

**KRISASSETS HOLDINGS BERHAD (“KRISASSETS” OR “COMPANY”)  
Proposed issuance of up to RM300 million nominal value of 7-year Redeemable Convertible Secured Bonds**

**1. INTRODUCTION**

On behalf of the Board of Directors of KrisAssets (“**Board**”), Hong Leong Investment Bank Berhad (“**HLIB**”), is pleased to announce that the Company is proposing to issue up to RM300 million nominal value of 7-year Redeemable Convertible Secured Bonds (“**Bonds**”) (“**Proposed Bonds Issue**”).

**2. DETAILS OF THE PROPOSED BONDS ISSUE**

The Bonds will be issued by the Company, on a bought deal basis to a Primary Subscriber, at an issue price to be determined later.

The Bonds are convertible into new ordinary shares of RM1.00 each in KrisAssets (“**KrisAssets Shares**”) at the option of the holders of the Bonds, at a conversion price which will be at a premium of approximately 20% to the 5-day volume weighted average market price (“**VWAMP**”) of KrisAssets Shares on a price fixing date to be determined later by the Board. The quantum of the premium will be determined later by the Board, in consultation with HLIB, the Principal Adviser and Lead Arranger for the Proposed Bonds Issue. The number of new KrisAssets Shares to be issued in the event of conversion of the Bonds will depend on the conversion price of the Bonds and the amount of Bonds converted during the tenure of the Bonds.

**2.1 Salient terms of the Bonds**

The indicative salient terms of the Bonds are as follows:

Issuer	:	KrisAssets
Issue size	:	Up to RM300 million nominal value.
Issue price	:	The issue price of the Bonds will be determined by the Issuer in consultation with the Lead Arranger prior to issuance.
Tenure/Maturity Date	:	7 years from the date of issuance (“ <b>Issue Date</b> ”).
Redemption at maturity	:	All Bonds which are not redeemed, converted, repurchased and cancelled, shall be redeemed by the Issuer at a redemption price to be determined later, on the 7 <sup>th</sup> anniversary from the Issue Date.
Coupon	:	3.50% per annum on the nominal value payable semi-annually in arrears.
Redemption at the option of the holders of the Bonds / Put Date	:	The holders of the Bonds may on the 5 <sup>th</sup> anniversary of the Issue Date require the Issuer to redeem all or part of the Bonds at a put price to be determined later, by giving no less than 90 days prior written notice to the Issuer.
Repurchase and Cancellation	:	The Issuer may at any time prior to the Maturity Date, repurchase the Bonds at any price in the open market or by private treaty, and Bonds so repurchased by the Issuer shall be cancelled.

Rating	:	Not required.
Form and denomination	:	<p>The Bonds will be represented by a global certificate to be deposited with Bank Negara Malaysia (“<b>BNM</b>”) and will be prescribed under the Real Time Electronic Transfer of Funds and Securities (“<b>RENTAS</b>”) system maintained by BNM and be reported on the Fully Automated System for Issuing/Tendering (“<b>FAST</b>”), and shall comply with all rules and requirements of FAST/RENTAS.</p> <p>The Bonds will be issued in bearer form and in denomination and multiples of RM1,000,000 each.</p>
Mode of Issue	:	The Bonds will be issued on a bought deal basis.
Selling restriction	:	The Bonds may not be offered, sold, delivered or disposed of, directly or indirectly, nor may any documents or other material in connection therewith be distributed in Malaysia or anywhere else, other than to persons who are within the categories set out in Schedules 6, 7 and 9 of the Capital Markets and Services Act 2007 (as amended from time to time), where applicable.
Listing status	:	The Bonds will not be listed on any stock exchange. Application will be made to Bursa Malaysia Securities Berhad (“ <b>Bursa Securities</b> ”) for the listing and quotation for the new KrisAssets Shares to be issued arising from the conversion of the Bonds on the Main Market of Bursa Securities.
Status and Ranking	:	The Bonds shall constitute direct, unconditional, unsubordinated and secured obligations of the Issuer and will at all times rank pari passu without preference or priority among themselves and will rank at least equally with all other present and future unsecured obligations of the Issuer from time to time (subject to those preferred by law).
Conversion Rights	:	The holders of the Bonds shall have the right to convert at the Conversion Price (as defined below) all or any part of the Bonds into fully paid new KrisAssets Shares at any time during the Conversion Period (as defined below), subject to notices.
Conversion Period	:	Any time after the Issue Date and up to the Put Date.
Conversion Price	:	<p>The conversion price will be at a premium of approximately 20% to the 5-day weighted average market price of KrisAssets Shares on a price fixing date to be determined later.</p> <p>The Conversion Price is subject to adjustments pursuant to certain events as set out in the Trust Deed to be entered into (including but not limited to subdivision, or consolidation of shares, bonus issues, rights issues and other dilutive events).</p>

Status of the new KrisAssets Shares	:	The new KrisAssets Shares to be issued pursuant to the exercise of the Conversion Rights under the Bonds will, upon allotment and issue, rank pari passu in all respects with the then existing KrisAssets Shares save and except that the holders of the new KrisAssets Shares will not be entitled to any dividends, rights, allotment and/or distributions unless the allotment of such new KrisAssets Shares were made on or prior to the entitlement date, where the entitlement date means the date as at the close of business on which shareholders must be registered in order to be entitled to any dividends, rights, allotments and/or distribution.
Security	:	The Bonds will be secured (in favour of the Security Trustee for the benefit of the holders of the Bonds), inter-alia, by the following: <ul style="list-style-type: none"> <li>(i) legal charge or assignment over the assets to be acquired or such other security as may be agreed upon;</li> <li>(ii) legal charge or assignment over designated accounts to be opened; and</li> <li>(iii) any other security arrangement to be advised by the Solicitor.</li> </ul>
Trust Deed	:	The Bonds shall be constituted by a trust deed, which shall be administered by a Trustee acting on behalf of the holders of the Bonds.
Governing Law	:	Laws of Malaysia.

## 2.2 Utilisation of proceeds

The Proposed Bonds Issue will raise gross proceeds of up to RM300 million. The gross proceeds will be utilised to fund future acquisition/investment opportunities, to refinance existing borrowings as well as to defray the estimated expenses of the Proposed Bonds Issue.

Pending the utilization of the proceeds by KrisAssets, the proceeds will be placed in interest-bearing deposit accounts or investments in money markets as the Board may deem fit.

## 3. RATIONALE OF THE PROPOSED BONDS ISSUE

The Proposed Bonds Issue will enable KrisAssets to raise funds at a competitive funding cost, to pursue potential acquisition/investment opportunities and to refinance existing borrowings.

The Bonds will be issued at a fixed coupon rate, thereby minimising KrisAssets and its subsidiaries' ("**KrisAssets Group**" or "**Group**") risk to the uncertainty of interest rate fluctuation, to enable the Group to plan its cashflow more conservatively. The holders of the Bonds will have the option to convert the Bonds into new KrisAssets Shares during the Conversion Period at a premium to the prevailing market price of KrisAssets Shares at the price fixing date. To the extent this option is exercised, the new KrisAssets Shares issued will reduce the outflow of funds required from KrisAssets to redeem the Bonds upon maturity.

The Board is of the view that the Proposed Bonds Issue at present is the appropriate means of raising funds for the Group since it will have no immediate dilution effect on the shareholding of the existing shareholders of KrisAssets. Further, upon conversion of the Bonds, KrisAssets would have a larger shareholding spread that should enhance its liquidity.

## **4. EFFECTS OF THE PROPOSED BONDS ISSUE**

### **4.1 Share Capital**

The Proposed Bonds Issue will not have any immediate effect on the existing issued and paid-up share capital of the Company. However, if and when the Bonds are converted in the future, the issued and paid-up share capital of KrisAssets will increase accordingly.

The number of new KrisAssets Shares to be issued and the enlarged issued and paid-up share capital of KrisAssets will depend on the nominal amount of the Bonds converted as well as the Conversion Price.

### **4.2 Net Assets (“NA”) and gearing**

The Proposed Bonds Issue will increase the NA and gearing of the KrisAssets Group, the quantum of which would depend on the actual issue size of the Bonds, the Conversion Price and the nominal amount of Bonds converted.

### **4.3 Earnings**

The Proposed Bonds Issue will not have any material effect on the earnings of the KrisAssets Group for the financial year ending 31 December 2010 as the Proposed Bonds Issue is expected to be completed by the end of 2010, subject to the relevant approvals.

The effects of the Proposed Bonds Issue on the future earnings of the KrisAssets Group would depend on the final terms and conditions of the Bonds to be determined and the actual quantum of the Bonds redeemed/converted during the tenure of the Bonds, as well as actual yields arising from acquisitions/investments to be funded via the Proposed Bonds Issue.

### **4.4 Substantial shareholders’ shareholdings**

The Proposed Bonds Issue will not have an immediate effect on the shareholdings of the substantial shareholders of KrisAssets. However, if and when the Bonds are converted in the future, the percentage shareholdings of the substantial shareholders will be diluted accordingly, the quantum of which is dependent on the Conversion Price and the nominal amount of Bonds converted.

### **4.5 Convertible securities**

Save for the Warrants 2006/2011 of the Company which are convertible to new KrisAssets Shares, KrisAssets does not have any other convertible securities as at the date hereof.

The Proposed Bonds Issue will not have any effect on the terms and conditions of the Warrants 2006/2011.

## **5. APPROVALS REQUIRED**

The Proposed Bonds Issue is subject to the following approvals:

- (i) the Securities Commission;
- (ii) Bursa Securities, for the listing of and quotation for the new KrisAssets Shares arising from the conversion of the Bonds;
- (iii) the shareholders of KrisAssets at an extraordinary general meeting to be convened;
- (iv) the holders of the RM200 million 7-year bank guaranteed bonds and/or the guarantor banks; and
- (v) other relevant authorities/parties, if required.

## **6. DIRECTORS' AND MAJOR SHAREHOLDERS' INTERESTS**

None of the Directors and major shareholders of the Company and/or persons connected to them has any interest, directly or indirectly, in the Proposed Bonds Issue.

## **7. DIRECTORS' STATEMENT**

The Directors of KrisAssets, after having considered all aspects of the Proposed Bonds Issue, are of the view that the Proposed Bonds Issue is in the best interest of the Company.

## **8. ADVISER**

HLIB has been appointed as the Principal Adviser and Lead Arranger for the Proposed Bonds Issue.

## **9. SUBMISSION TO AUTHORITIES AND EXPECTED TIME FRAME FOR COMPLETION**

Applications for the Proposed Bonds Issue to the relevant authorities are expected to be made within 3 months from the date of this announcement.

Subject to the relevant approvals, the Proposed Bonds Issue is expected to be completed by the end of 2010.

This announcement is dated 23 August 2010.