

### 3. PROSPECTUS SUMMARY

**THIS PROSPECTUS SUMMARY ONLY HIGHLIGHTS THE KEY INFORMATION FROM OTHER PARTS OF THIS PROSPECTUS. IT DOES NOT CONTAIN ALL THE INFORMATION THAT MAY BE IMPORTANT TO YOU. YOU SHOULD READ AND UNDERSTAND THE CONTENTS OF THE WHOLE PROSPECTUS PRIOR TO DECIDING ON WHETHER TO INVEST IN OUR SHARES.**

#### 3.1 PRINCIPAL DETAILS OF THE IPO

The following details relating to our IPO are derived from the full text of this Prospectus and should be read in conjunction with that text:

	<b>No. of Shares</b>
<b>Number of Shares to be offered under our Public Issue</b>	90,000,000
- Malaysian Public	24,500,000
- Pink Form Allocation	12,250,000
- Private placement to selected investors	53,250,000
<b>Number of Shares to be offered under the Offer for Sale</b>	44,700,000
<b>Enlarged issued share capital upon our Listing</b>	490,000,000
<b>IPO Price (RM)</b>	[•]
<b>Pro forma NA per Share (RM)</b> (based on our enlarged issued share capital after our IPO and after the use of proceeds raised from our Public Issue)	[•]
<b>Market capitalisation upon Listing (RM)</b> (based on the IPO Price and enlarged number of Shares after our IPO)	[•]

In compliance with the Listing Requirements, a moratorium will be imposed on the sale, transfer or assignment of our Shares held by our Specified Shareholders. Further details on moratorium on our shares are set out in **Section 2.2** of this Prospectus. Please refer to **Section 4** of this Prospectus for further details on our IPO.

#### 3.2 GROUP STRUCTURE AND BUSINESS MODEL

We were incorporated in Malaysia on 29 December 2020 as a private limited company under the name of Steel Hawk Sdn Bhd. On 8 July 2021, we were converted into a public limited company and were listed on the LEAP Market of Bursa Securities on 29 October 2021.

Our Company is currently an investment holding company and through our Subsidiaries, we are principally involved in the provision of onshore and offshore support services for the O&G industry. Our business is segmented into the following core principal activities:

- (i) EPCC services for chemical injection skids and facilities improvement / maintenance of topside O&G facilities<sup>(1)</sup>;
- (ii) installation and maintenance of oilfield equipment<sup>(2)</sup>; and
- (iii) supply of oilfield equipment.

**Notes:**

- (1) The maintenance of topside O&G facilities relates to maintenance of any structures and fittings as well as defective pipes, tubing and electrical cables identified within the topside O&G facilities.

**3. PROSPECTUS SUMMARY (CONT'D)**

- (2) The maintenance of oilfield equipment relates to maintenance of the specific oilfield equipment (e.g. pig trap systems, fire rated doors, oil spill recovery equipment, etc.). For avoidance of doubt, our Group's maintenance of oilfield equipment is conducted expressly on an "as-needed" basis.

We are principally involved in the provision of onshore and offshore support services for the O&G industry. Our Group's business activities are as follows:

Business activities	EPCC services and facilities improvement / maintenance		Installation and maintenance of oilfield equipment	Supply of oilfield equipment <sup>(1)</sup>
Description	<p><u>EPCC services for chemical injection skids</u> Provision of EPCC services for chemical injection skids installed at onshore or offshore exploration and production facilities (e.g., platforms, rigs or terminals)</p>	<p><u>Facilities improvement / maintenance</u> Overall improvement and maintenance of O&amp;G facilities (i.e. oil rig platform, onshore and offshore) - upgrade and/ or replacement of corroded or damaged structures as well as removal, installation or modification of component parts of structures.</p>	<p>Supply of the oilfield equipment to be installed and maintained (i.e. repair, refurbishment, and replacement) at customers' sites</p>	<p>Supply and delivery of specific oilfield equipment and / or parts and components to embarkation points</p>
Product and Services	<ul style="list-style-type: none"> <li>• Site survey and inspection</li> <li>• Design and 3D modelling</li> <li>• Development of engineering drawings</li> <li>• Procurement of supplies</li> <li>• Fabrication and construction<sup>(2)</sup></li> <li>• Erection and installation</li> <li>• Pre-testing, pre-commissioning, testing and commissioning</li> <li>• Preservation of existing chemical injection skids</li> </ul>	<ul style="list-style-type: none"> <li>• Inspection</li> <li>• Development of shop drawings, fabrication drawings and as-built drawings</li> <li>• Procurement of supplies</li> <li>• Fabrication and construction<sup>(2)</sup></li> <li>• Erection and replacement of structures, fittings, pipes, tubing and electrical cables</li> <li>• Pre-testing, pre-commissioning, testing and commissioning</li> <li>• Rigging and scaffolding</li> <li>• Civil, electrical and instrumental works</li> </ul>	<ul style="list-style-type: none"> <li>• Oilfield equipment survey</li> <li>• Repair and refurbishment</li> <li>• Procurement of oilfield equipment as well as parts and components</li> <li>• Replacement of parts, components and oilfield equipment</li> </ul>	<ul style="list-style-type: none"> <li>• Pig trap system</li> <li>• Fire rated doors</li> <li>• Oil spill recovery equipment, etc.</li> </ul>

**Notes:**

- (1) Our Group's supply of oilfield equipment only involves the delivery of specific oilfield equipment and/ or parts and components to embarkation points such as supply bases or ports designated by its customers, without any installation or maintenance provided at its customers' facilities.
- (2) Our Group's fabrication of large structures exceeding 6 metres (e.g., I-beam and metal plates) are currently outsourced to subcontractors due to space constraints in our Group's Existing Teluk Kalung Facility 1. Additionally, blasting and painting of materials (i.e. structures, pipes, tubing, and fittings) are also outsourced to subcontractors. However, with the construction of the Proposed Teluk Kalung Facility 2, the aforementioned services will be conducted in-house.

**3. PROSPECTUS SUMMARY (CONT'D)**

Our Group operates in the O&G services and equipment industry where our business activities are to support the upstream, midstream, and downstream segments of the O&G industry. We are primarily focused on maintenance and upkeep of pipelines and topside facilities to ensure the efficiency of crude oil and gas production, and functionality and safety of the topside facilities. As such, our services are considered essential to our customers' ongoing operations as our customers require periodic planned maintenances (and shutdown) to upkeep their facilities, hence providing us a certain degree of insulation from fluctuation in crude oil and gas prices. Please refer to **Sections 6 and 7** of this Prospectus for further details of our Group, business model and business activities.

The breakdown of our revenue by business activities for the Financial Years Under Review is as follows:

Business activity	Audited					
	FYE 2021		FYE 2022		FYE 2023	
	RM'000	%	RM'000	%	RM'000	%
EPCC services and facilities improvement / maintenance	18,240	73.42	57,788	87.13	64,927	89.51
Installation and maintenance of oilfield equipment	5,235	21.07	7,310	11.02	5,782	7.97
Supply of oilfield equipment	1,370	5.51	1,228	1.85	1,828	2.52
<b>Total revenue</b>	<b>24,845</b>	<b>100.00</b>	<b>66,326</b>	<b>100.00</b>	<b>72,537</b>	<b>100.00</b>

**3.3 COMPETITIVE STRENGTHS**

A summary of our competitive strengths is set out as follow:

**(a) We have an established track record through our achievements in our quality management systems and various HSE requirements**

Our Group places emphasis on the establishment of policies and procedures on quality assurance and quality control, as well as HSE to ensure compliance to the relevant regulations which our customers emphasise. As a testament to the conformity of our quality management system to international standards, Steel Hawk Engineering has been certified with ISO 9001: 2015 and ISO 45001: 2018 compliant by Intertek Certification Limited.

Over the years of our business operations, we received several certifications and focus recognitions from PETRONAS which attest to our performance and HSE management. Our track record and recognitions we received from PETRONAS adds value to our evaluation criterion when we participate in tender activities for future contracts under PETRONAS group and enabled us to secure contract extensions or renewals from PETRONAS group. Our track record till date has enabled us to be awarded with extension and renewal of the following contracts with PETRONAS.

**(b) Our team of in-house engineers are equipped with the relevant technical expertise in the O&G industry**

Since the commencement of our business, we have been providing engineering solutions to suit the specific requirements of our customers. Our Group operates in a specialised industry where technical expertise in the O&G industry is a requirement for our Group to carry out our business operations. This is mainly due to the stringent requirements imposed by our customers as well as governing bodies that may vary from customer to jurisdiction. In view of this, our Group requires individuals who have the requisite experience in their respective fields as well as experience in navigating the regulatory conditions to ensure that our engineering solutions are able to satisfy our customers' requirements.

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### 3. PROSPECTUS SUMMARY (CONT'D)

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In view of the above, our Group retains a team of engineers in-house who have technical backgrounds covering mechanical, mechatronics, civil, electric and electronics and instrumentation engineering, quality assurance and quality control, HSE and project management to carry out engineering works in both onshore and offshore. Our Group also retains a team who are based onshore to carry out technical works.

**(c) The nature of our business, where our business operations are not materially affected by crude oil and gas production and price fluctuations, coupled with our long-term contracts, enable us to generate sustainable revenue**

The onshore and offshore support services which we provide to our customers are to upkeep pipelines and topside facilities. Our customers in the O&G industry require periodic maintenance and upkeep of their pipelines and topside facilities to ensure the efficiency of crude oil and gas production, and functionality and safety of said facilities.

As such, our services are required by our customers despite fluctuating crude oil and gas prices, which provides our Group a certain degree of insulation from the fluctuating crude oil and gas prices.

**(d) We have an experienced and technically strong key management team**

Our Group has an experienced and technically strong key management team, led by our Executive Director and Deputy Chairman, Dato' Sharman, who has 20 years of experience in the O&G industry. He is responsible for the overall strategic management of our Group and plays a vital role in growing the business of our Group. Our Key Senior Management has strong industry and functional expertise as a result of years of experience in their respective fields. The combination of knowledge and relevant working experience across a broad spectrum of business activities has enabled our Key Senior Management to take an active, hands-on role in spearheading their respective departments to support the growth of our Group. Their hands-on involvement in our Group enables the transference of skills and knowledge to employees at all level, which thereby demonstrates their strong commitment to our growth as we continue to expand.

Please refer to **Section 7.3** of this Prospectus for further details of our competitive strengths.

### 3.4 BUSINESS STRATEGIES AND FUTURE PLANS

A summary of our business strategies and future plans is set out below:

**(a) We plan to establish our own fabrication yard at Teluk Kalung, Kemaman, Terengganu**

Our Group intends to construct the Proposed Teluk Kalung Facility 2 on part of the Teluk Kalung Land (approximately 0.5 kilometres from the Existing Teluk Kalung Facility 1) in order to expand our fabrication capacity to approximately 65MT per month or equivalent to 5 times of the fabrication capacity of the Existing Teluk Kalung Facility 1 (i.e. currently 13MT per month), to cater for the expected increase in demand of our products and services, which require a larger production space and office space for future increase in work force.

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**3. PROSPECTUS SUMMARY (CONT'D)**

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**(b) We intend to expand our EPCC services to the renewable energy industry**

Currently, our EPCC services are mainly provided to our customers in the O&G industry. Moving forward, we intend to serve customers in the renewable energy industry, specifically for solar and hydroelectric energy. We will be focusing on the solar and hydroelectric energy as the solar industry would require the installation and maintenance of its solar panels and systems, power cables, poles, power station and grid interconnection facilities. As for hydroelectric energy, we will be able to provide our EPCC services and solutions during the commissioning and installation of equipment such as turbines and penstocks, as well as future installation of machineries and maintenance works. We intend to provide EPCC services and facilities improvement and maintenance services to our renewable energy customers. We plan to provide our customers with the technical and administrative aspects of the construction of their facilities, as well as improvement and maintenance services for constructed facilities.

**(c) We intend to venture into integrated HUC services within the O&G industry**

We intend to expand our service offerings by venturing into the integrated HUC of crude oil and gas pipelines within the O&G industry. HUC refers to the final phase of a project where facilities, such as platforms, pipelines, and associated infrastructure, are brought together, interconnected, and made operational to prepare for the start-up of an asset for O&G production. Integrated HUC services combines onshore and offshore HUC activities, which involves onshore services of fabrication, assembly, integration and pre-commissioning of components and systems such as pipe systems, decks, minor structures, caissons, conductors, instrumentation, power cabling and inter-module tie-ins, and the offshore services focuses on transporting and installing fabricated components, hooking up systems and conducting final commissioning. Our Group's services for HUC of gas pipelines are expected to include but are not limited to provision of project management services, onshore and offshore fabrication, erection, installation and commissioning, procurement services, supply of tools and equipment, as well as supply of materials and consumables.

Please refer to **Section 7.4** of this Prospectus for further details of our business strategies and future plans.

**3.5 RISK FACTORS**

Before investing in our Shares, you should carefully consider, along with other matters in this Prospectus, the risk as set out in **Section 9** of this Prospectus. Some of the more important risk factors are summarised below:

**(a) We are dependent on PETRONAS group as our major customer**

We are dependent on our major customer, namely PETRONAS group, which contributed 85.84%, 54.47% and 45.64% to our total revenue for Financial Years Under Review, respectively. We have also entered into Price Agreements (call out contracts) with PETRONAS group for the abovementioned services with contract durations that range from 1 to 5 years with options for extensions of up to 2 years. Despite having secured Price Agreements (call out contracts) with the PETRONAS group, there is no assurance that the Price Agreements (call out contracts) will remain. Any termination of the Price Agreements (call out contracts) and our inability to secure new customers to replace the loss of business in a timely manner could result in a loss of revenue and will adversely affect our financial performance. In addition, there is no assurance that PETRONAS group will continue to engage us in the future. In the event that PETRONAS group terminates its business relationships with our Group, we may not be able to secure other customers who can contribute the similar revenue proportion by PETRONAS group on a timely basis. Furthermore, our business operations and financial performance may be adversely affected should there be any adverse changes specific to PETRONAS group's operations, financial performance and external factors that are beyond their control.

**3. PROSPECTUS SUMMARY (CONT'D)****(b) We are dependent on PETRONAS license and we are required to comply with SWEC Requirements**

We operate within the O&G services and equipment industry where our business activities are to support the upstream, midstream and downstream segments of the O&G industry. Based on the Petroleum Development Act 1974 and Petroleum Regulations 1974, in order to participate in the O&G activities in Malaysia, a company is required to have a valid license issued by PETRONAS. In addition to having a valid PETRONAS license, we must meet SWEC requirements for the services that we provide to our customers in Malaysia. Even though we have obtained the required PETRONAS license and have been approved for a number of SWEC, we are subject to continuous review under PETRONAS' conditions, general guidelines and minimum technical requirements which are subject to change from time to time. In the event we fail to comply with the rules and regulations issued by PETRONAS or we fail to meet our SWEC requirements, PETRONAS may take action against our Group, such as the revocation, suspension, blacklisting and non-renewal of our license. Similarly, any contravention of these rules and regulations can result in penalties, fines and / or potential criminal prosecution against our Company. Such revocation, suspension, blacklisting and non-renewal of our license will impinge our ability to carry on our business operations and thus affect our profitability.

**(c) We are required to comply with the minimum Bumiputera requirements for SWEC**

As at the LPD, the SWECs held under our PETRONAS license only require either 30.00% or 51.00% Bumiputera equity. Notwithstanding the foregoing, there is a flexibility given for "Berhad" (public-listed) companies or "Sdn Bhd" companies which is owned at least 51.00% by a Berhad company to hold a minimum of 35.00% Bumiputera equity when applying for SWECs with minimum 51.00% Bumiputera requirement.

As at the LPD, our Group has not encountered any instances where we were not able meet the minimum Bumiputera requirements for SWEC. Nevertheless, there can be no assurance that changes to the present conditions or the introduction of new Bumiputera requirements for SWEC (if any) will not affect our ability to maintain or renew our PETRONAS license upon its expiry on 17 December 2024.

**3.6 DIRECTORS AND KEY SENIOR MANAGEMENT OF OUR GROUP**

As at the LPD, our Directors and Key Senior Management are as follows:

<b>Name</b>	<b>Designation</b>
Tan Sri Acryl Sani Bin Abdullah Sani	Independent Non-Executive Chairman
Dato' Sharman	Deputy Chairman / Executive Director
Salimi Bin Khairuddin	Executive Director / Chief Executive Officer
Haslinda Binti Hussein	Independent Non-Executive Director
Y.M. Tengku Saifan Rafhan Bin Tengku Putra	Independent Non-Executive Director
Zariner Binti Ismail	Independent Non-Executive Director
Khairul Nazri Bin Kamarudin	Chief Operating Officer
Datin Annie A/P V Sinniah	Human Resource and Administration Director
Vintra A/P Vijayakumar	Chief Financial Officer

Please refer to **Section 5** of this Prospectus for further details of our Directors and Key Senior Management.

**3. PROSPECTUS SUMMARY (CONT'D)****3.7 PROMOTERS AND SUBSTANTIAL SHAREHOLDERS**

The details of our Promoters and substantial shareholders, their respective shareholdings in our Company before and after the IPO are as follows:

Name	Nationality / Country of incorporation	Before our IPO				After our IPO			
		Direct		Indirect		Direct		Indirect	
		No. of Shares	% <sup>(1)</sup>	No. of Shares	% <sup>(1)</sup>	No. of Shares	% <sup>(2)</sup>	No. of Shares	% <sup>(2)</sup>
<b><u>Promoters and substantial shareholders</u></b>									
Radiant Capital <sup>(3)</sup>	Malaysia	183,600,050	45.90	-	-	178,349,000	36.40	-	-
Salimi Bin Khairuddin	Malaysian	-	-	183,600,050	45.90 <sup>(4)</sup>	-	-	178,349,000	36.40 <sup>(4)</sup>
Khairul Nazri Bin Kamarudin	Malaysian	-	-	183,600,050	45.90 <sup>(4)</sup>	-	-	178,349,000	36.40 <sup>(4)</sup>
Dato' Sharman	Malaysian	88,399,950	22.10	40,000,000	10.00 <sup>(5)</sup>	48,951,000	9.99	48,951,000	9.99 <sup>(5)</sup>
Datin Annie A/P V Sinniah	Malaysian	40,000,000	10.00	88,399,950	22.10 <sup>(6)</sup>	48,951,000	9.99	48,951,000	9.99 <sup>(6)</sup>

**Notes:**

- (1) Based on our issued share capital of 400,000,000 Shares before our IPO.
- (2) Based on our enlarged issued share capital of 490,000,000 Shares after our IPO.
- (3) Radiant Capital is held by Salimi Bin Khairuddin and Khairul Nazri Bin Kamarudin with equity interest of 61.00% and 39.00%, respectively.
- (4) Deemed interested by virtue of his direct shareholdings in Radiant Capital pursuant to Section 8 of the Act.
- (5) Deemed interested by virtue of his spouse's shareholdings in our Company pursuant to Section 8 of the Act.
- (6) Deemed interested by virtue of her spouse's shareholdings in our Company pursuant to Section 8 of the Act.

### 3. PROSPECTUS SUMMARY (CONT'D)

#### 3.8 UTILISATION OF PROCEEDS FROM OUR IPO

We expect to use the gross proceeds from the Public Issue amounting to approximately RM[●]million in the following manner:

Details of utilisation	Gross proceeds		Estimated timeframe for utilisation upon Listing
	RM'000	%	
Construction of the Proposed Teluk Kalung Facility 2	[●]	[●]	Within 24 months
Working capital	[●]	[●]	Within 18 months
Repayment of bank borrowings	[●]	[●]	Within 6 months
Estimated expenses for the Transfer	[●]	[●]	Within 3 months
<b>Total</b>	<b>[●]</b>	<b>100.00</b>	

Please refer to **Section 4.5** of this Prospectus for further details on the utilisation of proceeds from our IPO.

#### 3.9 FINANCIAL HIGHLIGHTS

The table below sets out financial highlights based on our audited consolidated financial statements for the Financial Years Under Review:

	Audited		
	FYE 2021	FYE 2022	FYE 2023
	RM'000	RM'000	RM'000
Revenue	24,845	66,326	72,537
Cost of sales	(14,029)	(50,296)	(51,704)
<b>GP</b>	<b>10,816</b>	<b>16,030</b>	<b>20,833</b>
Other income	172	76	153
Administrative expenses	(7,586)	(7,397)	(9,375)
Net loss on impairment of financial instrument	-	(69)	-
<b>Operating profit</b>	<b>3,402</b>	<b>8,640</b>	<b>11,611</b>
Finance income	12	25	88
Finance costs	(270)	(470)	(1,355)
<b>PBT</b>	<b>3,144</b>	<b>8,195</b>	<b>10,344</b>
Tax expense	(1,064)	(2,384)	(3,124)
<b>PAT</b>	<b>2,080</b>	<b>5,811</b>	<b>7,220</b>

	FYE 2021	FYE 2022	FYE 2023
EBIT <sup>(1)</sup>	3,402	8,640	11,611
EBITDA <sup>(1)</sup>	4,130	9,427	12,400
GP margin (%) <sup>(2)</sup>	43.53	24.17	28.72
PBT margin (%) <sup>(3)</sup>	12.65	12.36	14.26
PAT margin (%) <sup>(3)</sup>	8.37	8.76	9.95
Effective tax rate (%) <sup>(4)</sup>	33.84	29.09	30.20
Number of Shares in issue after the IPO ('000)	490,000	490,000	490,000
Basic / diluted EPS (sen) <sup>(5)</sup>	0.42	1.19	1.47



**3. PROSPECTUS SUMMARY (CONT'D)****Notes:**

- (1) EBIT and EBITDA are calculated as follows:

	<b>FYE 2021</b>	<b>FYE 2022</b>	<b>FYE 2023</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
PAT	2,080	5,811	7,220
Less:			
Finance income	(12)	(25)	(88)
Add:			
Finance costs	270	470	1,355
Taxation	1,064	2,384	3,124
<b>EBIT</b>	<b>3,402</b>	<b>8,640</b>	<b>11,611</b>
Add:			
Depreciation	728	787	789
<b>EBITDA</b>	<b>4,130</b>	<b>9,427</b>	<b>12,400</b>

- (2) GP margin is calculated based on GP over revenue.
- (3) PBT or PAT margin is calculated based on PBT or PAT over revenue.
- (4) Effective tax rate is calculated based on tax expenses divided by PBT.
- (5) Basic and diluted EPS is calculated based on PAT for the financial year over the enlarged share capital of 490,000,000 Shares upon our Listing. The diluted EPS is equal to the basic EPS as no potential dilutive securities are in issue throughout the Financial Years Under Review.

The financial highlights presented above should be read in conjunction with the “Management’s Discussion and Analysis of Financial Condition and Results of Operations” as set out in **Section 12.3** of this Prospectus and the Accountants’ Report, together with its related notes, as set out in **Section 13** of this Prospectus.

**3.10 DIVIDEND POLICY**

For the Financial Years Under Review, our Group declared and paid the following dividends to shareholders of our Company and our Subsidiaries:

	<b>FYE 2021</b>	<b>FYE 2022</b>	<b>FYE 2023</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
PAT attributable to owners of the Company	2,080	5,811	7,220
Dividends declared	624	880	-
Dividends paid	-	624	880
Dividend payout rate (%) <sup>(1)</sup>	30.00	15.14	N/A

There was no dividend declared and paid to shareholders of our Company and our Subsidiaries from 1 January 2024 up to the LPD.

**Note:**

- (1) Computed based on dividends declared over PAT for each financial year.

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**3. PROSPECTUS SUMMARY (CONT'D)**

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It is our Board's policy to recommend and distribute minimum dividends of 30.00% of our annual PAT attribution to shareholders of our Company. This will allow our shareholders to participate in our Group's profits. Any final dividends declared are subjected to the approval of our shareholders at our annual general meeting.

Please refer to **Section 12.8** of this Prospectus for further details of our dividend policy.

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