

**KRISASSETS HOLDINGS BERHAD (“KRISASSETS” OR “THE COMPANY”)
PROPOSED ACQUISITION OF 100% EQUITY INTEREST IN MID VALLEY CITY GARDENS SDN
BHD (“MVCG”) BY KRISASSETS FROM IGB CORPORATION BERHAD (“IGB” OR “THE
VENDOR”) FOR A CASH CONSIDERATION OF RM215,710,000 (“PROPOSED ACQUISITION”)**

1. INTRODUCTION

We refer to the announcement dated 14 February 2011 in relation to the Heads of Agreement (“**HOA**”) entered into between KrisAssets and IGB in respect of the Proposed Acquisition.

On behalf of the Board of Directors of KrisAssets (“**Board**”), Hong Leong Investment Bank Berhad (“**HLIB**”) wishes to announce that the Company has on 25 March 2011 entered into a conditional share sale agreement (“**SSA**”) with IGB for the proposed acquisition of 100% equity interest in MVCG for a cash consideration of RM215,710,000 upon the terms and subject to the conditions contained therein.

2. DETAILS OF THE PROPOSED ACQUISITION

The Proposed Acquisition entails the acquisition of all the ordinary shares of MVCG that are issued and fully paid-up as at the date when all the conditions precedent set out in Section 2.3.2 below shall have been fulfilled or waived (“**Sale Shares**”), from IGB for a cash consideration of RM215,710,000 (“**Purchase Consideration**”).

2.1 Background information on MVCG

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

As at 21 March 2011, MVCG had 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 had 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 7-storey shopping complex together with 4,128 car parking bays, erected on a portion of the Master Title Pajakan Negeri 37073, Lot 79 Seksyen 95A, Bandar Kuala Lumpur, Daerah Kuala Lumpur, Wilayah Persekutuan (“**Property**” or “**the Property**”) and is strategically located adjacent to the 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.

Based on its audited financial statements for the financial year ended (“**FYE**”) 31 December 2010, MVCG recorded profit after tax of RM14,656,031 whilst its net assets (“**NA**”) was RM254,327,663.

Please refer to the Appendix for further information on MVCG and The Gardens Mall.

2.2 Basis and justification for the Purchase Consideration

The Purchase Consideration was arrived at on a willing-buyer willing-seller basis after taking into consideration, inter-alia, the following:

- (i) the NA of MVCG based on its audited financial statements for the FYE 31 December 2010 (“**NA Value**”);

- (ii) the market value of the Property of RM820,000,000 based on the valuation undertaken by an independent valuer, Jordan Lee & Jaafar Sdn Bhd, on 31 January 2011 using the investment method and the comparison method of valuation; and
- (iii) the redemption of the 250,000,000 MVCG RPS by MVCG.

The Purchase Consideration was arrived at as follows:

	RM'000
Market value of the Property	820,000
Less: Net book value of the Property ⁽¹⁾	(617,318)
Revaluation surplus	202,682
Add: Audited NA of MVCG as at 31 December 2010	254,328
Less: Redemption of MVCG RPS	(250,000)
Add: Proceeds from the issue of new MVCG Shares ⁽²⁾	8,700
Purchase Consideration	215,710

Notes:

- (1) Based on the audited financial statements of MVCG for the FYE 31 December 2010.
- (2) MVCG intends to issue 8,700,000 new MVCG Shares at an issue price of RM1.00 each towards redeeming the 250,000,000 MVCG RPS. In connection with this, MVCG intends to make the necessary changes to its Memorandum and Articles of Association accordingly.

2.3 Salient terms and conditions of the SSA

The salient terms and conditions of the SSA are as follows:

2.3.1 Agreement for the sale and purchase of the Sale Shares

- (i) Subject to the provisions as set out in the SSA, IGB agrees to sell and KrisAssets agrees to purchase the Sale Shares at the Purchase Consideration, free from all encumbrances whatsoever and howsoever arising and with all rights, benefits and entitlements now or hereinafter attaching to the Sale Shares including without limitation all rights, dividends and/or other distributions which may be declared, made or paid in respect thereof, the entitlement date of which is on or subsequent to the date within one (1) month from the Unconditional Date (as defined herein) or such other date as may be mutually agreed in writing between KrisAssets and IGB (together "**the Parties**" and individually a "**Party**") ("**Completion Date**").
- (ii) KrisAssets is only obligated to complete the purchase of all and not part of the Sale Shares and IGB is only obligated to complete the sale and transfer of all and not part of the Sale Shares.
- (iii) The Purchase Consideration shall be fully settled in cash by KrisAssets to IGB in the following manner:
 - (a) KrisAssets shall pay the sum of RM21,571,000 representing 10% of the Purchase Consideration ("**Deposit**") to IGB upon the execution of the SSA; and
 - (b) KrisAssets shall pay the balance Purchase Consideration to IGB in accordance with the SSA on the Completion Date.

- (iv) Notwithstanding the quantum of the Purchase Consideration as stated in Section 2.2 above, the Parties agree that the Purchase Consideration for the Sale Shares shall be adjusted on or before the Completion Date in any of the following circumstances:
 - (a) in the event KrisAssets is not satisfied with the results of the due diligence inquiry conducted pursuant to the SSA; and
 - (b) in the event the adjusted NA Value, as computed by KrisAssets' auditors pursuant to (v) below, differs from the Purchase Consideration.
- (v) KrisAssets shall cause its auditors to provide a confirmation on the computation of the adjusted NA based on the unaudited management accounts of MVCG within one (1) month prior to the Completion Date, taking into account of the valuation report referred to in Section 2.3.2(i)(e) below. In the event that the adjusted NA Value is:
 - (a) lower than the Purchase Consideration, then the Purchase Consideration shall be reduced by the differential amount between the adjusted NA Value (computed by KrisAssets' auditors) and the Purchase Consideration; or
 - (b) higher than the Purchase Consideration, then the Purchase Consideration shall be increased by the differential amount between the adjusted NA Value (computed by KrisAssets' auditors) and the Purchase Consideration.
- (vi) Subject to the provisions as set out in the SSA, the Parties acknowledge and agree that for the purpose of fulfilling the conditions precedent stated in Section 2.3.2(i) below, MVCG shall settle in full the amount owing by MVCG to IGB of RM33,952,561 as at 31 December 2010 and all interest accruing up to the date of full settlement ("**Inter-co Indebtedness**") due to IGB and shall fully redeem the 250,000,000 MVCG RPS.

2.3.2 Conditions precedent

- (i) Notwithstanding anything contained in the SSA, the Parties agree that the SSA shall be conditional upon the following conditions having been fulfilled by the Approval Date (being the date falling four (4) months from the date of the SSA) or such other date as the Parties may mutually agree upon in writing ("**Extended Approval Date**"):
 - (a) the satisfactory outcome of a reasonable due diligence inquiry in respect of MVCG to be conducted by KrisAssets or its representatives;
 - (b) where applicable, the consent of KrisAssets' financiers has been obtained in accordance with the terms of the financing arrangement or financing facilities granted to KrisAssets in respect of KrisAssets' acquisition of the Sale Shares;
 - (c) where applicable, the consent of IGB's and/or MVCG's financiers has been obtained in accordance with the terms of the financing arrangement or financing facilities granted to IGB and/or MVCG in respect of IGB's sale of the Sale Shares to KrisAssets and 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 KrisAssets at general meeting approving the acquisition of the Sale Shares by KrisAssets upon the terms and conditions of the SSA has been obtained;
 - (e) the issuance of a valuation report on the Property by an independent valuer to be jointly appointed by the Parties reflecting the market value of the Property at RM820,000,000; and
 - (f) MVCG has fully settled the Inter-co Indebtedness to IGB and fully redeemed the 250,000,000 MVCG RPS.

- (ii) The Parties shall, as soon as practicable after the execution of the SSA, apply to the relevant bodies or persons for the fulfillment of the conditions precedent referred to in Section 2.3.2(i) above. Each Party shall do all necessary to obtain the relevant approval or consent. Each Party shall also provide all assistance, information and documentations as may be reasonably requested by the other Party to enable the other Party to obtain all the relevant approvals or consents. Upon the relevant approvals and consents being obtained or refused, each Party shall immediately notify the other Party in writing and shall forward to the other Party a copy thereof.
- (iii) Upon all the relevant approvals or consents being obtained or upon any of the relevant approval or consents being waived by the relevant body or persons and the other conditions precedent being fulfilled or waived by the Parties (as the case may be), then all the conditions precedent shall be deemed to have been fulfilled whereupon the SSA shall become unconditional and shall be completed in the manner provided in the SSA. The date of the fulfillment of the last of the conditions precedent shall be the “**Unconditional Date**”. KrisAssets shall immediately notify KrisAssets’ Solicitors of the achievement of the Unconditional Date.
- (iv) In the event that all or any of the conditions precedent referred in the SSA are not fulfilled or obtained or waived by the Approval Date or the Extended Approval Date, as the case may be, then the SSA shall forthwith be terminated whereupon:
 - (a) the rights and obligations of the Parties under the SSA shall lapse and be of no further effect save for the rights and obligations of the Parties pursuant to any antecedent breach of the SSA; and
 - (b) IGB shall forthwith refund the Deposit (free of interest) to KrisAssets.

2.3.3 Completion

Unless otherwise agreed by the Parties in writing and subject to the SSA, completion of the sale and purchase of the Sale Shares shall take place on the Completion Date at the office of KrisAssets or at such other place as may be mutually agreed between the Parties in the manner stated in the SSA.

2.4 Source of funding

KrisAssets intends to finance the Proposed Acquisition from internally generated funds and/or borrowings, the breakdown of which has yet to be determined.

2.5 Liabilities to be assumed

Save for the liabilities stated in the balance sheet of MVCG based on the financial statements of MVCG as at the Completion Date, KrisAssets will not assume any other liabilities (including contingent liabilities and guarantees) pursuant to the Proposed Acquisition.

2.6 Additional financial commitment required

As The Gardens Mall is in operation, there is no requirement for additional financial commitment from KrisAssets pursuant to the Proposed Acquisition.

2.7 Information on the Vendor

IGB was incorporated in Malaysia as a private limited company on 12 November 1964 as Ipoh Garden Limited. On 12 November 1969, it changed its name to Ipoh Garden Sdn Berhad and was converted into a public limited company on 23 July 1975 under the name of Ipoh Garden Berhad. IGB was listed on the Main Board of Bursa Malaysia Securities Berhad on 10 September 1981 and assumed its present name on 11 February 1984.

As at 21 March 2011, IGB has an authorised share capital of RM1,200,000,000 comprising 2,000,000,000 ordinary shares of RM0.50 each and 200,000,000 1% Irredeemable Convertible Preference Shares of RM1.00 each, of which 1,490,296,007 ordinary shares of RM0.50 each have been issued and fully paid-up.

The principal activities of IGB and its subsidiaries (“**IGB Group**” or “**Group**”) are investment holding, property development, property investment and management, hotel operations, construction and investment holding.

The Directors of IGB and their direct and indirect shareholdings in IGB as at 21 March 2011 are as follows:

	Direct		Indirect	
	No of shares held	% ⁽¹⁾	No of shares held	% ⁽¹⁾
Tan Sri Abu Talib bin Othman	1,385,000	0.10	-	-
Robert Tan Chung Meng	3,915,562	0.27	505,465,178 ⁽²⁾	34.79
Tan Boon Seng	-	-	16,806,775 ⁽³⁾	1.16
Tan Boon Lee	2,895,574	0.20	-	-
Tan Kai Seng	92,750	0.01	-	-
Yeoh Chong Swee	-	-	53,500 ⁽⁴⁾	-(⁵)
Tan Lei Cheng	1,962,667	0.14	1,690,137 ⁽⁶⁾	0.12
Pauline Tan Suat Ming	1,000,777	0.07	505,486,225 ⁽⁷⁾	34.79
Tony Tan @ Choon Keat	-	-	505,465,178 ⁽²⁾	34.79
Chua Seng Yong	250,006	0.02	-	-

The substantial shareholders of IGB and their their direct and indirect shareholdings in IGB as at 21 March 2011 are as follows:

	Direct		Indirect	
	No of shares held	% ⁽¹⁾	No of shares held	% ⁽¹⁾
Goldis Berhad	381,349,224	26.25	20,230,575 ⁽⁶⁾	1.39
Robert Tan Chung Meng	3,915,562	0.27	505,465,178 ⁽²⁾	34.79
Pauline Tan Suat Ming	1,000,777	0.07	505,486,225 ⁽⁷⁾	34.79
Tony Tan @ Choon Keat	-	-	505,465,178 ⁽²⁾	34.79
Tan Chin Nam Sdn Bhd	52,016,945	3.58	478,068,246 ⁽²⁾	32.90
Tan Kim Yeow Sdn Bhd	30,855,682	2.12	474,609,496 ⁽²⁾	32.66
Wah Seong (Malaya) Trading Co Sdn Bhd	49,927,859	3.44	422,861,387 ⁽²⁾	29.10

Notes:

- (1) Based on the issued and paid-up share capital of IGB of 1,490,296,007 ordinary shares of RM0.50 each in IGB (less 37,282,600 treasury shares).
- (2) Deemed interest via Goldis Berhad ("**Goldis**") and other corporations by virtue of Section 6A of the Act.
- (3) Deemed interest via other corporation by virtue of Section 6A of the Act and family members via Section 134 of the Act.
- (4) Deemed interest via family member by virtue of Section 134 of the Act.
- (5) Less than 0.01%.
- (6) Deemed interest via other corporation by virtue of Section 6A of the Act.
- (7) Deemed interest via Goldis and other corporations by virtue of Section 6A of the Act and family members via Section 134 of the Act.

2.8 Date and original cost of investment

As at 21 March 2011, the date and original cost of investment of IGB in MVCG are as follows:

Date	Original cost of investment (RM)	No of shares subscribed
12 February 1990	3	3
4 July 1990	1	1
30 December 2005	99,996	99,996
	100,000	100,000

3. 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**" or "**Group**") to achieve the required scale to enhance its competitiveness. There would be potential synergistic benefits arising from the Proposed Acquisition, amongst others, cost savings, operational streamlining and collaborative marketing strategies in Mid Valley City as a whole. The Proposed Acquisition would also mitigate any potential conflict of interest between IGB Group and KrisAssets Group as both groups have principal activity in the same property investment sector, i.e. the retail segment.

4. OUTLOOK AND PROSPECTS

4.1 Prospects of the Malaysian Retail Industry

Distributive trade is among the biggest sub-sectors in the services industry, contributing 13.3% to gross domestic product (“GDP”) and RM334 billion in terms of sales in 2009. This sector also attracted foreign direct investment (“FDI”) worth RM1.2 billion in 2009. During the Ninth Malaysia Plan period, the sector underwent structural changes with the emergence of large scale retailers such as hypermarkets and other modern retailers including convenience stores.

There are opportunities to continue to grow this sector as demographics change, rapid urbanisation takes place and increasing affluence changes consumer behaviour and increases demand for better services. Further, alternative modes of retail trade such as franchise, direct selling and e-commerce have yet to be fully exploited.

During the Tenth Malaysia Plan period, distributive trade is expected to register a growth rate of 8.3% per annum, contributing 15.1% of GDP in 2015. To achieve this, the sector will be modernised and transformed to be more efficient with higher quality services to consumers. Initiatives to be undertaken include:

- Liberalising the retail and wholesale sector and promoting investment;
- Encouraging consolidation among local retailers to encourage efficiencies and achieve economies of scale;
- Encouraging modern retail formats such as hypermarkets, supermarkets, convenience stores, specialty stores to stimulate investment and expedite modernisation; and
- Promoting franchise, direct sales and e-commerce to achieve their full potential.

(Source: The Tenth Malaysia Plan 2011-2015)

The wholesale and retail trade sub-sector registered impressive growth of 9.0% (January – June 2009: -0.8%), with the retail and motor vehicle sales indices rebounding 10.6% to 142.7 points and 19.4% to 124.7 points (January – June 2009: -4.7%, 129.0 points; -9.6%, 104.5 points), respectively. Similarly, distributive trade sales value increased 12.4% to RM185.3 billion (January – June 2009: -4.7%; RM164.8 billion), due to higher wholesale and retail activities at 12.0% and 12.1% (January – June 2009: -10.4%; 5.2%), respectively. The higher growth of the retail sector was attributed to aggressive expansion of hypermarkets and superstores. As at end-September 2010, there was a total of 125 foreign-owned hypermarkets and superstores operating nationwide (end-September 2009: 81). The outlook for the wholesale and retail trade sub-sector is expected to remain encouraging with growth of 7.4% in 2010 (2009: 1.2%), supported by improved domestic consumption, particularly during the holiday and festive seasons.

(Source: Economic Report 2010/2011, Ministry of Finance)

4.2 Prospects of The Gardens Mall

Since its opening in September 2007, The Gardens Mall has gone through a gestation period and is now in its growth phase. The tenant mix of The Gardens Mall, which primarily focuses on the higher income segment of consumers, drives the increase in footfall and patronage of the mall. The outlook of the retail sector is expected to be encouraging and coupled with the increasing affluence of consumers, bodes well for the future of The Gardens Mall.

Thus, the Proposed Acquisition will provide a direct opportunity for the Company to participate in the anticipated growth of the business of The Gardens Mall.

5. RISK FACTORS

The risk factors of MVCG would be similar in nature to the existing industry risks faced by KrisAssets Group's current operations, which include, but is not limited to general business risks, such as a general downturn in the global, regional and national economy, entry of new players, shortages of labour, increases in labour costs, changes in government policies affecting the industry, unfavourable import pricing regulations, credit availability and interest rate conditions, fluctuations in exchange rates and changes to political, economic and regulatory conditions.

The risks associated with the Proposed Acquisition are as follows:

5.1 Non-completion of the Proposed Acquisition

If the conditions precedent in the SSA are not fulfilled, the Proposed Acquisition will not be completed, hence KrisAssets Group would not be able to achieve the objectives of the Proposed Acquisition as stated in Section 3 of this announcement. However, KrisAssets will take reasonable steps that are within its control to ensure that the completion of the Proposed Acquisition is within the stipulated timeframe.

5.2 Risk relating to the Proposed Acquisition

There can be no assurance that the anticipated benefits of the Proposed Acquisition will be realised or that KrisAssets Group will be able to generate sufficient future revenues from the Proposed Acquisition to offset the acquisition costs of MVCG. KrisAssets Group will however, seek to mitigate such risks by exercising due diligence in the evaluation of the Proposed Acquisition and subsequent management of The Gardens Mall.

6. EFFECTS OF THE PROPOSED ACQUISITION

6.1 Share capital and substantial shareholders' shareholding

The Proposed Acquisition will not have any effect on the share capital of KrisAssets or the shareholdings of the substantial shareholders of KrisAssets as the Proposed Acquisition will be satisfied via cash.

6.2 NA per share and gearing

The proforma effects of the Proposed Acquisition on the consolidated NA per share and gearing of KrisAssets Group based on its audited consolidated financial statements for the FYE 31 December 2009 are set out as follows:

	Audited as at 31 December 2009	Proforma I	Proforma II	Proforma III
	RM'000	After adjusting for the conversion of Warrants⁽²⁾	After Proforma I and the issuance of the Bonds⁽³⁾	After Proforma II and the Proposed Acquisition⁽⁴⁾⁽⁵⁾⁽⁶⁾⁽⁷⁾
	RM'000	RM'000	RM'000	RM'000
Share capital	336,875	430,386	430,386	430,386
Share premium	386,621	532,046	532,046	532,046
Treasury shares	(220)	(220)	(220)	(220)
Warrants reserves	5,723	565	565	565
Capital redemption reserve	293	293	293	4,093
Equity portion of the Bonds	-	-	14,628	14,628
Retained profits	408,297	408,297	408,297	353,032
NA/ Shareholders' funds	1,137,589	1,371,367	1,385,995	1,334,530
No of shares in issue ⁽¹⁾ ('000)	336,775	430,286	430,286	430,286
NA per share (RM)	3.38	3.19	3.22	3.10
Gross borrowings	468,777	468,777	712,767	1,282,767
Net borrowings	287,898	54,121	34,617	810,686
Gross gearing ratio (times)	0.41	0.34	0.51	0.96
Net gearing ratio (times)	0.25	0.04	0.02	0.61

Notes:

- (1) Less 100,000 ordinary shares of RM1.00 each in KrisAssets held as treasury shares.
- (2) After adjusting for the conversion of Warrants from 1 January 2010 to 31 December 2010.
- (3) On 11 January 2011, KrisAssets entered into agreements for the issuance of up to RM300 million in nominal value 7-year redeemable convertible secured bonds ("**Bonds**"). The Bonds are expected to be issued by end of March 2011, prior to the completion of the Proposed Acquisition.
- (4) MVCG intends to obtain short term borrowings of RM280 million for the redemption of MVCG RPS and settlement of the Inter-co Indebtedness as set out in Section 2.2 above. The short term borrowings will be repaid from the proceeds of the Bonds and internally generated funds.
- (5) Including the total bank borrowings of MVCG of RM290 million as at 31 December 2010.
- (6) After taking into account estimated expenses of the Proposed Acquisition of RM795,000.
- (7) The Proposed Acquisition will result in a reduction in the retained profits of KrisAssets Group due to the merger deficit as a result of the adoption of merger accounting.

6.3 Earnings and earnings per share

The Proposed Acquisition is expected to be completed by mid-2011 and is not expected to have a material effect on the earnings and earnings per share of KrisAssets Group for the FYE 31 December 2011. The Proposed Acquisition is expected to contribute positively to the earnings and earnings per share of KrisAssets Group in the future.

7. APPROVALS REQUIRED

The Proposed Acquisition is conditional upon, inter alia, the following:

- (i) the approval of the shareholders of KrisAssets at general meeting approving the acquisition of the Sale Shares by KrisAssets upon the terms and conditions of the SSA;
- (ii) the consent of the financiers of KrisAssets, in accordance with the terms of the financing arrangement or financing facilities granted to KrisAssets, in respect of the Proposed Acquisition, where applicable; and
- (iii) the consent of IGB's and/or MVCG's financiers in accordance with the terms of the financing arrangement or financing facilities granted to IGB and/or MVCG in respect of IGB's sale of the Sale Shares and the release of IGB as the guarantor for the repayment by MVCG of its indebtedness, where applicable.

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

Save as disclosed below, none of the Directors, major shareholders or persons connected to them have any interest, direct or indirect, in the Proposed Acquisition:

- (i) Robert Tan Chung Meng is the Group Managing Director and a major shareholder of both KrisAssets and IGB. He is the father of Elizabeth Tan Hui Ning (alternate to Robert Tan Chung Meng on the Board); a brother of Pauline Tan Suat Ming (a Non-Independent Non-Executive Director of IGB and a major shareholder of both KrisAssets and IGB); and Tony Tan @ Choon Keat (a Non-Independent Non-Executive Director of IGB and a major shareholder of both KrisAssets and IGB).
- (ii) Tan Lei Cheng is a Non-Independent Non-Executive Director of both KrisAssets and IGB. She is a sister of Tan Boon Lee.
- (iii) Tan Boon Lee is a Non-Independent Non-Executive Director of KrisAssets and an Executive Director of IGB. He is a brother of Tan Lei Cheng.
- (iv) Daniel Yong Chen-I is a Non-Independent Non-Executive Director of KrisAssets as well as a Director of several subsidiaries of IGB. He is a son of Pauline Tan Suat Ming (a Non-Independent Non-Executive Director of IGB and a major shareholder of both KrisAssets and IGB).
- (v) Elizabeth Tan Hui Ning is the alternate to Robert Tan Chung Meng on the Board. She is a daughter of Robert Tan Chung Meng.
- (vi) IGB is a major shareholder of KrisAssets and a person connected to Goldis, Robert Tan Chung Meng, Pauline Tan Suat Ming, Tony Tan @ Choon Keat, Tan Chin Nam Sdn Bhd, Tan Kim Yeow Sdn Bhd and Wah Seong (Malaya) Trading Co Sdn Bhd, all of whom are major shareholders of both KrisAssets and IGB ("**Interested Major Shareholders**").

Robert Tan Chung Meng, Tan Lei Cheng, Tan Boon Lee, Daniel Yong Chen-I and Elizabeth Tan Hui Ning ("**Interested Directors**") are deemed interested in the Proposed Acquisition and accordingly have abstained and will continue to abstain from all deliberations and voting on the Proposed Acquisition at the Board meetings of KrisAssets.

They will also ensure that persons connected to them will abstain from voting on the relevant resolution at the extraordinary general meeting ("**EGM**") of KrisAssets.

The Interested Major Shareholders will abstain from voting in respect of their direct and/or indirect shareholdings in KrisAssets and will ensure that persons connected to them will abstain from voting on the relevant resolution at the EGM of KrisAssets.

The shareholdings of the Interested Directors and Interested Major Shareholders in KrisAssets as at 21 March 2011 are as follows:

	Direct		Indirect	
	No of shares held	% ⁽¹⁾	No of shares held	% ⁽¹⁾
<u>Interested Directors</u>				
Robert Tan Chung Meng	662,730	0.15	333,079,586 ⁽³⁾	76.26
Tan Lei Cheng	44,045	0.01	39,916 ⁽⁴⁾	0.01
Tan Boon Lee	1,100	⁽²⁾	-	-
Daniel Yong Chen-I	9,949	⁽²⁾	-	-
Elizabeth Tan Hui Ning	-	-	-	-
<u>Interested Major Shareholders</u>				
IGB	330,843,083	75.75	-	-
Goldis	2,236,435	0.51	330,843,083 ⁽⁵⁾	75.75
Robert Tan Chung Meng	662,730	0.15	333,079,586 ⁽³⁾	76.26
Pauline Tan Suat Ming	-	-	333,079,586 ⁽³⁾	76.26
Tony Tan @ Choon Keat	-	-	333,079,586 ⁽³⁾	76.26
Tan Chin Nam Sdn Bhd	-	-	333,079,547 ⁽⁶⁾	76.26
Tan Kim Yeow Sdn Bhd	-	-	333,079,586 ⁽³⁾	76.26
Wah Seong (Malaya) Trading Co Sdn Bhd	-	-	333,079,547 ⁽⁶⁾	76.26

Notes:

- (1) Based on the issued and paid-up share capital of 436,861,253 ordinary shares of RM1.00 each in KrisAssets (less 100,000 treasury shares).
- (2) Less than 0.01%.
- (3) Deemed interest via IGB, Goldis and other corporations by virtue of Section 6A of the Act.
- (4) Deemed interest via other corporation by virtue of Section 6A of the Act.
- (5) Deemed interest via IGB by virtue of Section 6A of the Act.
- (6) Deemed interest via IGB, Goldis and other corporation by virtue of Section 6A of the Act.

9. PERCENTAGE RATIOS UNDER PARAGRAPH 10.02(G) OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (“LISTING REQUIREMENTS”)

Based on KrisAssets Group’s audited consolidated financial statements for the FYE 31 December 2009, the highest percentage ratio under Paragraph 10.02(g) of the Listing Requirements in respect of the Proposed Acquisition is 31.9%. As the Proposed Acquisition is a related party transaction, KrisAssets is required to appoint an independent adviser and issue a circular to its shareholders seeking shareholders’ approval for the Proposed Acquisition in a general meeting.

Save for the Proposed Acquisition and the recurrent related party transactions as disclosed in KrisAssets’ circular to shareholders dated 30 April 2010, KrisAssets Group has not entered into any transactions with IGB Group in the 12 months preceding 31 December 2010. The total amount transacted between KrisAssets Group and IGB Group in the 12 months preceding 31 December 2010 was RM14,716,000.

10. INDEPENDENT ADVISER

In view of the interests of the Interested Directors and Interested Major Shareholders as set out in Section 8 above, the Proposed Acquisition is deemed a related party transaction pursuant to paragraph 10.08 of the Listing Requirements. In this respect, AmInvestment Bank Berhad has been appointed as the Independent Adviser to advise as to whether the Proposed Acquisition is fair and reasonable so far as the non-interested shareholders are concerned and whether the Proposed Acquisition is detrimental to the non-interested shareholders of KrisAssets. The Independent Adviser would also recommend to non-interested shareholders whether they should vote in favour of the Proposed Acquisition.

11. STATEMENT BY THE AUDIT COMMITTEE

The Audit Committee (save for Tan Lei Cheng), having considered all aspects of the Proposed Acquisition and the views of the Independent Adviser, is of the opinion that the Proposed Acquisition is:

- (i) in the best interest of KrisAssets;
- (ii) fair, reasonable and on normal commercial terms; and
- (iii) not detrimental to the interests of the minority shareholders.

12. DIRECTORS' STATEMENT

The Board (with the exception of the Interested Directors), having considered all aspects of the Proposed Acquisition, agrees that the Proposed Acquisition is in the best interest of KrisAssets.

13. ESTIMATED TIMEFRAME FOR COMPLETION

Barring unforeseen circumstances, the Proposed Acquisition is expected to be completed by mid-2011.

14. DOCUMENTS FOR INSPECTION

The SSA and the letter from Jordan Lee & Jaafar Sdn Bhd dated 11 March 2011 in relation to the market value of the Property are available for inspection during normal office hours (except public holidays) at the registered office of KrisAssets at Level 32, The Gardens South Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur for a period of 3 months from the date of this announcement. The valuation report by Jordan Lee & Jaafar Sdn Bhd is expected to be ready by the end of March 2011. An announcement will be made upon submission of the valuation report to Bursa Securities and on the availability of the valuation report for inspection.

This announcement is dated 25 March 2011.

INFORMATION ON MVCG

1. FINANCIAL SUMMARY

The key financial results of MVCG for the past 3 years from FYE 31 December 2008 to 31 December 2010 are as follows:

	Audited FYE 31 December		
	2008	2009 (restated)	2010
	RM'000	RM'000	RM'000
Revenue	83,547	89,277	100,212
Profit before tax	7,266	7,369	22,232
Profit after tax (" PAT ")	4,647	3,511	14,656
Shareholders' funds / NA	185,471	238,983	254,328
Share capital:			
- MVCG RPS	10,000	12,500	12,500
- MVCG Shares	100	100	100
Total borrowings	300,000	300,000	290,000
NA per share (RM)	1,855	2,390	2,543
Gross EPS (RM)	73	74	222
Net EPS (RM)	46	35	147
Current ratio (times)	0.11	0.20	0.19
Gross gearing ratio (times)	1.62	1.26	1.14

Commentary on Past Performance**FYE 31 December 2008**

For FYE 31 December 2008, MVCG's revenue increased by 603.08% to RM83.55 million from RM11.88 million in FYE 31 December 2007. This was mainly due to higher occupancy in FYE 31 December 2008 compared to 2007 as The Gardens Mall was opened at the end of September 2007. In addition, rental was recognized for the full year in FYE 31 December 2008 whereas FYE 31 December 2007 only captured income for 3 months. Correspondingly, PAT for the year increased by 142.33% to RM4.65 million.

FYE 31 December 2009

For FYE 31 December 2009, MVCG's revenue increased by 6.86% to RM89.28 million mainly due to higher occupancy in FYE 31 December 2009 resulting in higher rental revenue. Despite the increase in revenue, PAT decreased by 24.45% to RM3.51 million mainly due to higher rent rebates given to tenants and higher financing costs.

FYE 31 December 2010

During the FYE 31 December 2010, MVCG recorded revenue of RM100.21 million, an increase of 12.25% from the previous financial year. This was mainly due to higher car park collections and higher rental revenue. The increase in revenue resulted in MVCG registering PAT of RM14.66 million, an increase of RM11.15 million or 317.43% compared to FYE 31 December 2009. The significant increase in PAT was mainly due to the significant reduction in rent rebates and provision for doubtful debts.

INFORMATION ON MVCG (Cont'd)

2. INFORMATION ON THE GARDENS MALL/PROPERTY

Master title details	:	Pajakan Negeri 37073, Lot 79 Seksyen 95A, Bandar Kuala Lumpur, Daerah Kuala Lumpur, Wilayah Persekutuan
Description	:	7-storey shopping complex together with 4,128 car parking bays, erected on a portion of the above master title
Tenure	:	Leasehold interest for 99 years expiring on 6 June 2103
Unexpired leasehold period	:	Approximately 92 years
Existing use	:	Commercial
Rental and car park income	:	RM100,211,657 for FYE 31 December 2010
Date of acquisition	:	Not applicable
Age of building	:	3.5 years
Occupancy rate	:	98% as at 31 December 2010
Gross built-up area	:	3,140,000 sq ft
Net lettable area	:	76,355.80 sq. m. (821,887 sq. ft.)
Audited net book value as at 31 December 2010	:	RM617,317,507
Encumbrances	:	Fixed charge over the building and ancillary structures
Restriction in interest	:	Tanah ini tidak boleh dipindahmilik, dipajak, dicagar atau digadai melainkan dengan kebenaran Jawatankuasa Kerja Tanah Wilayah Persekutuan Kuala Lumpur
Market value ascribed by the independent valuer	:	RM820,000,000
Date of valuation	:	31 January 2011
Method of valuation	:	Investment method and comparison method