

Company Name : **PASUKHAS GROUP BERHAD**
Stock Name : **PASUKGB**
Type : **General Announcement – OTHERS**
Subject : **Pasukhas Group Berhad ("PGB" or "the Company")**
- **Variations to the Utilisation of Proceeds raised from Proposed Fund Raising Exercises ("Variation")**

(Unless otherwise defined in this announcement, all terms used herein shall have the same meaning as those defined in the Circular to shareholders in relation to the Proposals dated 16 November 2016)

1. INTRODUCTION

Reference is made to the Circular dated 16 November 2016 in relation to the Proposals, which has been approved by the shareholders of PGB on 8 December 2016 and completed on 18 September 2017. The Company has raised a total amount of RM45.93 million from the Proposed Fund Raising Exercises, of which the amount of RM7.87 million has been earmarked for the payment of the cash consideration of RM7,873,824, representing 45.7% of the purchase consideration of RM17,223,990 to acquire the 70% equity interest of Pasukan Khas Construction Sdn Bhd ("PKC") ("Remaining PKC Cash Consideration") from Dato' Sri Teng Ah Kiong, Wee Hiang Chyn and Ong Mei Lee ("PKC Vendors").

Under the terms of the PKC SSA, the Remaining PKC Cash Consideration of RM7.87 million has been fully withheld. The Remaining PKC Cash Consideration will be released by PGB to the PKC Vendors in the following manner:-

- (i) in the event PKC achieves an aggregate profit after taxation of RM7,873,824 ("Profit Guarantee Sum") or more within the 24-month period starting from 1 October 2016 to 30 September 2018 pursuant to the PKC SSA ("Profit Guarantee Period"), the entire PKC Cash Consideration will be released to the PKC Vendors thereto; and
- (ii) in the event PKC achieves an aggregate PAT less than the Profit Guarantee Sum during the Profit Guaranteed Period, the Remaining PKC Cash Consideration will be deducted for an amount equivalent to 70% of the shortfall between the Profit Guarantee Sum and the actual PAT for the Profit Guaranteed Period ("Profit Shortfall").

Pursuant to the terms of the PKC SSA, the Remaining PKC Cash Consideration shall only be paid within 3 business days from the issuance of the special audit written report and certificate by the external auditors appointed by PGB within a period of 3 months from 30 September 2018 to ascertain the PAT for the Profit Guarantee Period ("Payment Date"). The said written report and certificate will be issued within 15 business days from the date of completion of the special audit of PKC.

The monies raised from the Proposed Fund Raising Exercises to fund the Remaining PKC Cash Consideration are currently placed in interest-bearing deposit accounts, which currently generates interest amount of approximately 3.0% per annum. The Board of PGB proposes to vary the utilisation of proceeds of approximately RM7.87 million earmarked for payment of Remaining PKC Cash Consideration to fund its working capital requirements for its existing construction projects and joint ventures which include the payment of contractors, suppliers of goods and services, and sourcing of manpower such as construction workers. This would enable the PGB to optimize the returns on these funds.

The Company shall seek other sources of funding, which includes internally generated funds and/or bank borrowings to fund the obligations of PGB to make payment of the Remaining PKC Cash Consideration of to RM7.87 million by the Payment Date.

2. APPROVALS REQUIRED

The Variation is not subjected to any regulatory authorities or shareholders' approval. Nevertheless, the Board shall continue to be vigilant and prudent in managing the proceeds raised from the Proposed Fund Raising Exercises and will continue to disclose the status of the utilisation of proceeds in its quarterly results and annual reports until its full utilisation.

This announcement is dated 27 March 2018.