

PROJECT MANAGEMENT AGREEMENT SIGNED BETWEEN KNUSFORD PROJECT MANAGEMENT SDN BHD (“KPMBS”) AND PARA IMPIANA SDN BHD FOR THE APPOINTMENT OF KPMBS AS THE PROJECT MANAGER FOR THE CONSTRUCTION AND COMPLETION OF A MIXED DEVELOPMENT PROJECT KNOWN AS “AQUAINT DANGA RESIDENS” LOCATED IN JOHOR BAHRU, JOHOR

1.0 INTRODUCTION

The Board of Directors of Knusford Berhad (“**KB**” or “**Company**”) (“**Board**”), is pleased to announce that our wholly-owned subsidiary, Knusford Project Management Sdn Bhd (“**KPMBS**”), had on 28 August 2014, entered into a Project Management Agreement (“**PMA**”) with Para Impiana Sdn Bhd (“**PISB**”) for the appointment of KPMBS as the project manager for the construction and completion of a mixed development project known as “*Aquaint Danga Residensi*” located in Johor Bahru, Johor (“**Project**”).

2.0 DETAILS OF THE PMA

KPMBS (formerly known as Knusford Autohaus Sdn Bhd) has been appointed as a project manager to provide professional management services for the Project which includes the management of planning, design administration, monitoring of construction progress, administration aspects of the Project and all preceding, follow-up and other services necessary to interpret and implement PISB’s and/or the project management committee’s intention or purpose to complete the Project.

The appointment of KPMBS under the PMA is for a period of five (5) years (“**PMA Period**”) commencing from the agreement date.

The total project management fees payable throughout the PMA Period is RM12,000,000 and KPMBS will be paid on pro-rata monthly basis amounting to RM200,000 per month. Upon the expiry of the PMA, any extension shall be renegotiated between the KPMBS and PISB.

3.0 RATIONALE FOR THE PMA

The appointment of KPMBS as the project manager is in the ordinary course of business of KPMBS and is expected to contribute positively to the future revenue and earnings of the KB and its subsidiaries (“**KB Group**”).

4.0 EFFECTS OF THE PMA

The PMA will not have any effect on the share capital and/or substantial shareholders’ shareholdings of the KB Group. However, the PMA is expected to contribute positively to the future earnings of the KB Group as and when revenue derived from the project management fees is recognised over the five (5) year period.

5.0 PERCENTAGE RATIO

The highest percentage ratio applicable to the PMA as per Paragraph 10.02(g) Chapter 10 of Bursa Malaysia Securities Berhad Main Market Listing Requirements is 4.43% being the aggregate value of the project management fees under the PMA of RM12,000,000 compared to the net assets of the KB Group based on the Company’s latest consolidated audited financial statements for the FYE 31 December 2013.

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6.0 RISK IN RELATION TO THE PMA

The appointment KPMBSB as a project manager is subject to normal project management and construction risks in which the KB Group are already exposed to. Nonetheless, the risks will be managed and mitigated with the experience and expertise of the KB Group to manage and complete construction projects.

7.0 APPROVALS REQUIRED

The PMA does not require the approval of shareholders and/or other relevant authorities. The PMA is not conditional or inter-conditional upon any other corporate exercises being or proposed to be undertaken by the Company.

8.0 TRANSACTIONS WITH THE RELATED PARTIES FOR THE PRECEDING 12 MONTHS

Saved as disclosed in our circular to shareholders dated 5 June 2014 in relation to the renewal of shareholders' mandate for recurrent related party transaction of revenue or trading in nature, there are no other transactions with the Related Parties for the preceding 12 months from date of this announcement.

9.0 INTEREST OF DIRECTORS, MAJOR SHAREHOLDERS AND/OR PERSONS CONNECTED TO THEM

PISB is a joint venture company between Rampai Fokus Sdn Bhd (“**RFSB**”) and Imperial Marina Pte Ltd. RFSB is a wholly-owned subsidiary of Danga Bay Sdn Bhd, which in turn is a wholly-owned subsidiary of Iskandar Waterfront Holdings Sdn Bhd (“**IWHSB**”).

Tan Sri Dato' Lim Kang Hoo (“**TSDLKH**”) is our Director and our major shareholder via his direct interest and through his interests' in Aman Setegap Sdn Bhd and Kinston Park Sdn Bhd. TSDLKH is a major shareholder in IWHSB and is a director in IWHSB and RFSB.

Lim Chen Heng is our Director and is also a director in IWHSB, RFSB and PISB. He is a son of TSDLKH.

TSDLKH and Lim Chen Heng are interested in the transactions and have abstained and will continue to abstain from deliberating and voting on the matters in relating to PMA at our relevant Board meetings.

Save as disclosed above, none of our major shareholders and/or Directors and/or persons connected to them have any interests, direct or indirect, in the PMA.



(Company No. : 380100-D)

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10.0 STATEMENT BY AUDIT COMMITTEE

The Audit Committee has considered all aspects of the PMA and is of the opinion that the PMA is:-

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

In forming its view and opinion, the Audit Committee has considered, amongst others, the rationale and financial effects of the PMA as disclosed in Section 3 and 4 above. No independent advice was sought by the Audit Committee as the percentage ratio applicable to the PMA is less than 5%.

11.0 STATEMENT BY THE BOARD OF DIRECTORS

The Board of Directors, save for TSDLKH and Lim Chen Heng who are interested in the PMA and have abstain from deliberating and voting on the PMA at our relevant Board meetings, having considered all the aspects of the PMA, are of the opinion that the PMA in the best interest of the KB Group.

12.0 DOCUMENTS FOR INSPECTION

The PMA will be made available for inspection at the registered office of KB at Ground Floor, Wisma Ekovest, No. 118, Jalan Gombak, 53000 Kuala Lumpur, from 9.00 a.m. to 5.00 p.m. from Mondays to Fridays (except public holidays).

This announcement is dated 28 August 2014.