

**KRISASSETS HOLDINGS BERHAD (“KRISASSETS” OR THE “COMPANY”)  
HEADS OF AGREEMENT BETWEEN KRISASSETS AND IGB CORPORATION BERHAD (“IGB”)**

**1. INTRODUCTION**

On behalf of the Board of Directors of KrisAssets (“**Board**”), Hong Leong Investment Bank Berhad (“**HLIB**”), wishes to announce that the Company has on 14 February 2011, entered into a Heads of Agreement (“**HOA**”) with IGB, for the proposed acquisition of 100,000 ordinary shares of RM1.00 each representing the entire issued and paid-up ordinary share capital in Mid Valley City Gardens Sdn Bhd (“**MVCG**”) (“**Sale Shares**”), from IGB, for a cash consideration to be determined in accordance with paragraph 3.1(i) below (“**Proposed Acquisition**”).

**2. BACKGROUND INFORMATION ON MVCG**

MVCG was incorporated as a private limited company under the Companies Act, 1965 under the name of IEH Corporation Sdn Bhd on 5 September 1989 and assumed its present name on 28 October 2004.

As at the date hereof, MVCG has an authorised share capital of RM50,000,000 comprising 5,000,000 ordinary shares of RM1.00 each (“**MVCG Shares**”) and 900,000,000 redeemable preference shares of RM0.05 each (“**MVCG RPS**”), of which 100,000 MVCG Shares and 250,000,000 MVCG RPS have been issued and fully paid-up.

MVCG is the owner and operator of The Gardens Mall, a retail property located in Mid Valley City. The Gardens Mall is a 6-level mall with 3,839 parking bays strategically located adjacent to Mid Valley Megamall in Mid Valley City. The Gardens Mall has a strong tenant mix comprising more than 200 stores, with a wide range of upper-mid to upper-range retail boutiques, food and beverage outlets and its anchor tenants, Robinsons from Singapore and Isetan of Japan.

**3. SALIENT TERMS OF THE HOA**

**3.1 The Share Purchase Agreement**

- (i) The parties have mutually reached a broad understanding that IGB will sell and KrisAssets will purchase the Sale Shares at a purchase consideration which will be derived based on the following:
  - (a) the net tangible asset of MVCG based on the audited financial statements for the financial year ended 31 December 2010 subject to adjustment to the purchase consideration to take into account the change (if any) in the net tangible assets of MVCG prior to completion;
  - (b) the market value of the piece of land together with The Gardens Mall erected thereon forming part of the land held under the Master Title Pajakan Negeri 37073, Lot 79 Seksyen 95A, Bandar Kuala Lumpur, Daerah Kuala Lumpur, Wilayah Persekutuan (“**Property**”), with an indicative value of RM820,000,000 subject to a valuation to be carried out by an independent valuer; and

subject to such other terms and conditions as the parties may mutually agree upon.

- (ii) The parties will take all necessary actions to execute a share purchase agreement within 60 days from the date of the HOA in respect of the sale by IGB and the purchase by KrisAssets of the Sale Shares upon the terms and subject to the conditions as may be mutually agreed upon by them ("**Share Purchase Agreement**").
- (iii) The consideration of the Sale Shares shall be satisfied in cash.
- (iv) Notwithstanding anything contained in the HOA, the parties agree that the Share Purchase Agreement shall, inter alia, be conditional upon the following conditions having been fulfilled:
  - (a) the satisfactory outcome of a reasonable due diligence inquiry in respect of MVCG to be conducted by KrisAssets or its representatives;
  - (b) the consent of the financiers of KrisAssets (if required), in respect of the acquisition of the Sale Shares by KrisAssets, in accordance with the terms of the financing arrangement or financing facilities granted to KrisAssets;
  - (c) the consent of the financiers of IGB and/or MVCG(if required) in accordance with the terms of the financing arrangement or financing facilities granted to IGB and/or MVCG in respect of the sale of the Sale Shares by IGB to KrisAssets and if applicable, in respect of the release of IGB as the guarantor for the repayment by MVCG of its indebtedness;
  - (d) the approval of the shareholders of IGB at a general meeting approving the sale of the Sale Shares by IGB to KrisAssets in accordance with the terms and conditions of the Share Purchase Agreement; and
  - (e) the approval of the shareholders of KrisAssets at a general meeting approving the acquisition of the Sale Shares by KrisAssets in accordance with the terms and conditions of the Share Purchase Agreement.

### **3.2 Duration of HOA**

- (i) This HOA shall terminate:
  - (a) by mutual agreement in writing of both parties; or
  - (b) upon the signing by the parties of the Share Purchase Agreement; or
  - (c) by failure of the parties within 60 days from the date of the HOA (or such other period as the parties may mutually agree in writing) to enter into and sign the Share Purchase Agreement after all bona fide attempts and discussions,

whichever occurs first.
- (ii) Notwithstanding anything to the contrary contained in the HOA, no liability or obligation on the part of the parties to proceed with the Share Purchase Agreement shall be created or exist unless and until the parties have executed and delivered a final, written Share Purchase Agreement and then only in accordance with the terms, conditions and other provisions of the HOA. Until such time, each party reserves the right in its sole discretion to determine whether the transactions contemplated in the HOA can be successfully consummated and may, without any obligation to the other party, for any reason (including, without limiting the generality of the foregoing, any material adverse change in the business, financial condition, results of operations or the then current market conditions), decline to proceed further with or participate in the transactions contemplated in the HOA.

- (iii) Upon the termination of the HOA, the rights and obligations of the parties shall cease and neither party shall have any claims against the other save for any antecedent breaches or outstanding obligations as provided in the HOA.

### **3.3 Exclusivity**

The parties agreed that during the term of the HOA:

- (i) IGB shall refrain from selling, transferring or otherwise disposing of the Sale Shares or any part thereof to any person other than KrisAssets;
- (ii) IGB shall refrain from negotiating, initiating or taking any steps with a view to negotiate with any third party for any purpose in relation to the sale and purchase of the Sale Shares;
- (iii) IGB shall ensure that MVCG shall refrain from selling, transferring or otherwise disposing of the Property; and
- (iv) the parties shall, on an exclusive basis, negotiate with each other on the terms and conditions of the Share Purchase Agreement.

## **4. RATIONALE FOR THE PROPOSED ACQUISITION**

The Proposed Acquisition will enable KrisAssets to acquire The Gardens Mall, which is adjacent to the Mid Valley Megamall, presently owned by KrisAssets, in Mid Valley City. The Proposed Acquisition will substantially increase the net lettable area of KrisAssets' retail assets and upon completion of the Proposed Acquisition, KrisAssets will own 2 prime retail properties in Kuala Lumpur. The Proposed Acquisition is a key step to merge the property investment business in the retail segment of IGB and would enable KrisAssets and its subsidiaries ("**KrisAssets Group**") to achieve the required scale to enhance its competitiveness in the retail sector. There would be potential synergistic benefits arising from the Proposed Acquisition which include amongst others cost savings, operational streamlining and collaborative marketing strategies in Mid Valley City as a whole. In addition, the Proposed Acquisition would also minimize and mitigate any potential conflict of interest between IGB and its subsidiaries and the KrisAssets Group as both groups have principal activity in the same property investment sector, ie, the retail segment.

## **5. EFFECTS OF THE PROPOSED ACQUISITION**

The effects of the Proposed Acquisition can only be illustrated upon finalization of the terms of the Proposed Acquisition.

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

The Proposed Acquisition is a related party transaction. The interested Directors have abstained and will continue to abstain from all deliberations and voting at the relevant meetings of the Board in relation to the Proposed Acquisition. They will also ensure that persons connected to them will abstain from voting on the relevant resolution at the extraordinary general meeting to be convened for the Proposed Acquisition.

The interested Major Shareholders will abstain from voting in respect of their direct and/or indirect shareholdings in KrisAssets on the relevant resolution at the extraordinary general meeting to be convened for the Proposed Acquisition. They will also ensure that persons connected to them will abstain from voting on the relevant resolution at the extraordinary general meeting to be convened for the Proposed Acquisition.

**7. ADVISER AND INDEPENDENT ADVISER ("IA")**

HLIB has been appointed as the Adviser for the Proposed Acquisition.

An IA will be appointed by the Company for the Proposed Acquisition prior to the terms of the Proposed Acquisition being finalized.

**8. DOCUMENT AVAILABLE FOR INSPECTION**

The HOA will be available for inspection at the registered office of KrisAssets at Level 32, The Gardens South Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur during normal business hours from Mondays to Fridays (except public holidays) for a period of 3 months from the date of this announcement.

A detailed announcement on the Proposed Acquisition will be made upon finalization of the terms and conditions of the Proposed Acquisition and execution of the Share Purchase Agreement.

This announcement is dated 14 February 2011.