

**MSWG****MINORITY SHAREHOLDER WATCHDOG GROUP****Badan Pengawas Pemegang Saham Minoriti Berhad**

Incorporated in Malaysia * Company No. 524898-M

The Observer

16 January 2015**MSWG's QUICK TAKE ON ONGOING CORPORATE TRANSACTIONS*****RHB CAPITAL BERHAD ("RHB") / CIMB GROUP HOLDINGS BERHAD ("CIMB") / MALAYSIA BUILDING SOCIETY BERHAD ("MBSB")***

Both RHB and MBSB announced on 14 January 2015 that they had been notified by CIMB vide its letter dated 14 January 2015 that its board of directors have, after further deliberation, arrived at a decision to abort the Proposed Merger in the light of current economic conditions. CIMB, RHB and MBSB, as well as their relevant subsidiaries, have withdrawn their joint application to BNM to seek approval from Bank Negara Malaysia ("BNM") and/or the Minister of Finance through BNM for, amongst others, the Proposed Merger. With that, the exclusivity period pursuant to the exclusivity agreement between CIMB, RHB and MBSB dated 10 July 2014 had expired.

MSWG'S COMMENTS:

Despite the unfavourable economic conditions, following the announcement, prices of CIMB and MBSB rose substantially indicating that shareholders and general market had stated their view on the announcement positively.

During this challenging period, the companies could now focus on the strength of their own franchise and concentrate on their business and execute plans and projects that could be put on hold.

TENAGA NASIONAL BHD ("TNB") / INTEGRAX BERHAD ("INTEGRAX")

Integrax had on 9 January 2015 received a notice of conditional take-over from TNB ("Offeror") informing of TNB's ("Offeror") intention to undertake a conditional take-over in accordance with the Malaysian Code on Take-Overs and Mergers 2010 ("Code") to acquire all of the remaining ordinary shares of Integrax which are not already held by the Offeror ("Offer Shares") for a cash offer price of RM2.75 for each Offer Share.

The Board of Directors (excluding Dato' Abd Manaf Bin Hashim and Encik Fazlur Rahman Zainuddin) have met and deliberated upon and considered the Offer. The Board will in due course, following consultation with the Independent Adviser to be appointed, issue its comments and opinion on the Offer.

Dato' Abd Manaf Bin Hashim and Encik Fazlur Rahman Zainuddin who are directors nominated by the Offeror have abstained from the above deliberations of the Board and will continue to abstain from all deliberations of the Board related to the offer.

MSWG'S COMMENTS:

Tenaga's proposal to acquire the remaining equity interests in Integrax appears to be strategically apt given that Tenaga has its Janamanjung coal fire plant located near the port operated by Integrax and access to coal supplies would be constantly channelled through the port. However, the success of this deal would hinge on whether the price would be deemed attractive enough to be accepted by the remaining shareholders. Based on Integrax's audited net asset book value as at 31 December 2013 of RM2.06, the current Offer price of RM2.75 represents a premium of 33%. However, we have to await further information from the subsequent issuance of the Offer Documents and Independent Advice Circular.

SMRT HOLDINGS BERHAD ("SMRT") / MASTERSKILL EDUCATION GROUP BERHAD ("MEGB")

The Board of Directors of MEGB ("Board") announced on 12 January 2015 that it had received a Notice of Conditional Take-Over Offer ("Notice") from Arenga Pinnata Sdn. Bhd. ("APSB" or "Offeror") through CIMB Investment Bank Berhad to undertake a conditional take-over offer to acquire all the remaining ordinary shares in MEGB (excluding treasury shares) ("Shares") not already held by the Offeror ("Offer Shares") at a cash consideration of RM0.60 ("Offer Price") for each Offer Share ("Offer"). Strategic Ambience Sdn Bhd (SASB), a wholly-owned subsidiary of SMRT is one of the parties acting in concert together with the Offeror (APSB) in the Take-Over Offer.

In accordance with the Malaysian Code on Take-Overs and Mergers 2010, the Board will hold an Emergency Board Meeting to deliberate the Offer and make an announcement in due course. The Board will appoint an independent adviser to advise the non-interested directors and non-interested shareholders of MEGB on the fairness and reasonableness of the Offer in due course.

MSWG'S COMMENTS:

SMRT's initial acquisition of certain equity stake in MEGB is in line with its plans to further enhance its earnings particularly given that it already has the expertise in running education business. MEGB has been languishing in its financial performance for several years and it is hoped that new management can turn around MEGB and this is what shareholders have long been looking forward to. As we write, the market price of MEGB has been hovering above RM0.70 per share which is way above the Offer price of RM0.60 per share.

LOCAL NEWS AND DEVELOPMENTS

SP Setia top brass moots plan for its takeover by Sime Darby
<http://www.thestar.com.my/Business/Business-News/2015/01/12/Is-Sime-Darby-the-key-SP-Setia-top-brass-moots-plan-for-its-takeover-by-conglomerate/?style=biz>

Mega merger may be aborted
<http://www.thesundaily.my/news/1292391>

Index of industrial production, Malaysia: November 2014

http://www.statistics.gov.my/portal/images/stories/files/LatestReleases/ipp/2014/IPP_Nov14Bl.pdf

International Reserves of Bank Negara Malaysia as at 31 December 2014

http://www.bnm.gov.my/index.php?ch=en_press&pg=en_press_all&ac=3133&lang=en

Tenaga Nasional to acquire 78% stake in Integrax for RM645 Million

<http://www.thesundaily.my/news/1292388>

SMRT Holdings and Creador II LLC finalise plans for Masterskill stake acquisition

<http://www.bursamalaysia.com/market/listed-companies/company-announcements/1848805>

Tanjong Offshore sets up independent panel after reverse takeover aborted

<http://www.themalaymailonline.com/money/article/tanjong-offshore-sets-up-independent-panel-after-reverse-takeover-aborted>

Malaysian economy to be adversely affected in 2015, says MARC

<http://www.theedgemarkets.com/my/article/malaysian-economy-be-adversely-affected-2015-says-marc>

Foreign funds sold RM535.2 million Malaysian equity last week

<http://www.theedgemarkets.com/my/node/178614>

GLOBAL NEWS AND DEVELOPMENTS

Oil Prices Fall to Fresh Lows

<http://www.wsj.com/articles/brent-crude-falls-below-50-in-asian-trading-1421039495>

New capital goals and Santander share sale heap pressure on Europe's banks

<http://www.ft.com/intl/cms/s/0/c27ebe62-99a5-11e4-93c1-00144feabdc0.html#axzz3Of1NVLZa>

Fed's Williams Says June Rate Rise 'Reasonable' Amid Labor Gains

<http://www.bloomberg.com/news/2015-01-12/fed-s-williams-says-june-rate-rise-reasonable-amid-labor-gains.html>

Fitch cuts rating on Russia to 'BBB minus'

<http://www.reuters.com/article/2015/01/09/us-fitch-russia-idUSKBNOKI25S20150109>

China Adds the Equivalent of Malaysia's Economy to its Output

<http://www.businessweek.com/articles/2014-12-19/china-adds-the-equivalent-of-malaysia-to-its-output>

Venezuela And Iran Tried And Then Failed To Change OPEC's Mind

<http://www.businessinsider.com/r-venezuela-iran-plea-for-oil-cut-hits-gulf-opec-brick-wall-2015-1?IR=T&>

U.K.'s Tesco begins fight back with cost cuts and asset sales

<http://fortune.com/2015/01/08/u-k-s-tesco-begins-fight-back-with-cost-cuts-and-asset-sales/>

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DISCLOSURE OF INTERESTS

- *With regard to the companies mentioned, MSWG holds a minimum number of shares in all these companies covered in this newsletter save for SMRT Holdings Berhad.*
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Feedback

We welcome your feedback on our newsletter and our work. Email us at mswg.ceo@mswg.org.my with your comments and suggestions.

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