

Term Sheet

relating to the offering of up to

60,000,000 European style non-collateralised cash-settled call warrants (“Structured Warrants”) over the Kuala Lumpur Composite Index (“KLCI”) with entitlement of 200 Structured Warrants : 1 KLCI unit

Issuer

KENANGA INVESTMENT BANK BERHAD

(Company No.: 15678-H)

*(A Participating Organisation of Bursa Malaysia Securities Berhad)
(Incorporated in Malaysia under the Companies Act, 1965)*

This Term Sheet is published in connection with the offering of the Structured Warrants (as defined above) to be issued by Kenanga Investment Bank Berhad (“**Issuer**”) for the purpose of providing information on the Structured Warrants. This Term Sheet is supplemental to and should be read in conjunction with the Base Prospectus dated 12 May 2008 (“**Base Prospectus**”), First Supplementary Base Prospectus dated 13 November 2008 and Second Supplementary Base Prospectus dated 5 December 2008 which sets out the information on the Issuer and the Structured Warrants (as defined in the Base Prospectus).

We may update or amend the Base Prospectus from time to time by way of supplementary documents. You should ask us if any supplement to the Base Prospectus has been issued. The Base Prospectus and any supplement to the Base Prospectus will be available on Bursa Malaysia Securities Berhad’s (“**Bursa Securities**”) website at www.bursamalaysia.com. These documents will also be available for inspection at our registered office during office hours for a period of twelve (12) months from the date of the Base Prospectus.

You are warned that the price of the Structured Warrants may fall in value as rapidly as they may rise and you may sustain a total loss of your investment. You should therefore make sure you understand the terms and conditions of the Structured Warrants offered, the risk factors involved and where necessary, seek professional advice before investing in the Structured Warrants.

The Structured Warrants constitute general and unsecured contractual obligations of the Issuer and of no other person. If you purchase the Structured Warrants, you are relying on the creditworthiness of the Issuer and have no recourse/rights against the index sponsor or any company forming part of the index.

The Structured Warrants are to be listed and traded on the Call Warrants Board of Bursa Securities.

We have applied to Bursa Securities for permission to list and quote the Structured Warrants on the Official List of the Call Warrants Board of Bursa Securities. As at the date of this Term Sheet, we have not received the said permission.

YOU SHOULD CONSIDER THE RISK FACTORS DETAILED IN SECTION 4 OF THE BASE PROSPECTUS AND SECTION 2 OF THIS TERM SHEET.

The date of this Term Sheet is 5 December 2008

RESPONSIBILITY

OUR DIRECTORS HAVE SEEN AND APPROVED THIS TERM SHEET. OUR DIRECTORS COLLECTIVELY AND INDIVIDUALLY ACCEPT FULL RESPONSIBILITY FOR THE ACCURACY OF THE INFORMATION CONTAINED IN THIS TERM SHEET AND CONFIRM, AFTER MAKING ALL REASONABLE ENQUIRIES, THAT TO THE BEST OF THEIR KNOWLEDGE AND BELIEF, THERE ARE NO FALSE OR MISLEADING STATEMENTS OR OTHER FACTS THE OMISSION OF WHICH WOULD MAKE ANY STATEMENT IN THIS TERM SHEET FALSE OR MISLEADING.

WE ACKNOWLEDGE THAT, BASED ON ALL AVAILABLE INFORMATION, AND TO THE BEST OF OUR KNOWLEDGE AND BELIEF, THIS TERM SHEET CONSTITUTE A FULL AND TRUE DISCLOSURE OF ALL MATERIAL FACTS CONCERNING THE OFFERING OF THE STRUCTURED WARRANTS ("OFFER").

NOTWITHSTANDING THE FOREGOING, OUR DIRECTORS DO NOT ACCEPT RESPONSIBILITY FOR THE CONTENTS OF INFORMATION ON THE UNDERLYING INDEX SAVE FOR THE FACT THAT THE INFORMATION IS AN ACCURATE EXTRACT OF SUMMARY OF RELEVANT PUBLICLY RELEASED INFORMATION.

STATEMENTS OF DISCLAIMER

THE SECURITIES COMMISSION ("SC") HAS APPROVED THE OFFER. HOWEVER, THIS IS NOT AN INDICATION THAT THE SC RECOMMENDS THE OFFER.

THE SC SHALL NOT BE LIABLE FOR ANY NON-DISCLOSURE ON OUR PART, IS NOT RESPONSIBLE FOR THE CONTENTS OF THIS TERM SHEET AND MAKES NO REPRESENTATION AS TO THE ACCURACY AND COMPLETENESS OF THIS TERM SHEET. THE SC SHALL NOT BE LIABLE FOR ANY LOSS ARISING FROM OR AS A RESULT OF YOUR RELIANCE ON THIS TERM SHEET.

YOU SHOULD RELY ON YOUR OWN EVALUATION TO ASSESS THE MERITS AND RISKS OF THE OFFER AND THE INVESTMENT IN THE STRUCTURED WARRANTS. IN CONSIDERING THIS INVESTMENT, IF YOU ARE IN ANY DOUBT AS TO THE ACTION TO BE TAKEN, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISER IMMEDIATELY.

ADMISSION OF THE STRUCTURED WARRANTS TO THE OFFICIAL LIST OF BURSA MALAYSIA SECURITIES BERHAD ("BURSA SECURITIES") IS NOT TO BE TAKEN AS AN INDICATION OF OUR MERITS, THE MERITS OF THE OFFER, THE STRUCTURED WARRANTS OR THE UNDERLYING INDEX.

WE HAVE APPLIED TO BURSA SECURITIES FOR PERMISSION TO DEAL IN AND FOR THE LISTING OF AND QUOTATION FOR THE STRUCTURED WARRANTS ON THE OFFICIAL LIST OF THE CALL WARRANTS BOARD OF BURSA SECURITIES. ANY ALLOTMENT MADE ON AN APPLICATION TO SUBSCRIBE FOR THE STRUCTURED WARRANTS PURSUANT TO THIS TERM SHEET SHALL BE VOID IF THE PERMISSION IS NOT GRANTED BEFORE THE EXPIRATION OF SIX (6) WEEKS FROM THE DATE OF THIS TERM SHEET (OR SUCH LONGER PERIOD AS MAY BE SPECIFIED BY THE SC).

IF BURSA SECURITIES DOES NOT GRANT THE PERMISSION AS MENTIONED ABOVE, WE SHALL REPAY WITHOUT INTEREST ALL MONIES RECEIVED FROM YOU. IF ANY SUCH MONIES ARE NOT REPAYED WITHIN 14 DAYS AFTER WE BECOME LIABLE TO REPAY IT, THE PROVISION OF SUB-SECTION 243 OF THE CAPITAL MARKETS AND SERVICES ACT, 2007 ("CMSA") SHALL APPLY.

THIS TERM SHEET HAS BEEN REGISTERED WITH THE SC AND LODGED WITH THE REGISTRAR OF COMPANIES. NEITHER THE SC NOR THE REGISTRAR OF COMPANIES TAKES ANY RESPONSIBILITY FOR THE CONTENTS OF THIS TERM SHEET.

OTHER STATEMENTS

YOU ARE ADVISED TO NOTE THAT RECOURSE FOR FALSE OR MISLEADING STATEMENTS OR ACTS MADE IN CONNECTION WITH THIS TERM SHEET IS DIRECTLY AVAILABLE THROUGH SECTIONS 248, 249 AND 357 OF THE CMSA.

SECURITIES LISTED ON BURSA SECURITIES ARE OFFERED TO PUBLIC PREMISED ON FULL AND ACCURATE DISCLOSURE OF ALL MATERIAL INFORMATION CONCERNING THE ISSUE FOR WHICH ANY OF THE PERSONS SET OUT IN SECTION 236 OF THE CMSA ARE RESPONSIBLE.

WE WILL NOT TAKE ANY ACTION TO ENSURE THAT THIS TERM SHEET COMPLIES WITH THE LAWS OF ANY COUNTRY OR JURISDICTION OTHER THAN THE LAWS OF MALAYSIA. IT IS YOUR SOLE RESPONSIBILITY TO CONSULT YOUR LEGAL AND/OR OTHER PROFESSIONAL ADVISERS ON THE APPLICABLE LAWS THAT YOU ARE OR MIGHT BE SUBJECT TO. NEITHER OUR ADVISER NOR WE WILL ACCEPT ANY RESPONSIBILITY OR LIABILITY IF YOUR APPLICATION BECOMES ILLEGAL, UNENFORCEABLE, VOIDABLE OR VOID IN ANY COUNTRY OR JURISDICTION.

THIS TERM SHEET SUPPLEMENTS AND SHOULD BE READ IN CONJUNCTION WITH THE BASE PROSPECTUS DATED 12 MAY 2008, FIRST SUPPLEMENTARY BASE PROSPECTUS DATED 13 NOVEMBER 2008 AND SECOND SUPPLEMENTARY BASE PROSPECTUS DATED 5 DECEMBER 2008. IN THE EVENT OF ANY INCONSISTENCIES BETWEEN THE PROVISIONS OF THE BASE PROSPECTUS, FIRST SUPPLEMENTARY BASE PROSPECTUS, SECOND SUPPLEMENTARY BASE PROSPECTUS AND THIS TERM SHEET, THE PROVISIONS OF THIS TERM SHEET WILL PREVAIL FOR THE PURPOSE OF THE OFFER.

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INDICATIVE TIMETABLE

The indicative timing of events leading up to the listing of and quotation for the Structured Warrants on the Call Warrants Board of Bursa Securities is as follows:-

	Tentative dates
Opening of the offer ("Offering Date")	5 December 2008
Price fixing date	Up to two (2) Market Days before Closing Date
Closing of the offer at 3.30 p.m. on a date selected by us which is no later than 27 April 2009	Closing Date
Allotment of the Structured Warrants to placees	7 Market Days after Closing Date
Listing of the Structured Warrants on the Call Warrants Board of Bursa Securities	8 Market Days after Closing Date

This timetable is tentative and is subject to changes. Our Directors may at their absolute discretion shorten or extend the Closing Date to another date or dates.

Any shortening or extension of the Closing Date will be announced by way of an advertisement in a widely distributed English daily newspaper circulated in Malaysia and the dates for price fixing, allotment of the Structured Warrants and listing of and quotation for the Structured Warrants on the Call Warrants Board of Bursa Securities will be shortened or extended accordingly.

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DEFINITIONS

All references to “our Company” or “the Issuer” or “KIBB” in this Term Sheet are to Kenanga Investment Bank Berhad (15678-H), references to “our Group” or “KIBB Group” are to our Company and our subsidiaries, and references to “we”, “us” “our” and “ourselves” are to our Company and, except where the context otherwise requires, our subsidiaries. Unless the context otherwise requires, references to “Management” are to our Directors and key management personnel as at the latest practicable date, and statements as to our beliefs, expectations, estimates and opinions are those of our Management.

References to “Ringgit”, “Ringgit Malaysia”, “RM” or “sen” are to the lawful currency of Malaysia, and references to a time of day are to Malaysian time, unless otherwise stated. Words importing the singular shall, where applicable, include plural and vice versa, and words importing the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa. References to persons shall include companies and corporations. References to a “series” of Structured Warrants are to each type of Structured Warrants to be issued by us based on the Base Prospectus and the term sheets to be issued in support of each series of Structured Warrants.

The following terms in this Term Sheet bear the same meanings as set out below, unless the term is defined otherwise or the context otherwise requires:-

Base Prospectus	: Base Prospectus dated 12 May 2008 relating to the offering of Structured Warrants to be issued by us, as supplemented by the First Supplementary Base Prospectus dated 13 November 2008 and Second Supplementary Base Prospectus dated 5 December 2008
Board	: Board of Directors
Bursa Malaysia	: Bursa Malaysia Berhad (30632-P)
Bursa Securities	: Bursa Malaysia Securities Berhad (635998-W)
Deed Poll	: Deed Poll dated 17 April 2008 executed by us for the Structured Warrants, as supplemented from time to time. The Term Sheet to be issued for the Structured Warrants will form a new schedule in and supplement the Deed Poll.
Kenanga	: K&N Kenanga Holdings Berhad (302859-X), our immediate holding company
Kenanga Group	: Kenanga and its subsidiaries
KIBB	: Kenanga Investment Bank Berhad (15678-H)
KIBB Group	: KIBB and its subsidiaries
KLCI	: Kuala Lumpur Composite Index
Listing	: Listing of and quotation for the Structured Warrants on the Call Warrants Board of Bursa Securities
LPD	: 17 November 2008, being the latest practicable date for the purpose of ascertaining certain information contained in this Term Sheet

DEFINITIONS (Cont'd)

Market Day	:	A day (other than Saturday, Sunday or public holiday) on which the relevant securities exchange is open for trading during the normal trading hours in the place where the relevant underlying index is compiled and published by the said member of the World Federation of Exchanges and the Structured Warrants are quoted and traded
Offer	:	Our offering of the Structured Warrants
Price Fixing Date	:	Date on which the strike level and issue price for the Structured Warrants is to be determined, being the Market Day immediately before the Closing Date
RM and sen	:	Ringgit Malaysia and sen, respectively
SC	:	Securities Commission
Structured Warrants	:	Non-collateralised structured warrants which we propose to issue as set out in the Base Prospectus, which include American style cash settled call warrants on single equity, American style cash settled call warrants on a basket of equities, American style cash settled call warrants on single index, European style cash settled call warrants on single equity, European style cash settled call warrants on a basket of equities, European style cash settled call warrants on single index and Bull ELS. Reference to "Structured Warrants" may mean any one of the Structured Warrant in this definition
Terms	:	Terms and conditions of the Structured Warrants
Warrantholder	:	Holder of the Structured Warrants
Warrant Registrar	:	PFA Registration Services Sdn. Bhd. (19234-W), being the Registrar for the Structured Warrants

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1. TERMS AND CONDITIONS OF THE STRUCTURED WARRANTS

The following is only part of the terms and conditions of the Structured Warrants and should be read together with the terms and conditions of the Structured Warrants set out in the Base Prospectus, other information set out in the Base Prospectus, and the supplemental provisions contained in this Term Sheet, and other term sheets and successor documents issued. Copies of the Deed Poll are available for inspection at our registered office. Warrant holders are bound by and are deemed to have notice of all provisions contained in the Deed Poll.

- Issuer : KIBB
- Liquidity provider : KIBB
- Underlying Index Sponsor : Bursa Malaysia
- Instrument : Non-collateralised cash-settled call warrants over the KLCI
- Issue size : Up to 60,000,000 Structured Warrants
- Board lot : 100 Structured Warrants
- Entitlement : 200 Structured Warrants : 1 KLCI unit
- Exercise Amount : The amount of Structured Warrants to be exercised, subject to the minimum of 200 Structured Warrants
- Exercise style : European style, i.e. may only be exercised on the Expiry Date
- Expiry date : 9 months from date of issue
- Index Currency Amount : RM1
- Issue price : An amount equivalent to (i) 5% to 20% of the closing level of KLCI on the Price-Fixing Date, (ii) divided by 200 (being the Entitlement), subject to adjustments in accordance with the provisions of the Deed Poll. The Issue Price shall be rounded to 1 decimal place to the sen. In the event of any dispute regarding the calculation of the Issue Price, our determination shall be final and conclusive
- Strike Level : 90% to 110% of the closing level of KLCI on the Price-Fixing Date, subject to adjustments in accordance with the provisions of the Deed Poll
- Settlement method : Cash settlement only

The Cash Settlement Amount in respect of the Exercise Amount shall be an amount in cash (if positive), calculated as follows:-

$$\text{Cash Settlement Amount} = \frac{\text{Exercise Amount}}{\text{Entitlement}} \times \frac{1}{\left(\frac{\text{Closing Level}}{\text{Strike Level}} - \frac{\text{Index Currency Amount}}{\text{Exercise expenses}} \right)}$$

The closing level calculated by reference to the final settlement price for settling the corresponding spot-month index futures contracts before the Expiry Date

- Implied volatility : 20% to 50%
- Delta : 35% to 70%

1. TERMS AND CONDITIONS OF THE STRUCTURED WARRANTS (Cont'd)

Gearing	:	5 times to 15 times
Effective gearing	:	1.75 times to 10.5 times
Premium	:	5% to 25%
Automatic Exercise	:	The Structured Warrants shall be automatically exercised at 9.00 a.m. on Expiry Date if Cash Settlement Amount after deducting all exercise expenses is greater than zero
Listing	:	Call Warrants Board of Bursa Securities

We will publish the notice of final Issue Price and Exercise Price in a widely circulated major English daily newspaper within Malaysia after the Price Fixing Date.

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2. RISK FACTORS

BEFORE INVESTING IN THE STRUCTURED WARRANTS, YOU SHOULD CAREFULLY CONSIDER THE FOLLOWING RISK FACTORS (WHICH MAY NOT BE EXHAUSTIVE) IN ADDITION TO OTHER INFORMATION CONTAINED ELSEWHERE IN THIS TERM SHEET AND RISK FACTORS AND OTHER INFORMATION CONTAINED IN THE BASE PROSPECTUS.

INVESTMENTS IN THE STRUCTURED WARRANTS INVOLVE DIFFERENT RISKS INCLUDING MARKET RISK, LIQUIDITY RISK, CREDIT RISK AND THE RISK THAT YOU MAY SUSTAIN TOTAL LOSS OF YOUR INVESTMENT IN THE STRUCTURED WARRANTS.

YOU SHOULD CONSIDER CAREFULLY WHETHER THE STRUCTURED WARRANTS ARE SUITABLE FOR YOU TAKING INTO ACCOUNT YOUR EXPERIENCE, OBJECTIVES, FINANCIAL POSITION AND OTHER RELEVANT CIRCUMSTANCES. YOU SHOULD POSSESS ADEQUATE KNOWLEDGE OF THE STRUCTURED WARRANTS BEFORE INVESTING.

2.1 No warranty of thorough investigation on KLCI

We make no warranty to have conducted comprehensive and exhaustive research or investigation on the KLCI or Bursa Malaysia.

2.2 Brief description of the KLCI

The KLCI is calculated by Bursa Malaysia. It consists of 100 constituent stocks and its calculation mode is weighted by market capitalisation. The objectives of the KLCI are:-

- (a) to provide a performance benchmark for the Malaysian equity market;
- (b) to reflect performance of listed companies that are representative of the major sectors as in the Malaysian economy;
- (c) to reflect the growth and development in Malaysian corporate and economic sector.

For further information on the KLCI, you may refer to Bursa Malaysia's website at www.bursamalaysia.com

2.3 Market Statistics

The highest and lowest levels of the KLCI for the past three (3) years are as follows:-

	High	Low
2005	952.59	860.73
2006	1,101.70	886.48
2007	1,447.04	1,106.06
2008 (up to 3 rd quarter)	1516.22	991.66

As at the LPD, the closing spot level of KLCI is 893.95.

(Source : Bloomberg)

2. RISK FACTORS (Cont'd)

2.4 Inherent risks relating to the KLCI

The KLCI provides a performance benchmark for the Malaysian equity market and reflects the performance of its constituent stocks. You should therefore note that certain events relating to the constituent stocks of the KLCI may cause adverse movements in the price of those stocks and consequently, the performance of the KLCI.

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3. SUPPLEMENTAL GENERAL INFORMATION

3.1 Basis of arriving at the issue price

The issue price of the Structured Warrants of 5% to 20% of the closing level of KLCI on the Price Fixing Date divided by the Entitlement, was based on the option pricing model which takes into account the Strike Level of the Structured Warrants, volatility of KLCI, tenure of the Structured Warrants and interest rates.

3.2 Details on use of gross proceeds

We will use the indicative total gross proceeds arising from the Offer of up to RM15.0 million, based on the indicative issue price of RM0.25^(a), in the following manner:-

	Note	RM
Working capital	(i)	14,750,000
Estimated expenses	(ii)	250,000
Total		15,000,000

Notes:-

- (a) *Assuming the closing level of KLCI on the Price Fixing Date is the same as the closing level on 7 November 2008, which was 893.95, and the issue price for the Structured Warrants is at a premium of 5.6%.*
- (i) *This amount will be utilised for our general working capital purposes during the tenure of the Structured Warrants.*
- (ii) *The estimated expenses include professional fees, fees to authorities, selling fees and printing fees which will be used as and when the expenses are incurred.*
- (iii) *The financial impact of the Offer depends on certain factors including, but not limited to, the performance of the KLCI vis-à-vis the market as well as the costs relating to risk management i.e. hedging and its associated costs.*

3.3 Liquidity provision

We will be acting as the liquidity provider for the trading of the Structured Warrants on Bursa Securities. The process of market making is set out in Section 5 of the Base Prospectus.

As an Issuer, it is our business policy to stand by our products by providing liquidity. We may act as liquidity provider and/or appoint liquidity provider(s) for the trading of our Structured Warrants on Bursa Securities. The process of providing liquidity involves maintaining bid and offer prices on the trading system of Bursa Securities on each Market Day, over the life of the Structured Warrants. As liquidity provider, we maintain a certain number of Structured Warrants as inventory for the purposes of liquidity provision during the tenure of the Structured Warrants.

You may obtain bid/offer prices for the Structured Warrants (in respect of prices that appear on the trading system of Bursa Securities, and/or in respect of direct business transactions) from us at the following contact details:

KIBB
Equity Derivatives and Structured Products
Telephone no: 03-2161 4381

3. SUPPLEMENTAL GENERAL INFORMATION (Cont'd)

3.4 Information on KLCI and Bursa Malaysia

Information on KLCI and Bursa Malaysia may be obtained from Bursa Malaysia's website at www.bursamalaysia.com.

3.5 Agreement, arrangement and undertaking

As at the LPD, there are no agreements, arrangements or undertaking that are in place between us, Kenanga and our subsidiaries and associated companies, and any substantial shareholders of Bursa Malaysia in relation to the Structured Warrants or have a bearing on the issuance of the Structured Warrants.

3.6 Consents

The Warrant Registrar and Bloomberg has given and have not subsequently withdrawn their written consent to the inclusion in this Term Sheet of their name in the form and context in which their name appear.

3.7 Documents for inspection

Copies of the following documents may be inspected at our registered office during office hours for a period of twelve (12) months from the date of the Base Prospectus:-

- (i) Our Memorandum and Articles of Association;
- (ii) Deed Poll;
- (iii) Our audited financial statements for the past three (3) FYE 31 December 2005 to 2007; and
- (iv) The letters of consent referred to in Section 3.6 of this Term Sheet.

3.8 Responsibility statements

We acknowledge that, based on all available information, and to the best of our knowledge and belief, the Base Prospectus, First Supplementary Base Prospectus, Second Supplementary Base Prospectus and this Term Sheet constitute a full and true disclosure of all material facts concerning the Offer.

Our Directors have seen and approved this Term Sheet. Our Directors collectively and individually accept full responsibility for the accuracy of the information contained in this Term Sheet and confirm, after making all reasonable enquiries, that to the best of their knowledge and belief, there are no false or misleading statements or other facts the omission of which would make any statement in this Term Sheet false or misleading.

Notwithstanding that, our Directors do not accept responsibility for the contents of information on Bursa Malaysia and KLCI save for the fact that the information is an accurate extract or summary of relevant publicly released information. The only responsibility of our Directors is to ensure that the information is accurately reproduced in this Term Sheet.