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SEG
International
Bhd

SEG INTERNATIONAL BHD

(Company No.: 145998-U)

(Incorporated in Malaysia under the Companies Act, 1965)

**CIRCULAR TO SHAREHOLDERS IN RELATION TO THE PROPOSED
ESTABLISHMENT OF A LONG TERM INCENTIVE PLAN**

AND

NOTICE OF EXTRAORDINARY GENERAL MEETING

Adviser



RHB Investment Bank Berhad

(Company No. 19663-P)

(A Participating Organisation of Bursa Malaysia Securities Berhad)

The Notice of the Extraordinary General Meeting ("EGM") of SEG International Bhd ("SEGi" or the "Company") which is scheduled to be held at Level 2, Right Wing, SEGi University, No. 9, Jalan Teknologi, Taman Sains Selangor, Kota Damansara, PJU 5, 47810 Petaling Jaya, Selangor Darul Ehsan on Wednesday, 18 June 2014 at 11.00 a.m. or immediately following the conclusion or adjournment of the Twenty-Eighth Annual General Meeting ("AGM") of SEGi scheduled to be held at the same venue and on the same date at 10.30 a.m., whichever is later, together with the Proxy Form are enclosed herein.

A member entitled to attend, speak and vote at the EGM is entitled to appoint a proxy or proxies to attend, speak and to vote on his/her behalf. In such event, the completed and signed Proxy Form must be lodged at the registered office of SEGi at 6th Floor, SEGi University, No. 9, Jalan Teknologi, Taman Sains Selangor, Kota Damansara, PJU 5, 47810 Petaling Jaya, Selangor Darul Ehsan, Malaysia, not less than 48 hours before the stipulated time for holding the EGM or any adjournment thereof, as indicated below. The lodging of the Form of Proxy shall not preclude you from attending, speaking and voting in person at the EGM should you subsequently wish to do so.

Last date and time for lodging the Form of Proxy : Monday, 16 June 2014, at 11.00 a.m.

Date and time of the EGM : Wednesday, 18 June 2014, at 11.00 a.m. or immediately following the conclusion or adjournment of the Twenty-Eighth AGM, whichever is later

This Circular is dated 27 May 2014

DEFINITIONS

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

"Act"	:	The Companies Act, 1965
"Board"	:	The Board of Directors of SEGi
"Bursa Depository"	:	Bursa Malaysia Depository Sdn Bhd
"Bursa Securities"	:	Bursa Malaysia Securities Berhad
"By-Law(s)"	:	The terms and conditions of the Proposed LTIP as amended, modified and supplemented from time to time
"Date of Offer"	:	The date of the offer letter from the LTIP Committee on which an offer is made by the LTIP Committee, in writing, to an Eligible Person to participate in the Proposed LTIP
"Director(s)"	:	A natural person who holds a directorship in an executive or non-executive capacity in SEGi and its Subsidiary Companies and shall have the meaning given in Section 2(1) of the Capital Markets and Services Act, 2007 and includes:- i. In the case of an issuer of structured warrants, a director of the issuer of the structured warrants; or ii. In the case of an applicant or listed issuer which is a collective investment scheme, a director of a management company or a director of the trustee-manager, as the case may be
"EGM"	:	Extraordinary general meeting
"Eligible Person(s)"	:	Any Employee(s), executive Director(s) of SEGi and its Subsidiary Companies (excluding non-executive Directors of SEGi and its Subsidiary Companies) who meet the criteria of eligibility for participation in the Proposed LTIP as set out in the By-Laws
"Employee"	:	A natural person who is employed by and on the payroll of any company in SEGi and its Subsidiary Companies, including Director(s) (holding directorship in an executive capacity) and person(s) recruited under contracts of employment within SEGi and its Subsidiary Companies
"EPS"	:	Earnings per Share
"ESOS"	:	Employees' share option scheme
"ESOS Grantee(s)"	:	An Eligible Person who has accepted an offer of ESOS Options in the manner as provided in the By-Laws
"ESOS Option(s)" or "Option(s)"	:	The right of an ESOS Grantee to subscribe for one (1) new SEGi Share for each option granted pursuant to the contract constituted by acceptance by the ESOS Grantee of the offer of the option(s) in the manner as provided in the By-Laws
"FYE"	:	Financial year ended/ ending

DEFINITIONS (CONT'D)

"Listing Requirements"	:	Main Market Listing Requirements of Bursa Securities
"LPD"	:	20 May 2014, being the latest practicable date prior to the printing of this Circular
"LTIP"	:	Long term incentive plan
"LTIP Committee"	:	The committee duly appointed and authorised by the Board to administer the Proposed LTIP in accordance with the By-Laws
"Maximum Shares"	:	The total number of SEGi Shares, which may be allotted and/ or vested pursuant to the Proposed LTIP shall not exceed in aggregate 15% of the total issued and paid-up share capital of the Company (excluding treasury shares, if any) at any point in time during the existence of the Proposed LTIP
"MFRS"	:	Malaysian Financial Reporting Standards
"NA"	:	Net assets
"Participants"	:	The ESOS Grantees and the PSP Grantees
"PHS"	:	Pinnacle Heritage Solutions Sdn Bhd
"Proposed ESOS"	:	The proposed establishment of an ESOS
"Proposed LTIP"	:	The proposed establishment of a long term incentive plan of up to 15% of the issued and paid-up share capital of SEGi (excluding treasury shares, if any) at any point in time during the existence of such plan, for the Eligible Persons, comprising the Proposed ESOS and Proposed SGP
"Proposed SGP"	:	The proposed establishment of a SGP
"PSP"	:	Performance Share Plan
"PSP Grant"	:	Award by the Company of the grant of SEGi Shares to the selected Eligible Persons, in the form of a PSP
"PSP Grantee(s)"	:	An Eligible Person who has accepted the offer under the PSP Grant, in the manner as provided in the By-Laws
"Record of Depositors"	:	A record of depositors established by Bursa Depository under the rules of depository
"RHBIB"	:	RHB Investment Bank Berhad
"RM" and "sen"	:	Ringgit Malaysia and sen, respectively
"SEGi Group" or the "Group"	:	SEGi and its subsidiary companies, collectively
"SEGi Share(s)" or "Share(s)"	:	Ordinary share(s) of RM0.25 each in SEGi
"SEGi" or the "Company"	:	SEG International Bhd

DEFINITIONS (CONT'D)

"Senior Management"	:	An Employee of the SEGi Group as may be determined by the LTIP Committee from time to time to be senior management
"SGP"	:	Share grant plan
"Shareholders' Agreement"	:	The shareholders' agreement dated 25 April 2012 entered into between TSC and PHS for regulating their relationship with one another as shareholders of SEGi
"Subsidiary Companies"	:	Subsidiary companies of SEGi within the meaning of Section 5 of the Act which are not dormant and which are existing as at the effective date of the Proposed LTIP, and which are incorporated or acquired at any time during the duration of the Proposed LTIP but exclude subsidiary companies which have been divested in the manner provided in By-Law 24.2 and which is determined by the LTIP Committee at its discretion from time to time to be a corporation participating under the Proposed ESOS in accordance with By-Law 7
"TSC"	:	Tan Sri Clement Hii Chii Kok
"Warrant(s)"	:	Warrants 2010/ 2015 of SEGi, constituted by the deed poll dated 15 July 2010

Words denoting the singular shall, where applicable, include the plural and vice versa and words denoting the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa. Reference to persons shall include a corporation, unless otherwise specified.

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

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Registered Office

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

27 May 2014

Board of Directors

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

Tan Sri Clement Hii Chii Kok (*Group Managing Director*)

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

Dato' Sri Chee Hong Leong (*Independent Non-Executive Director*)

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

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

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

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

To: The shareholders of SEGi

Dear Sir/ Madam,

PROPOSED LTIP

1. INTRODUCTION

On 27 February 2014, RHBIB had, on behalf of the Board, announced that the Company proposed to undertake the following:-

- i. an establishment of an ESOS of up to 15% of the issued and paid-up share capital of SEGi; and
- ii. an amendment to the Articles of Association of SEGi.

(Collectively referred to as the "Proposals")

Subsequently, on 4 April 2014, RHBIB had, on behalf of the Board, announced that the Board, after further deliberating on the Proposals, has decided to revise the Proposals to an establishment of a long term incentive plan of up to 15% of the issued and paid-up share capital of SEGi (excluding treasury shares, if any) at any point in time during the existence of the Proposed LTIP, for the Eligible Persons. For avoidance of doubt, the Proposed LTIP shall comprise the Proposed ESOS and the Proposed SGP.

The Proposed LTIP serves to attract, retain, motivate and reward valuable employees and executive Directors of SEGi and its Subsidiary Companies through the rights to subscribe for SEGi Shares or the award of SEGi Shares as determined by the LTIP Committee in accordance to the By-Laws.

On 19 May 2014, RHBIB had, on behalf of SEGi, announced that Bursa Securities had, vide its letter dated 16 May 2014, resolved to approve the listing of and quotation for the new SEGi Shares to be issued arising from the exercise of the ESOS Options and/ or upon vesting of the PSP Grant on the Main Market of Bursa Securities.

The purpose of this Circular is to provide the shareholders of SEGi with the relevant information on the Proposed LTIP as well as to seek the approval from the shareholders of SEGi for the resolutions pertaining to the Proposed LTIP to be tabled at the forthcoming EGM of the Company. The notice of the EGM and the Form of Proxy are enclosed together with this Circular.

SHAREHOLDERS OF SEGi ARE ADVISED TO READ AND CAREFULLY CONSIDER THE CONTENTS OF THIS CIRCULAR TOGETHER WITH THE APPENDICES CONTAINED HEREIN BEFORE VOTING ON THE RESOLUTIONS PERTAINING TO THE PROPOSED LTIP TO BE TABLED AT THE FORTHCOMING EGM OF THE COMPANY.

2. DETAILS OF THE PROPOSED LTIP

2.1 The Proposed LTIP shall comprise the Proposed ESOS and the Proposed SGP, details of which are set out below:-

2.1.1 Proposed ESOS

The Proposed ESOS involves the granting of ESOS Options to the Eligible Persons to subscribe for new SEGi Shares upon fulfillment of vesting conditions, which requires the ESOS Grantee to remain in employment with the SEGi Group as at the vesting date(s) and such other vesting condition(s) (if any) as may be imposed by the LTIP Committee, at specified prices to be determined in the manner as set out in Section 2.2.5 of this Circular. Please refer to Section 2.2.10 of this Circular for further details on the vesting conditions.

2.1.2 Proposed SGP

The Proposed SGP is intended to allow the Company to award the PSP Grant to selected Eligible Persons and the SEGi Shares shall be vested to the PSP Grantees for the attainment of identified performance objectives of SEGi Group.

The PSP is a performance-based share plan for the Eligible Persons of SEGi and its Subsidiary Companies. The PSP Grant is an annual grant to incentivise the Eligible Persons towards the attainment of the long-term success and growth of the SEGi and its Subsidiary Companies.

Upon acceptance of the PSP Grant by the selected Eligible Persons, the SEGi Shares will vest with the PSP Grantees at no cost to the PSP Grantees over a period of up to 10 years upon fulfillment of vesting conditions, whereby the selected Eligible Persons will be assessed based on, amongst others, individual performance and the fulfillment of yearly performance targets and/ or criteria set and the overall financial performance of SEGi Group, in accordance with the terms and conditions stipulated and determined by the LTIP Committee at its discretion.

In implementing the Proposed SGP, the LTIP Committee may in its absolute discretion decide that the SEGi Shares to be awarded to the selected Eligible Persons be satisfied by the following methods:-

- i. Issuance of new SEGi Shares;
- ii. Acquisition of existing SEGi Shares from the Main Market of Bursa Securities;
- iii. Any other methods as may be permitted by the Act, as amended from time to time and any re-enactment thereof; or
- iv. A combination of any of the above.

In considering whether to issue new SEGi Shares and/ or acquire existing SEGi Shares and/ or any other methods permitted by the Act, the LTIP Committee will take into consideration, amongst others, factors such as prevailing market price of SEGi Shares, funding considerations and dilutive effects on the Company's capital base, future returns and cash requirements of SEGi Group.

The Proposed LTIP will be administered by the LTIP Committee to be appointed and duly authorised by the Board and governed by the By-Laws, a draft copy of which is attached as Appendix I of this Circular.

2.2 Other salient terms and conditions of the Proposed LTIP

2.2.1 Maximum number of SEGi Shares available under the Proposed LTIP

The total number of SEGi Shares, which may be allotted and/ or vested pursuant to the Proposed LTIP shall not exceed in aggregate 15% of the total issued and paid-up share capital of the Company (excluding treasury shares, if any) at any point in time during the existence of the Proposed LTIP.

2.2.2 Basis of allocation and maximum allowable allocation

The maximum number of SEGi Shares that may be offered to an Eligible Person shall be determined at the discretion of the LTIP Committee after taking into consideration, amongst others and where relevant, the performance, contribution, employment grade, seniority and length of service of the Eligible Person, subject to the following:-

- i. The executive Directors and Senior Management do not participate in the deliberation or discussion of their own allocation; and
- ii. The allocation to an Eligible Person, who either singly or collectively, through persons connected to the Eligible Person, holds 20% or more of the issued and paid-up share capital of SEGi (excluding treasury shares, if any), must not exceed 10% of the new SEGi Shares available under the Proposed LTIP; and
- iii. Not more than 60% of the new SEGi Shares available under the Proposed LTIP shall be allocated in aggregate to the executive Directors and Senior Management of SEGi and its Subsidiary Companies.

The LTIP Committee has the discretion in determining whether the allocation available shall be staggered over the duration of the Proposed LTIP.

2.2.3 Eligibility

Only Eligible Persons who meet the following conditions as at the Date of Offer are eligible to participate in the Proposed LTIP:-

- i. he/ she has attained the age of at least 18 years and is not an undischarged bankrupt;
- ii. he/ she is in employment within the SEGi Group and has not served a notice to resign nor received a notice of termination; and/ or
- iii. is under such categories and criteria that the LTIP Committee may from time to time decide at its discretion.

In the case of an executive Director or an employee (who is the chief executive or a major shareholder of SEGi) and persons connected to them, their specific allotments under the Proposed LTIP shall be approved by the shareholders of SEGi at the forthcoming EGM of the Company.

Eligibility, however, does not confer an Eligible Person a claim or right to participate in the Proposed LTIP unless the LTIP Committee has made an offer to the Eligible Person in the manner as set out in the By-Laws and the Eligible Person has accepted the offer in accordance with the terms of the offer and the Proposed LTIP.

2.2.4 Duration

The Proposed LTIP, when implemented, shall be in force for a period of 10 years from the effective date of implementation of the Proposed LTIP.

2.2.5 Basis of determining the subscription price of the SEGi Shares comprised in the ESOS Options

For the Proposed ESOS, subject to any adjustments made under the By-Laws and pursuant to the Listing Requirements, the subscription price of the SEGi Shares comprised in the ESOS Options shall be the higher of:-

- i. The five (5)-day weighted average market price of SEGi Shares immediately preceding the Date of Offer, with a discount of not more than 10% or such other percentage of discount as may be permitted by Bursa Securities and/ or any other relevant authorities from time to time at the LTIP Committee's discretion; or
- ii. The par value of SEGi Shares.

2.2.6 Ranking of the ESOS Options and new SEGi Shares arising from the exercise of the ESOS Options and/ or upon vesting of the PSP Grant

The Participants will not be entitled to any voting right or participation in any form of distribution and/ or offer of further securities in the Company until and unless such ESOS Grantees exercise their ESOS Options into new SEGi Shares or the SEGi Shares under the PSP Grant have vested on the PSP Grantees (as the case may be).

Any SEGi Shares procured by the Company for the transfer shall, upon vesting of the PSP Grant, rank *pari passu* in all respects with other existing SEGi Shares then in issue.

The new SEGi Shares arising from exercise of the ESOS Options and/ or upon vesting of the PSP Grant shall, upon allotment and issuance, rank *pari passu* in all respects with the existing issued and paid up SEGi Shares, except that the new SEGi Shares will not be entitled to any dividends, rights, allotments and/ or other forms of distribution ("Distribution") that may be declared, made or paid to shareholders, for which the entitlement date for the Distribution precedes the date of allotment and issuance of the new SEGi Shares. The new SEGi Shares will be subject to all provisions of the Memorandum and Articles of Association of SEGi and such amendments thereafter, if any.

2.2.7 Holding of SEGi Shares

The SEGi Shares allotted and issued or transferred to the Participants pursuant to the exercise of the ESOS Options or the vesting of the PSP Grant will not be subject to any holding period or restriction on transfer, disposal and/ or assignment.

2.2.8 Listing and quotation for the new SEGi Shares

The Company had, on 19 May 2014, obtained the approval letter from Bursa Securities dated 16 May 2014 for the listing of and quotation for the new SEGi Shares to be issued, arising from the exercise of the ESOS Options and/ or upon the vesting of the PSP Grant on the Main Market of Bursa Securities.

2.2.9 Trust arrangement

For the Proposed SGP, the Board and/ or the LTIP Committee will, if required by the prevailing laws or if it/ they deem(s) necessary, establish a trust to be administered by a trustee to be appointed by the Company from time to time for purposes of acquiring and/ or subscribing SEGi Shares and transferring them to the PSP Grantees at such time as the LTIP Committee may direct. For this purpose, the trustee will, to the extent permitted by law, be entitled from time to time to accept funding and/ or assistance, financial or otherwise, from the Company, subsidiaries and/ or third parties.

The trustee shall administer the trust in accordance with the trust deed. The Company, via the Board and/ or the LTIP Committee, shall have the power from time to time to appoint or rescind the appointment of any trustee as it reasonably deems fit in accordance with the provisions of the trust deed. For avoidance of doubt, the Company has not appointed any trustee at this juncture.

2.2.10 Vesting conditions

Subject to By-Laws 6, 7 and 37.2 as set out in Appendix I of this Circular, the ESOS Option(s) or such part thereof will only vest to the ESOS Grantee on the vesting date(s) if:-

- i. the ESOS Grantee remains in employment with the SEGi Group as at the vesting date; and
- ii. the other vesting conditions (if any) are fully and duly satisfied.

Subject to By-Laws 6, 7 and 42.2 as set out in Appendix I of this Circular, the SEGi Shares comprised in the PSP Grant or such part thereof will only vest to the PSP Grantee on the vesting date(s) if:-

- i. the PSP Grantee remains in employment with the SEGi Group as at the vesting date; and
- ii. the other vesting conditions (if any) are fully and duly satisfied.

3. UTILISATION OF PROCEEDS

SEGi will not receive any proceeds pursuant to the Proposed SGP as the PSP Grantees will not be required to pay for the new SEGi Shares to be issued and allotted to them and/ or the existing SEGi Shares to be transferred to them pursuant to the PSP Grant.

The proceeds arising from the exercise of the ESOS Options will be utilised for the working capital requirements of SEGi Group, as and when received, within the tenure of the Proposed ESOS. As such, the exact timeframe for utilisation of the proceeds is not determinable at this juncture.

The proceeds for working capital will be utilised to finance the Group's day-to-day operations. These expenses include, amongst others, staff costs, payment to trade creditors and general expenses. The actual amount of proceeds to be raised from the Proposed ESOS will depend on the number of ESOS Options granted and exercised at the relevant point of time and the subscription price payable upon the exercise of the ESOS Options. As such, the breakdown of the proceeds to be utilised for each type of working capital is not determinable at this juncture.

The estimated expenses for the Proposed LTIP amounts to approximately RM180,000.

4. RATIONALE AND JUSTIFICATIONS FOR THE PROPOSED LTIP

The implementation of the Proposed LTIP primarily serves to align the interests of the Eligible Persons to the corporate goals of SEGi Group. The Proposed LTIP will provide the Eligible Persons with an opportunity to have equity participation in the Company and help achieve the positive objectives as set out below:-

- i. To recognise the contribution of the Eligible Persons whose services are valued and considered vital to the operations and continued growth of SEGi Group;
- ii. To motivate the Eligible Persons towards improved performance through greater productivity and loyalty;
- iii. To inculcate a greater sense of belonging and dedication as the Eligible Persons are given the opportunity to participate directly in the equity of the Company;
- iv. To retain the Eligible Persons, hence ensuring that the loss of key personnel is kept to a minimum level; and
- v. To reward the Eligible Persons by allowing them to participate in the Group's profitability and eventually realise any capital gains arising from appreciation in the value of the Company's shares.

5. EFFECTS OF THE PROPOSED LTIP

The effects of the Proposed LTIP are set out below:-

5.1 Issued and paid-up share capital

The Proposed LTIP will not have any immediate effect on the existing issued and paid-up share capital of the Company. The issued and paid-up share capital of the Company will increase progressively depending on the number of new SEGi Shares to be issued arising from the exercise of the ESOS Options that may be granted under the Proposed ESOS and/ or pursuant to the vesting of the new SEGi Shares under the PSP Grant.

For illustrative purpose, the proforma effects of the Proposed LTIP shall be illustrated based on the following two (2) scenarios:-

Minimum Scenario : Assuming all the 26,044,600 treasury shares are retained by the Company and none of the 78,932,954 outstanding Warrants are exercised

Maximum Scenario : Assuming all the 26,044,600 treasury shares are re-sold on the open market at their respective acquisition prices and all the 78,932,954 outstanding Warrants are exercised

	Minimum Scenario		Maximum Scenario	
	No. of Shares	RM	No. of Shares	RM
Issued and paid-up share capital as at the LPD	669,446,188	167,361,547	669,446,188	167,361,547
Less treasury shares*	(26,044,600)	(6,511,150)	-	-
	643,401,588	160,850,397	669,446,188	167,361,547
Assuming full exercise of all outstanding Warrants	-	-	78,932,954	19,733,239
	643,401,588	160,850,397	748,379,142	187,094,786
Maximum Shares to be issued pursuant to the Proposed LTIP	96,510,238	24,127,559	112,256,871	28,064,217
Enlarged issued and paid-up share capital	739,911,826	184,977,956	860,636,013	215,159,003

Note:-

* Assuming that the treasury shares were acquired at par value of RM0.25 each

5.2 NA per Share and gearing

The Proposed LTIP is not expected to have an immediate effect on the NA per Share and gearing of the Group until such time when the ESOS Options to be granted under the Proposed ESOS are exercised and/ or any new SEGi Shares are allotted and issued pursuant to the vesting of the PSP Grant. The effects on the NA per Share and gearing of the Group will depend on the subscription price of the SEGi Shares comprised in the ESOS Options, the number of new SEGi Shares to be issued upon the exercise of the ESOS Options or vested pursuant to the PSP Grant and the potential effect on the future earnings of the Group arising from the adoption of the MFRS 2.

Under the Proposed ESOS, whilst the granting of the ESOS Options is expected to result in recognition of a charge in the statements of profit or loss and other comprehensive income of the Group pursuant to MFRS 2, the recognition of such MFRS 2 charge would not have any material impact on the NA of the Group as the corresponding amount will be classified as an equity reserve which forms part of shareholders' equity. In the event none of the ESOS Options granted are exercised within the duration of the Proposed ESOS, the said amount would be transferred into the Company's retained earnings. On the other hand, the ESOS Options that are exercised may increase the share premium account of the Company, depending on the subscription price of the SEGi Shares comprised in the ESOS Options.

Under the Proposed SGP, any potential effect on the NA per Share and gearing of the Group will depend on the fair value of the SEGi Shares to be awarded on the date of granting as well as the number of new SEGi Shares to be issued, which can only be determined at the point of the vesting of the PSP Grant on the date of vesting.

Nevertheless, the Company has taken note of the potential impact of the MFRS 2 on the Group's future NA per Share and shall take into consideration such impact on the allocation and granting of ESOS Options and/ or the PSP Grant to the Eligible Persons.

5.3 Earnings and EPS

The Proposed LTIP is not expected to have any material effect on the earnings of SEGi Group for the FYE 31 December 2014, save for the possible impact of the MFRS 2 on share-based payment. However, any potential effect on the EPS of SEGi Group in the future would depend on the number of ESOS Options granted and exercised, and the subscription price payable upon the exercise of the ESOS Options under the Proposed ESOS and the number of SEGi Shares granted and vested under the Proposed SGP, as well as the impact of the MFRS 2 on share-based payment.

Under the MFRS 2 on the share-based payment effective 1 January 2012, the cost arising from the issuance of the ESOS Options is measured by the fair value of the ESOS Options, which is expected to vest at each Date of Offer and is recognised in the statements of profit or loss and other comprehensive income over the vesting period of the ESOS Options, thereby reducing the earnings of SEGi Group. The fair value of the ESOS Options is determined after taking into consideration the historical volatility of SEGi Shares, the risk-free rate, the subscription price of the ESOS Options and time to maturity of the ESOS Options from the vesting date of the ESOS Options. Hence, the potential effect on the EPS of SEGi Group, as a consequence of the recognition of the said cost, cannot be determined at this juncture.

Under the MFRS 2, the potential cost of awarding the SEGi Shares under the Proposed SGP will need to be measured at fair value on the date of granting and recognised as an expense in the statement of profit or loss and other comprehensive income of SEGi Group over the vesting period of such SEGi Shares under the PSP Grant.

The extent of the effect of the Proposed SGP on the Group's EPS cannot be determined at this juncture as it would depend on the fair value of the SEGi Shares at the respective dates of the PSP Grant. However, it is important to note that the potential cost of the award pursuant to the Proposed SGP do not represent a cash outflow and is only an accounting treatment.

Nevertheless, the Company has taken note of the potential impact of the MFRS 2 on SEGi Group's future earnings and shall take into consideration such impact on the allocation and granting of ESOS Options and/ or the PSP Grant to the Eligible Persons.

5.4 Substantial shareholders' shareholding

The Proposed LTIP is not expected to have any immediate effect on the substantial shareholders' shareholdings in SEGi. Any potential effect on the substantial shareholdings in SEGi will depend on the number of ESOS Options granted and new SEGi Shares to be issued arising from the exercise of the ESOS Options under the Proposed ESOS as well as the number of new SEGi Shares issued under the Proposed SGP at any point in time.

For illustration purposes, based on the assumption that the Maximum Shares are fully granted and vested under the Proposed LTIP by issuance of new SEGi Shares, the proforma effects of the Proposed LTIP on the shareholdings of the substantial shareholders of the Company are set out below:-

Minimum Scenario

Substantial shareholders	Shareholdings as at the LPD ^{*1}				Assuming the Maximum Shares are fully granted and vested under the Proposed LTIP by issuance of new SEGi Shares ^{*2}			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
TSC	207,955,116	32.32	268,079,604 ^{*3}	41.67	207,955,116	28.11	268,079,604 ^{*3}	36.23
PHS	268,079,604	41.67	207,955,116 ^{*4}	32.32	268,079,604	36.23	207,955,116 ^{*4}	28.11
Nicholas Rupert Heylett Bloy	-	-	476,034,720 ^{*5}	73.99	-	-	476,034,720 ^{*5}	64.34
Richard Elletson Foyston	-	-	476,034,720 ^{*5}	73.99	-	-	476,034,720 ^{*5}	64.34
Navis Capital Partners Limited	-	-	476,034,720 ^{*5}	73.99	-	-	476,034,720 ^{*5}	64.34
SmartUni 1 Ltd	-	-	476,034,720 ^{*5}	73.99	-	-	476,034,720 ^{*5}	64.34
Navis Asia Fund VI G.P.,Ltd	-	-	476,034,720 ^{*5}	73.99	-	-	476,034,720 ^{*5}	64.34
HAL Investments (Asia) Ltd	-	-	476,034,720 ^{*5}	73.99	-	-	476,034,720 ^{*5}	64.34
HAL Holding N.V.	-	-	476,034,720 ^{*5}	73.99	-	-	476,034,720 ^{*5}	64.34
HAL Trust	-	-	476,034,720 ^{*5}	73.99	-	-	476,034,720 ^{*5}	64.34
Rodney Chadwick Muse	-	-	476,034,720 ^{*5}	73.99	-	-	476,034,720 ^{*5}	64.34

Notes:-

*1 *Assuming all the 26,044,600 treasury shares are retained by the Company*

*2 *For illustration purposes only, assuming the SEGi Shares are not offered to the executive Directors of SEGi who are also substantial shareholders above*

*3 *TSC is deemed interested in such SEGi Shares held by PHS pursuant to the Shareholders' Agreement*

*4 *PHS is deemed interested in such SEGi Shares held by TSC pursuant to the Shareholders' Agreement*

*5 *Deemed interest by virtue of shares held by PHS in which the Director/ substantial shareholders are deemed to have an interest*

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Maximum Scenario

Substantial shareholders	I Assuming all the treasury shares are re- sold and the full exercise of all the outstanding Warrants								II After I and assuming the Maximum Shares are fully granted and vested under the Proposed LTIP by issuance of new SEGi Shares ^{*2}			
	Shareholdings as at the LPD ^{*1}											
	<-----Direct----->		<-----Indirect----->		<-----Direct----->		<-----Indirect----->		<-----Direct----->		<-----Indirect----->	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
TSC	207,955,116	32.32	268,079,604 ^{*3}	41.67	280,442,516	37.47	268,079,604 ^{*3}	35.82	280,442,516	32.59	268,079,604 ^{*3}	31.15
PHS	268,079,604	41.67	207,955,116 ^{*4}	32.32	268,079,604	35.82	280,442,516 ^{*4}	37.47	268,079,604	31.15	280,442,516 ^{*4}	32.59
Nicholas Rupert Heylett Bloy	-	-	476,034,720 ^{*5}	73.99	-	-	548,522,120 ^{*5}	73.29	-	-	548,522,120 ^{*5}	63.73
Richard Elletson Foyston	-	-	476,034,720 ^{*5}	73.99	-	-	548,522,120 ^{*5}	73.29	-	-	548,522,120 ^{*5}	63.73
Navis Capital Partners Limited	-	-	476,034,720 ^{*5}	73.99	-	-	548,522,120 ^{*5}	73.29	-	-	548,522,120 ^{*5}	63.73
SmartUni 1 Ltd	-	-	476,034,720 ^{*5}	73.99	-	-	548,522,120 ^{*5}	73.29	-	-	548,522,120 ^{*5}	63.73
Navis Asia Fund VI G.P.,Ltd	-	-	476,034,720 ^{*5}	73.99	-	-	548,522,120 ^{*5}	73.29	-	-	548,522,120 ^{*5}	63.73
HAL Investments (Asia) Ltd	-	-	476,034,720 ^{*5}	73.99	-	-	548,522,120 ^{*5}	73.29	-	-	548,522,120 ^{*5}	63.73
HAL Holding N.V.	-	-	476,034,720 ^{*5}	73.99	-	-	548,522,120 ^{*5}	73.29	-	-	548,522,120 ^{*5}	63.73
HAL Trust	-	-	476,034,720 ^{*5}	73.99	-	-	548,522,120 ^{*5}	73.29	-	-	548,522,120 ^{*5}	63.73
Rodney Chadwick Muse	-	-	476,034,720 ^{*5}	73.99	-	-	548,522,120 ^{*5}	73.29	-	-	548,522,120 ^{*5}	63.73

Notes:-

*1 *Assuming all the 26,044,600 treasury shares are retained by the Company*

*2 *For illustration purposes only, assuming the SEGi Shares are not offered to the executive Directors of SEGi who are also substantial shareholders above*

*3 *TSC is deemed interested in such SEGi Shares held by PHS pursuant to the Shareholders' Agreement*

*4 *PHS is deemed interested in such SEGi Shares held by TSC pursuant to the Shareholders' Agreement*

*5 *Deemed interest by virtue of shares held by PHS in which the Director/ substantial shareholders are deemed to have an interest*

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5.5 Convertible securities

Save for the 78,932,954 outstanding Warrants, the Company does not have any other convertible securities as at the LPD. The Proposed LTIP will not give rise to adjustments to the Warrants' exercise price and/ or number of new SEGi Shares relating to the Warrants, so far as unexercised pursuant to the deed poll dated 15 July 2010 constituting the Warrants.

6. HISTORICAL SHARE PRICES

The monthly highest and lowest market prices of SEGi Shares as traded on Bursa Securities for the past 12 months from May 2013 to April 2014 are set out below:-

	High RM	Low RM
2013		
May	1.68	1.56
June	1.66	1.56
July	1.62	1.55
August	1.59	1.54
September	1.58	1.52
October	1.56	1.51
November	1.56	1.51
December	1.56	1.46
2014		
January	1.55	1.48
February	1.54	1.46
March	1.58	1.48
April	1.52	1.47

Last transacted market price on the 26 February 2014
(being the date prior to the announcement on the Proposals) RM1.51

Last transacted market price on 3 April 2014
(being the date prior to the announcement on the Proposed LTIP) RM1.50

Last transacted market price on the LPD
(being the latest practicable date prior to the printing of this Circular) RM1.47

(Source: Bloomberg)

7. APPROVALS REQUIRED/ OBTAINED

The Proposed LTIP is subject to the following approvals being obtained from:-

- i. Bursa Securities, for the listing of and quotation for the new SEGi Shares to be issued arising from the exercise of the ESOS Options and/ or upon vesting of the PSP Grant on the Main Market of Bursa Securities, which was obtained vide its letter dated 16 May 2014, subject to the following conditions:-

Conditions	Status of compliance
(a) RHBIB is required to submit a confirmation to Bursa Securities of full compliance of the Proposed LTIP pursuant to Paragraph 6.43 (1) of the Listing Requirements and stating the effective date of implementation together with a certified true copy of resolutions passed by the shareholders in general meeting; and	To be complied

Conditions	Status of compliance
(b) SEGi is required to furnish Bursa Securities on a quarterly basis a summary of the total number of shares listed pursuant to the Proposed LTIP as at the end of each quarter together with a detailed computation of listing fees payable.	To be complied
ii. the shareholders of SEGi, for the Proposed LTIP to be tabled at the forthcoming EGM of the Company; and	
iii. any other relevant authority, if required.	

The Proposed LTIP is not conditional upon any other proposals undertaken or to be undertaken by the Company.

8. ESTIMATED TIMEFRAME FOR COMPLETION

Barring any unforeseen circumstances and subject to all required approvals being obtained, the Proposed LTIP is expected to be completed by the third quarter of 2014.

9. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS AND/ OR PERSONS CONNECTED TO THEM

The executive Director of SEGi, namely Hew Moi Lan, is eligible to participate in the Proposed LTIP, and is therefore deemed interested to the extent of her proposed allocation under the Proposed LTIP. Accordingly, she has declared her interest in the Proposed LTIP and has abstained and will continue to abstain from all deliberations and voting in respect of her proposed allocation at the relevant Board meetings.

Hew Moi Lan shall also abstain from voting in respect of her direct and/ or indirect shareholdings, if any, at an EGM of the Company to be convened in respect of the ordinary resolution to be tabled for her proposed allocation. She will undertake to ensure that persons connected to her, if any, will abstain from voting in respect of her direct and/ or indirect shareholdings, if any, on the ordinary resolution pertaining to her proposed allocation to be tabled at the forthcoming EGM of the Company to be convened.

The shareholdings of the Directors of SEGi as at the LPD are set out below:-

Directors	Shareholdings as at the LPD			
	<-----Direct----->		<-----Indirect----->	
	No. of Shares	%	No. of Shares	%
TSC	207,955,116	32.32	268,079,604 ^{*1}	41.67
Nicholas Rupert Heylett Bloy	-	-	476,034,720 ^{*2}	73.99
Dato' Amos Siew Boon Yeong	2,200,000	0.34	-	-
Hew Moi Lan	464,800	0.07	-	-
Tan Sri Dato' Seri Megat Najmuddin Bin Dato' Seri Dr. Haji Megat Khas	11,662	- ^{*3}	-	-
Dato' Sri Chee Hong Leong	-	-	-	-
Tan Chow Yin	-	-	-	-
Goh Leng Chua	-	-	-	-

Notes:-

- *1 *TSC is deemed interested in such SEGi Shares held by PHS pursuant to the Shareholders' Agreement*
- *2 *Deemed interest by virtue of shares held by PHS in which the Director is deemed to have an interest*
- *3 *Negligible*

Save as disclosed above, none of the other Directors, major shareholders and/ or persons connected to them has any interest, whether direct or indirect, in the Proposed LTIP.

10. CORPORATE PROPOSALS ANNOUNCED BUT PENDING COMPLETION

Save as disclosed below and the Proposed LTIP (which are the subject matter of this Circular), the Board is not aware of any other corporate proposals announced by the Company but not yet completed as at the date of this Circular:-

The Company had, on 19 May 2014, announced that its wholly-owned subsidiary company, namely SEG International Group Sdn Bhd, had on the same day, entered into a share sale agreement with the purchaser, namely Global Activate Sdn Bhd, for the proposed disposal of the entire issued and paid-up share capital of SEGi International Learning Alliance Sdn Bhd for a cash consideration of RM14,000,000.

11. DIRECTORS' RECOMMENDATION

The Board, having considered all aspects of the Proposed LTIP, is of the opinion that the Proposed LTIP is in the best interest of the Group after taking into consideration the rationale and justification for the Proposed LTIP and the effects of the Proposed LTIP as set out in Sections 4 and 5 of this Circular, respectively. Accordingly, the Board recommends that the shareholders of SEGi vote in favour of the resolution pertaining to the Proposed LTIP at the forthcoming EGM of the Company.

In view that Hew Moi Lan is eligible to participate in the Proposed LTIP, she has abstained from giving any opinion on her proposed allocation under the Proposed LTIP. In addition, she has abstained from making any recommendation for voting in respect of the resolution pertaining to the proposed allocation to her under the Proposed LTIP.

The Board, save for the executive Director of SEGi, namely Hew Moi Lan, having considered all aspects of the proposed allocation to Hew Moi Lan, is of the opinion that her proposed allocation is in the best interest of the Group after taking into consideration the rationale and justification for the Proposed LTIP and the effects of the Proposed LTIP as set out in Sections 4 and 5 of this Circular, respectively. Accordingly, the Board, save for Hew Moi Lan, recommends that the shareholders of SEGi vote in favour of the resolution pertaining to the proposed allocation to Hew Moi Lan at the forthcoming EGM of the Company.

12. EGM

The EGM, the notice of which is enclosed in this Circular, is scheduled to be held at Level 2, Right Wing, SEGi University, No. 9, Jalan Teknologi, Taman Sains Selangor, Kota Damansara, PJU 5, 47810 Petaling Jaya, Selangor Darul Ehsan on Wednesday, 18 June 2014 at 11.00 a.m. or immediately following the conclusion or adjournment of the Twenty-Eighth AGM of the Company scheduled to be held at the same venue and on the same date at 10.30 a.m., whichever is later, for the purpose of considering and if thought fit, passing with or without modification, the resolutions to give effect to the Proposed LTIP.

If the shareholders of SEGi are unable to attend, speak and vote in person at the EGM, the shareholders of SEGi are requested to complete, sign and return the enclosed Proxy Form in accordance with the instructions contained therein to be deposited 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 Darul Ehsan, Malaysia, not less than 48 hours before the stipulated time for holding the EGM or any adjournment thereof. The lodging of the Proxy Form shall not preclude the shareholders of SEGi from attending, speaking and voting in person at the EGM should the shareholders subsequently wish to do so.

13. FURTHER INFORMATION

Shareholders are advised to refer to the appendices set out in this Circular for further information.

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

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

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DRAFT BY-LAWS FOR THE PROPOSED LTIP

DRAFT BY-LAWS OF THE SEG INTERNATIONAL BHD'S LONG TERM INCENTIVE PLAN

1. DEFINITIONS AND INTERPRETATIONS

1.1 In these By-laws, except where the context otherwise requires, the following expression in these By-laws shall have the following meanings:

Act	:	The Companies Act, 1965, as amended from time to time and all regulations made thereunder and any re-enactment thereof;
Adviser	:	A corporate finance adviser that may act as a Principal Adviser under the Securities Commission's Principal Adviser's Guidelines, as amended from time to time;
Authorised Nominee	:	A person who is authorised to act as a nominee as specified in accordance with the schedule prescribed under Part VIII of the Rules of the Bursa Depository;
Board	:	Board of Directors of SEGi, as may be constituted from time to time;
Bursa Depository	:	Bursa Malaysia Depository Sdn Bhd (<i>165570-W</i>);
Bursa Securities	:	Bursa Malaysia Securities Berhad (<i>635998-W</i>);
By-laws	:	The rules, terms and conditions of the LTIP as set out herein, and shall include any amendments or variations made thereto from time to time;
CDS	:	Central Depository System;
CDS Account	:	a Central Depository System account established by Bursa Depository for a Depositor for the recording of deposits of securities and dealings in such securities by the Depositors;
Central Depositories Act	:	The Securities Industry (Central Depositories) Act 1991 including any amendments made thereto from time to time;
Date of Expiry	:	The last day of the duration of this LTIP pursuant to By-law 6.1 hereof;
Date of Offer	:	In relation to an Offer, the date of the Offer Letter;
Depositor	:	A holder of a CDS Account;
Director	:	A natural person who holds a directorship in an executive capacity in any company in the SEGi Group;
Effective Date	:	The date the last of the approvals and/or conditions referred to in By-law 6.1 hereof have been obtained and/or complied with;
Eligible Person(s)	:	An Employee(s) or Director(s) of the SEGi Group who meets the criteria of eligibility for participation in the LTIP as set out in By-law 7 hereof;

Employee	: A natural person who is employed by and on the payroll of any company in the SEGi Group, including Director(s) and person(s) recruited under contracts of employment within the SEGi Group;
Entitlement Date	: The date as at the close of business on which the names of the shareholders of SEGi must appear on SEGi's record of depositors in order to participate in any dividends, rights, allotments or other distributions;
ESOS	: The employees' share option scheme, a component of the LTIP as more particularly set out in Part B of these By-laws;
ESOS Grantee(s)	: An Eligible Person who has accepted an offer of ESOS Options in accordance with the terms of the LTIP;
ESOS Option or Option	: The right of a Participant to subscribe for new SEGi Share(s) under the ESOS pursuant to the contract constituted by the selected Eligible Person's acceptance of an Offer under the Offer Letter in the manner indicated in By-law 35 hereof;
Exercise Period	: The specific period or periods within a LTIP Period during which ESOS Options may be exercised by Participants, as determined by the LTIP Committee subject to By-law 6 hereof;
Government	: The Government of Malaysia;
LTIP	: The SEG International Bhd's Long Term Incentive Plan comprising the ESOS and SGP on the terms as set out in these By-laws;
LTIP Committee	: The committee duly appointed from time to time and authorised by the Board pursuant to By-law 16 to administer the LTIP in accordance with these By-laws;
LTIP Period	: A period commencing from the date the offer for the ESOS Options or a PSP Grant, as the case may be, is accepted in accordance with these By-laws and expiring on the last day of the period referred to in By-law 6 hereof or such other date which the LTIP Committee may in its discretion decide, subject always to early termination in accordance with the provisions of By-law 6 hereof, provided that no LTIP Period shall extend beyond the period referred to in By-law 6 hereof;
Main Market Listing Requirements	: The Main Market Listing Requirements of Bursa Securities;
Market Day(s)	: Any day(s) on which Bursa Securities is open for trading in securities;
Maximum Allowable Allocation	: The maximum number of SEGi Shares that can be offered to an Eligible Person as stipulated in By-law 8 hereof;
Offer	: The offer of the ESOS Options and/or the PSP Grant(s), as the case may be;

Offer Letter	: A letter of offer to an Eligible Person issued pursuant to an offer made by the LTIP Committee under Part B or Part C, as the case may be, of these By-laws;
Participant	: means ESOS Grantee(s) and/or PSP Grantee(s), as the case may be;
Person connected	: has the meaning given to "person connected" adopted in Paragraph 1.01 of the Main Market Listing Requirements;
PSP	: Performance share plan;
PSP Grant	: An offer made under the SGP in the form of a PSP;
PSP Grantee(s)	: An Eligible Person who has accepted an offer under the PSP Grant in accordance with the terms of the LTIP;
Registered Office	: the registered address of SEGi being 6 th Floor, SEGi University, No. 9, Jalan Teknologi, Taman Sains Selangor, Kota Damansara, PJU 5, 47810 Petaling Jaya, Selangor Darul Ehsan;
RM and sen	: Ringgit Malaysia and sen, respectively;
Rules of Bursa Depository	: The Rules of Bursa Depository as issued pursuant to the Central Depositories Act;
SEGi or Company	: SEG International Bhd (Company No.145998-U);
SEGi Group or Group	: SEGi and its Subsidiaries or any one or more of them as the context permits;
SEGi Shares or Shares	: Ordinary shares in SEGi which currently has a par value of RM0.25 each;
Senior Management	: An Employee of the SEGi Group as may be determined by the LTIP Committee from time to time to be senior management;
SGP	: The share grant plan, a component of the LTIP as more particularly set out in Part C of these By-laws;
Subscription Price	: The price at which the Participant shall be entitled to subscribe for every new SEGi Share by exercising his/her ESOS Options as determined in accordance with By-law 36 hereof;
Subsidiaries	: Subsidiary companies within the meaning of Section 5 of the Act of SEGi which are not dormant and shall include subsidiary companies which are existing as at the Effective Date and those which are incorporated or acquired at any time during the duration of the LTIP but exclude subsidiary companies which have been divested in the manner provided for in By-law 24.2 and which is determined by the LTIP Committee at its absolute discretion from time to time to be a corporation participating under the LTIP in accordance with By-law 7;
Trust	: The trust that has been or will be established to facilitate the implementation of the LTIP;

- Trust Deed : The trust deed(s) constituting the Trust to be executed between the Trustee and the Company;
- Trustee : The trustee(s) to be appointed by the Company for the LTIP from time to time;
- Vesting Conditions : The conditions which are required to be fulfilled by a Participant before the ESOS Options and/or PSP Grant is capable of being vested onto the Participant pursuant to the terms of these By-Laws.

1.2 In these By-laws:

- (i) Any reference to a statutory provision shall include any subordinate legislation made from time to time under the provision and any listing requirements, policies and/or guidelines of Bursa Securities and/or any other relevant regulatory authority (whether or not having the force of law but, if not having the force of law, the compliance with which is in accordance with the reasonable commercial practice of persons to whom such requirements, policies and/or guidelines are addressed to by Bursa Securities and/or any other relevant regulatory authority);
- (ii) Any reference to a statutory provision shall include that provision as from time to time modified or re-enacted whether before or after the date of these By-laws so far as such modification or re-enactment applies or is capable of applying to any Offer offered and accepted prior to the expiry of the LTIP and shall include also any past statutory provision (as from time to time modified or re-enacted) which such provision has directly or indirectly been replaced;
- (iii) Words denoting the singular shall include the plural and references to gender shall include both genders and the neuter;
- (iv) Any liberty or power which may be exercised or any determination which may be made hereunder by the LTIP Committee or the Board may be exercised at the LTIP Committee's or the Board's absolute and unfettered discretion and the LTIP Committee and/or the Board shall not be required to give any reason therefore except as may be required by the relevant authorities;
- (v) The heading in these By-laws are for convenience only and shall not be taken into account in the interpretation of these By-laws; and
- (vi) If an event occurs on a stipulated day which is not a Market Day, then the stipulated day will be taken to be the first Market Day after that day provided always if such date shall fall beyond the duration of the LTIP, then the stipulated day shall be taken to be the preceding Market Day.

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PART A : GENERAL PROVISIONS OF THE LTIP

2. NAME OF THE LTIP

This LTIP will be called the "SEG International Bhd's Long Term Incentive Plan 2014" and shall comprise the ESOS and the SGP.

3. THE OBJECTIVES OF THE LTIP

The establishment of this LTIP is to: -

- i. recognise the contribution of the Eligible Persons whose services are valued and considered vital to the operations and continued growth of SEGi Group;
- ii. motivate the Eligible Persons towards improved performance through greater productivity and loyalty;
- iii. inculcate a greater sense of belonging and dedication as the Eligible Persons are given the opportunity to participate directly in the equity of the Company;
- iv. retain the Eligible Persons, hence ensuring that the loss of key personnel is kept to a minimum level; and
- v. reward the Eligible Persons by allowing them to participate in the SEGi Group's profitability and eventually realise any capital gains arising from appreciation in the value of the SEGi Shares.

4. APPLICATION OF PART A

Unless otherwise expressly provided, the provisions of this Part A shall apply generally to the ESOS and the SGP.

5. MAXIMUM NUMBER OF SHARES AVAILABLE UNDER THE LTIP

- 5.1 The total number of SEGi Shares which may be made available, issued and/or vested under the LTIP shall not be more than fifteen per centum (15%) of the total issued and paid-up share capital comprising ordinary shares of the Company (excluding treasury shares) at any one time during the duration of the LTIP. The LTIP Committee has the discretion in determining whether the total number of SEGi Shares which may be made available under the LTIP shall be staggered over the duration of the LTIP.
- 5.2 Notwithstanding the provision of By-law 5.1 above or any other provisions contained herein, in the event the maximum number of SEGi Shares comprised in the ESOS Option and PSP Grants collectively granted under the LTIP exceeds the aggregate of fifteen per centum (15%) of the issued and paid-up share capital of SEGi (excluding treasury shares) as a result of SEGi purchasing its own shares or SEGi undertaking any corporate proposal and thereby diminishing its issued and paid-up share capital, no further Offers shall be offered and/or granted until the total number of SEGi Shares to be issued and/or granted under the LTIP falls below fifteen per centum (15%) of the Company's issued and paid-up share capital

(excluding treasury shares). Any Offer granted and/or made prior to the adjustment of the issued and paid-up share capital of SEGi shall remain valid and exercisable in accordance with the provisions of this LTIP.

- 5.3 SEGi Shares which are the subject of Offer(s), ESOS Option(s) and/or PSP Grant(s) which have lapsed for any reason whatsoever may be the subject of further Offers granted by the LTIP Committee under the LTIP.
- 5.4 Where applicable, the Company shall during the LTIP Period keep available sufficient authorised and unissued SEGi Shares to satisfy all ESOS Options and PSP Grants.

6. DURATION AND TERMINATION OF THE LTIP

- 6.1 The launch or implementation of the LTIP shall be the date the last of the following approvals and/or conditions have been obtained and/or complied with:
 - (a) the submission to Bursa Securities of the final copy of the By-laws together with a letter of compliance pursuant to paragraphs 2.12 and 6.42 of the Main Market Listing Requirements and a checklist showing compliance with Appendix 6E of the Main Market Listing Requirements;
 - (b) the approval-in-principle from Bursa Securities for the listing of the new SEGi Shares, if any, to be issued under the LTIP;
 - (c) the shareholders' approval for the LTIP at an extraordinary general meeting;
 - (d) the approval of any other relevant authorities for the LTIP (if any); and
 - (e) the fulfilment of all conditions attached to the above approvals, if any.

Unless otherwise terminated in accordance with By-law 6.3 herein and subject to the compliance of the terms herein contained, the LTIP shall come in force on the Effective Date for a period of ten (10) years commencing from the Effective Date and shall not be renewable upon expiry of the said ten (10) years.

- 6.2 Offers can only be made during the duration of the LTIP before the Date of Expiry.
- 6.3 The Company may at any time during the duration of the LTIP terminate the LTIP and shall immediately announce to Bursa Securities the:-
 - (a) effective date of termination of the LTIP;
 - (b) number of ESOS Options exercised and Shares vested; and
 - (c) reasons for termination of the LTIP.
- 6.4 Notwithstanding anything to the contrary, all unvested and/or unexercised ESOS Options and/or PSP Grants shall lapse on the Date of Expiry or earlier termination of the LTIP pursuant to By-law 6.3.
- 6.5 The Company shall through its Adviser submit no later than five (5) Market Days after the Effective Date of the implementation of these By-laws, a confirmation to Bursa Securities of the full compliance of By-law 6.1 above stating the effective date of implementation of the LTIP, together with a certified true copy of the relevant resolutions passed by the shareholders of the Company in the general meeting approving the LTIP.

7. ELIGIBILITY

- 7.1 Subject to By-laws 7.2, 7.4 and 7.5 below, any Director or an Employee of the SEGi Group shall be eligible to be considered for participation in the LTIP.
- 7.2 In the case of an Eligible Person, he/ she will be eligible if at the Date of Offer, the following eligibility criteria is fulfilled:-
- (a) he/ she has attained the age of at least eighteen (18) years and is not an undischarged bankrupt;
 - (b) he/ she is in employment within the SEGi Group and has not serve a notice to resign nor received a notice of termination; and/or
 - (c) is under such categories and criteria that the LTIP Committee may from time to time decide at its absolute discretion,

PROVIDED ALWAYS THAT the selection of any Director or Employee for participation in the LTIP shall be at the discretion of the LTIP Committee and the decision of the LTIP Committee shall be final and binding. In determining the eligibility of an Eligible Person to participate in the LTIP, the LTIP Committee may take into account amongst other factors, job grading, length of service and/or contribution to the relevant company within the Group, and/or such other factors that the LTIP Committee may in its sole and absolute discretion deem fit.

- 7.3 No Offer, allocation under the LTIP and the related allotment and/or vesting of SEGi Shares shall be made to the following persons unless the shareholders of SEGi in a general meeting shall have approved the specific allocation and allotment and/or grant to such persons:
- (a) any person who is a director, major shareholder or chief executive officer of SEGi or holding company of SEGi (if any) ("**interested director**", "**interested major shareholder**" and "**interested chief executive**"); or
 - (b) a person connected with an interested director, interested major shareholder or interested chief executive ("**interested person connected with a director, major shareholder or chief executive**").

In a meeting to obtain shareholder approval in respect of the above allocation, allotment and/or grant:

- (i) the interested director, interested major shareholder, interested chief executive or interested person connected with a director, major shareholder or chief executive; and
- (ii) where the allocation and allotment is in favour of an interested person connected with a director, major shareholder or chief executive, such director, major shareholder or chief executive,

must not vote on the resolution approving the said allocation and allotment and/or grant. An interested director, interested major shareholder or interested chief executive must ensure that such persons connected with him/her abstain from voting on the resolution approving the said allocation and allotment and/or grant.

- 7.4 For the avoidance of doubt, the following persons are not Eligible Persons and do not qualify for participation in the LTIP:-
- (a) subject to By-law 24 below, employees of a company which has ceased to be a subsidiary of SEGi;
 - (b) a Director or employee of a company within the Group which is dormant; and
 - (c) unless decided otherwise by the LTIP Committee in its discretion, employees employed within the SEGi Group for less than one (1) year or are on probation.
- 7.5 Unless otherwise determined by the LTIP Committee, a Participant under the LTIP shall not be entitled to participate in any other share issuance scheme, share grant scheme or share scheme which may be implemented by any other company in the SEGi Group during the duration of the LTIP.
- 7.6 An Eligible Person may be eligible to participate in either or both the ESOS and/or the SGP, as may be determined by the LTIP Committee.
- 7.7 Eligibility under the LTIP does not confer on an Eligible Person a claim or right to participate in or any rights whatsoever under the LTIP and an Eligible Person does not acquire or have any rights over or in connection with the ESOS Options or SEGi Shares comprised herein unless an Offer pursuant to an Offer Letter has been made by the LTIP Committee to the Eligible Person, the Eligible Person has accepted the Offer, Vesting Conditions have been fulfilled by the Participant in accordance with the terms of the Offer Letter and the LTIP Committee has vested the ESOS Options or the SEGi Shares on the Participant.
- 7.8 Notwithstanding anything to the contrary in these By-laws subject always to By-laws 17 and 18, the LTIP Committee may, in its discretion, waive the eligibility criteria set out in By-law 7.2.
- 7.9 The LTIP Committee has the discretion not to make further Offers.
- 7.10 Where an offer to an Eligible Person who is a member of the LTIP Committee, such Offer shall be decided and carried out by the LTIP Committee PROVIDED ALWAYS that such Eligible Person and persons connected to him/her who are also members of the LTIP Committee shall abstain from all deliberations and voting in respect of the Offer proposed to be offered or granted to him/her or the vesting of ESOS Options and/or SEGi Shares to him/her at the relevant LTIP Committee meetings.

8. MAXIMUM ALLOWABLE ALLOCATION AND BASIS OF ALLOCATION

- 8.1 Subject to any adjustments which may be made under By-laws and the maximum allowable allocation limit on the total number of SEGi Shares (including SEGi Shares already issued and vested under the LTIP) under ESOS Options and PSP Grants collectively pursuant to By-law 5, the aggregate number of SEGi Shares that may be allocated to any of the Eligible Persons of the SEGi Group who are entitled to participate in the LTIP shall be on the basis set out in By-law 8.2 subject always to the following main parameters:-
- (i) the Directors and Senior Management do not participate in the deliberation or discussion of their own allocation; and

- (ii) the number of SEGi Shares allocated to any Eligible Person who, either singly or collectively through persons connected with the Eligible Person, holds twenty per centum (20%) or more in the issued and paid-up share capital (excluding treasury shares) of the Company, shall not exceed ten per centum (10%) of the total number of SEGi Shares to be allocated under the LTIP,
- (iii) not more than 60% of the new SEGi Shares available under the LTIP shall be allocated in aggregate to the Directors and Senior Management of SEGi and its Subsidiaries,

provided always that it is in accordance with any prevailing guidelines issued by Bursa Securities, the Main Market Listing Requirements or any other relevant authorities as amended from time to time.

- 8.2 The basis for determining the aggregate number of SEGi Shares that may be offered and/or allocated under the LTIP to an Eligible Person shall be at the sole and absolute discretion of the LTIP Committee after taking into consideration, inter alia, the seniority, job grading, performance, length of service and/or contribution to the Group by the Eligible Person and/or such other matters which the LTIP Committee may in its sole and absolute discretion deem fit and the Maximum Allowable Allocation as decided by the LTIP Committee.
- 8.3 Subject to By-law 17, the LTIP Committee may at its sole and absolute discretion and pursuant to By-law 16, amend or vary and/or include or preclude any basis or criteria which is applied in considering Offers to Eligible Persons including the Maximum Allowable Allocation for which it shall deem necessary to introduce during the duration of the LTIP provided that these basis are in compliance with the relevant Main Market Listing Requirements and applicable laws.
- 8.4 In the event that an Eligible Person is promoted, he/she shall be entitled to continue to hold all unvested ESOS Options and to exercise all vested but unexercised ESOS Options and/or be entitled to hold all unvested PSP Grants held by him/her.
- 8.5 In the event that an Eligible Person is demoted, he shall be entitled to exercise all vested but unexercised ESOS Options and/or vested PSP Grants unless otherwise determined by the LTIP Committee and the number of unvested ESOS Options and/or PSP Grants held by him/her at that time may be reduced by the LTIP Committee in its sole and absolute discretion.
- 8.6 The LTIP Committee shall not be obliged in any way to offer, grant or vest to any Eligible Person any ESOS Options and/or PSP Grants. The decision of the LTIP Committee shall be final and binding.
- 8.7 The allocation of ESOS Options and/or PSP Grants pursuant to the LTIP shall be verified by the Company's Audit Committee, as being in compliance with the criteria set out in these By-laws (where relevant) at the end of each financial year of the Company and a statement by the Company's Audit Committee verifying such allocation shall be included in the annual report of the Company.

9. RIGHTS ATTACHING TO OFFERS AND THE NEW SEGI SHARES

- 9.1 The ESOS Options and/or PSP Grants (as the case may be) shall not carry any right to vote at any general meeting of the Company until and unless such SEGi Shares have been issued, allotted and credited into the CDS Account of the Participant.
- 9.2 A Participant shall not be entitled to any dividends, right or other entitlements on his/her unvested or unexercised ESOS Options and/or unvested PSP Grants (as the case may be).

- 9.3 The new SEGi Shares to be allotted upon the vesting and exercise of the ESOS Options and/or vesting of the PSP Grants (as the case may be) (if any) shall upon allotment, issuance and full payment (if any), rank *pari passu* in all respects with the existing SEGi Shares save and except that they shall not be entitled to any dividends, rights, allotments and/or other distributions declared, the Entitlement Date of which is prior to the date of allotment of the said new SEGi Shares and are subject to the provisions of the Articles of Association of the Company. In the event that any existing SEGi Shares are to be transferred upon the vesting of any SEGi Shares under the PSP Grants, the existing SEGi Shares shall be transferred together with all dividends, rights, allotments and/or other distributions declared, the Entitlement Date of which is on or after to the date the SEGi Shares are credited into the CDS Account of the relevant Participants.
- 9.4 All dividends, rights, allotments and/or any other distribution declared, made, paid or attached to the SEGi Shares held in trust by the Trustee (if any) shall form part of the Trust assets until such SEGi Shares are credited into the CDS Accounts of the respective Participants in which event By-laws 9.1, 9.2 and 9.3 shall apply.
- 9.5 All SEGi Shares will be subject to all provisions of the Articles of Association of the Company.

10. TRUSTEE

- 10.1 The Company and/or the LTIP Committee will if so required establish a Trust to be administered by the Trustee for the purposes of implementing the LTIP. To enable the implementation of the LTIP and the acquisition or subscription of the SEGi Shares to satisfy the PSP Grants, the Trustee may, to the extent permitted by law, receive funds from the SEGi Group or any other person in such bank account(s) to be established by the Trustee for the purpose of the Trust.
- 10.2 The Trustee shall administer the Trust in accordance with the Trust Deed. For the purpose of administering the Trust, the Trustee shall do all such acts and things and enter into any transactions, agreements, deeds, documents or arrangements or make rules, regulations or impose terms and conditions or delegate part of its power relating to the administering of the trust as the LTIP Committee may in its discretion direct for the purpose of implementation or administration of the Trust.
- 10.3 The Company shall have the power from time to time to appoint or rescind the appointment of any Trustee as it deems fit in accordance with the provisions of the Trust Deed.

11. NON-TRANSFERABILITY

- 11.1 An ESOS Option and PSP Grant (as the case may be) is personal to the Participant and subject to the provisions of By-laws 12.1, 12.2, 12.3 and 12.5, it is exercisable only by the Participant personally during his/her lifetime whilst he/she is in the employment in any company in the SEGi Group.
- 11.2 An ESOS Option or PSP Grant (as the case may be) so granted and/or vested shall not be transferred, assigned, disposed of or subject to any encumbrances by the Participant. Any such transfer, assignment, disposal or encumbrance shall result in the automatic cancellation of the ESOS Option and PSP Grant (as the case may be).

12. TERMINATION OF THE ESOS OPTIONS AND/OR PSP GRANTS

- 12.1 In the event a Participant ceases to be in the employment of the SEGi Group for whatever reason prior to the full vesting and allotment/transfer of any PSP Grant and/or full vesting and exercise of any ESOS Option (as the case may be), such ESOS Option and/or PSP Grant or the balance thereof that remained unvested, not allotted/transferred or unexercised, as the case may be, shall forthwith cease to be valid without any claim against the Company **PROVIDED ALWAYS THAT** the LTIP Committee may, at its absolute discretion, by notice in writing, stipulate the times or period at or within which such PSP Grants and/or ESOS Options shall vest all or in part (provided that no SEGi Shares and/or ESOS Options shall vest after the expiry of the LTIP Period) or permit such vested but unexercised ESOS Option to remain exercisable during the LTIP Period all or in part if such cessation occurs by reason of:
- (i) retirement on attaining the retirement age under SEGi Group's retirement policy; or
 - (ii) transfer to any company outside the SEGi Group at the direction of the Company; or
 - (iii) death, ill-health, injury, physical or mental disability; or
 - (iv) any other circumstances which are acceptable to the LTIP Committee.

Upon the termination of ESOS Options and/or PSP Grants (as the case may be) pursuant to the above, the Participant shall have no right to compensation or damages or any claim against the Company for any loss of any right or benefit under the LTIP which he/she might otherwise have enjoyed, whether for wrongful dismissal or breach of contract or loss of office or otherwise howsoever arising from his/her ceasing to hold office or employment or from the suspension of his/her right to exercise or be vested his/her ESOS Options and/or PSP Grants (as the case may be) or his/her ESOS Options and/or PSP Grants (as the case may be) ceasing to be valid.

- 12.2 Unless otherwise agreed in writing by the LTIP Committee at its absolute discretion, upon the resignation of the Participant from his/her employment with the SEGi Group, an ESOS Option and/or PSP Grant (as the case may be) shall lapse forthwith on the date the Participant tenders his/her resignation.
- 12.3 An ESOS Option or PSP Grant (as the case may be) shall immediately become void and of no further force and effect upon the Participant being adjudicated a bankrupt.
- 12.4 In the event of the liquidation of the Company or termination of the LTIP, all unexercised or unvested or partially unexercised or partially unvested ESOS Options and PSP Grants shall lapse.

13. ALTERATION OF SHARE CAPITAL

- 13.1 Notwithstanding anything contained in these By-laws and subject to any applicable laws and the Listing Requirements, in the event of any alteration in the capital structure of the Company prior to the Date of Expiry, whether by way of a rights issue, bonus issue or other capitalisation issue, consolidation or subdivision of SEGi Shares or reduction of capital or any other variation of capital, the Board may in its discretion in good faith determine to be equitable cause such adjustment to be made to the number of SEGi Shares which shall be exercisable or vested under an ESOS Option(s) or PSP Grant(s) and/or the Subscription Price.
- 13.2 The following provisions shall apply in relation to an adjustment which is made pursuant to By-law 13.1:

- (a) any adjustment to the Subscription Price shall be rounded up to the nearest one (1) sen and in no event shall the Subscription Price be reduced to an amount which is below the par value of the SEGi Shares; and
 - (b) in determining a Participant's entitlement to subscribe for SEGi Shares and/or number of SEGi Shares to be vested, any fractional entitlements will be disregarded.
- 13.3 By-law 13.1 shall not be applicable where an alteration in the capital structure of the Company arises from any of the following:
- (a) an issue of new SEGi Shares or other securities convertible into SEGi Shares or rights to acquire or subscribe for SEGi Shares in consideration or part consideration for an acquisition of any other securities, assets or business;
 - (b) a special issue of new SEGi Shares to Bumiputera investors nominated by the Ministry of International Trade and Industry, Malaysia and/or other government authority to comply with the Government policy on Bumiputera capital participation;
 - (c) a private placement/restricted issue of new SEGi Shares by the Company;
 - (d) an issue of new SEGi Shares arising from the exercise of any conversion rights attached to securities convertible to SEGi Shares or upon exercise of any other rights including warrants and/or convertible loan stocks (if any) issued by the Company;
 - (e) an issue of new SEGi Shares upon the exercise of ESOS Option(s) or PSP Grant(s) (if any) pursuant to the LTIP;
 - (f) a share buy-back arrangement by the Company, pursuant to Section 67A of the Act; and
 - (g) an issue of further ESOS Option(s) or PSP Grant(s) to Eligible Persons under these By-laws.
- 13.4 In the event that the Company enters into any scheme of arrangement or reconstruction pursuant to Part VII of the Act, By-law 13.1 shall be applicable in respect of such part(s) of the scheme which involve(s) any alteration(s) in the capital structure of the Company, save that By-law 13.3 shall be applicable in respect of such part(s) of the LTIP which involve(s) any alteration(s) in the capital structure of the Company which falls within By-law 13.3.
- 13.5 Upon any adjustment being made, the LTIP Committee shall within ten (10) Market Days give notice in writing to the Participant, to inform him/her of the adjustment and the event giving rise thereto.
- 13.6 Save for any alteration in the capital structure of the Company during the duration of the LTIP arising from bonus issues, all adjustments must be confirmed in writing by an approved company auditor or SEGi's Adviser, acting as an expert and not as an arbitrator, to be in his/her opinion fair and reasonable. Such confirmation shall be final and binding on all parties. For the purposes of this By-law, an approved company auditor shall have the meaning given in Section 8 of the Act and shall be the external auditors for the time being of the Company or such other external auditors as may be nominated by the Board.
- 13.7 The Board shall be guided by the adjustment as provided in the Schedule in determining the adjustments to be made pursuant to this By-law 13.
- 13.8 Notwithstanding the other provisions referred to in the Schedule, in any circumstances where the LTIP Committee considers that adjustments to the Subscription Price and/or any SEGi Shares relating to ESOS Options and/or PSP Grants to be issued or vested as provided for

under the provisions hereof should not be made, or should be or should not be calculated on a different basis or different date or that an adjustment to the Subscription Price and/or the adjustments to the number of SEGi Shares to be issued or vested relating to ESOS Options and/or PSP Grants should be made notwithstanding that no adjustment is required under the provisions hereof, the Company may appoint an Adviser and/or an auditor to consider whether for any reasons whatever the adjustment calculation or determination to be made (or the absence of an adjustment calculation or determination) is appropriate or inappropriate as the case may be. If such Adviser and/or auditor shall consider the adjustment calculation or determination to be inappropriate, the adjustments shall be modified or nullified (or an adjustment calculation or determination made even though not required to be made) in such manner as may be considered by such Adviser and/or auditor to be in their opinion appropriate.

14. QUOTATION OF NEW SHARES

If at the time of allotment of the new SEGi Shares pursuant to the exercise of an ESOS Option or allotment of SEGi Shares pursuant to a PSP Grant (if any), the existing issued ordinary shares of the Company are quoted on Bursa Securities, the Company shall make an application to Bursa Securities for its permission to deal in and for quotation of the new SEGi Shares so allotted in accordance with By-law 38.4 and By-law 42.1 (as the case may be).

15. RETENTION PERIOD

The SEGi Shares to be allotted and issued or transferred to the Participant pursuant to this LTIP will not be subjected to any retention period. However, the Participant is encouraged to hold the SEGi Shares as an investment rather than to realise immediate gains from disposal.

16. ADMINISTRATION

This LTIP shall be administered by the LTIP Committee comprising such persons as shall be appointed from time to time by the Board of SEGi. The Board of SEGi shall have the discretion as it deems fit to approve, rescind and/or revoke the appointment of any person in the LTIP Committee. The LTIP Committee shall be vested with such powers and duties as are conferred upon it by the Board of SEGi to administer the LTIP in such manner it shall in its discretion deem fit. The LTIP Committee may, for the purpose of administering the LTIP, do all acts and things and enter into any transactions, agreements, deeds, documents or arrangements, and make rules, regulations or impose terms and conditions or delegate part of its power relating to the LTIP which the LTIP Committee may in its discretion consider to be necessary or desirable for giving full effect to the LTIP.

Any decision or determination of the LTIP Committee made pursuant to the provisions of the LTIP (other than a matter to be certified and/or approved by the auditors or Advisers) shall be final, binding and conclusive (including for the avoidance of doubt, any decision pertaining to any dispute as to the interpretation of the LTIP or any rule, regulation or procedure hereunder or as to any rights under the LTIP). The LTIP Committee shall not be required to furnish any reason for any decision or determination made by it except as may be required by the relevant authorities.

17. AMENDMENT AND/OR MODIFICATION TO THE LTIP

- 17.1 Subject to the compliance with the requirements of Bursa Securities and any other relevant authorities and their approvals being obtained (if required under the Listing Requirements and applicable laws and regulations), the LTIP Committee may at any time and from time to time recommend to the Board any additions or amendments to or deletions of these By-laws as it shall in its discretion think fit and the Board shall have the power by resolution to add to, amend or delete all or any of these By-laws upon such recommendation **PROVIDED ALWAYS THAT** no additions or amendments to or deletions of these By-laws shall be made which will:-
- (a) Prejudice any rights then accrued to any Participant without the prior consent or sanction of that Participant (as the case may be);
 - (b) Prejudice any rights of the shareholders of the Company without the prior approval of the Company's shareholders in a general meeting; or
 - (c) Alter to the advantage of any Eligible Person in respect of any matters which are required to be contained in the By-laws by virtue of Appendix 6E of the Main Market Listing Requirements, without the prior approval of the Company's shareholders in a general meeting unless allowed otherwise by the provisions of the Main Market Listing Requirements.
- 17.2 Any amendments/modifications to the By-laws shall not contravene any of the provisions stipulated under the Main Market Listing Requirements and/or any other relevant regulatory authority in relation to share issuance schemes and/or share grant schemes.
- 17.3 Upon amending and/or modifying all or any of the provisions of the LTIP, the Company shall within five (5) Market Days after the effective date of the amendments caused to be submitted to Bursa Securities the amended By-laws and a confirmation letter in the form required under the Main Market Listing Requirements that the said amendment and/or modification complies and does not contravene any of the provisions of the Main Market Listing Requirements on share issuance schemes and/or share grant schemes (as the case may be) and the Rules of Bursa Depository.
- 17.4 The Participants shall be given written notices in the term prescribed by the LTIP Committee from time to time if any conditions, amendments to and/or modifications of these By-laws within five (5) Market Days of any of the foregoing taking effect.

18. DISPUTES AND ERRORS AND OMISSIONS

- 18.1 In the event of any dispute or difference arising between the LTIP Committee and an Eligible Person or a Participant, as to any matter or thing of any nature arising hereunder, the LTIP Committee shall determine such dispute or difference by a written decision (without the obligation to give any reason thereof) to the Eligible Person or the Participant, as the case may be **PROVIDED THAT** where the dispute or difference is raised by a member of the LTIP Committee, the said member shall abstain from voting in respect of the decision of the LTIP Committee in that instance. The said decision shall be final and binding in all respects.
- 18.2 If in consequence of an error or omission, the LTIP Committee discovers or determines that:
- (a) an Eligible Person who was selected by the LTIP Committee as a Participant, has not been given the opportunity to participate in the LTIP on any occasion; or
 - (b) the number of SEGi Shares allotted, issued, transferred or vested to any Participant on any occasion is found to be incorrect;

the LTIP Committee and/or the Trustee may do all such acts and things to rectify such error or omission and ensure that the Eligible Person is given the opportunity to participate in the LTIP and/or the aggregate number of SEGi Shares to which the Participant is correctly entitled to is credited into the Participant's CDS account.

19. LTIP NOT A TERM OF EMPLOYMENT

This LTIP shall not form part of or constitute or in any way be construed as a term or condition of employment of any employee. This LTIP shall not confer or be construed to confer on an Eligible Person any special rights or privileges over the Eligible Person's terms and conditions of employment in the SEGi Group under which the Eligible Person is employed or any rights additional to any compensation or damages that the Eligible Person may be normally entitled to arising from the cessation of such employment. The terms of employment of an Eligible Person shall not be affected by his/ her participation in the LTIP.

20. COSTS AND EXPENSES

All fees, costs and expenses incurred in relation to the administration and management of the LTIP including but not limited to the fees, costs and expenses relating to the grant, vesting, allotment and issue and/or transfer of the SEGi Shares pursuant to the exercise or vesting of any ESOS Option or PSP Grant shall be borne by the Company. Notwithstanding this, the Participant shall bear any fees, costs and expenses incurred in relation to his/ her acceptance of an Offer and exercise of the ESOS Option, opening and maintaining of his/ her respective CDS Account and sale of SEGi Shares in the market.

21. ARTICLES OF ASSOCIATION

Notwithstanding the terms and conditions contained in these By-laws, if a situation of conflict should arise between these By-laws and the Articles of Association of the Company, the provisions of the Articles of Association of the Company shall prevail at all times.

22. INSPECTION OF AUDITED ACCOUNTS

All Participants are entitled to inspect the latest audited accounts of the Company during the normal office hours on any working day at the Registered Office of the Company.

23. TRANSFER FROM OTHER COMPANIES TO THE GROUP

In the event that:

- (i) a Director or an Employee who was employed in a company which is not within the SEGi Group and is subsequently transferred from such company to any company within the SEGi Group; or
- (ii) a Director or an Employee who was in the employment of a company which subsequently becomes a member of the SEGi Group as a result of a restructuring exercise or otherwise involving SEGi and/or any company within the SEGi Group with any of the first mentioned company stated in (i) above;

(the first mentioned company in (i) and (ii) above are hereinafter referred to as the "Previous Company"), such a Director or an Employee of the Previous Company ("the Affected Director/Employee"), subject to By-law 6 hereof, may be eligible to participate in the LTIP only for the remaining duration of the LTIP, subject to the LTIP Committee's discretion.

24. DIVESTMENT FROM THE SEGI GROUP

24.1 If a Participant who is in the employment of a company which ceases to be a company within the SEGi Group due to a subsequently disposal or divested (in whole or in part) from the SEGi Group, then such Participant:

- (i) may, at the discretion of the LTIP Committee, be permitted to exercise or be vested any unexercised or unvested ESOS Options and/or PSP Grants (of any part thereof) at any time and subject to such terms and conditions as the LTIP Committee may prescribed; and
- (ii) shall not be eligible to participate for further Offers under the LTIP.

24.2 For the purpose of By-law 24.1, a company shall be deemed to be divested from the SEGi Group in the event that such company would no longer be a subsidiary of SEGi pursuant to Section 5 of the Act.

25. TAKEOVER

Subject to the provisions of any applicable statutes, rules, regulations and/or conditions issued by the relevant regulatory authorities, in the event of a take-over offer being made for the Company, under the Malaysian Code on Take-Over and Mergers, 2010, to acquire the whole of the issued ordinary share capital of the Company (or such part thereof not at the time held by the person making the take-over offer ("**Offeror**") or any persons acting in concert with the Offeror), (a) the LTIP Committee may in its discretion but subject always to Clause 17 and any applicable laws, by giving notice in writing to the ESOS Grantee, vary the Exercise Period and/or any other terms of the vested ESOS Options; (b) the LTIP Committee may in its discretion permit the vesting of any unvested ESOS Options and/or PSP Grants (or any part thereof) to the Participant at any time and subject to such terms and conditions as may be prescribed notwithstanding that the Vesting Conditions or other terms and conditions of the Offer has not been fulfilled or satisfied; and (c) any vested but unexercised ESOS Options shall remain in force and be exercisable until and inclusive of the expiry or termination of the LTIP Period applicable thereto unless the Offeror shall become entitled or be bound to exercise the right of compulsory acquisition of SEGi Shares under the provisions of the Capital Markets and Services Act 2007 and gives notice to the Company that it intends to exercise such right on a specific date, in which case the vested but unexercised ESOS Options shall remain in force and be exercisable until and inclusive of the date the compulsory acquisition is exercised by the Offeror.

PROVIDED ALWAYS THAT any ESOS Options and PSP Grants to the extent unexercised or unvested after the date on which the right of compulsory acquisition is exercised shall lapse and immediately cease to have any effect.

26. SCHEME OF ARRANGEMENT, AMALGAMATION AND RECONSTRUCTION

Notwithstanding By-laws 38 and 40 hereof and subject to the discretion of the LTIP Committee, in the event of the court sanctioning a compromise or arrangement between the Company and its members proposed for the purposes of, or in connection with, a scheme of arrangement and reconstruction of the Company or its amalgamation with any other company or companies, any vested ESOS Options and PSP Grants shall remain exercisable by or capable of being allotted/transferred onto the Participant at any time commencing from the date upon which the compromise or arrangement is sanctioned by the court and ending on the date upon which it becomes effective or such other date as the LTIP Committee may deem fit. The LTIP Committee may in its discretion further permit the vesting of any unvested ESOS Options and/or PSP Grants (or any part thereof) to the Participant at any time and subject to such terms and conditions as may be prescribed notwithstanding that the Vesting Conditions or other terms and conditions of the Offer has not been fulfilled or satisfied.

27. SUBSEQUENT EMPLOYEE SHARE SCHEMES

Subject to the approval of the relevant authorities and/or the shareholders of the Company, the Company may establish a new employee share schemes, share issuance schemes and/or share grant schemes after the expiry date of this LTIP or upon termination of this LTIP.

28. NO COMPENSATION

- 28.1 A Participant who ceases to hold office or employment shall not be entitled to any compensation for the loss of any right or benefit or prospective right or benefit under the LTIP which he/she might otherwise have enjoyed whether such compensation is claimed by way of damages for wrongful dismissal or other breach of contract or by way of compensation for loss of office.
- 28.2 No Eligible Person or Participant or legal personal representatives shall bring any claim, action or proceeding against the Company or the Board of SEGi or the LTIP Committee or any other party for compensation, loss or damages whatsoever and howsoever arising from the suspension of his/her rights to exercise or the vesting of his/her ESOS Option(s) and/or PSP Grant(s) or his/her Offer(s), ESOS Option(s) and/or PSP Grant(s) ceasing to be valid pursuant to the provisions of these By-laws, as may be amended from time to time in accordance with By-law 17 hereof.
- 28.3 Notwithstanding anything to the contrary in these By-laws, the LTIP Committee, the Trustee, SEGi Group and SEGi Group's directors and employees shall not under any circumstances be liable for any costs, losses, expenses and damages whatsoever and howsoever arising in connection with or incidental to any acts or omissions, including but not limited to the Company's or any other persons delay in issuing, acquiring or procuring the transfer or disposal of the shares or making any other required applications.

29. TAXES

All taxes (including income tax), if any, arising from the grant, vesting and/or exercise of any ESOS Option and/or PSP Grant (as the case may be) under the LTIP shall be borne by the Participant.

30. WINDING UP

All outstanding ESOS Options and PSP Grants shall be automatically terminated in the event that a resolution is passed or a court order is made for the winding up of the Company.

31. SEVERABILITY

If any time any term, condition, stipulation or provision in these By-laws is or becomes illegal, void, prohibited or unenforceable in any respect, the same shall be ineffective to the extent of such illegality, voidness, prohibition or unenforceability without invalidating the remaining provisions hereof, and any such illegality, voidness, prohibition or unenforceability shall not invalidate or render illegal, void or unenforceable any other term, condition, stipulation and provision herein contained.

32. GOVERNING LAW AND JURISDICTION

- 32.1 These By-laws shall be governed and construed in accordance with the laws of Malaysia and the Participant shall submit to the exclusive jurisdiction of the Courts of Malaysia in all matters connected with the obligations and liabilities of the parties hereto under or arising out of these By-laws.
- 32.2 Any proceeding or action shall be instituted or taken in Malaysia and the Participant irrevocably and unconditionally waives any objection on the ground of venue or forum non-convenience or any other grounds.
- 32.3 Any Offer made to Eligible Persons pursuant to the LTIP shall be valid strictly in Malaysia only unless specifically mentioned otherwise by the LTIP Committee in the Offer.

33. NOTICE

- 33.1 Any notice or request which the Company is required to give, or may desire to give, to any Eligible Person or the Participant pursuant to the LTIP shall be in writing and shall be deemed to be sufficiently given:-
- (a) if it is sent by ordinary post by the Company to the Eligible Person or the Participant at the last address known to the Company as being his/her address, such notice shall be deemed to have been received three (3) Market Days after posting;
 - (b) if it is given by hand to the Eligible Person or the Participant, such notice or request shall be deemed to have been received on the date of delivery;
 - (c) if it is sent by electronic media, including but not limited to electronic mail, to the Eligible Person or the Participant, such notice or request shall be deemed to have been received upon confirmation or notification received after the sending of notice or request by the Company.

Any change of address of the Eligible Person or the Participant shall be communicated in writing to the Company and the LTIP Committee.

- 33.2 Any certificate, notification, correspondence or other notice required to be given to the Company or the LTIP Committee shall be properly given if in writing and sent by registered post or delivered by hand (with acknowledgement of receipt) to the Company at its business address at 6th Floor, SEGi University, No. 9, Jalan Teknologi, Taman Sains Selangor, Kota

Damansara, PJU 5, 47810 Petaling Jaya, Selangor Darul Ehsan or any other business address which may be notified in writing by the LTIP Committee from time to time.

- 33.3 Notwithstanding By-Law 33.1, where any notice is required to be given by the Company or the LTIP Committee under these By-Laws in relation to matters which may affect all the Eligible Persons or Participants, as the case may be, the Company or the LTIP Committee may give notice through an announcement to all employees of the SEGi Group to be made in such manner deemed appropriate by the LTIP Committee. Upon the making of such an announcement, the notice to be made under By-Law 33.1 shall be deemed to be sufficiently given, served or made to all affected Eligible Person or Participants, as the case may be.

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PART B : ESOS

34. OFFER OF ESOS OPTIONS

- 34.1 The LTIP Committee may, at any time during the duration of the LTIP as defined in By-law 6 hereof, make Offer(s) of ESOS Options in writing to any Eligible Person (based on the criteria of allocation as set out in By-law 8 herein) selected by the LTIP Committee which selection shall be at the absolute discretion of the LTIP Committee.
- 34.2 The actual number of SEGi Shares which may be offered to an Eligible Person shall be at the sole and absolute discretion of the LTIP Committee and, subject to any adjustments that may be made under By-law 13 hereof, shall not be less than one hundred (100) SEGi Shares but not more than the Maximum Allowable Allocation and shall always be in multiples of one hundred (100) SEGi Shares.
- 34.3 An Offer may be made upon such terms and conditions as the LTIP Committee may decide from time to time. Each Offer shall be made in writing and is personal to the Eligible Person and is non-assignable and non-transferable.
- 34.4 The LTIP Committee may state the following particulars in the Offer Letter (where applicable):-
- (a) The number of ESOS Options that are being offered to the Eligible Person;
 - (b) The number of SEGi Shares which the Eligible Person shall be entitled to upon the vesting and exercise of the ESOS Options being offered;
 - (c) The LTIP Period;
 - (d) The Exercise Period;
 - (e) The Subscription Price;
 - (f) The Validity Period as defined in By-law 35.1;
 - (g) Any vesting and/or performance conditions ("**Vesting Conditions**"), the performance period, vesting period, and vesting date(s) but in any event such period(s) and date(s) shall not be later than the Date of Expiry; and
 - (h) Any other information deemed necessary by the LTIP Committee.
- 34.5 Without prejudice to By-laws 17 and 18, in the event of an error on the part of the Company in stating any of the particulars referred to in By-law 34.4, the following provisions shall apply:-
- (a) Within one (1) month after discovery of the error, the Company shall issue a supplemental Offer Letter, stating the correct particulars referred to in By-law 34.4;
 - (b) In the event that the error relates to particulars other than the Subscription Price, the Subscription Price applicable in the supplemental Offer Letter shall remain as the Subscription Price as per the original Offer Letter; and

- (c) In the event that the error relates to the Subscription Price, the Subscription Price applicable in the supplemental Offer Letter shall be the Subscription Price applicable as at the date of the original Offer Letter, save and except with respect to any ESOS Option which have already been exercised as at the date of issue of the supplemental Offer Letter.
- 34.6 Subject to By-law 34 hereof, nothing herein shall prevent the LTIP Committee from making more than one (1) Offer to any Eligible Person **PROVIDED ALWAYS THAT** the total aggregate number of SEGi Shares which may be offered to any Eligible Person (inclusive of SEGi Shares previously offered under the LTIP, if any) shall not exceed the Maximum Allowable Allocation of that Eligible Person as set out in By-law 8 hereof.
- 34.7 The LTIP Committee has the discretion not to make further additional Offers.
- 34.8 The Offers shall automatically lapse and be null and void in the event of the death of the Eligible Person or the Eligible Person ceasing to be employed by the SEGi Group for any reason whatsoever prior to the acceptance of the Offers by the Eligible Person in the manner set out in By-law 35 hereof.
- 34.9 After each adjustment following an alteration of the Company's share capital as stipulated in By-laws 13.1 and 13.2 and the Company informing the ESOS Grantee of such adjustment pursuant to By-law 13.5, upon the return by an ESOS Grantee of the original Offer Letter to the Company, that letter shall be amended or a new Offer Letter shall be issued within one (1) month from the date of return of the original Offer Letter, to reflect the adjustment made to the number of ESOS Options granted to the ESOS Grantee and/or the Subscription Price.
- 34.10 The LTIP Committee may, by giving notice in writing to the Eligible Person, vary or waive the terms of any Vesting Condition, performance period or other conditions.
- 34.11 The Company shall keep and maintain at its own expense a register of ESOS Grantees and shall enter the names, addresses and identify card numbers of the ESOS Grantees, the Maximum Allowable Allocation, the number of ESOS Options offered, the number of ESOS Options exercised, the Date of Offer and the Exercise Price and other particulars as may be prescribed under Section 68A of the Act.
- 34.12 For the avoidance of doubt, there shall be no legal, equitable or other obligation whatsoever on the part of the LTIP Committee to consider making, or to make, any Offer to any or all of the Eligible Persons.
- 34.13 Each vested ESOS Option shall be exercisable into one (1) SEGi Share, fully issued and paid-up, in accordance with the provisions of these By-laws.

35. ACCEPTANCE OF THE OFFER

- 35.1 An Offer of the ESOS Option(s) shall be valid for a period of thirty (30) calendar days from the Date of Offer or such period as the LTIP Committee at its discretion, determines on a case to case basis ("**Validity Period**"). Acceptance of the said Offer by an Eligible Person shall be made by way of a written notice from the Eligible Person to the LTIP Committee in the form prescribed by the LTIP Committee and accompanied by the payment of Ringgit Malaysia One (RM1.00) only as non-refundable consideration for the acceptance of each Offer (regardless of the number of shares comprised therein).
- 35.2 In the event that the Eligible Person fails to accept the Offer of the ESOS Option(s) or pay the acceptance consideration as set out in By-law 35.1 hereof within the Validity Period and in the manner aforesaid, the said Offer shall be deemed to have lapsed.

36. SUBSCRIPTION PRICE

36.1 The Subscription Price of each Share comprised in any ESOS Option shall be:

- (a) the weighted average market price of the SEGi Shares for the five (5) Market Days immediately preceding the Date of Offer less a discount of not more than ten per centum (10%) therefrom or such other percentage of discount as may be permitted by Bursa Securities and/or any other relevant authorities from time to time; or
- (b) the par value of the SEGi Shares or at such minimum exercise price as may be permitted by the provisions of the Act and the Main Market Listing Requirements;

whichever is higher, as determined by the Board upon recommendation of the LTIP Committee which shall be binding and conclusive.

36.2 The Subscription Price shall be subject to any adjustments provided under By-law 13 herein.

37. VESTING CONDITIONS

37.1 Subject to By-laws 6, 7 and 37.2, the ESOS Option(s) or such part thereof will only vest to the ESOS Grantee on the vesting date(s) if:

- (a) the ESOS Grantee remains in employment with the SEGi Group as at the vesting date; and
- (b) the other Vesting Conditions (if any) are fully and duly satisfied.

37.2 The LTIP Committee shall have the discretion to determine whether any Vesting Condition has been satisfied (whether fully or partially) or exceeded and in making any such determination, the LTIP Committee shall have the right to make reference to (among others) the audited results of the SEGi Group, to take into account such factors as the LTIP Committee may determine to be relevant, such as changes in accounting methods, taxes and extraordinary events, and further, to amend any Vesting Conditions if the LTIP Committee decides that a changed performance target would be a fairer measure of performance. Where the LTIP Committee has made the determination that the Vesting Conditions and all other stipulated conditions have been fulfilled (whether fully or partially) pursuant to the ESOS Option, the LTIP Committee shall notify the ESOS Grantee of the number of ESOS Options vested and the vesting date of such ESOS Option. No ESOS Grantee shall have any right to exercise any ESOS Options granted to the ESOS Grantee until the ESOS Options are vested on the ESOS Grantee pursuant to this By-Law. The decision and/or determination of the LTIP Committee on the vesting of the ESOS Option on the ESOS Grantee pursuant to these By-Laws shall be final and conclusive.

37.3 Unless otherwise determined by the LTIP Committee if the Vesting Conditions are not fulfilled in accordance with the period as set out in the Offer Letter, that ESOS Option(s) shall lapse and be of no value.

38. EXERCISE OF ESOS OPTIONS

- 38.1 Subject to By-laws 38.2 and 38.7 hereof, an ESOS Option can be exercised by the ESOS Grantee by notice in the prescribed form to the Company on the first or fifteenth of every month during the Exercise Period in respect of all or any part of the SEGi Shares comprised in the ESOS Option, such part being in multiples of one hundred (100) SEGi Shares. For the avoidance of doubt, if the first or fifteenth day of any month shall fall on a day which is not a Market Day, then the notice in writing by the ESOS Grantee to the Company shall be submitted on the Market Day immediately following the first or fifteenth of the said month. Any partial exercise of an ESOS Option shall not preclude the ESOS Grantee from exercising the ESOS Option in respect of the balance of the SEGi Shares comprised in the ESOS Option.
- 38.2 Subject to By-laws 13 and 17 hereof, the LTIP Committee may, at any time and from time to time, before and after an ESOS Option is granted, limit the exercise of the ESOS Option to a maximum number of SEGi Shares and/or such percentage of the total SEGi Shares comprised in the ESOS Option during such periods within the LTIP Period, subject to the exercise of the ESOS Option to any Vesting Condition determined by the LTIP Committee at its sole and absolute discretion including but not limited to performance targets being achieved before an ESOS Option(s) can be exercised and/or impose any other terms and/or conditions (including the time period to exercise the ESOS Option) as the LTIP Committee may, in its sole discretion deem appropriate including amending or varying any terms and conditions imposed earlier.
- 38.3 Every such notice to exercise the ESOS Option referred to in By-law 38.1 hereof shall be accompanied by a remittance in RM in the form of a bankers' draft or cashiers' order drawn and payable in Malaysia or any other from acceptable to the LTIP Committee for the full amount of subscription monies (calculated in accordance with the provisions of By-law 38 hereof) in relation to the number of SEGi Shares in respect of which the written notice is given.
- 38.4 The Company shall allot and issue such new SEGi Shares to the ESOS Grantee in accordance with the provisions of the Company's Articles of Association, the Central Depositories Act and the Rules of Bursa Depository, despatch the notice of allotment or transfer to the ESOS Grantee and make an application for the listing of and quotation for the new SEGi Shares within eight (8) Market Days from the receipt by the Company of the aforesaid notice and remittance from the ESOS Grantee or such other period as may be prescribed by Bursa Securities.
- 38.5 The LTIP Committee, the Board of SEGi and the Company shall not under any circumstances whatsoever be liable for any costs, expenses, charges and damages whatsoever and howsoever arising whether arising directly or indirectly from any delay on the part of the Company in allotting and issuing of the new SEGi Shares or in procuring Bursa Securities to list the new SEGi Shares for which the ESOS Grantee is entitled to subscribe or otherwise.
- 38.6 The ESOS Grantee who exercises his/her ESOS Option shall provide the LTIP Committee with his/her CDS Account number or the CDS Account number of his/her Authorised Nominee, as the case may be, in the notice referred to in By-law 38.1 hereof. The SEGi Shares to be issued pursuant to the exercise of an ESOS Option will be credited directly into the CDS Account of the ESOS Grantee or his/her Authorised Nominee, as the case may be and a notice of allotment stating the number of shares credited into such CDS Account will be issued to the ESOS Grantee within eight (8) Market Days from the receipt by the Company of the written notice of exercise of the ESOS Option together with the requisite remittance of monies and no physical share certificate will be issued.

- 38.7 In the event that an ESOS Grantee is subject to a performance improvement plan (“**PIP**”)/ disciplinary proceedings (whether or not such PIP/disciplinary proceedings will give rise to a dismissal or termination of service) the LTIP Committee shall have the right, to suspend the ESOS Grantee’s ESOS Option from being vested and/or exercised pending the achievement of the stipulated improvement plan targets by the ESOS Grantee/ the outcome of such disciplinary proceedings. The LTIP Committee may impose such terms and conditions as the LTIP Committee shall deem appropriate having regard to the nature of the PIP/charges made or brought against the ESOS Grantee **PROVIDED ALWAYS THAT:**
- (a) in the event that such ESOS Grantee shall subsequently achieve the stipulated improvement plan targets/be found not guilty of the charges which give rise to such disciplinary proceedings, the LTIP Committee shall reinstate the rights of such ESOS Grantee to be vested and/or to exercise his/her vested ESOS Option;
 - (b) in the event the ESOS Grantee fails to achieve the stipulated improvement plan targets/disciplinary proceedings result in a recommendation for the dismissal or termination of service of such ESOS Grantee, the ESOS Option (whether or not vested) shall immediately cease without notice and be null and void and of no further force and effect upon pronouncement of the dismissal or termination of service of such ESOS Grantee notwithstanding that such recommendation may be subsequently challenged by the ESOS Grantee in any other forum; and
 - (c) in the event such ESOS Grantee only partially achieves the stipulated improvement plan targets/is found guilty but not dismissed or termination of service is not recommended, the LTIP Committee shall have the right to determine at its discretion whether or not the ESOS Grantee may continue to be vested and/or to exercise his/her ESOS Option and/or adjust such number of ESOS Options to be vested and if so, to impose such limits, terms and conditions as it deems appropriate, on such vesting and/or exercise.

The LTIP Committee may, after a warning /caution letter has been issued to an ESOS Grantee by the relevant company within the SEGi Group suspend the ESOS Grantee’s ESOS Option from being vested and/or exercised until such time as the LTIP Committee determines at its discretion whether or not the ESOS Grantee may continue to be vested and/or exercise his/her ESOS Option and if so, whether to impose such limits, terms and conditions as the LTIP Committee deems appropriate, on such vesting and/or exercise.

For the purpose of this By-laws, an ESOS Grantee shall be deemed to be subject to “disciplinary proceedings” if:

- (i) he/ she is suspended from work pending investigation into his/ her conduct;
 - (ii) he/ she is issued with a letter requiring him/ her to attend an internal domestic inquiry; or
 - (iii) such other instances as the LTIP Committee may deem as being subject to disciplinary proceedings.
- 38.8 All ESOS Options to the extent unexercised and/or unvested on the expiry or earlier termination of the LTIP Period applicable thereto shall lapse.
- 38.9 The Company will undertake to keep sufficient authorised and unissued SEGi Shares to satisfy all outstanding ESOS Option, which may be exercisable from time to time during the existence of the LTIP.

- 38.10 Any failure to comply with the procedures specified by the LTIP Committee or to provide information as required by the Company in the notice to exercise or inaccuracy in the CDS Account number provided shall result in the notice to exercise being rejected at the discretion of the LTIP Committee. The LTIP Committee shall inform the ESOS Grantee of the rejection of the notice of exercise within ten (10) Market Days from the date of rejection and the ESOS Grantee shall not have deemed to have exercised his/her ESOS Option.
- 38.11 The Company, the Board and the LTIP Committee shall not under any circumstances be held liable to any person for any costs, losses, expenses, damages or liabilities whatsoever and howsoever arising in the event of any delay on the part of the Company in allotting and issuing or crediting the SEGi Shares or in procuring the relevant authorities to list and quote the SEGi Shares subscribed for by an ESOS Grantee (where applicable) or any delay in receipt or non-receipt by the Company of the notice to exercise the ESOS Options or for any errors in any ESOS Options or any other matters or dealings which are outside the control of the Company, the Board and/or the LTIP Committee.
- 38.12 Every ESOS Option shall be subjected to the condition that no SEGi Shares shall be vested, issued and/or credited pursuant to the exercise of an ESOS Option if such vesting, issue and/or crediting would be contrary to any law, enactment, rule and/or regulation of any legislative or non-legislative body which may be in force during the LTIP Period or such period as may be extended.
- 38.13 Notwithstanding anything to the contrary herein contained, the LTIP Committee shall at any time during the LTIP Period have the sole and absolute discretion to determine whether to purchase all but not part of the vested but unexercised ESOS Options from an ESOS Grantee. The price payable for the purchase shall be:
- (a) the 3 month weighted average market price of SEGi Shares immediately before the date of the notice of the purchase in excess of the Subscription Price for each vested but unexercised ESOS Options held by the ESOS Grantee; or
 - (b) RM1.00 for all vested but unexercised ESOS Options held by the ESOS Grantee,
- whichever is the higher.

Upon completion of the purchase of the vested but unexercised ESOS Options from the ESOS Grantee all vested but unexercised ESOS Options purchased and all unvested ESOS Options held by that ESOS Grantee shall lapse.

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PART C : SGP

39. OFFER OF PSP GRANTS

- 39.1 The LTIP Committee may, annually at any time during the duration of the LTIP as defined in By-law 6 hereof, make an Offer(s) of PSP Grants in writing to any Eligible Person (based on the criteria of allocation as set out in By-law 8 herein) selected by the LTIP Committee which selection shall be at the absolute discretion of the LTIP Committee.
- 39.2 The actual number of SEGi Shares which may be offered to an Eligible Person shall be at the sole and absolute discretion of the LTIP Committee and, subject to any adjustments that may be made under By-law 13 hereof, shall not be less than one hundred (100) SEGi Shares but not more than the Maximum Allowable Allocation and shall always be in multiples of one hundred (100) SEGi Shares.
- 39.3 An Offer may be made upon such terms and conditions as the LTIP Committee may decide from time to time. Each Offer shall be made in writing and is personal to the Eligible Person and is non-assignable and non-transferable.
- 39.4 The LTIP Committee may state the following particulars in the Offer Letter (where applicable):-
- (a) The number of SEGi Shares to be granted under the Offer Letter;
 - (b) The LTIP Period;
 - (c) The Date of Offer;
 - (d) The Vesting Conditions, the performance period, vesting period, and vesting date(s) but in any event such period(s) and date(s) shall not be later than the Date of Expiry; and
 - (e) Any other information deemed necessary by the LTIP Committee.
- 39.5 The LTIP Committee shall notify each PSP Grantee of the PSP Grant of such performance targets, performance period, Vesting Conditions, vesting date(s) or such other conditions to be stipulated by the LTIP Committee and the number of SEGi Shares vested onto him/ her on the vesting dates PROVIDED THAT there may be excluded from such notice any information the disclosure of which the LTIP Committee shall reasonably consider would prejudice confidentiality.
- 39.6 Without prejudice to By-laws 17 and 18, in the event of an error on the part of the Company in stating any of the particulars referred to in By-laws 39.4 and/or 39.5, the Company shall issue a supplemental Offer Letter, stating the correct particulars referred to in By-law 39.4 and/or 39.5 within one (1) month after discovery of the error,;
- 39.7 Subject to By-law 39 hereof, nothing herein shall prevent the LTIP Committee from making more than one (1) Offer to any Eligible Person **PROVIDED ALWAYS THAT** the total aggregate number of SEGi Shares which may be offered to any Eligible Person (inclusive of SEGi Shares previously offered under the LTIP, if any) shall not exceed the Maximum Allowable Allocation of that Eligible Person as set out in By-law 8 hereof.

- 39.7 The LTIP Committee has the discretion not to make further additional Offers.
- 39.8 The Offers shall automatically lapse and be null and void in the event of the death of the Eligible Person or the Eligible Person ceasing to be employed by the SEGi Group for any reason whatsoever prior to the acceptance of the Offers by the Eligible Person in the manner set out in By-law 40 hereof.
- 39.9 After each adjustment following an alteration of the Company's share capital as stipulated in By-laws 13.1 and 13.2 and the Company informing the PSP Grantee of such adjustment pursuant to By-law 13.5, upon the return by a PSP Grantee of the original Offer Letter to the Company, that letter shall be amended or a new Offer Letter shall be issued within one (1) month from the date of return of the original Offer Letter, to reflect the adjustment made to the number of SEGi Shares granted to the PSP Grantee.
- 39.10 The LTIP Committee may, by giving notice in writing to the Eligible Person, vary or waive the terms of any Vesting Condition, performance period or other conditions.
- 39.11 For the avoidance of doubt, there shall be no legal, equitable or other obligation whatsoever on the part of the LTIP Committee to consider making, or to make, any Offer to any or all of the Eligible Persons.

40. ACCEPTANCE OF THE OFFER OF PSP GRANT

- 40.1 An Offer of PSP Grant shall be valid for a period of thirty (30) calendar days from the Date of Offer or such period as the LTIP Committee at its discretion, determines on a case to case basis ("**Validity Period**"). Acceptance of the said Offer by an Eligible Person shall be made by way of a written notice from the Eligible Person to the LTIP Committee in the form prescribed by the LTIP Committee and accompanied by the payment of Ringgit Malaysia One (RM1.00) only as non-refundable consideration for the acceptance of each Offer of PSP Grant (regardless of the number of shares comprised therein).
- 40.2 In the event that the Eligible Person fails to accept the Offer of PSP Grant or pay the acceptance consideration as set out in By-law 40.1 hereof within the Validity Period and in the manner aforesaid, the said Offer of PSP Grant shall be deemed to have lapsed.

41. VESTING CONDITIONS

- 41.1 Subject to By-laws 6, 7 and 42.2, the SEGi Shares comprised in the PSP Grant or such part thereof will only vest to the PSP Grantee on the vesting date(s) if:
- (a) the PSP Grantee remains in employment with the SEGi Group as at the vesting date; and
 - (b) the other Vesting Conditions (if any) are fully and duly satisfied.

- 41.2 The LTIP Committee shall have the discretion to determine whether any Vesting Condition has been satisfied (whether fully or partially) or exceeded, and in making any such determination, the LTIP Committee shall have the right to make reference to (among others) the audited results of the SEGi Group, to take into account such factors as the LTIP Committee may determine to be relevant, such as changes in accounting methods, taxes and extraordinary events, and further, to amend any Vesting Conditions if the LTIP Committee decides that a changed performance target would be a fairer measure of performance. Where the LTIP Committee has made the determination that the Vesting Conditions and all other stipulated conditions have been fulfilled (whether fully or partially) pursuant to the PSP Grant, the LTIP Committee shall notify the PSP Grantee of the number of SEGi Shares vested or which will be vested to the PSP Grantee on the vesting date of such SEGi Shares. No PSP Grantee shall have any right to or interest in the SEGi Shares granted to him unless and until the SEGi Shares are vested in him on and with effect from the date of vesting of the said SEGi Shares. The decision and/or determination of the LTIP Committee on the vesting of the SEGi Shares on the PSP Grantee pursuant to these By-Laws shall be final and conclusive.
- 41.3 Unless otherwise determined by the LTIP Committee if the Vesting Conditions are not fulfilled in accordance with the period as set out in the Offer Letter, that PSP Grant shall lapse and be of no value.

42. DELIVERY OF SEGi SHARES

- 42.1 In respect of SEGi Shares which are vested onto a PSP Grantee pursuant to By-laws 41, the Company shall as soon as reasonably practicable following the date of vesting, credit such SEGi Shares to the PSP Grantee's CDS Account in accordance with the provisions of the Company's Articles of Association, the Central Depositories Act and the Rules of Bursa Depository, despatch the notice stating such number of SEGi Shares credited into the CDS Account of the PSP Grantee. Where new SEGi Shares are to be allotted and issued following the vesting, the Company shall allot and issue and/or transfer such SEGi Shares to the PSP Grantee in accordance with the provisions of the Company's Articles of Association, the Central Depositories Act and the Rules of Bursa Depository, despatch the notice of allotment or transfer to the PSP Grantee and make an application for the listing of and quotation for the new SEGi Shares.
- 42.2 The LTIP Committee, the Board of SEGi and the Company shall not under any circumstances whatsoever be liable for any costs, expenses, charges and damages whatsoever and howsoever arising whether arising directly or indirectly from any delay on the part of the Company in crediting the SEGi Shares.
- 42.3 The PSP Grantee shall provide the LTIP Committee with his/her CDS Account number or the CDS Account number of his/her Authorised Nominee, as the case may be. The SEGi Shares to be credited pursuant to the vesting will be credited directly into the CDS Account of the PSP Grantee or his/her Authorised Nominee, as the case may be and a notice stating the number of shares credited into such CDS Account will be issued to the PSP Grantee and no physical share certificate will be issued.
- 42.4 In the event that a PSP Grantee is subject to a PIP/disciplinary proceedings (whether or not such PIP/disciplinary proceedings will give rise to a dismissal or termination of service) the LTIP Committee shall have the right, to suspend the PSP Grantee's PSP Grant from being vested pending the achievement of the stipulated improvement plan targets by the PSP Grantee/ the outcome of such disciplinary proceedings. The LTIP Committee may impose such terms and conditions as the LTIP Committee shall deem appropriate having regard to the nature of the PIP/charges made or brought against the PSP Grantee **PROVIDED ALWAYS THAT:**
- (a) in the event that such PSP Grantee shall subsequently achieve the stipulated

improvement plan targets/be found not guilty of the charges which give rise to such disciplinary proceedings, the LTIP Committee shall reinstate the rights of such PSP Grantee to continue to hold or be vested his/her PSP Grant;

- (b) in the event the PSP Grantee fails to achieve the stipulated improvement plan targets/disciplinary proceedings result in a recommendation for the dismissal or termination of service of such PSP Grantee, the PSP Grant shall immediately cease without notice and be null and void and of no further force and effect upon pronouncement of the dismissal or termination of service of such PSP Grantee notwithstanding that such recommendation may be subsequently challenged by the PSP Grantee in any other forum; and
- (c) in the event such PSP Grantee only partially achieves the stipulated improvement plan targets/ is found guilty but not dismissed or termination of service is not recommended, the LTIP Committee shall have the right to determine at its discretion whether or not the PSP Grantee may continue hold or be vested his/her PSP Grant and/or adjust such number of PSP Grants to be vested and if so, to impose such limits, terms and conditions as it deems appropriate, on such vesting.

The LTIP Committee may, after a warning /caution letter has been issued to a PSP Grantee by the relevant company within the SEGi Group suspend the PSP Grantee's PSP Grant from being vested until such time as the LTIP Committee determines at its discretion whether or not the PSP Grantee may continue to be vested SEGi Shares under his/her PSP Grant and if so, whether to impose such limits, terms and conditions as the LTIP Committee deems appropriate, on such vesting.

For the purpose of this By-laws, a PSP Grantee shall be deemed to be subject to "disciplinary proceedings" if:

- (i) he/ she is suspended from work pending investigation into his/ her conduct;
- (ii) he/ she is issued with a letter requiring him/ her to attend an internal domestic inquiry; or
- (iii) such other instances as the LTIP Committee may deem as being subject to disciplinary proceedings.

42.5 All PSP Grants to the extent unvested on the expiry or earlier termination of the LTIP Period applicable thereto shall lapse.

42.6 The Company, the Board and the LTIP Committee shall not under any circumstances be held liable to any person for any costs, losses, expenses, damages or liabilities whatsoever and howsoever arising in the event of any delay on the part of the Company in crediting the SEGi Shares or in procuring the relevant authorities to list and quote the SEGi Shares subscribed for by a PSP Grantee (where applicable) or any delay in receipt or non-receipt by the Company of the notice or for any errors in any PSP Grants or any other matters or dealings which are outside the control of the Company, the Board and/or the LTIP Committee.

42.7 Every PSP Grant shall be subjected to the condition that no SEGi Shares shall be vested and/or credited pursuant to a PSP Grant if such vesting and/or crediting would be contrary to any law, enactment, rule and/or regulation of any legislative or non-legislative body which may be in force during the LTIP Period or such period as may be extended.

42.8 Notwithstanding anything to the contrary herein contained, the LTIP Committee shall at any time during the LTIP Period have the sole and absolute discretion to determine whether to purchase all or part of the unvested PSP Grants from the PSP Grantee. The price payable for the purchase shall be the 3 month weighted average market price of SEGi Shares

immediately before the date of the notice of the purchase. Upon completion of the purchase, all unvested PSP Grants held by that PSP Grantee (if any) shall lapse.

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THE SCHEDULE

In addition to By-law 13.1 and not in derogation thereof, the Subscription Price and the number of SEGi Shares relating to the ESOS Option so far unvested and/or unexercised and/or relating to a PSP Grant in so far as unvested shall from time to time be adjusted by LTIP Committee in accordance with the following relevant provisions in consultation with an Adviser and/or an auditor:

- (a) If and whenever a SEGi Share by reason of any consolidation or subdivision or conversion shall have a different par value, the Subscription Price shall be adjusted and the adjusted number of SEGi Shares relating to the ESOS Option / PSP Grant (where applicable) to be issued or transferred shall be calculated in accordance with the following formula:

$$\text{New Subscription Price} = S \times \left[\frac{\text{Revised Par Value}}{\text{Former Par Value}} \right]$$

where S = existing Subscription Price

$$\text{Adjusted Number of SEGi Shares} = T \times \left[\frac{\text{Former Par Value}}{\text{Revised Par Value}} \right]$$

where T = existing number of SEGi Shares relating to the ESOS Option / the PSP Grant

Each such adjustment will be effective from the close of business on the Market Day next following the date on which the consolidation or subdivision or conversion becomes effective (being the date when the SEGi Shares are traded on Bursa Securities at the new par value), or such period as may be prescribed by Bursa Securities.

- (b) If whenever the Company shall make any issue of SEGi Shares to ordinary shareholders credited as fully paid, by way of bonus issue or capitalisation of profits or reserves (whether of a capital or income nature and including any share premium account and capital redemption reserve fund), the Subscription Price shall be adjusted by multiplying it by the following fraction:

$$\frac{A}{A + B}$$

and the adjusted number of SEGi Shares relating to the ESOS Option to be issued / the additional number of SEGi Shares to be vested and transferred under the PSP Grant shall be calculated as follows:

$$\text{Adjusted Number of SEGi Shares} = T \times \left[\frac{A+B}{A} \right]$$

where

A = the aggregate number of issued and fully paid-up SEGi Shares immediately before such bonus issue or capitalisation issue;

B = the aggregate number of SEGi Shares to be issued pursuant to any allotment to ordinary shareholders credited as fully paid by way of capitalisation of profits or reserves (whether of a capital or income nature and including any share premium account and capital redemption reserve fund); and

T = as above.

Each such adjustment will be effective (if appropriate retroactively) from the commencement of the next Market Day following the books closure date for such issue.

(c) If and whenever the Company shall make:

- (i) a Capital Distribution (as defined below) to ordinary shareholders whether on a reduction of capital or otherwise (but excluding any cancellation of capital which is lost or unrepresented by available assets); or
- (ii) any offer or invitation to its ordinary shareholders whereunder they may acquire or subscribe for SEGi Shares by way of rights; or
- (iii) any offer or invitation to its ordinary shareholders by way of rights whereunder they may acquire or subscribe for securities convertible into SEGi Shares or securities with rights to acquire or subscribe for SEGi Shares,

then and in respect of each such case, the Subscription Price shall be adjusted by multiplying it by the following fraction:

$$\frac{C - D}{C}$$

and in respect of the case referred to in Clause (c)(ii) hereof, the adjusted number of SEGi Shares comprised in the ESOS Option to be issued / the adjusted number of SEGi Shares to be vested and transferred under a PSP Grant shall be calculated as follows:

$$\text{Adjusted Number of SEGi Shares} = T \times \left[\frac{C}{C-D^*} \right]$$

where

T = as above;

C = the current market price of each Share on the Market Day immediately preceding the date on which the Capital Distribution or, as the case may be, the offer or invitation is publicly announced to Bursa Securities or (failing any such announcement) immediately preceding the date of the Capital Distribution or, as the case may be, of the offer or invitation; and

D = (i) in the case of an offer or invitation to acquire or subscribe for SEGi Shares by way of rights under Clause (c)(ii) above or for securities convertible into SEGi Shares or securities with rights to acquire or subscribe for SEGi Shares under Clause (c)(iii) above, the value of rights attributable to one (1) Share (as defined below); or

(ii) in the case of any other transaction falling within Clause (c) hereof, the fair market value, as determined by the Adviser and/or an

auditor, of that portion of the Capital Distribution attributable to one (1) Share.

For the purpose of definition (i) of D above, the "value of the rights attributable to one (1) Share" shall be calculated in accordance with the formula:

$$\frac{C - E}{F + 1}$$

where:

- C = as C above;
- E = the subscription consideration for one (1) additional Share under the terms of such offer or invitation or subscription price for one (1) additional Share upon conversion of the convertible securities or exercise of such rights to acquire or subscribe for one (1) Share under the offer or invitation;
- F = the number of SEGi Shares which it is necessary to hold in order to be offered or invited to acquire or subscribe for one (1) additional Share or security convertible into rights to acquire or subscribe for one (1) additional Share; and
- D* = the value of rights attributable to one (1) Share (as defined below).

For the purpose of definition D* above, the "value of rights attributable to one (1) Share" shall be calculated in accordance with the formula:

$$\frac{C - E^*}{F^* + 1}$$

where:

- C = as C above;
- E* = the subscription price for one (1) additional Share under the terms of such offer or invitation; and
- F* = the number of SEGi Shares which it is necessary to hold in order to be offered or invited to acquire or subscribe for one (1) additional Share.

For the purpose of Clause (c) hereof, "Capital Distribution" shall (without prejudice to the generality of that expression) include distributions in cash or specie or by way of issue of SEGi Shares (not falling under Clause (b) hereof) or other securities credited as fully or partly paid-up by way of capitalisation of profits or reserves (whether of a capital or income nature and including any share premium account or capital redemption reserve fund). Any dividend declared or provided for by the Company in the accounts of any period shall (whenever paid and howsoever described) be deemed to be a Capital Distribution unless the aggregate dividends declared or provided for the financial year is less than ten per centum (10%) of the nominal value of the SEGi Shares.

Any dividend charged or provided for in the accounts of any period shall (whenever paid and howsoever described) be deemed to be a Capital Distribution unless it is paid out of the aggregate of the net profits attributable to the ordinary shareholders as shown in the audited consolidated profit and loss accounts of the Company.

Such adjustments will be effective (if appropriate retroactively) from the commencement of the next Market Day following the book closure date for the above transactions.

- (d) If and whenever the Company makes an allotment to its ordinary shareholders as provided in Clause (b) above and also makes an offer or invitation to its ordinary shareholders as provided in Clause (c)(ii) or (iii) above and the book closure date for the purpose of the allotment is also book closure date for the purpose of the offer or invitation, the Subscription Price shall be adjusted by multiplying it by the following fraction:

$$\frac{(G \times C) + (H \times I)}{(G + H + B) \times C}$$

and where the Company makes an allotment to its ordinary shareholders as provided in Clause (b) above and also makes an offer or invitation to its ordinary shareholders as provided in Clause (c)(ii) above and the entitlement date for the purpose of the allotment is also the book closure date for the purpose of the offer or invitation, the adjusted number of SEGi Shares relating to the ESOS Option to be issued / SEGi Shares to be vested and transferred under the PSP Grant shall be calculated as follows:

$$\text{Adjusted Number of SEGi Shares (ESOS Option)} = \frac{T \times (G + H^* + B) \times C}{(G \times C) + (H^* \times I^*)}$$

$$\text{Adjusted Number of SEGi Shares (PSP Grant)} = \frac{T \times (G + H + B) \times C}{(G \times C) + (H \times I)}$$

Where:

- B = as B above;
- C = as C above;
- G = the aggregate number of issue and fully paid-up SEGi Shares on the book closure date;
- H = the aggregate number of new SEGi Shares under an offer or invitation to acquire or subscribe for SEGi Shares by way of rights or under an offer or invitation by way of rights to acquire or subscribe for securities convertible into SEGi Shares or rights to acquire or subscribe for SEGi Shares, as the case may be;
- H* = the aggregate number of new SEGi Shares under an offer or invitation to acquire or subscribe for SEGi Shares by way of rights;
- I = the subscription price of one (1) additional Share under the offer or invitation to acquire or subscribe for SEGi Shares or the exercise price on conversion of such securities or exercise of such rights to acquire or subscribe for one (1) additional SEGi Share, as the case may be;
- I* = the subscription price of one (1) additional Share under the offer or invitation to acquire or subscribe for SEGi Shares; and
- T = as T above.

Such adjustment will be effective (if appropriate retroactively) from the commencement of the next Market Day following the book closure date for such issue.

- (e) If and whenever the Company makes any offer or invitation to its ordinary shareholders to acquire or subscribe for SEGi Shares as provided in Clause (c)(ii) above together with an offer or invitation to acquire or subscribe for securities convertible into or rights to acquire or subscribe for ordinary shareholders as provided in Clause (c)(iii) above, the Subscription Price shall be adjusted by multiplying it by the following fraction:

$$\frac{(G \times C) + (H \times I) + (J \times K)}{(G + H + J) \times C}$$

and the adjusted number of SEGi Shares relating to the ESOS Option to be issued / SEGi Shares to be vested and transferred under the PSP Grant shall be calculated as follows:

$$\text{Adjusted Number of SEGi Shares (ESOS Option)} = \frac{T \times (G + H^*) \times C}{(G \times C) + (H^* \times I^*)}$$

$$\text{Adjusted Number of SEGi Shares (PSP Grant)} = \frac{T \times (G + H + J) \times C}{(G \times C) + (H \times I) + (J \times K)}$$

where:

C = as C above;

G = as G above;

H = as H above;

H* = as H* above;

I = as I above;

I* = as I* above;

J = the aggregate number of SEGi Shares to be issued to its ordinary shareholders upon conversion of such securities or exercise of such rights to subscribe for SEGi Shares by the ordinary shareholders;

K = the exercise price on conversion of such securities or exercise of such rights to acquire or subscribe for one (1) additional SEGi Share; and

T = as T above.

Such adjustment will be effective (if appropriate retroactively) from the commencement of the next Market Day following the book closure date for the above transactions.

- (f) If and whenever the Company makes an allotment to its ordinary shareholders as provided in Clause (b) above and also makes an offer or invitation to acquire or subscribe for SEGi Shares to its ordinary shareholders as provided in Clause (c)(ii) above, together with rights to acquire or subscribe for SEGi Shares as provided in Clause (c)(iii) above, and the book closure date

for the purpose of allotment is also the book closure for the purpose of the offer or invitation, the Subscription Price shall be adjusted by multiplying it by the following fraction:

$$\frac{(G \times C) + (H \times I) + (J \times K)}{(G + H + J + B) \times C}$$

and the adjusted number of SEGi Shares relating to the ESOS Option to be issued / SEGi Shares to be vested and transferred under the PSP Grant shall be calculated as follows:

$$\text{Adjusted Number of SEGi Shares (ESOS Option)} = T \times \frac{(G + H^* + B) \times C}{(G \times C) + (H^* \times I^*)}$$

$$\text{Adjusted Number of SEGi Shares (PSP Grant)} = T \times \frac{(G + H + J + B) \times C}{(G \times C) + (H \times I) + (J \times K)}$$

where:

B	=	as B above;
C	=	as C above;
G	=	as G above;
H	=	as H above;
H*	=	as H* above;
I	=	as I above;
I*	=	as I* above;
J	=	as J above;
K	=	as K above; and
T	=	as T above.

Such adjustment will be effective (if appropriate retroactively) from the commencement of the next Market Day following the books closure date for the above transaction.

- (g) If and whenever (otherwise than pursuant to a rights issue available to all ordinary shareholders and requiring an adjustment under Clause (c)(ii), (c)(iii), (d), (e) or (f) above), the Company shall issue either any SEGi Shares or any securities convertible into SEGi Shares or any rights to acquire or subscribe for SEGi Shares, and in any such case, the Total Effective Consideration per SEGi Share (as defined below) is less than ninety per cent (90%) of the Average Price for one (1) Share (as defined below) or, as the case may be, the price at which the SEGi Shares will be issued upon conversion of such securities or exercise of such rights is determined, the Subscription Price shall be adjusted by multiplying it by the following fraction:

$$\frac{L + M}{L + N}$$

where:

L	=	the number of SEGi Shares in issue at the close of business on the Market Day immediately preceding the date on which the relevant adjustment becomes effective;
M	=	the number of SEGi Shares which the Total Effective Consideration (as defined below) would have purchased at the Average Price (exclusive of expenses); and

N = the aggregate number of SEGi Shares so issued or, in the case of securities convertible into SEGi Shares or rights to acquire or subscribe for SEGi Shares, the maximum number (assuming no adjustment of such rights) of SEGi Shares issuable upon full conversion of such securities or the exercise in full of such rights.

For the purpose of this Clause (g), the "Total Effective Consideration" shall be determined by the Board with the concurrence of an Adviser and/or an auditor and shall be:

- (i) in the case of the issue of SEGi Shares, the aggregate consideration receivable by the Company on payment in full for such SEGi Shares; or
- (ii) in the case of the issue by the Company of securities with rights to acquire or subscribe for SEGi Shares, the aggregate consideration receivable by the Company on payment in full for such securities or such part of the securities as is convertible together with the total amount receivable by the Company upon full conversion of such securities (if any); or
- (iii) in the case of the issue by the Company of securities with rights to acquire or subscribe for SEGi Shares, the aggregate consideration attributable to the issue of such rights together with the total amount receivable by the Company upon full exercise of such rights;

in each case without any deduction of any commissions, discounts or expenses paid, allowed or incurred in connection with the issue thereof, and "Total Effective Consideration per Share" shall be the Total Effective Consideration divided by the number of SEGi Shares issued as aforesaid or, in the case of securities convertible into SEGi Shares or securities with rights to acquire or subscribe for SEGi Shares, by the maximum number of SEGi Shares issuable on full conversion of such securities or on exercise in full of such rights.

For the purpose of this Clause (g), the Average Price of a Share shall be the average price of one (1) Share as derived from the last dealt prices for one or more board lots of SEGi Shares as quoted on Bursa Securities on the Market Days comprised in the period used as a basis upon which the issue price of such SEGi Shares is determined.

Each such adjustment will be calculated (if appropriate retroactively) from the close of business on Bursa Securities on the next Market Day following the date on which the issue is announced, or (failing any such announcement) on the next Market Day following the date on which the Company determines the offering price of such SEGi Shares. Each such adjustment will be effective (if appropriate retroactively) from the close of the Market Day preceding the date on which the issue is announced or (failing any such announcement) immediately preceding the date on which the Company determined the offering price of such SEGi Shares, securities or rights.

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

This Circular has been seen and approved by the Board, and the Directors individually and collectively accept full responsibility for the accuracy of the information contained in this Circular and confirm that, after making all reasonable enquiries and to the best of their knowledge and belief, there is no other fact, the omission of which would make any statement herein false or misleading.

2. CONSENT

RHBIB, being the Adviser for the Proposed LTIP, has given and has not subsequently withdrawn its written consent to the inclusion in this Circular of its name and all references thereto in the form and context in which they appear in this Circular.

3. DECLARATION OF CONFLICT OF INTEREST

RHBIB has given its written confirmation that there is no conflict of interest which exists or is likely to exist in relation to its role as the Adviser for the Proposed LTIP.

4. MATERIAL LITIGATION, CLAIMS OR ARBITRATION

As at the LPD, the Group is not engaged in any material litigation, claim or arbitration, either as plaintiff or defendant, which has a material effect on the financial position of the Group and the Board has no knowledge of any proceedings pending or threatened against the Group or any fact likely to give rise to any proceeding which may materially and adversely affect the financial position of the Group.

5. MATERIAL COMMITMENTS

Save as disclosed below, as at the LPD, the Board is not aware of any material commitments incurred or known to be incurred by the Group that has not been provided for, which upon becoming enforceable, may have a material impact on the financial results/ position of the Group.

RM'000**Operating lease commitments**

• Not later than one (1) year	31,713
• Later than two (2) years and not later than five (5) years	81,874
• Later than five (5) years	28,165

6. CONTINGENT LIABILITIES

As at the LPD, the Board is not aware of any contingent liabilities incurred or known to be incurred which, upon becoming enforceable, may have a material impact on the financial results/ position of the Group.

7. DOCUMENTS AVAILABLE FOR INSPECTION

The following documents are 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 Darul Ehsan, Malaysia during normal business hours from Monday to Friday (except public holidays) from the date of this Circular up to and including the date of the forthcoming EGM of the Company:-

- i. Memorandum and Articles of Association of SEGi;
- ii. Audited consolidated financial statements of SEGi for the past two (2) financial years up to the FYE 31 December 2013 and the latest unaudited quarterly report of SEGi for the FPE 31 March 2014;
- iii. The letter of consent referred to in Section 2 above;
- iv. The declaration of conflict of interest referred to in Section 3 above; and
- v. The draft By-Laws for the Proposed LTIP as set out in Appendix I of this Circular.

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SEG
International
Bhd

SEG INTERNATIONAL BHD

(Company No.: 145998-U)

(Incorporated in Malaysia under the Companies Act, 1965)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Extraordinary General Meeting of SEG International Bhd ("SEGi" or the "Company") will be held at Level 2, Right Wing, SEGi University, No. 9, Jalan Teknologi, Taman Sains Selangor, Kota Damansara, PJU 5, 47810 Petaling Jaya, Selangor Darul Ehsan on Wednesday, 18 June 2014 at 11.00 a.m. or immediately following the conclusion or adjournment of the Twenty-Eighth Annual General Meeting of the Company scheduled to be held at the same venue and on the same date at 10.30 a.m., whichever is later, for the purpose of considering and if thought fit, passing with or without modification, the following resolutions:-

ORDINARY RESOLUTION 1

PROPOSED ESTABLISHMENT OF A LONG TERM INCENTIVE PLAN ("PROPOSED LTIP")

"THAT, subject to the approvals of the relevant authorities for the Proposed LTIP having been obtained and to the extent permitted by law and the Memorandum and Articles of Association of the Company, the Directors be and are hereby authorised:-

- (a) to establish, implement and administer the Proposed LTIP in accordance with the by-laws of the Proposed LTIP ("By-Laws"), a draft of which is set out in Appendix I of the circular to shareholders of SEGi dated 27 May 2014 ("Circular"), and for such purpose, the basis of determining the subscription price of the ordinary shares at par value of RM0.25 each in SEGi ("SEGi Shares") comprised in the employees' share option scheme ("ESOS") options, the rationale and justifications for the Proposed LTIP as well as the utilisation of proceeds are disclosed in Sections 2.2.5, 3 and 4 of the Circular, respectively, and to approve and adopt the By-Laws;
- (b) to appoint a trustee ("Trustee") to facilitate the implementation of the Proposed LTIP and authorise the Trustee to (amongst others) purchase SEGi Shares for the purpose of the Proposed LTIP;
- (c) to provide money or other assistance (financial or otherwise), and/ or to authorise and/ or procure any one or more of the subsidiary companies of the Company, to provide money or other assistance (financial or otherwise) from time to time if required to enable the Trustee to purchase SEGi Shares;
- (d) to issue new SEGi Shares pursuant to the Proposed LTIP from time to time as may be required for the purpose of the Proposed LTIP, provided always that the total number of SEGi Shares which may be made available under the Proposed LTIP and any other employee share issuance scheme to be implemented by the Company, if any, shall not in aggregate exceed 15% of the issued and paid-up share capital of the Company (excluding treasury shares, if any) at any time during the existence of the Proposed LTIP;
- (e) to modify and/ or amend the Proposed LTIP and/ or the By-Laws from time to time provided that such modifications and/ or amendments are permitted and effected in accordance with the provisions of the By-Laws relating to modifications and/ or amendments; and

- (f) to do all such acts, execute all such documents and to enter into all such transactions, arrangements and agreements, deeds or undertakings (including but not limited to the trust deeds with the Trustee) and to make such rules or regulations, or impose such terms and conditions or delegate its power as may necessary or expedient in order to give full effect to the Proposed LTIP and terms of the By-Laws (with full power to consent to and to adopt such conditions, modifications, variations and/ or amendments as they may deem fit and/ or as may be required by the relevant authorities)."

ORDINARY RESOLUTION 2

PROPOSED GRANT OF ESOS OPTIONS AND/ OR SEGi SHARES TO HEW MOI LAN

"THAT, subject to the passing of Ordinary Resolution 1 and the approvals of the relevant authorities being obtained, approval be and is hereby given to the Board to authorise the LTIP Committee, from time to time throughout the duration of the Proposed LTIP, to offer and grant Hew Moi Lan, Executive Director/ Chief Executive Officer of the Company up to 2,500,000, options to subscribe for new SEGi Shares and/ or SEGi Shares under the Proposed LTIP, in accordance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (where applicable), or any prevailing guidelines issued by Bursa Malaysia Securities Berhad or any other relevant authorities, as amended from time to time, for the purposes as set out in the Circular and subject always to such terms and conditions and/ or any adjustments which may be made in accordance with the provisions of the By-Laws.

PROVIDED ALWAYS THAT:-

- i. The executive Directors and senior management do not participate in the deliberation or discussion of their own allocation;
- ii. The allocation to an eligible person, who either singly or collectively, through persons connected to the eligible person, holds 20% or more of the issued and paid-up share capital of SEGi, must not exceed 10% of the new SEGi Shares available under the Proposed LTIP; and
- iii. Not more than 60% of the new SEGi Shares available under the Proposed LTIP shall be allocated in aggregate to the executive Directors and senior management of SEGi and its subsidiary companies, which are not dormant."

By Order of the Board

Chong Poh Yee (MIA 7620)
Hew Ling Sze (MAICSA 7010381)
Company Secretaries

Petaling Jaya, Selangor Darul Ehsan
27 May 2014

Notes:-

1. *A proxy may but need not be a member of the Company. There shall be no restriction as to the qualification of the proxy.*
2. *A member entitled to attend, speak and vote at the extraordinary general meeting ("EGM") is entitled to appoint not more than two (2) proxies to attend, speak and vote instead of him/ her.*
3. *Where a member of the Company is an authorised nominee, it may appoint not more than two (2) proxies in respect of each securities account it holds.*
4. *Where a member is an exempt authorised nominee, there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect to each omnibus account it holds.*
5. *Where a member or the authorised nominee appoints two (2) proxies, or where an exempt authorised nominee appoints two (2) or more proxies, such appointment shall be invalid unless he/ she specifies the proportion of his/ her holdings to be represented by each proxy.*
6. *The instrument appointing a proxy shall be in writing under the hand of the appointer or his/ her attorney duly authorised in writing or if such appointor is a corporation, either under its common seal or the hand of its attorney or an officer duly authorised.*
7. *The instrument appointing a proxy, together with the power of attorney or other authority (if any) under which it is signed, or notarially certified copy thereof, shall be deposited 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 Darul Ehsan not less than 48 hours before the time set for holding the EGM or any adjourned thereof.*
8. *Only members whose names appear in the Record of Depositors on 11 June 2014 shall be eligible to attend the EGM.*



SEG
International
Bhd

SEG INTERNATIONAL BHD

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

PROXY FORM

I/ We _____

of _____
(Full address)

being a member / members of **SEG International Bhd (145998-U)** hereby appoint _____

of _____

or failing him/ her _____

of _____
or failing him/ her the Chairman of the meeting as *my/ our proxy to vote for *me/ us and on *my/ our behalf at the Extraordinary General Meeting of the Company to be held at Level 2, Right Wing, SEGi University, No. 9, Jalan Teknologi, Taman Sains Selangor, Kota Damansara, PJU 5, 47810 Petaling Jaya, Selangor Darul Ehsan on Wednesday, 18 June 2014 at 11.00 a.m. or immediately following the conclusion or adjournment of the Twenty-Eighth Annual General Meeting of SEGi scheduled to be held at the same venue and on the same date at 10.30 a.m., whichever is later.

*My/ our proxy is to vote either on a show of hands or on a poll as as indicated below by an "X".

RESOLUTIONS	FOR	AGAINST
ORDINARY RESOLUTION 1 – PROPOSED LTIP		
ORDINARY RESOLUTION 2 – PROPOSED GRANT OF ESOS OPTIONS AND/ OR SEGi SHARES TO HEW MOI LAN		

Signed this _____ day of _____ 2014

Number of shares held

Signature(s) of Member(s)

Affix Company's Seal (if applicable)

Notes:-

1. A proxy may but need not be a member of the Company. There shall be no restriction as to the qualification of the proxy.
2. A member entitled to attend, speak and vote at the extraordinary general meeting ("EGM") is entitled to appoint not more than two (2) proxies to attend, speak and vote instead of him/ her.
3. Where a member of the Company is an authorised nominee, it may appoint not more than two (2) proxies in respect of each securities account it holds.
4. Where a member is an exempt authorised nominee, there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect to each omnibus account it holds.
5. Where a member or the authorised nominee appoints two (2) proxies, or where an exempt authorised nominee appoints two (2) or more proxies, such appointment shall be invalid unless he/ she specifies the proportion of his/ her holdings to be represented by each proxy.
6. The instrument appointing a proxy shall be in writing under the hand of the appointer or his/ her attorney duly authorised in writing or if such appointor is a corporation, either under its common seal or the hand of its attorney or an officer duly authorised.
7. The instrument appointing a proxy, together with the power of attorney or other authority (if any) under which it is signed, or notarially certified copy thereof, shall be deposited 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 Darul Ehsan not less than 48 hours before the time set for holding the EGM or any adjourned thereof.
8. Only members whose names appear in the Record of Depositors on 11 June 2014 shall be eligible to attend the EGM.

Fold this flap for sealing

Then fold here

AFFIX
STAMP

The Company Secretaries
SEG INTERNATIONAL BHD (145998-U)
6th Floor, SEGi University
No. 9, Jalan Teknologi
Taman Sains Selangor
Kota Damansara, PJU 5
47810 Petaling Jaya
Selangor Darul Ehsan
Malaysia

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