditional share sale agreement with HCKE ("**IEISB Vendor**") ("**IEISB SSA**") for the proposed acquisition of 5,087,853 IEISB Shares, representing 100% of the equity interest in IEISB for a purchase consideration of RM200,000 ("**IEISB Purchase Consideration**") to be satisfied entirely via cash.

(The PESB Purchase Consideration and IEISB Purchase Consideration are collectively referred to as the "**Purchase Considerations**" and the PESB SSA and the IEISB SSA are collectively referred to as the "**SSAs**").

Please refer to **Appendix I** and **Appendix II** of this announcement for the salient terms of the SSAs.

The Proposed Acquisitions are deemed to be a related party transaction ("**RPT**") pursuant to Paragraph 10.08 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("**Listing Requirements**"). Details of the interested parties in relation to the Proposed Acquisitions are set out in Section 7 of this announcement.

2. DETAILS OF THE PROPOSED ACQUISITIONS

2.1 Information on the Proposed Acquisition of PESB

On 28 December 2022, SESB, a wholly-owned subsidiary of SEGi, had entered into a conditional share sale agreement with GASB for the acquisition by SESB of 1,000,000 PESB Shares, representing 100% of the equity interest in PESB, free from any encumbrances for the PESB Purchase Consideration to be satisfied entirely via cash.

Upon completion of the Proposed Acquisition of PESB, PESB will become a wholly-owned subsidiary of SEGi.

Tenancy agreement

PESB currently has an ongoing tenancy agreement with Peninsula Education (Setia Alam) Sdn Bhd ("**PESA**") the details of which are as follows:-

Demised Property	A campus building and the grounds within a gated compound known as the Peninsula International School Campus, consisting of 2 strata titles which are yet to be issued, with net lettable area of approximately 315,393 square feet.						
Tenancy Commencement Date	1 August 2022						
Term of Tenancy	2 years from the Tenancy Commencement Date						
Purpose of Tenancy	Operation of a private K-12 educational institution and ancillary businesses						
Rental Rates	<table border="1"> <thead> <tr> <th>Tenancy Year</th> <th>Monthly rental (RM)</th> </tr> </thead> <tbody> <tr> <td>Year 1</td> <td>353,235</td> </tr> <tr> <td>Year 2</td> <td>353,235 (August 2023 – January 2024) 499,577 (February 2024 – July 2024)</td> </tr> </tbody> </table>	Tenancy Year	Monthly rental (RM)	Year 1	353,235	Year 2	353,235 (August 2023 – January 2024) 499,577 (February 2024 – July 2024)
Tenancy Year	Monthly rental (RM)						
Year 1	353,235						
Year 2	353,235 (August 2023 – January 2024) 499,577 (February 2024 – July 2024)						
Deposits	<p>(i) <u>Rental Deposit</u>: The Rental Deposit shall be maintained at an amount equivalent to three months of rent at all times during the Term</p> <p>(ii) <u>Utilities Deposit</u>: Two months' rental</p> <p>(iii) <u>Restoration Deposit</u>: Three months' rental</p>						

The tenancy agreement between PESB and PESA was entered into for the continued operation of the Peninsula International School Australia by PESB.

Put option agreement

For information purposes, the parties agree as a condition precedent towards completion of the PESB SSA, to execute a put option agreement where PESB Vendor shall grant a put option to SESB which allows SESB to sell 100% of equity interest in PESB back to the PESB Vendor for RM500,000 during the period of six (6) months commencing from the thirty-first (31st) month to the thirty-six (36th) month following the completion of the Proposed Acquisition of PESB ("PESB Put Option"). During the aforesaid period, SESB could exercise the PESB Put Option by serving a notice to GASB indicating its intention to exercise the PESB Put Option.

2.1.1 Information on PESB

i. Incorporation and business activities

PESB was incorporated in Malaysia on 26 November 2010 as a private limited company under the Companies Act 1965 and is deemed registered under the Companies Act, 2016 ("**Act**"). PESB is a wholly-owned subsidiary of GASB. PESB is principally involved in the education industry, including overseas licensed systems and new learning technologies.

ii. Share capital

As at 23 December 2022, being the latest practicable date of this announcement ("**LPD**"), PESB has a total issued and fully paid up share capital of RM1,000,000 comprising 1,000,000 ordinary shares.

iii. Directors and shareholders

As at the LPD, the directors and substantial shareholders of PESB together with their respective shareholdings in PESB are set out as follows:-

Name	Designation	Nationality/Place of incorporation	<-----Direct----->		<-----Indirect----->	
			No. of shares	%	No. of shares	%
Lee Kok Cheng	Director	Malaysian	-	-	-	-
Adeline Hii Siew Ching	Director	Malaysian	-	-	-	-
GASB	Shareholder	Malaysia	1,000,000	100.0	-	-
Tan Sri Hii Chii Kok @ Hii Chee Kok ("TSC")	Shareholder	Malaysian	-	-	1,000,000 ^{*1}	100.0

Notes:-

^{*1} Deemed interested pursuant to Section 8 of the Act by virtue of TSC's shareholding in GASB.

iv. Financial information on PESB

PESB recorded revenue of RM0.048 million and profit after tax of RM0.043 million for financial year ended ("FYE") 31 December 2021.

For the financial period ended ("FPE") 31 August 2022, PESB recorded revenue of RM1.086 million and a loss after tax of RM0.134 million.

The net assets ("NA") of PESB as at 31 December 2021 were RM0.581 million and as at 31 August 2022, the NA were RM0.447 million.

v. Date and original cost of investment

Original cost of investment : RM1,000,000
Date of investment : 12 October 2021

2.1.2 Basis of and justifications for arriving at the PESB Purchase Consideration

The PESB Purchase Consideration of RM500,000 was arrived at on a willing-buyer willing-seller basis, after taking into consideration the latest NA of PESB amounting to RM446,765 as at 31 August 2022.

The Board is of the view that the PESB Purchase Consideration is justifiable after taking into consideration the following factors:-

- i. the PESB Purchase Consideration represents a price-to-book multiple of 1.12 times to the NA of PESB as at 31 August 2022;
- ii. PESB is an on-going K-12 education centre with students and academic staff; and
- iii. the rationale and potential benefits to be accrued to SEGi and its subsidiaries ("**SEGi Group**" or "**the Group**") through the Proposed Acquisitions, which is set out in Section 3 of this announcement.

2.1.3 Mode of settlement of the PESB Purchase Consideration

Pursuant to the terms of the PESB SSA, a deposit of 10% of the PESB Purchase Consideration will be deposited with the Solicitors of SESB as stakeholders, and the balance of the PESB Purchase Consideration shall be paid or caused to be paid to GASB upon the completion of the Proposed Acquisition of PESB.

2.1.4 Background information on the PESB Vendor

GASB was incorporated in Malaysia on 20 September 2012 under the Companies Act, 1965 as a private limited company and is deemed registered under the Act. The principal activities of GASB are property development, investment holding and properties trading. As at the LPD, GASB has 3 wholly-owned subsidiaries, the details of which are as follows:-

Name	Date of incorporation	Place of incorporation	Equity interest	Principal activities
Peninsula Education Sdn Bhd	26 November 2010	Malaysia	100%	Education industry, including overseas licensed systems and new learning technologies
Peninsula Education (Setia Alam) Sdn Bhd	16 August 2004	Malaysia	100%	Provision of training and educational services
Global Eco Construction Sdn Bhd	04 September 2018	Malaysia	100%	Construction of buildings, activities of holdings companies and other specialised construction activities

Additionally, GASB has 1 associate company, namely, Edusentral Management Sdn Bhd. The details of which are as follows:-

Name	Date of incorporation	Place of incorporation	Equity interest	Principal activities
Edusentral Management Sdn Bhd	03 December 2019	Malaysia	25%	Property management

As at the LPD, GASB has a total issued share capital of RM7,000,000 comprising 7,000,000 GASB Shares.

The directors and shareholders of GASB and their respective shareholdings in GASB as at the LPD are set out below:-

Name	Designation	Nationality/ Place of incorporation	<-----Direct----->		<-----Indirect----->	
			No. of shares	%	No. of shares	%
Datuk Dr Dennis Ling Sie Hieng	Director	Malaysian	-	-	-	-
TSC	Shareholder & Director	Malaysian	6,300,000	90	-	-
Datuk Clifford Hii Toh Leong	Shareholder	Malaysian	700,000	10	-	-

2.1.5 Source of funding

The PESB Purchase Consideration will be fully financed through internally generated funds.

2.1.6 Liabilities to be assumed

Save for the obligation and liabilities in and arising from, pursuant to or in connection with the PESB SSA, there are no other liabilities including contingent liabilities and/or guarantees to be assumed by SEGi Group arising from the Proposed Acquisition of PESB.

2.1.7 Additional financial commitment

Upon completion of the Proposed Acquisition of PESB, there are no additional financial commitments to be incurred by SEGi Group to put the business of PESB on-stream. PESB is already an on-going business entity.

2.2 Information on the Proposed Acquisition of IEISB

On 28 December 2022, SESB, a wholly-owned subsidiary of SEGi, had entered into a conditional share sale agreement with HCKE for the acquisition by SESB of 5,087,853 IEISB Shares, representing 100% of the equity interest in IEISB, free from any encumbrances for the IEISB Purchase Consideration to be satisfied entirely via cash.

Upon completion of the Proposed Acquisition of IEISB, IEISB will become a wholly-owned subsidiary of SEGi.

Tenancy agreement

IEISB currently has an ongoing tenancy agreement with Imperial Assets (Ipoh) Sdn Bhd ("IAISB") the details of which are as follows:-

Demised Property	A campus building and the grounds within a gated compound known as the Imperial International School Ipoh, with net lettable area of approximately 127,809 square feet together with the right of access and use to all the common areas and outdoor area.						
Tenancy Commencement Date	1 August 2022						
Term of Tenancy	2 years from Tenancy Commencement Date						
Purpose of Tenancy	Operation of a private K-12 educational institution and ancillary businesses						
Monthly Rental	<table border="1"><thead><tr><th>Tenancy Year</th><th>Monthly rental (RM)</th></tr></thead><tbody><tr><td>1</td><td>135,088.00</td></tr><tr><td>2</td><td>162,591.00</td></tr></tbody></table>	Tenancy Year	Monthly rental (RM)	1	135,088.00	2	162,591.00
Tenancy Year	Monthly rental (RM)						
1	135,088.00						
2	162,591.00						
Deposits	<p>(i) <u>Rental Deposit</u>: The Rental Deposit shall be maintained at an amount equivalent to three months of rent at all times during the Term.</p> <p>(ii) <u>Utilities Deposit</u>: Two months' rental</p> <p>(iii) <u>Restoration Deposit</u>: Three months' rental</p>						

The tenancy agreement between IEISB and IAISB was entered into for the continued operation of the Imperial International School, Ipoh by IEISB.

Put option agreement

For information purposes, the parties agree as a condition precedent towards the completion of the IEISB SSA, to execute a put option agreement where IEISB Vendor shall grant a put option to SESB which allows SESB to sell 100% equity interest in IEISB back to IEISB Vendors for RM200,000 during the option period of six (6) months commencing from the thirty-first (31st) month to the thirty-six (36th) month following the completion of the Proposed Acquisition of the IEISB ("IEISB Put Option"). During the aforesaid period, SESB could exercise the IEISB Put Option by serving a notice to HCKE indicating its intention to exercise the IEISB Put Option.

2.2.1 Information on IEISB

i. Incorporation and business activities

IEISB was incorporated in Malaysia on 7 October 2004 as a private limited company under the Companies Act 1965 and is deemed registered under the Act. IEISB is a wholly-owned subsidiary of HCKE. IEISB is principally involved in the provision of educational training services.

ii. Share capital

As at LPD, IEISB has a total issued and paid-up share capital of RM5,087,853 comprising 5,087,853 ordinary shares.

iii. Directors and shareholders

As at the LPD, the directors and substantial shareholders of IEISB together with their respective shareholdings in IEISB are set out as follows:-

Name	Designation	Nationality/ Place of incorporation	<-----Direct----->		<-----Indirect----->	
			No. of shares	%	No. of shares	%
Lee Kok Cheng	Director	Malaysian	-	-	-	-
Datuk Clifford Hii Toh Leong	Director	Malaysian	-	-	-	-
HCKE	Shareholder	Malaysia	5,087,853	100.0	-	-
HCK Capital Holdings Sdn Bhd	Shareholder	Malaysia	-	-	5,087,853 ^{*1}	100.0
HCK Capital Group Berhad ("HCK")	Shareholder	Malaysia	-	-	5,087,853 ^{*2}	100.0
Hiichiikok Equities Sdn Bhd	Shareholder	Malaysia	-	-	5,087,853 ^{*3}	100.0
TSC	Shareholder	Malaysian	-	-	5,087,853 ^{*4}	100.0

Notes:-

^{*1} Deemed interested pursuant to Section 8 of the Act by virtue of its shareholding in HCKE.

^{*2} Deemed interested pursuant to Section 8 of the Act by virtue of its shareholding in HCK Capital Holdings Sdn Bhd.

^{*3} Deemed interested pursuant to Section 8 of the Act by virtue of its shareholding in HCK.

^{*4} Deemed interested pursuant to Section 8 of the Act by virtue of TSC's shareholding in Hiichiikok Equities Sdn Bhd.

iv. Financial information on IEISB

IEISB recorded revenue of RM1.017 million and loss after tax of RM1.230 million for the FYE 31 December 2021.

IEISB recorded revenue of RM1.096 million and a loss after tax of RM0.769 million for the FPE 31 August 2022.

The net liabilities ("NL") of IEISB as at 31 December 2021 was RM2.761 million and as at 31 August 2022, the NL was RM2.031 million.

On 8 October 2022, IEISB increased its issued share capital to RM5,087,853 and this resulted IEISB recorded a NA position of RM0.557 million.

v. Date and original cost of investment

			Total
Original Cost of investment	RM1,000,000.00	RM1,500,001.00	RM2,500,001
Date of investment	12 May 2011	1 January 2022	-

2.2.2 Basis of and justifications for arriving at the IEISB Purchase Consideration

The IEISB Purchase Consideration of RM200,000 was arrived at on a willing-buyer willing-seller basis, after taking into consideration of its recent NA of RM0.557 million and IEISB is an on-going K-12 education centre with students and academic staff.

The Board is of the view that the IEISB Purchase Consideration is justifiable after taking into consideration the rationale and potential benefits to be accrued to SEGi Group through the Proposed Acquisitions, which is set out in Section 3 of this announcement.

2.2.3 Mode of settlement of the IEISB Purchase Consideration

Pursuant to the terms of the IEISB SSA, a deposit of 10% of the IEISB Purchase Consideration will be deposited with the Solicitors of SESB as stakeholders, and the balance of the IEISB Purchase Consideration shall be paid or caused to be paid to HCKE upon the completion of the Proposed Acquisition of IEISB.

2.2.4 Background information on the IEISB Vendor

HCKE was incorporated in Malaysia on 1 July 2016 under the Act as a private limited company and is deemed registered under the Act. The principal activities of HCKE are investment holding and the provision of training and education services. As at the LPD, HCKE has 4 subsidiary companies and does not have any associate companies. The details of which are as follows:-

Name	Date of incorporation	Place of incorporation	Equity interest	Principal activities
Imperial Education (Ipoh) Sdn Bhd	07 October 2004	Malaysia	100%	Provision of educational training services
HCK Education (KL) Sdn Bhd	26 May 2017	Malaysia	100%	Provision of educational services
HCK Education (PJ) Sdn Bhd	26 May 2017	Malaysia	100%	Provision of educational services
HCK Education (Setia Alam) Sdn Bhd	30 January 2020	Malaysia	100%	Provision of educational training services

As at the LPD, HCKE has a total issued share capital of RM2 comprising 2 HCKE Shares.

The directors and shareholders of HCKE and their respective shareholdings in HCKE as at the LPD are set out below:-

Name	Designation	Nationality/ Place of incorporation	Direct		Indirect	
			No. of shares	%	No. of shares	%
Lee Kok Cheng	Director	Malaysian	-	-	-	-
Dato' Hii Wang Soon	Director	Malaysian	-	-	-	-
HCK Capital Holding Sdn Bhd	Shareholder	Malaysia	2	100	-	-
HCK	Shareholder	Malaysia	-	-	2 ¹	100
Hiichiikok Equities Sdn Bhd	Shareholder	Malaysia	-	-	2 ²	100
TSC	Shareholder	Malaysian	-	-	2 ³	100

Notes:-

¹ Deemed interested pursuant to Section 8 of the Act by virtue of its shareholding in HCK Capital Holdings Sdn Bhd.

² Deemed interested pursuant to Section 8 of the Act by virtue of its shareholding in HCK.

³ Deemed interested pursuant to Section 8 of the Act by virtue of TSC's shareholding in Hiichiikok Equities Sdn Bhd.

2.2.5 Source of funding

The IEISB Purchase Consideration will be fully financed through internally generated funds.

2.2.6 Liabilities to be assumed

Save for the obligation and liabilities in and arising from, pursuant to, or in connection with the IEISB SSA, there are no other liabilities including contingent liabilities and/or guarantees to be assumed by SEGi Group arising from the Proposed Acquisition of IEISB.

2.2.7 Additional financial commitment

Upon completion of the Proposed Acquisition of IEISB, there are no additional financial commitments to be incurred by SEGi Group to put the business of IEISB on-stream. IEISB is already an on-going business entity.

3. RATIONALE AND JUSTIFICATIONS FOR THE PROPOSED ACQUISITIONS

SEGi Group is principally engaged in the provision of educational and training activities under the brand name of SEGi University and Colleges. SEGi Group's main operation is in Malaysia with 5 main locations situated at Klang Valley area (i.e. Kota Damansara, Subang Jaya, and Kuala Lumpur), Penang and Sarawak. The Proposed Acquisitions entail the acquisition of 100% equity interest in PESB and IEISB, which are both principally involved in the education sector in Malaysia.

For information purposes, PESB is a sole license holder of Australian Victorian primary and secondary curriculum for students from kindergarten to year 12. The provision of the Australian Victorian curriculum is through an education co-operation agreement signed between PESB and The Peninsula School which had been entered into on 13 May 2016. It operates under the brand name "Peninsula International School Australia" which is located in Setia Alam.

Whilst, IEISB operates the Imperial International School, Ipoh which accepts and enrolls students aged from 5 to over 16, and offers the Cambridge International Primary Programme and Cambridge International Curriculum that prepares students for the Cambridge International General Certificate of Secondary Education year 11 and A-Level year 13 qualification among others and also the Cambridge A levels.

The Proposed Acquisitions will enable the Group to extend into the K-12 education business and allow for SEGi to enjoy the benefits of downstream integration. SEGi will further expand its educational ecosystem to include and cater for students aged 5 to 16 years old. This is in line with SEGi's intention to expand its business into K-12 education.

Upon completion of the Proposed Acquisitions, PESB and IEISB will become wholly-owned subsidiary companies of SEGi. Therefore, the enlarged Group will be able to enjoy the increased synergy derived from PESB and IEISB.

Barring any unforeseen circumstances, the Board, after taking into consideration the future prospects of the Proposed Acquisitions as set out in Section 4 of this announcement, is of the view that PESB and IEISB would be able to contribute to the growth of the education service business of SEGi Group moving forward.

The Board is of the view that the Proposed Acquisitions will provide SEGi Group with a stream of future recurring cashflow streams from services rendered by both PESB and IEISB. As such, the Proposed Acquisitions are expected to be beneficial to the future earnings and cash flows of Group.

4. FUTURE PROSPECTS

SEGi Group is principally engaged in the provision of educational and training activities under the brand name of SEGi University and Colleges. SEGi Group's main operation is in Malaysia with 5 main locations situated at Klang Valley area (i.e. Kota Damansara, Subang Jaya, and Kuala Lumpur), Penang and Sarawak. A summary of the Group's revenue and PAT performance for the past 3 financial years up to the FYE 31 December 2021 is set out below:-

	←-----Audited FYE 31 December----->		
	2019	2020	2021
	RM'000	RM'000	RM'000
Revenue	243,972	204,124	223,499
Profit before tax	49,637	45,172	52,263
PAT attributable to owners of the Company	45,132	39,181	46,233

The Group relies on the provision of higher educational activities for its financial performance over the financial years under review. As such, the Group intends to further strengthen its education segment and continues to find methods to strengthen its range of education services by expanding upstream into primary and secondary education business.

In view of the above, the Group views that it will derive business synergy from the Proposed Acquisitions, as the Group has the expertise in the education business to structure the business of K-12 schools and improve the programmes in these schools. Furthermore, SEGi has recruitment chains to help recruit students for these schools. This will help to increase the student population of the schools which will then strengthen the revenue streams of SEGi. The Group may also stand to benefit from the feeder into the Group's higher education business in the longer term.

Barring any unforeseen circumstances, the Board, after having considered the abovementioned prospects, is optimistic that the Proposed Acquisitions will be able to facilitate the long-term growth potential as well as potentially improve the financial performance of SEGi Group moving forward.

5. RISKS OF THE PROPOSED ACQUISITIONS

Save as disclosed below, which are by no means exhaustive, the Board does not foresee any other additional risks arising from the Proposed Acquisitions given that the Group is already involved in the education industry.

5.1 Acquisition risk

The various synergistic benefits to be realised from the Proposed Acquisitions are dependent upon the successful integration of PESB and IEISB into the enlarged Group. The Proposed Acquisitions are expected to contribute positively to the future performance of the enlarged Group. However, there is no assurance that the anticipated benefits of the Proposed Acquisitions will be realised after the completion of the Proposed Acquisitions. Accordingly, there can be no assurance that the anticipated benefits from the Proposed Acquisitions will be realised, and the enlarged Group will be able to generate sufficient revenue to offset the associated costs arising from the Proposed Acquisitions.

The business risk upon completion of the Proposed Acquisitions is still in the education industry which the Group is already involved in. Such risks may include decline in student enrolment due to competition from other education providers, which can be mitigated by keeping abreast with market developments and introducing new courses to increase SEGi's diversity of course offerings to attract more students. Furthermore, the Group believes that it is in a strategic position to benefit from the growth in education demand in Malaysia by undertaking the Proposed Acquisitions as it will enable the Group to have full control over the learning path as the Group provides a rendered service from the lower to the higher education and this provides the Group with more certainty and flexibility in undertaking its future plans.

5.2 Non-completion of the Proposed Acquisitions

The completion of the Proposed Acquisitions is conditional upon the respective conditions precedent of the respective share sale agreements being fulfilled or waived. There can be no assurance that the completion date relating to the respective PESB SSA and IEISB SSA can be within the timeframe stipulated in the respective PESB SSA and IEISB SSA. Nevertheless, SEGi anticipates that such risk can be mitigated by proactively engaging with the relevant authorities/ parties to obtain all the necessary approvals, if any, and documents required for the completion of the respective PESB SSA and IEISB SSA.

6. EFFECTS OF THE PROPOSED ACQUISITIONS

6.1 Issued share capital and substantial shareholders' shareholdings

The Proposed Acquisitions will not have any effect on the issued share capital and substantial shareholders' shareholdings in the Company as it does not involve any issuance of ordinary shares of SEGi ("**SEGi Share(s)**" or "**Share(s)**").

6.2 NA per SEGi share and gearing level

The Proposed Acquisitions will not have any material effect on the NA per share and gearing for the financial year ending 31 December 2022. The Proposed Acquisitions are expected to contribute positively to the Group's financial performance in the future.

6.3 Earnings and Earnings per share ("**EPS**")

The Proposed Acquisitions will not have any material effect on the EPS of the Company for the financial year ending 31 December 2022. However, the impact of the Proposed Acquisitions on the earnings and EPS of SEGi Group moving forward will depend on the future earnings generated from PESB and IEISB.

7. APPROVALS REQUIRED

The Proposed Acquisitions are not subject to approvals of the shareholders of SEGi or any other relevant authorities and/or parties. Should there be any approval or endorsement required, SEGi will submit all the necessary, if any, within 2 months from the date of this announcement.

The PESB SSA and IEISB SSA are not inter-conditional upon each other.

The Proposed Acquisitions are not conditional upon any other proposal undertaken or to be undertaken by the Company.

8. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS AND/OR PERSONS CONNECTED WITH THEM

Save as disclosed below, none of the Directors, major shareholders of SEGi and/or persons connected with them have any interest, whether direct or indirect, in the Proposed Acquisitions:-

Name	Relationship/ details of the interests
TSC	<ul style="list-style-type: none">• our Group Managing Director holding a direct equity interest of approximately 32.41% comprising 396,694,479 SEGi Shares and an indirect equity interest of approximately 28.73% comprising 351,665,035 SEGi Shares by virtue of Shares held by Pinnacle Heritage Solutions Sdn Bhd ("PHS") as at the LPD• TSC is also the Executive Chairman of HCK, holding 0.33% comprising 1,500,000 ordinary shares in HCK ("HCK Shares") directly, and approximately 51.73% comprising 235,175,150 HCK Shares indirectly, by virtue of the HCK shares held by HiiChiiKok Equities Sdn. Bhd. as at the LPD• TSC is also the Director and Substantial shareholder of GASB.
PHS	<ul style="list-style-type: none">• our major shareholder holding a direct equity interest of approximately 28.73% comprising 351,665,035 SEGi Shares and an indirect equity interest of approximately 32.41% comprising 396,694,479 SEGi Shares by virtue of Shares held by TSC as at the LPD• pursuant to a shareholders agreement dated 25 April 2012 entered into between TSC and PHS ("Shareholders Agreement"), TSC and PHS are deemed interested in SEGi Shares held by each other. Therefore, PHS is a party acting in concert with TSC in the context of SEGi
Nicholas Rupert Heylett Bloy ("Nicholas Bloy")	<ul style="list-style-type: none">• our Non-Independent Non-Executive Director and major shareholder by virtue of his interest in PHS pursuant to Section 8(4) of the Act• sitting on the board of directors of Navis Capital Partners, which in turn has an interest in PHS. Therefore, Nicholas Bloy is deemed interested by virtue of all Shares held by both TSC and PHS, and is considered a person connected with PHS

Name	Relationship/ details of the interests
Edwin Fua Chye Jin ("Edwin Fua")	<ul style="list-style-type: none"> our Non-Independent Non-Executive Director. He is also a Partner of Navis Capital Partners, which has an interest in PHS Premised on good corporate governance, Edwin Fua will abstain from all deliberations and voting pertaining to the Proposed Acquisitions

TSC, Nicholas Bloy and Edwin Fua are collectively referred to as "**Interested Directors**"; TSC, PHS and Nicholas Bloy are collectively referred to as "**Interested Major Shareholders**".

Premised on the above, the Interested Directors and Interested Major Shareholders have abstained and will continue to abstain from all deliberations and voting at board meeting(s) in relation to the Proposed Acquisitions.

9. TOTAL AMOUNT TRANSACTED WITH THE SAME RELATED PARTIES FOR THE PRECEDING 12 MONTHS

Save for the Proposed Acquisitions, there is no other related-party transaction with the same related parties, for the 12 months preceding the date of this announcement.

10. STATEMENT BY THE BOARD AND THE AUDIT COMMITTEE

The Audit Committee of SEGi has considered all aspects of the Proposed Acquisitions and is of the view that the transaction is fair, reasonable, in accordance with acceptable commercial terms and not detrimental to the interest of the Company's minority shareholders, and that the Proposed Acquisitions are in the best interest of the Company.

The Board, save for the Interested Directors, concurred with the Audit Committee's opinion and agreed that the Proposed Acquisitions are in the best interest of the Company and the Proposed Acquisitions are fair, reasonable, in accordance with acceptable commercial terms and not detrimental to the interest of the Company's minority shareholders.

The view of the Board, save for the Interested Directors, was arrived at after having considered among others, the terms of the Proposed Acquisitions, the rationale, the prospects of the Group and risks in relation to the Proposed Acquisitions.

11. ESTIMATED TIME FRAME FOR COMPLETION

Barring any unforeseen circumstances, the Proposed Acquisitions are expected to be completed in the first quarter of 2023.

12. DOCUMENTS AVAILABLE FOR INSPECTION

A copy of each of the SSAs will be made available for inspection at the registered office of the Company at 6th Floor, SEGi University, No. 9, Jalan Teknologi, Taman Sains Selangor, Kota Damansara, PJU 5, 47810 Petaling Jaya, Selangor during normal business hours on Monday to Friday (excluding public holidays) for a period of 3 months from the date of this announcement.

This announcement is dated 28 December 2022.

APPENDIX I - SALIENT TERMS OF THE PESB SSA

The salient terms of the PESB SSA are as follows:-

1. PESB SHARES

- 1.1. Subject to the terms and conditions of this Agreement, the PESB Vendor shall sell and transfer and procure the sale and transfer of, and SESB shall purchase, the PESB Shares free from all encumbrances and together with all rights, title, interest and entitlements in and to the PESB Shares as at the completion, at the PESB Purchase Consideration.

2. PURCHASE PRICE

- 2.1 The PESB Purchase Consideration is agreed between the parties on a willing seller and willing buyer basis and shall be settled by the SESB in the following manner:-

- (a) upon the execution of this Agreement, the deposit of RM 50,000 (being 10% of PESB Purchase Consideration) ("**PESB Deposit**") shall be paid or caused to be paid by the SESB to the SESB's Solicitors as stakeholders; and
- (b) on the completion date, the balance of PESB Purchase Consideration shall be paid or caused to be paid by the SESB to the PESB Vendor.

- 2.2 The SESB's Solicitors shall and are hereby irrevocably and unconditionally authorised to release the PESB Deposit to the PESB Vendor on or after the unconditional date (i.e. being the date on which the last of the conditions precedent is fulfilled or waived).

3. CONDITIONS PRECEDENT

- 3.1 The completion of the sale and purchase of the PESB Shares is conditional upon fulfilment of the conditions precedent within the period of six (6) months from the date of signing of the PESB SSA (or such other period as the parties may mutually agree) as follows:

PESB Vendor's conditions precedent:

- (a) All government, regulatory and other authorisations (including financiers'/creditors' consent) required for or in connection with the sale and transfer of the PESB Shares to SESB and the grant of the PESB Put Option to SESB having been obtained and remaining in full force and effect, and such sale and transfer and grant not being prohibited by any applicable laws promulgated or issued after the date of the PESB SSA and applicable to the PESB Vendor and/or the PESB.
- (b) PESB Vendor having executed the agreement for the PESB Put Option;
- (c) Where applicable, PESB Vendor having delivered the disclosure letter to SESB. The disclosure letter refers to the letter (which shall be in such form and substance acceptable to SESB) from PESB Vendor to SESB disclosing facts, matters and circumstances which may be inconsistent with PESB Vendor's warranties in the PESB SSA ("**Disclosure Letter**");
- (d) All other authorisations, conditions and matters as the parties may mutually agree having been obtained, fulfilled or undertaken.

SESB's conditions precedent:

- (a) SESB having executed the agreement for the PESB Put Option;
- (b) SESB having completed its due diligence exercise in respect of PESB and being satisfied with the outcome of the same.

APPENDIX I - SALIENT TERMS OF THE PESB SSA (CONT'D)

4. COMPLETION

- 4.1 On the completion date, the PESB Vendor shall deliver or cause to be delivered to the SESB:-
- (a) a registrable instrument of transfer (subject only to due stamping, the amount of which shall be payable by the Purchaser) for the PESB Shares duly executed by the PESB Vendor (as transferor) in favour of SESB (as transferee) ("Transfer"), together with the original share certificate(s) in respect of the PESB Shares issued in the name of the PESB Vendor; and
 - (b) a copy, certified as true by the company secretary of PESB, of the resolution or minutes of meeting of the board of directors of PESB approving:-
 - (i) the PESB Shares transfer form;
 - (ii) the issuance of the new share certificate(s) in respect of the PESB Shares in favour of the SESB;
 - (iii) the entry into the Register of Members of PESB, the name of SESB as the holder of the Shares; and
 - (iv) the appointment of new directors nominated by SESB to the board of PESB, which appointment shall take effect on the completion;
 - (c) the undated written resignations of the existing directors of PESB, with authority for SESB to date the same for the resignation to take effect on the completion, with acknowledgements signed by each such director to the effect that he has no claim whatsoever (whether as a director or employee of PESB, including any claim for any fee, salary, employment benefit and compensation for loss of office, any claim for wrongful dismissal and redundancy and any other claim whatsoever) against PESB;
 - (d) all the corporate and secretarial records of PESB;
 - (e) all documents, deeds, instruments, including all authorisations, plans, contracts, accounts, invoices, files, cheque books and all other documents and items belonging to or under the control of PESB and/or which are necessary or required by SESB to assume full control and legal ownership of PESB; and
 - (f) a certificate duly signed by the PESB Vendor confirming that save as otherwise disclosed in the PESB Disclosure Letter, the PESB Vendor's Warranties are true, accurate and correct in all respects on the completion and the PESB Vendor has performed in all respects all of its obligations hereunder to be performed on or before the completion.
- 4.2 On the completion date, SESB shall, in exchange for the PESB Vendor's delivery of the documents set out above, pay the balance PESB Purchase Consideration to the PESB Vendor. On or after the completion, SESB shall be entitled to do all acts and things as may be necessary to effect the transfer of the PESB Shares and the registration of the PESB Shares in the name of SESB, and SESB shall be the absolute beneficial owner of the PESB Shares free from all encumbrances, together with all rights, title, interest and entitlements in and to the PESB Shares as at the completion.

APPENDIX I - SALIENT TERMS OF THE PESB SSA (CONT'D)

5. DEFAULT

- 5.1 If the PESB Vendor fails to observe or perform or otherwise be in breach of any term or provision on its part to observe and perform under PESB SSA and if such failure or breach is capable of remedy, the PESB Vendor has failed to remedy the same to the reasonable satisfaction of SESB within **ten (10) Business Days** after the date of SESB's written notice to the PESB Vendor to remedy such failure or breach, the SESB shall be entitled (in addition to and without prejudice to all other rights and remedies available, including the right to claim damages):-
- (a) to the remedy of specific performance against the PESB Vendor and to all reliefs flowing therefrom; or
 - (b) to terminate the PESB SSA (other than the surviving provisions such as confidentiality clause) by notice in writing to the PESB Vendor, whereupon:-
 - (i) the PESB Vendor shall pay to SESB a sum equivalent to the PESB Deposit as agreed liquidated damages within **five (5) Business Days** after the date of the SESB's written notice to the PESB Vendor to terminate the PESB SSA; and
 - (ii) all sums (including the PESB Deposit) paid by or on behalf of SESB under the PESB SSA shall be refunded by the PESB Vendor to SESB within **five (5) Business Days** after the date of SESB's written notice to the PESB Vendor to terminate the PESB SSA. If the PESB Deposit has yet to be released by SESB's Solicitors to the PESB Vendor, SESB's Solicitors shall and are hereby irrevocably and unconditionally authorised to release the PESB Deposit to SESB.
- 5.2 If SESB fails to observe or perform or otherwise be in breach of any term or provision on its part to observe and perform under the PESB SSA and if such failure or breach is capable of remedy, SESB has failed to remedy the same to the reasonable satisfaction of the PESB Vendor within **ten (10) Business Days** after the date of the PESB Vendor's written notice to SESB to remedy such failure or breach, the PESB Vendor shall be entitled (in addition to and without prejudice to all other rights and remedies available, including the right to claim damages):-
- (a) to the remedy of specific performance against SESB and to all reliefs flowing therefrom; or
 - (b) to terminate the PESB SSA (other than the surviving provisions such as confidentiality provisions) by notice in writing to the SESB, whereupon:-
 - (i) a sum equivalent to the PESB Deposit shall be forfeited to the PESB Vendor as agreed liquidated damages. If the PESB Deposit has yet to be released by the Purchaser's Solicitors to the PESB Vendor, SESB's Solicitors shall and are hereby irrevocably and unconditionally authorised to release the PESB Deposit to the PESB Vendor; and
 - (ii) all sums (excluding the PESB Deposit) paid by or on behalf of SESB shall be refunded by the PESB Vendor to SESB within **five (5) Business Days** after the date of the PESB Vendor's written notice to SESB to terminate the PESB SSA.

APPENDIX II - SALIENT TERMS OF THE IEISB SSA

The salient terms of the IEISB SSA are as follows:-

1. IEISB SHARES

Subject to the terms and conditions of this Agreement, the IEISB Vendor shall sell and transfer and procure the sale and transfer of, and SESB shall purchase, the IEISB Shares free from all encumbrances and together with all rights, title, interest and entitlements in and to the IEISB Shares as at the completion, at the IEISB Purchase Consideration.

2. PURCHASE PRICE

The IEISB Purchase Consideration is agreed between the parties on a willing seller and willing buyer basis and shall be settled by SESB in the following manner:-

- (a) upon the execution of this Agreement, the deposit of RM 20,000 (being 10% of IEISB Purchase Consideration) ("**IEISB Deposit**") shall be paid or caused to be paid by SESB to SESB's Solicitors as stakeholders; and
- (b) on the completion date, the balance of IEISB Purchase Consideration shall be paid or caused to be paid by SESB to the IEISB Vendor.

SESB's Solicitors shall and are hereby irrevocably and unconditionally authorised to release the IEISB Deposit to the IEISB Vendor on or after the unconditional date (i.e. being the date on which the last of the conditions precedent is fulfilled or waived).

3. CONDITIONS PRECEDENT

- 3.1 The completion of the sale and purchase of the IEISB Shares is conditional upon fulfilment of the conditions precedent within the period of six (6) months from the date of signing of the IEISB SSA (or such other period as the parties may mutually agree) as follows:

IEISB Vendor's conditions precedent:

- (a) All government, regulatory and other authorisations (including financiers'/creditors' consent) required for or in connection with the sale and transfer of the IEISB Shares to SESB and the grant of the IEISB Put Option to SESB having been obtained and remaining in full force and effect, and such sale and transfer and grant not being prohibited by any applicable laws promulgated or issued after the date of the IEISB SSA and applicable to the IEISB Vendor and/or the IEISB.
- (b) IEISB Vendor having executed the agreement for the IEISB Put Option;
- (c) Where applicable, IEISB Vendor having delivered the disclosure letter to SESB. The disclosure letter refers to the letter (which shall be in such form and substance acceptable to SESB) from IEISB Vendor to SESB disclosing facts, matters and circumstances which may be inconsistent with IEISB Vendor's warranties in the IEISB SSA ("**IEISB Disclosure Letter**");
- (d) All other authorisations, conditions and matters as the parties may mutually agree having been obtained, fulfilled or undertaken.

SESB's conditions precedent:

- (a) SESB having executed the agreement for the IEISB Put Option;
- (b) SESB having completed its due diligence exercise in respect of IEISB and being satisfied with the outcome of the same.

4. COMPLETION

On completion date, the IEISB Vendor shall deliver or cause to be delivered to SESB:-

- (a) a registrable instrument of transfer (subject only to due stamping, the amount of which shall be payable by the Purchaser) for the IEISB SSA duly executed by the IEISB Vendor (as transferor) in favour of SESB (as transferee) ("Transfer"), together with the original share certificate(s) in respect of the IEISB SSA issued in the name of the IEISB Vendor; and
- (b) a copy, certified as true by the company secretary of the IEISB, of the resolution or minutes of meeting of the board of directors of the IEISB approving:-
 - (i) the IEISB Shares transfer form;
 - (ii) the issuance of the new share certificate(s) in respect of the IEISB SSA in favour of SESB;
 - (iii) the entry into the Register of Members of the IEISB, the name of SESB as the holder of the IEISB Shares; and
 - (v) the appointment of new directors nominated by SESB to the board of the IEISB, which appointment shall take effect on the completion;
- (c) the undated written resignations of the existing directors of the IEISB, with authority for SESB to date the same for the resignation to take effect on the completion, with acknowledgements signed by each such director to the effect that he has no claim whatsoever (whether as a director or employee of the IEISB, including any claim for any fee, salary, employment benefit and compensation for loss of office, any claim for wrongful dismissal and redundancy and any other claim whatsoever) against the IEISB;
- (d) all the corporate and secretarial records of the IEISB;
- (e) all documents, deeds, instruments, including all authorisations, plans, contracts, accounts, invoices, files, cheque books and all other documents and items belonging to or under the control of the IEISB and/or which are necessary or required by SESB to assume full control and legal ownership of the IEISB; and
- (f) a certificate duly signed by the IEISB Vendor confirming that save as otherwise disclosed in the IEISB Disclosure Letter, the IEISB Vendor's warranties are true, accurate and correct in all respects on the completion and the IEISB Vendor has performed in all respects all of its obligations hereunder to be performed on or before the completion.

On the completion date, SESB shall, in exchange for the IEISB Vendor's delivery of the documents, pay the balance IEISB Purchase Consideration to the IEISB Vendor. On or after the completion, SESB shall be entitled to do all acts and things as may be necessary to effect the transfer of the IEISB Shares and the registration of the IEISB Shares in the name of SESB, and SESB shall be the absolute beneficial owner of the IEISB Shares free from all encumbrances, together with all rights, title, interest and entitlements in and to the IEISB Shares as at the completion.

APPENDIX II - SALIENT TERMS OF THE IEISB SSA (CONT'D)

5. DEFAULT

- 5.1 If the IEISB Vendor fails to observe or perform or otherwise be in breach of any term or provision on its part to observe and perform under IEISB SSA and if such failure or breach is capable of remedy, the IEISB Vendor has failed to remedy the same to the reasonable satisfaction of SESB within **ten (10) Business Days** after the date of SESB's written notice to the IEISB Vendor to remedy such failure or breach, the SESB shall be entitled (in addition to and without prejudice to all other rights and remedies available, including the right to claim damages):-
- (a) to the remedy of specific performance against the IEISB Vendor and to all reliefs flowing therefrom; or
 - (b) to terminate the IEISB SSA (other than the surviving provisions such as confidentiality clause) by notice in writing to the IEISB Vendor, whereupon:-
 - (i) the IEISB Vendor shall pay to SESB a sum equivalent to the IEISB Deposit as agreed liquidated damages within **five (5) Business Days** after the date of the SESB's written notice to the IEISB Vendor to terminate the IEISB SSA; and
 - (ii) all sums (including the IEISB Deposit) paid by or on behalf of SESB under the IEISB SSA shall be refunded by the IEISB Vendor to SESB within **five (5) Business Days** after the date of SESB's written notice to the IEISB Vendor to terminate the IEISB SSA. If the IEISB Deposit has yet to be released by SESB's Solicitors to the IEISB Vendor, SESB's Solicitors shall and are hereby irrevocably and unconditionally authorised to release the IEISB Deposit to SESB.
- 5.2 If SESB fails to observe or perform or otherwise be in breach of any term or provision on its part to observe and perform under the IEISB SSA and if such failure or breach is capable of remedy, SESB has failed to remedy the same to the reasonable satisfaction of the IEISB Vendor within **ten (10) Business Days** after the date of the IEISB Vendor's written notice to SESB to remedy such failure or breach, the IEISB Vendor shall be entitled (in addition to and without prejudice to all other rights and remedies available, including the right to claim damages):-
- (a) to the remedy of specific performance against SESB and to all reliefs flowing therefrom; or
 - (b) to terminate the IEISB SSA (other than the surviving provisions such as confidentiality provisions) by notice in writing to the SESB, whereupon:-
 - (i) a sum equivalent to the IEISB Deposit shall be forfeited to the IEISB Vendor as agreed liquidated damages. If the IEISB Deposit has yet to be released by the Purchaser's Solicitors to the IEISB Vendor, SESB's Solicitors shall and are hereby irrevocably and unconditionally authorised to release the IEISB Deposit to the IEISB Vendor; and
 - (ii) all sums (excluding the IEISB Deposit) paid by or on behalf of SESB shall be refunded by the IEISB Vendor to SESB within **five (5) Business Days** after the date of the IEISB Vendor's written notice to SESB to terminate the IEISB SSA.