PROSPECTUS

STEEL HAWK BERHAD

(Registration No. 202001043293 (1399614-A))
(Incorporated in Malaysia under the Companies Act 2016)

INITIAL PUBLIC OFFERING ("IPO") OF 134,700,000 ORDINARY SHARES IN STEEL HAWK BERHAD ("STEEL HAWK" OR "COMPANY") ("SHARES") IN CONJUNCTION WITH THE TRANSFER OF LISTING OF STEEL HAWK FROM THE LEAP MARKET OF BURSA MALAYSIA SECURITIES BERHAD ("BURSA SECURITIES") TO THE ACE MARKET OF BURSA SECURITIES COMPRISING:

(I) PUBLIC ISSUE OF 90,000,000 NEW SHARES ("ISSUE SHARES") IN THE FOLLOWING MANNER:

(A) 24,500,000 NEW ISSUE SHARES AVAILABLE FOR APPLICATION BY THE MALAYSIAN PUBLIC;

(B) 12,250,000 NEW ISSUE SHARES AVAILABLE FOR OUR ELIGIBLE EMPLOYEES AND PERSONS WHO HAVE CONTRIBUTED TO THE SUCCESS OF STEEL HAWK AND ITS SUBSIDIARIES; AND

(C) 53,250,000 NEW ISSUE SHARES BY WAY OF PRIVATE PLACEMENT TO SELECTED INVESTORS;

(II) OFFER FOR SALE OF 44,700,000 EXISTING SHARES ("OFFER SHARES") MADE AVAILABLE FOR PRIVATE PLACEMENT TO SELECTED INVESTORS,

SUBJECT TO THE CLAWBACK AND REALLOCATION PROVISIONS AS SET OUT IN THIS PROSPECTUS, AT AN IPO PRICE OF RM[•] PER SHARE, PAYABLE IN FULL UPON APPLICATION.

Principal Adviser, Sponsor, Underwriter and Placement Agent

UOBKayHian

UOB KAY HIAN SECURITIES (M) SDN BHD
(Registration No. 199001003423 (194990-K))
(A Participating Organisation of Bursa Malaysia Securities Berhad)

THE ACE MARKET OF BURSA SECURITIES IS AN ALTERNATIVE MARKET DESIGNED PRIMARILY FOR EMERGING CORPORATIONS THAT MAY CARRY HIGHER INVESTMENT RISK WHEN COMPARED WITH LARGER OR MORE ESTABLISHED CORPORATIONS LISTED ON THE MAIN MARKET OF BURSA SECURITIES. THERE IS ALSO NO ASSURANCE THAT THERE WILL BE A LIQUID MARKET IN THE SHARES OR UNITS OF SHARES TRADED ON THE ACE MARKET OF BURSA SECURITIES. YOU SHOULD BE AWARE OF THE RISKS OF INVESTING IN SUCH CORPORATIONS AND SHOULD MAKE THE DECISION TO INVEST ONLY AFTER CAREFUL CONSIDERATION.

THE ISSUE, OFFER OR INVITATION FOR THE OFFERING IS A PROPOSAL NOT REQUIRING APPROVAL, AUTHORISATION OR RECOGNITION OF THE SECURITIES COMMISSION MALAYSIA UNDER SECTION 212(8) OF THE CAPITAL MARKETS AND SERVICES ACT 2007.

[THIS PROSPECTUS HAS BEEN REGISTERED BY BURSA SECURITIES. THE APPROVAL FOR THE ADMISSION OF OUR COMPANY TO THE OFFICIAL LIST OF BURSA SECURITIES AND THE LISTING OF AND QUOTATION FOR OUR ENTIRE ENLARGED ISSUED SHARE CAPITAL ON THE ACE MARKET OF BURSA SECURITIES, AND THE REGISTRATION OF THIS PROSPECTUS, SHOULD NOT BE TAKEN TO INDICATE THAT BURSA SECURITIES RECOMMENDS THE OFFERING OR ASSUMES RESPONSIBILITY FOR THE CORRECTNESS OF ANY STATEMENT MADE, OPINION EXPRESSED OR REPORT CONTAINED IN THIS PROSPECTUS. BURSA SECURITIES HAS NOT, IN ANY WAY, CONSIDERED THE MERITS OF THE SECURITIES BEING OFFERED FOR INVESTMENT.]

BURSA SECURITIES IS NOT LIABLE FOR ANY NON-DISCLOSURE ON THE PART OF THE COMPANY AND TAKES NO RESPONSIBILITY FOR THE CONTENTS OF THIS DOCUMENT, MAKES NO REPRESENTATION AS TO ITS ACCURACY OR COMPLETENESS, AND EXPRESSLY DISCLAIMS ANY LIABILITY FOR ANY LOSS YOU MAY SUFFER ARISING FROM OR IN RELIANCE UPON THE WHOLE OR ANY PART OF THE CONTENTS OF THIS PROSPECTUS.

NO SECURITIES WILL BE ALLOTTED OR ISSUED BASED ON THIS PROSPECTUS AFTER 6 MONTHS FROM THE DATE OF THIS PROSPECTUS.

INVESTORS ARE ADVISED TO READ AND UNDERSTAND THE CONTENTS OF THIS PROSPECTUS. IF IN DOUBT, PLEASE CONSULT A PROFESSIONAL ADVISER.

FOR INFORMATION CONCERNING RISK FACTORS WHICH SHOULD BE CONSIDERED BY PROSPECTIVE INVESTORS, SEE "RISK FACTORS" COMMENCING ON PAGE 210.

This Prospectus is dated [●]

All defined terms used in this Prospectus are defined under "Definitions" commencing from page vii to xvii of this Prospectus.

RESPONSIBILITY STATEMENTS

Our Directors, Promoters and Offerors have seen and approved this Prospectus. They collectively and individually accept full responsibility for the accuracy of the information contained in this Prospectus. Having made all reasonable enquiries, and to the best of their knowledge and belief, they confirm that there is no false or misleading statement or other facts which if omitted, would make any statement in this Prospectus false or misleading.

UOB Kay Hian Securities (M) Sdn Bhd, our Principal Adviser, Sponsor, Underwriter and Placement Agent, acknowledges that, based on all available information, and to the best of its knowledge and belief, this Prospectus constitutes a full and true disclosure of all material facts concerning our IPO and Transfer.

STATEMENTS OF DISCLAIMER

[Approval has been granted by Bursa Securities for the listing of and quotation for our Shares.] Admission to the Official List of ACE Market of Bursa Securities is not to be taken as an indication of the merits of our IPO, our Company or our Shares.

Bursa Securities is not liable for any non-disclosure on our part and takes no responsibility for the contents of this Prospectus, makes no representation as to its accuracy or completeness and expressly disclaims any liability for any loss you may suffer arising from or in reliance upon the whole or any part of the contents of this Prospectus.

[This Prospectus, together with the Application Form, has also been lodged with the Registrar of Companies, who takes no responsibility for its contents.]

OTHER STATEMENTS

You should note that you may seek recourse under Sections 248, 249 and 357 of the CMSA for breaches of securities laws including any statement in this Prospectus that is false, misleading, or from which there is a material omission; or for any misleading or deceptive act in relation to this Prospectus or the conduct of any other person in relation to our Group.

Our Shares are offered to the public on the premise of full and accurate disclosure of all material information concerning our IPO, for which any person set out in Section 236 of the CMSA, is responsible.

[Our Shares are classified as Shariah compliant by the SAC. This classification remains until the next Shariah compliance review undertaken by the SAC. The new status is released in the updated list of Shariah-compliant securities, on the last Friday of May and November.]

This Prospectus has not been and will not be made to comply with the laws of any jurisdiction other than Malaysia, and has not been and will not be lodged, registered or approved pursuant to or under any applicable securities or equivalent legislation or with or by any regulatory authority or other relevant body of any jurisdiction other than Malaysia.

We will not, prior to acting on any acceptance in respect of our IPO, make or be bound to make any enquiry as to whether you have a registered address in Malaysia and will not accept or be deemed to accept any liability in relation thereto, whether or not any enquiry or investigation is made in connection therewith.

This Prospectus is prepared and published solely in connection with our IPO and Transfer under the laws of Malaysia. Our Shares are issued and offered in Malaysia solely based on the contents of this Prospectus. Our Directors, Promoters, Offerors, Principal Adviser, Sponsor, Underwriter and Placement Agent have not authorised anyone to provide you with information which is not contained in this Prospectus.

The distribution of this Prospectus and our IPO are subject to the laws of Malaysia. Our Company, Promoters, Offerors, Principal Adviser, Sponsor, Underwriter and Placement Agent take no responsibility for the distribution of this Prospectus (in preliminary or final form) outside Malaysia. No action has been taken to permit a public offering of the securities of our Company based on this Prospectus or the distribution of this Prospectus outside Malaysia.

This Prospectus may not be used for the purpose of and does not constitute an offer to sell or an invitation to buy the securities offered in our IPO in any jurisdiction or in any circumstances in which such an offer or invitation is not authorised or is unlawful. This Prospectus shall also not be used to make an offer of or invitation to buy the securities offered in our IPO to any person to whom it is unlawful to do so. Our Company, Promoters, Offerors and Principal Adviser, Sponsor, Underwriter and Placement Agent require you to inform yourselves of and to observe such restrictions. The distribution of this Prospectus and the sale of our Shares in certain jurisdictions may be restricted by law. Person(s) who may be in possession of this Prospectus are required to inform themselves of and to observe such restrictions.

It shall be your sole responsibility, if you are or may be subject to the laws of any countries or jurisdictions other than Malaysia, to consult your legal and / or other professional adviser as to whether your application for our IPO Shares would result in the contravention of any laws of such countries or jurisdictions. Neither us nor our Principal Adviser, Sponsor, Underwriter and Placement Agent nor any other advisers in relation to our IPO and Transfer shall accept any responsibility or liability in the event that any application made by you shall become illegal, unenforceable, avoidable or void in any such country or jurisdiction.

Further, it shall be your sole responsibility to ensure that your application for our IPO Shares would be in compliance with the terms of our IPO as stated in this Prospectus and the Application Form and would not be in contravention of any laws of countries or jurisdictions other than Malaysia to which you may be subjected to. We will further assume that you had accepted our IPO in Malaysia and will at all applicable times be subjected only to the laws of Malaysia in connection therewith.

However, we reserve the right, in our absolute discretion, to treat any acceptances as invalid if we believe that such acceptance may violate any law or applicable legal or regulatory requirements.

ELECTRONIC PROSPECTUS

This Prospectus can also be viewed or downloaded from Bursa Securities website at www.bursamalaysia.com. The contents of the Electronic Prospectus are as per the contents of this Prospectus registered by Bursa Securities.

You are advised that the internet is not a fully secured medium, and that your Internet Share Application may be subjected to the risk of problems occurring during data transmission, computer security threats such as viruses, hackers and crackers, faults with computer software and other events beyond the control of the Internet Participating Financial Institutions. These risks cannot be borne by the Internet Participating Financial Institutions.

If you are in doubt as to the validity or integrity of the Electronic Prospectus, you should immediately request from us, our Principal Adviser or the Issuing House, a paper / printed copy of this Prospectus.

In the event of any discrepancies arising between the contents of the Electronic Prospectus and the contents of the paper / printed copy of this Prospectus for any reason whatsoever, the contents of the paper / printed copy of this Prospectus, which are identical to the copy of this Prospectus registered by Bursa Securities, shall prevail.

In relation to any reference in this Prospectus to third party internet sites (referred to as "**Third Party Internet Sites**"), whether by way of hyperlinks or by way of description of the Third Party Internet Sites, you acknowledge and agree that:

(i) we and our Principal Adviser do not endorse and are not affiliated in any way with the Third Party Internet Sites and are not responsible for the availability of, or the contents or any data, information, files or other material provided on the Third Party Internet Sites. You shall bear all risks associated with the access to or use of the Third Party Internet Sites;

(ii) we and our Principal Adviser are not responsible for the quality of products or services in the Third Party Internet Sites, particularly for fulfilling any of the terms of your agreements with the Third Party Internet Sites. We and our Principal Adviser are also not responsible for any loss, damage or cost that you may suffer or incur in connection with or as a result of dealing with the Third Party Internet Sites or the use of or reliance on any data, information, files or other material provided by such parties; and

(iii) any data, information, files or other material downloaded from the Third Party Internet Sites is done at your own discretion and risk. We and our Principal Adviser are not responsible, liable or under obligation for any damage to your computer system or loss of data resulting from the downloading of any such data, information, files or other material.

Where an Electronic Prospectus is hosted on the website of the Internet Participating Financial Institutions, you are advised that:

(i) the Internet Participating Financial Institutions are only liable in respect of the integrity of the contents of the Electronic Prospectus, to the extent of the contents of the Electronic Prospectus situated on the web server of the Internet Participating Financial Institutions which may be viewed via your web browser or other relevant software;

(ii) the Internet Participating Financial Institutions shall not be responsible in any way for the integrity of the contents of the Electronic Prospectus which has been downloaded or otherwise obtained from the web server of the Internet Participating Financial Institutions and thereafter communicated or disseminated in any manner to you or other parties; and

(iii) while all reasonable measures have been taken to ensure the accuracy and reliability of the information provided in the Electronic Prospectus, the accuracy and reliability of the Electronic Prospectus cannot be guaranteed as the internet is not a fully secured medium.

The Internet Participating Financial Institutions shall not be liable (whether in tort or contract or otherwise) for any loss, damage or cost, you or any other person may suffer or incur due to, as a consequence of or in connection with any inaccuracies, changes, alterations, deletions or omissions in respect of the information provided in the Electronic Prospectus which may arise in connection with or as a result of any fault or faults with web browsers or other relevant software, any fault or faults on your or any third party's personal computer, operating system or other software, viruses or other security threats, unauthorised access to information or systems in relation to the website of the Internet Participating Financial Institutions, and / or problems occurring during data transmission, which may result in inaccurate or incomplete copies of information being downloaded or displayed on your personal computer.

INDICATIVE TIMETABLE

An indicative timetable of our IPO is set out below:

Event(s)	**Tentative Time / Date(s)**
Opening of the Application / Issuance of this Prospectus	[●]
Closing of the Application	[●]
Balloting of the Applications	[●]
Allotment / transfer of our IPO Shares to successful applicants	[●]
Listing on the ACE Market	[●]

If there is any change to the indicative timetable above, we will advertise the notice of the changes in a widely circulated Bahasa Malaysia and English daily newspaper within Malaysia and make an announcement of such changes on Bursa Securities' website accordingly.

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PRESENTATION OF INFORMATION

All references to "Steel Hawk" or "our Company" in this Prospectus are to Steel Hawk Berhad, while references to "Steel Hawk Group" or "our Group" are to our Company and our Subsidiaries (as defined herein) taken as a whole. References to words such as "we", "us", "our" and "ourselves" in this Prospectus shall be reference to our Company or our Group or Subsidiaries, as the context requires, unless otherwise stated. Unless the context otherwise requires, references to "Management" are to our Directors and our Key Senior Management as disclosed as at the date of this Prospectus, and statements as to our beliefs, expectations, estimates and opinions are those of our Management.

All references to "you" are to our prospective investors.

Certain abbreviations, acronyms and technical terms used are defined in the "Definitions" and "Glossary of Technical Terms" sections of this Prospectus. Words denoting the singular shall, where applicable, include the plural and vice versa. Words denoting the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa. References to persons shall include natural persons, firms, companies, body corporates and corporations.

In this Prospectus, references to the "Government" are to the Government of Malaysia, and references to "RM" and "sen" are to the lawful currency of Malaysia. The word "approximately" used in this Prospectus is to indicate that a number is not an exact one, but that number is usually rounded off to the nearest thousand or million or 2 decimal places. Any discrepancies in the tables included in this Prospectus between the amounts listed and the total thereof are due to rounding.

If there are any discrepancies or inconsistencies between the English and Bahasa Malaysia versions of this document, the English version shall prevail. Any reference to dates and times in this Prospectus are references to dates and times in Malaysia, unless otherwise stated.

Any reference to any provisions of the act, statutes, rules, regulations, enactments or rules of stock exchange in this Prospectus shall (where the context admits), be construed as a reference to provisions of such act, statutes, rules, regulations, enactments or rules of stock exchange (as the case may be) as modified by any written law or (if applicable) amendments or re-enactment to act, statutes, rules, regulations, enactments, or rules of stock exchange for the time being in force.

This Prospectus includes statistical data provided by our Management and various third parties and cites third party projections regarding growth and performance of the market and industry in which our Group operates or are exposed to. This data is taken, extracted or derived from information published by industry sources and from our internal data. In each such case, the source is stated in this Prospectus. Where no source is stated, it can be assumed that the information originates from our Management.

In particular, certain information in this Prospectus is extracted or derived from the IMR Report set out in **Section 8** of this Prospectus, prepared by Protégé Associates Sdn Bhd ("**Protégé**"), an independent market researcher. We have appointed Protégé to provide an independent market and industry review relating to the industry in which we operate in or exposed to. In compiling their data for the review, Protégé relied on its research methodology, industry sources, sources from government bodies, published materials and their own private databases. We believe that the statistical data and projections cited in this Prospectus are useful in helping you to understand the major trends in the industry in which we operate in or is exposed to.

However, third party projections, cited in this Prospectus are subject to significant uncertainties that could cause actual data to differ materially from the projected figures. Therefore, we give no assurance that the projected figures will be achieved. You should not place undue reliance on the statistical data and third party projections cited in this Prospectus.

The information on our website, or any website directly or indirectly linked to our website does not form part of this Prospectus and you should not rely on such information for the purposes of your decision whether or not to invest in our Shares. If there is any discrepancy between the contents of such website relating to our Company and this Prospectus, the information contained in this Prospectus shall prevail.

All information stated herein are as at the LPD (as defined herein) unless otherwise specified.

FORWARD-LOOKING STATEMENTS

This Prospectus includes forward-looking statements. All statements other than statements of historical facts included in this Prospectus, including, without limitation, those regarding our financial position, business strategies, prospects, plans and objectives of our Group for future operations, are forward - looking statements. Such forward-looking statements involve known and unknown risks, uncertainties, contingencies and other important factors beyond our Group's control that may cause our actual results, our performance or achievements, or industry results, to be materially different from any future results, performances or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding our Group's present and future business strategies and the environment in which we will operate in future. Such forward-looking statements reflect our current views with respect to future events and are not a guarantee of future performance.

Forward-looking statements can be identified by words that have bias towards or are forward-looking such as the words "may", "will", "would", "could", "believe", "expect", "anticipate", "intend", "estimate", "aim", "plan", "forecast", or similar expressions and include all statements that are not historical facts. Such forward-looking statements include, without limitation, statements relating to:

(i) our future overall business development and operations;

(ii) our financial performance and financing plans including earnings, cash flow and liquidity;

(iii) potential growth opportunities;

(iv) our business strategies, trends and competitive position and the effect of such competition;

(v) the plans and objectives of our Company for future operations;

(vi) our ability to pay dividends; and

(vii) the general industry environment, including the demand and supply for our products and services.

Our actual results may defer materially from information contained in such forward-looking statements as a result of a number of factors including, without limitations:

(i) the economic, political and investment environment in Malaysia and globally; and

(ii) government policy, legislation or regulation.

Additional factors that could cause our actual results, performance or achievements to differ materially include, but are not limited to those discussed in **Section 9** of this Prospectus on "Risk Factors" and **Section 12.3** of this Prospectus on "Management's Discussion and Analysis of Financial Condition and Results of Operations". We cannot give any assurance that the forward-looking statements made in this Prospectus will be realised. Such forward-looking statements are based on the information available to us as at the LPD and are made available to us as at the LPD.

Should we become aware of any subsequent material change or development affecting matters disclosed in this Prospectus arising from the date of registration of this Prospectus but before the date of allotment of our IPO Shares, we shall further issue a supplemental or replacement prospectus, as the case may be, in accordance with the provisions of Section 238(1) of the Capital Markets and Services Act 2007, Paragraph 1.02, Chapter 1 of Part II (Division 6) of the Prospectus Guidelines (Supplementary and Replacement Prospectus) and Rules 3.12D of the Listing Requirements (as defined herein).

DEFINITIONS

The following definitions shall apply throughout this Prospectus unless the definitions are defined otherwise or the context requires otherwise:

COMPANIES WITHIN OUR GROUP:

Steel Hawk or Company	:	Steel Hawk Berhad (Registration No. 202001043293 (1399614-A))
Steel Hawk Defence	:	Steel Hawk Defence Sdn Bhd (Registration No. 202201014104 (1459801-M))
Steel Hawk Engineering	:	Steel Hawk Engineering Sdn Bhd (Registration No. 201201034856 (1019338-X))
Steel Hawk Group or Group	:	Collectively, Steel Hawk and our Subsidiaries
Subsidiaries	:	Collectively, Steel Hawk Defence and Steel Hawk Engineering

GENERAL

ACE Market	:	ACE Market of Bursa Securities
Acquisition of Steel Hawk Engineering	:	Acquisition by our Company of the entire issued share capital of Steel Hawk Engineering comprising 1,500,000 ordinary shares from Dato' Sharman, Salimi Bin Khairuddin and Khairul Nazri Bin Kamarudin for a purchase consideration of RM4,607,999 which was fully satisfied by the issuance of 143,999,960 new Steel Hawk Shares at an issue price of RM0.032 per Share. The Acquisition of Steel Hawk Engineering was completed on 9 June 2021
Act	:	Companies Act 2016
ADA	:	Authorised Depository Agent(s)
AGM	:	Annual General Meeting
Application(s)	:	Application for our IPO Shares by way of Application Form, the Electronic Share Application and / or the Internet Share Application
Application Form(s)	:	Printed application form(s) for the application of our IPO Shares accompanying this Prospectus
ATM	:	Automated teller machine
Authorised Financial Institution	:	Authorised financial institution participating in the Internet Share Application, with respect to payments for our IPO Shares
BCPLC	:	Bumiputera controlled public listed company
BFR	:	Base financing rate
BLR	:	Base lending rate
BNM	:	Bank Negara Malaysia
Board	:	Board of Directors of our Company

Bonus Issue	:	Bonus issue of 240,000,000 Bonus Shares on the basis of 3 Bonus Shares for every 2 existing Shares held by the Entitled Shareholders on the Entitlement Date, which was implemented in connection with our IPO, details of which are set out in **Section 6.1.3** of this Prospectus
Bonus Share(s)	:	The 240,000,000 new Shares issued and allotted on 8 March 2024 pursuant to the Bonus Issue
Bursa Depository or Depository	:	Bursa Malaysia Depository Sdn Bhd (Registration No. 198701006854 (165570-W))
Bursa Securities	:	Bursa Malaysia Securities Berhad (Registration No. 200301033577 (635998-W))
CAGR	:	Compound annual growth rate
CCM	:	Companies Commission of Malaysia
CDS	:	Central Depository System
CDS Account	:	Account established for a Depositor by Bursa Depository for the recording of deposits or withdrawals of securities and for dealings in such securities by the Depositor
CF or CCC	:	Certificate of fitness for occupation or certificate of completion and compliance or its equivalent issued by the local authorities or principal submitting person (whichever is applicable)
CIDB	:	Construction Industry Development Board Malaysia
CMSA	:	Capital Markets and Services Act 2007
COF	:	Cost of financing
Constitution	:	Constitution of our Company, as may be amended from time to time
COVID-19	:	Coronavirus disease 2019, an infectious respiratory disease which first broke out in 2019 and the outbreak was declared as a pandemic by the World Health Organisation in 2020 which affected many countries globally
Dato' Sharman	:	Dato' Sharman Kristy A/L Michael
Depositor	:	A holder of a CDS Account
Directors	:	Director(s) (executive and non-executive) of our Company and shall have the meaning given in Section 2(1) of the CMSA
EBITDA	:	Earnings before interest, taxation, depreciation and amortisation
Electronic Prospectus	:	A copy of this Prospectus that is issued, circulated or disseminated via the internet, and / or an electronic storage medium, including but not limited to CD-ROMs (compact disc read-only memory)
Electronic Share Application	:	An application for our IPO Shares through a Participating Financial Institution's ATM

Eligible Persons	:	Collectively, the eligible employees of our Group and persons who have contributed to the success of our Group and are eligible to participate in our IPO
EMAS Project	:	Effluent Management At Source Project, in which our involvement relates to the provision of the design, supply, manufacture and delivery of chemical injection skids for the said project in Sungai Udang, Melaka
Entitlement Date	:	5.00 p.m on 8 March 2024, being the date on which the name of the shareholders have appeared in the Record of Depositors of the Company are entitled to the Bonus Shares
Entitled Shareholders	:	Shareholders whose names appear in the Record of Depositors of the Company as at the close of business on the Entitlement Date
EPF	:	Employees Provident Fund
EPS	:	Earnings per Share
Executive Directors	:	Collectively, Dato' Sharman and Salimi Bin Khairuddin
Exemption	:	The exemption from complying with Rules 8.06(1)(c) and 8.06(1)(d) of the LEAP Market Listing Requirements of Bursa Securities in connection with the Withdrawal. The Exemption was approved by Bursa Securities vide its letter dated 4 October 2023, subject to the condition that the Minority Shareholders' undertaking letters remain valid and binding until the completion of the Withdrawal
Existing Teluk Kalung Facility 1	:	A semi-detached double storey office annexed with a single storey warehouse erected on a piece of leasehold land owned by our Group held under Pajakan Negeri 4084, Lot No. 3695, Mukim Teluk Kalung, District of Kemaman, State of Terengganu measuring approximately 23,508 sq. ft. in area bearing the postal address at Lot 3695, Jalan MIEL TK 3, Kawasan Perindustrian MIEL, 24000 Chukai, Terengganu
Financial Years Under Review	:	Collectively, FYE 2021, FYE 2022 and FYE 2023
FYE	:	Financial year ended / ending 31 December, as the case may be
Government	:	Government of Malaysia
GP	:	Gross profit
HUC	:	Hook-up and commissioning
HSE	:	Health, safety and environmental
IFRS	:	International Financial Reporting Standards, as issued by the International Accounting Standards Board
IMR or Protégé	:	Protégé Associates Sdn Bhd (Registration No. 200401037256 (675767-H)), an independent market researcher
IMR Report	:	The independent market research report titled "Independent Market Research Report on the Oil and Gas Services and Equipment Industry in Malaysia" prepared by the IMR

Information Memorandum	:	Information memorandum dated 10 September 2021 pursuant to our Company's listing on the LEAP Market
Internet Participating Financial Institutions	:	Participating financial institution(s) for the Internet Share Application, as listed in **Section 16** of this Prospectus
Internet Share Application	:	Application for our IPO Shares through an online share application service provided by the Internet Participating Financial Institutions
Intertek	:	Intertek Group PLC, a British multinational assurance, inspection, product testing and certification company headquartered in London, England. It is listed on the London Stock Exchange
IPO	:	Collectively, initial public offering comprising the Public Issue and Offer for Sale
IPO Price	:	RM[●] for each IPO Share
IPO Share(s)	:	Collectively, the Issue Share(s) and Offer Share(s)
Issue Share(s)	:	The 90,000,000 new Shares to be issued pursuant to the Public Issue
Issuing House and Share Registrar	:	Tricor Investor & Issuing House Services Sdn Bhd (Registration No. 197101000970 (11324-H))
Key Senior Management	:	Collectively, Dato' Sharman, Salimi Bin Khairuddin, Khairul Nazri Bin Kamarudin, Datin Annie A/P V Sinniah and Vinthra A/P Vijayakumar
LEAP Market	:	LEAP Market of Bursa Securities
Lease Agreement	:	A lease agreement entered into between Steel Hawk Engineering and PMINT on 1 October 2023 to lease part of the Teluk Kalung Land for a period of up to 30 years with an option to apply for an extension of another 30 years
Listing	:	The admission to the Official List and the listing of and quotation for our entire enlarged issued share capital of 490,000,000 Shares on the ACE Market pursuant to Rules 3A.02(1) and 3A.02(2) of the Listing Requirements
Listing Requirements	:	ACE Market Listing Requirements of Bursa Securities
LPD	:	[1 March 2024], being the latest practicable date prior to the registration of this Prospectus
Malaysian Public	:	Citizens of Malaysia, and companies, societies, co-operatives and institutions incorporated or organised under the laws of Malaysia
Market Day(s)	:	Any day on which Bursa Securities is open for trading in securities, which may include a day that is declared as a public holiday in the Federal Territory of Kuala Lumpur that has not been gazetted as public holiday at the beginning of the calendar year
MCCG	:	Malaysian Code on Corporate Governance
MCO	:	Movement control order implemented under the Prevention and Control of Infectious Diseases Act 1988 and the Police Act 1967 as a preventive measure to contain the outbreak of COVID-19 in Malaysia

DEFINITIONS (CONT'D)

MEDC	:	Ministry of Entrepreneur Development and Cooperatives
MEDC License	:	Bumiputera Status Certificate (Sijil Kontraktor Kerja Taraf Bumiputera) issued by MEDC
MFRS	:	Malaysian Financial Reporting Standards, as issued by the Malaysian Accounting Standards Board
Minority Shareholders	:	The minority shareholders of Steel Hawk (other than the substantial shareholders of Steel Hawk namely Radiant Capital, Dato' Sharman and Datin Annie A/P V Sinniah), who collectively own the remaining 35,200,000 Shares (not held by the substantial shareholders of Steel Hawk), representing approximately 22.00% of the total issued share capital of Steel Hawk comprising 160,000,000 Shares prior to the Bonus Issue
MITI	:	Ministry of Investment, Trade and Industry (formerly known as Ministry of International Trade and Industry), Malaysia
MT	:	Metric tonnes
N/A	:	Not applicable or not available
NA	:	Net assets
NBV	:	Net book value
Offer for Sale	:	Offer for sale by the Offerors of 44,700,000 Offer Shares representing approximately 9.12% of the enlarged issued share capital of our Company, at our IPO Price
Offer Shares	:	The 44,700,000 existing Share(s) to be offered by the Offerors pursuant to the Offer for Sale
Offerors	:	Collectively, Radiant Capital and Dato' Sharman
Official List	:	A list specifying all securities which have been admitted for listing on Bursa Securities
O&G	:	Oil and gas
Participating Financial Institution(s)	:	Participating financial institution(s) for the Electronic Share Application
PAT	:	Profit after taxation
PBT	:	Profit before taxation
PE Multiple	:	Price-to-earnings multiple
PETRONAS	:	Petroliam Nasional Berhad (Registration No. 197401002911 (20076-K))
PETRONAS Carigali	:	PETRONAS Carigali Sdn Bhd (Registration No. 19780100226 (39275-U)
PETRONAS group	:	Collectively, PETRONAS and its subsidiaries

Pink Form Allocation	:	The allocation of 12,250,000 Issue Shares, representing approximately 2.50% of our enlarged issued share capital, to the Eligible Persons
Pink Form Shares	:	The 12,250,000 Issue Shares made available for application by the Eligible Persons under the Pink Form Allocation
PJ Office	:	The head office of Steel Hawk Group located at 23-2 & 25-2, Block H Jalan PJU 1/37, Dataran Prima, 47301 Petaling Jaya, Selangor Darul Ehsan
PMINT	:	Perbadanan Memajukan Iktisad Negeri Terengganu
Price Agreement(s) (call out contract(s))	:	A contract between two parties in which both parties agree to the terms that will govern future transactions or future agreements particularly on commercial pricing and technical standards
Promoter(s)	:	Collectively, Radiant Capital, Salimi Bin Khairuddin, Khairul Nazri Bin Kamarudin, Dato' Sharman and Datin Annie A/P V Sinniah
Proposal Letter	:	The proposal letter dated 10 July 2023 from the Proposers to the Board requesting the Board to consider undertaking the Transfer
Proposed Teluk Kalung Facility 2	:	A three-storey office / yard fabrication facility having a built-up area of approximately 55,780 sq. ft. to be constructed on the Teluk Kalung Land
Proposers	:	Collectively, Radiant Capital and Dato' Sharman
Prospectus	:	This Prospectus dated [●] in relation to our IPO in conjunction with our Transfer
Public Issue	:	Public issue of 90,000,000 Issue Shares at our IPO Price in the following manner: (i) 24,500,000 Issue Shares made available for application by the Malaysian Public; (ii) 12,250,000 Issue Shares made available for the Eligible Persons; and (iii) 53,250,000 Issue Shares made available for private placement to selected investors subject to the terms and conditions of this Prospectus
R&D	:	Research and Development
Radiant Capital	:	Radiant Capital Sdn Bhd (Registration No. 202101013134 (1413433-P))
Record of Depositors	:	A record of securities holders established by Bursa Depository under the Rules of Bursa Depository
Rules of Bursa Depository	:	Rules of Bursa Depository and any appendices thereto as amended from time to time
SAC	:	Shariah advisory council of the SC
SC	:	Securities Commission Malaysia

SICDA or Central Depositories Act	:	Securities Industry (Central Depositories) Act 1991
SOCSO	:	Social Security Organisation, also known as PERKESO (Pertubuhan Keselamatan Sosial)
SOP(s)	:	Standard operating procedure(s)
Specified Shareholder(s)	:	Collectively, Radiant Capital, Dato' Sharman and Datin Annie A/P V Sinniah
sq. ft.	:	Square feet
sq. m.	:	Square metres
Steel Hawk Share(s) or Share(s)	:	Ordinary share(s) in our Company
Teluk Kalung Land	:	A piece of leasehold land with a 60 years lease tenure expiring on 20 July 2058 (remaining tenure of approximately 34 years as at the LPD) described as Pajakan Negeri 9684, Lot 60004, Mukim Teluk Kalung, District of Kemaman, State of Terengganu measuring approximately 429,803 sq. ft. held by PMINT
Transfer	:	Collectively, the Withdrawal and Listing
Underwriting Agreement	:	Underwriting agreement dated [●] entered into between our Company and the Underwriter for the purpose of our IPO
UOBKH or Principal Adviser or Sponsor or Underwriter or Placement Agent	:	UOB Kay Hian Securities (M) Sdn Bhd (Registration No. 199001003423 (194990-K))
United States	:	The United States of America
VWAP	:	Volume weighted average price
Withdrawal	:	Voluntary withdrawal of listing of our Company from the LEAP Market pursuant to Rules 8.05 and 8.06 of the LEAP Market Listing Requirements of Bursa Securities

CURRENCY

EUR	:	Euro, the official currency of the European Union
RM and sen	:	Ringgit Malaysia and sen, respectively
SGD	:	Singapore Dollar, the lawful currency of Singapore
USD	:	United States Dollar, the lawful currency of the United States

CUSTOMERS AND SUPPLIERS OF OUR GROUP

The following are details of our customer(s) and supplier(s) whose names have been redacted for confidentiality throughout this Prospectus:

Customer A	:	Customer A is a company based in Malaysia and was incorporated in 1986. The company is a wholly owned subsidiary of a public listed company in Malaysia, its principal activity is investment holding, and through its subsidiaries it is in the business of producing petrochemicals, including polyolefins and olefins. Its holding company operates primarily in Malaysia, via Customer A, as well as in Indonesia. Customer A is principally involved in the manufacturing and sales of petrochemical products and polyolefin resins.
Customer B	:	Customer B is based in the United Kingdom with operations in Malaysia and was incorporated in 2013. The company is principally involved in the exploration for extraction and production of hydrocarbons.
Customer C	:	Customer C originates from the United States and is based in Malaysia with its head office in Kuala Lumpur. The company is involved in the exploration, development and production of petroleum. It operates as a crude oil producer and supplier of natural gas. The company provides fuels and lubricants, as well as performs geophysical, geological, and other exploration services for O&G and serves customers worldwide.
Customer D	:	Customer D was incorporated in 2013 and is a joint venture between PETRONAS in Malaysia. The company is principally involved in undertaking the development and construction of refinery and cracker complex, and to carry on the business of blending, processing and cracking crude oil, to manufacture, produce and market refined petroleum products and supply feedstock for petrochemical plants. The company operates in Malaysia.
Customer E	:	Customer E is based in Malaysia and was incorporated in 2012. It is a wholly owned subsidiary of a private company in Malaysia, which was a subsidiary of PETRONAS Carigali. Customer E is principally involved in providing operation and maintenance solutions and services and other related services in the O&G industry.
Customer F	:	Customer F is based in Malaysia and was incorporated in 1992. It is a wholly-owned subsidiary of a public company listed on the Main Market of Bursa Securities. Customer F is principally involved in the provision of civil, marine, and structural engineering contract works.
Customer G	:	Customer G is based in Malaysia and was incorporated in 2001. Customer G is principally involved in the provision of engineering services, construction of building, and repair and maintenance of industrial machinery and equipment.
Supplier A	:	The company is based and operates in Malaysia and was incorporated in 1980. It is a wholly owned subsidiary of a public listed company in Malaysia, which is listed on the Main Market of Bursa Securities. Supplier A is principally involved in the marketing of specialty chemicals and equipment, catalysts, drilling base oil, and provision of specialist technical services.

Supplier B	:	The company is based in the United Arab Emirates and was established in 1984. Supplier B is principally involved in designing, manufacturing and installing bespoke composite pipe solutions for the O&G, Industrial, Water and Marine industries.
Supplier C	:	The company is based in Malaysia and was incorporated in 2021. The company serves industrial clients among Southeast Asian countries. Supplier C is principally involved in the provision of industrial metallurgy and pipeline solutions for the O&G industry

For avoidance of doubt, our Group had sought the consent of the abovementioned customer(s) and supplier(s) for disclosure of the information required in this Prospectus but such consent had not been granted.

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GLOSSARY OF TECHNICAL TERMS

The following technical terms in this Prospectus bear the same meanings as set out below unless the term is defined otherwise or the context requires otherwise:

Absorbents	:	Materials used during an oil spill cleanup which recover oil by absorbing and retaining oil
Blasting	:	A method of cleaning an object or surface to prepare the surface for painting or other type of coating by propelling abrasive material against the surface using a water pump, compressed air or a mechanical wheel
Chemical injection skids	:	An equipment installed at onshore or offshore exploration and production facilities (e.g., platforms, rigs, or terminals) to inject various chemicals, usually as dilute solutions at precise amount and pressure into piping and O&G wells for the purpose of well cleaning, improving pipeline flow and preventing internal corrosion of pipelines
Crude oil	:	A naturally occurring unrefined petroleum product composed of hydrocarbon deposits and other organic materials
Downstream	:	The segment of the O&G value chain pertaining to refining and marketing of petroleum products (for clarification, within the downstream segment, the Group provides products and services to the refining sub-segment only)
Drilling	:	The physical process of creating a well
EPCC	:	Engineering, procurement, construction, and commissioning where an EPCC contractor is responsible for all activities from engineering, procurement, construction to commissioning and handover of the project to the owner
Fire rated doors	:	Fire rated doors are doors that provide protection by slowing the transfer of heat and flames when in contact with fire
Fitting(s)	:	An adapter used in pipe systems to connect straight sections of pipes and tubes, to adapt to different sizes and shapes, and for other purposes such as regulating (or measuring) fluid flow
Flange	:	A flat rim to connect pipes, valves, pumps, and other equipment to form a piping system
Gaskets	:	A ring-shaped mechanical seal, which seal flange joints
Midstream	:	The segment of the O&G value chain pertaining to the storage, processing, and transportation of petroleum products
Offshore	:	The development of oil fields and natural gas deposits from the sea or ocean through an O&G platform structure
Oil spill recovery equipment	:	Device which includes oil booms, skimmers and absorbents that are used to clean up and control ocean oil spills
Oilfield equipment	:	Products used in the O&G exploration and production process
Onshore	:	The development of oil fields and natural gas deposits on land through an O&G platform structure, or a terminal or processing facility on land that receives crude oil and natural gas delivered from the offshore O&G platform

GLOSSARY OF TECHNICAL TERMS (CONT'D)

Panic bars	:	A push bar fitted onto a door to allow users to open the door quickly and easily by pushing the push bar
Pig trap system	:	Pipeline inspection gauge ("**pig**") trap system, a static equipment which enables the execution of pigging activity (i.e. operational pigging and intelligent pigging) which is an essential pipeline maintenance activity that serves to maximise production flow and mitigate internal corrosions of pipelines without interrupting production flow in a safe manner. The pipeline inspection gauge trap system comprises launcher and receiver enclosure door, major barrel, reducer, minor barrel and its associated equipment such as pigging related valves, drain line piping, vent line piping, kicker/bypass line piping, equalizing piping, pig signaller (intrusive and/or nonintrusive type), pressure gauge, and temperature gauge
Pipeline(s)	:	A pipe system, comprising pipe, components, accessories, isolating valves and pipeline inspection gauge barrels, used to transport liquids and gaseous substances including, amongst others, crude oil and natural gas
Quick opening closure door seal or QOCs	:	A pressure-containing component used for repeated access to the interior of a piping system
Safe man-hours	:	The unit of measure that is used in project management to measure the efforts needed to complete a task
Scaffolding	:	A temporary working platform to provide support to workers and materials
Sight glass	:	An equipment to monitor the flow of crude oil from the sea floor or storage tanks to monitor changes in the oil
Signaller	:	A device used to provide confirmation of the movement of the pipeline inspection gauge through a pipeline. They are normally positioned at the pipeline inspection gauge launching and receiving stations and at key points along a pipeline
Skimmers	:	A device that is designed to remove oil floating on a liquid surface
Sump and drain	:	Facilities designed for the treatment of oily water to meet a given specification (maximum oil content in water) for its disposal to sea or public waters
SWEC	:	Standardised Work and Equipment Categories
Topside facilities	:	The upper structure of O&G platforms which include processing facilities and accommodation spaces built for installation on steel jackets and concrete gravity base structures as well as on floating units
Tubing	:	A small-diameter pipe used for down-hole control systems, hydraulic and pneumatic piping, chemical injection modules, and other process equipment
Upstream	:	The segment of the O&G value chain pertaining to exploration and production of crude oil and natural gas
Valves	:	A device for controlling the passage of fluids or air through a pipe or duct

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1. CORPORATE DIRECTORY

BOARD OF DIRECTORS

Name / (Designation)	Address	Nationality / Gender
Tan Sri Acryl Sani Bin Abdullah Sani (Independent Non-Executive Chairman)	No. 15, Jalan USJ 3/2 47600 Subang Jaya Selangor	Malaysian / Male
Dato' Sharman Kristy A/L Michael (Deputy Chairman / Executive Director)	No. 14, Jalan TR 7/1 Tropicana Golf & Country Resort 47410 Petaling Jaya Selangor	Malaysian / Male
Salimi Bin Khairuddin (Executive Director / Chief Executive Officer)	Kampung Banggol Pak Awang Labok 18500 Machang Kelantan	Malaysian / Male
Haslinda Binti Hussein (Independent Non-Executive Director)	No. 5, Jalan 1 20 Trees West Taman Melawati 53100 Kuala Lumpur	Malaysian / Female
Y.M. Tengku Saifan Rafhan Bin Tengku Putra (Independent Non-Executive Director)	No. 19, Jalan Kelab Golf 13/7 Seksyen 13 40100 Shah Alam Selangor	Malaysian / Male
Zariner Binti Ismail (Independent Non-Executive Director)	No. 67, Jalan Sari Ilmia 2/3 Alam Sari Bangi 43000 Kajang Selangor	Malaysian / Female

AUDIT AND RISK MANAGEMENT COMMITTEE

Name	Designation	Directorship
Zariner Binti Ismail	Chairperson	Independent Non-Executive Director
Haslinda Binti Hussein	Member	Independent Non-Executive Director
Y.M. Tengku Saifan Rafhan Bin Tengku Putra	Member	Independent Non-Executive Director

NOMINATION COMMITTEE

Name	Designation	Directorship
Haslinda Binti Hussein	Chairperson	Independent Non-Executive Director
Y.M. Tengku Saifan Rafhan Bin Tengku Putra	Member	Independent Non-Executive Director
Zariner Binti Ismail	Member	Independent Non-Executive Director

1. CORPORATE DIRECTORY (CONT'D)

REMUNERATION COMMITTEE

Name	Designation	Directorship
Y.M. Tengku Saifan Rafhan Bin Tengku Putra	Chairman	Independent Non-Executive Director
Haslinda Binti Hussein	Member	Independent Non-Executive Director
Zariner Binti Ismail	Member	Independent Non-Executive Director

COMPANY SECRETARIES : **Rebecca Kong Say Tsui**
Unit 30-01, Level 30, Tower A
Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur

Professional Qualification : Chartered Secretary, Member of the Malaysian Institute of Chartered Secretaries and Administrators
(Membership No. MAICSA 7039304)
(SSM Practicing Certificate No. 202008001003)

Tel No. : +603-2783 9251

Yap Siek Lee
Unit 30-01, Level 30, Tower A
Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur

Professional Qualification : Chartered Secretary, Member of the Malaysian Institute of Chartered Secretaries and Administrators
(Membership No. MAICSA 7049598)
(SSM Practicing Certificate No. 201909002140)

Tel No. : +603-2783 9167

REGISTERED OFFICE : Unit 30-01, Level 30, Tower A
Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur

Tel No. : +603-2783 9191

HEAD OFFICE : 23-2 & 25-2, Block H
Dataran Prima
Jalan PJU 1/37
47301 Petaling Jaya
Selangor

Tel No. : +603-7880 7818
Email : contact@steelhawk.com.my
Website : www.steelhawk.com.my

1. CORPORATE DIRECTORY (CONT'D)

PRINCIPAL ADVISER, SPONSOR, UNDERWRITER AND PLACEMENT AGENT	:	**UOB Kay Hian Securities (M) Sdn Bhd** (Registration No. 199001003423 (194990-K)) Suite 19.03, 19th Floor Menara Keck Seng 203 Jalan Bukit Bintang 55100 Kuala Lumpur Tel No. : +603-2147 1900
SOLICITORS FOR OUR IPO	:	**Christopher & Lee Ong** Advocates & Solicitors Level 22, Axiata Tower No. 9, Jalan Stesen Sentral 5 Kuala Lumpur Sentral 50470 Kuala Lumpur Tel No. : +603-2273 1919
AUDITORS AND REPORTING ACCOUNTANTS	:	**KPMG PLT** (LLP0010081-LCA & AF 0758) Level 10, KPMG Tower 8, First Avenue, Bandar Utama 47800 Petaling Jaya Selangor Partner-in-charge : Vengadesh Jogarajah Professional Qualification : Chartered Accountant, Malaysian Institute of Accountants (Membership No.: 35159) Approval No. : 03337/12/2025 J Tel No. : +603-7721 3388
INDEPENDENT MARKET RESEARCHER	:	**Protégé Associates Sdn Bhd** (Registration No. 200401037256 (675767-H)) Suite C-09-12, Plaza Mont Kiara 2, Jalan Kiara, Mont Kiara 50480 Kuala Lumpur Person-in-charge : Seow Cheow Seng Professional Qualification : Master in Business Administration from Charles Sturt University, Australia and Bachelor of Business majoring in Marketing from RMIT University, Australia Tel No. : +603-6201 9301 *(Please refer to Section 8 of this Prospectus for the profile of the firm and signing partner)*

1. CORPORATE DIRECTORY (CONT'D)

ISSUING HOUSE AND SHARE REGISTRAR	:	**Tricor Investor & Issuing House Services Sdn Bhd** (Registration No. 197101000970 (11324-H)) Unit 32-01, Level 32, Tower A, Vertical Business Suite Avenue 3, Bangsar South No. 8, Jalan Kerinchi 59200 Kuala Lumpur Malaysia Tel No. : +603-2783 9299
LISTING SOUGHT	:	ACE Market
SHARIAH STATUS	:	[Approved by the SAC]

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2. APPROVALS AND CONDITIONS

2.1 APPROVALS AND CONDITIONS

2.1.1 Bursa Securities

Bursa Securities had, vide its letter dated [●], approved the following:

(a) our admission to the Official List of the ACE Market;

(b) the listing of and quotation for our entire enlarged issued share capital of 490,000,000 Shares on the ACE Market; and

(c) the withdrawal of listing of our Company from the LEAP Market.

The approval from Bursa Securities is subject to the following conditions:

No.	Details of conditions imposed	Status of Compliance
1.	[●]	[●]
2.	[●]	[●]
3.	[●]	[●]

2.1.2 SC

Our Listing is an exempt transaction under Section 212(8) of the CMSA and is therefore not subject to the approval of the SC.

The SC had, via its letter dated [●], approved our application for the resultant equity structure of our Company under the Bumiputera equity requirement for public listed companies pursuant to our Transfer, subject to the following conditions:

No.	Details of conditions imposed	Status of Compliance
1.	[●]	[●]
2.	[●]	[●]
3.	[●]	[●]

2. APPROVALS AND CONDITIONS (CONT'D)

2.2 MORATORIUM ON OUR SHARES

Pursuant to Rule 3.19(1) of the Listing Requirements, a moratorium will be imposed on the sale, transfer or assignment of those Shares held by our Specified Shareholders. as follows:

(i) The moratorium applies to our Specified Shareholders' entire shareholdings for a period of 6 months from the date of our admission to the ACE Market ("**First 6-Month Moratorium**");

(ii) Upon the expiry of the First 6-Month Moratorium, we must ensure that our Specified Shareholders' aggregate shareholdings amounting to at least 45.00% of our total number of issued Shares (adjusted for any bonus issue or subdivision of shares) remain under moratorium for a further period of 6 months ("**Second 6-Month Moratorium**"); and

(iii) Upon the expiry of the Second 6-Month Moratorium, our Specified Shareholders may sell, transfer or assign up to a maximum of 1 / 3 per annum (on a straight-line basis) of their Shares held under moratorium.

However, our Specified Shareholders have voluntarily agreed to the following moratorium restrictions:

(i) Our Specified Shareholders will place their entire shareholdings under moratorium for a period of 12 months from the date of our Group's admission to the ACE Market ("**12-Month Moratorium**"); and

(ii) Upon the expiry of the 12-Month Moratorium, our Specified Shareholders may sell, transfer or assign up to a maximum of 1 / 3 per annum (on a straight-line basis) of their Shares held under moratorium.

The details of the Shares held by our Specified Shareholders which will be subject to moratorium are as follows:

Specified Shareholders	Year 1		Year 2		Year 3	
	Moratorium shares		Moratorium shares		Moratorium shares	
	No. of Shares	%[1]	No. of Shares	%[1]	No. of Shares	%[1]
Radiant Capital[2]	178,349,000	36.40	171,500,000	35.00[3]	171,500,000	35.00[3]
Dato' Sharman	48,951,000	9.99	32,634,000	6.66	21,756,000	4.44
Datin Annie A / P V Sinniah	48,951,000	9.99	32,634,000	6.66	21,756,000	4.44
Total	**276,251,000**	**56.38**	**236,768,000**	**48.32**	**215,012,000**	**43.88**

2. APPROVALS AND CONDITIONS (CONT'D)

Notes:

(1) Based on the enlarged issued share capital of 490,000,000 Shares after our IPO.

(2) Radiant Capital is held by Salimi Bin Khairuddin and Khairul Nazri Bin Kamarudin with equity interest of 61.00% and 39.00%, respectively.

(3) For information purposes, the conditions specified under our Group's BCPLC status include, amongst others, the company is directly controlled by Bumiputra institutions / groups / company which is known as the only major owner with at least 35.00% voting power within the company or aggregately the owner consists of 2 or 3 Bumiputra institutions / groups / company known having at least 35.00% voting power. Accordingly, our Group's Promoter and substantial shareholder, namely Radiant Capital will continue to maintain its equity interest of at least 35.00% in our Company during Year 2 and Year 3 of the moratorium period.

In accordance with Rule 3.19(2) of the Listing Requirements, where our Specified Shareholder or vendor is an unlisted corporation, all direct and indirect shareholders of the unlisted corporation shareholders must give undertakings to Bursa Securities that they will not sell, transfer or assign their securities in the unlisted corporation for the requisite moratorium period.

In compliance with Rule 3.19(2) of the Listing Requirements, the ultimate shareholders of Radiant Capital namely Salimi Bin Khairuddin and Khairul Nazri Bin Kamarudin have also undertaken not to sell, transfer or assign their shareholdings in Radiant Capital during the moratorium period.

Our Specified Shareholders have fully accepted the moratorium and have each furnished a letter of undertaking to Bursa Securities that they will not sell, transfer or assign any part of their respective shareholdings in our Company during the moratorium period. The moratorium, which is fully accepted by our Specified Shareholders, is specifically endorsed on the share certificates representing the Shares held by the respective Specified Shareholders to ensure that our Share Registrar will not register any sale, transfer and assignment that contravenes the aforesaid restriction imposed.

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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:

	No. of Shares
Number of Shares to be offered under our Public Issue	90,000,000
- Malaysian Public	24,500,000
- Pink Form Allocation	12,250,000
- Private placement to selected investors	53,250,000
Number of Shares to be offered under the Offer for Sale	44,700,000
Enlarged issued share capital upon our Listing	490,000,000
IPO Price (RM)	**[●]**
Pro forma NA per Share (RM) (based on our enlarged issued share capital after our IPO and after the use of proceeds raised from our Public Issue)	**[●]**
Market capitalisation upon Listing (RM) (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[(1)];

(ii) installation and maintenance of oilfield equipment[(2)]; 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[(1)]
Description	**EPCC services for chemical injection skids** Provision of EPCC services for chemical injection skids installed at onshore or offshore exploration and production facilities (e.g., platforms, rigs or terminals)	**Facilities improvement / maintenance** Overall improvement and maintenance of O&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.	Supply of the oilfield equipment to be installed and maintained (i.e. repair, refurbishment, and replacement) at customers' sites	Supply and delivery of specific oilfield equipment and / or parts and components to embarkation points
Product and Services	• Site survey and inspection • Design and 3D modelling • Development of engineering drawings • Procurement of supplies • Fabrication and construction[(2)] • Erection and installation • Pre-testing, pre-commissioning, testing and commissioning • Preservation of existing chemical injection skids	• Inspection • Development of shop drawings, fabrication drawings and as-built drawings • Procurement of supplies • Fabrication and construction[(2)] • Erection and replacement of structures, fittings, pipes, tubing and electrical cables • Pre-testing, pre-commissioning, testing and commissioning • Rigging and scaffolding • Civil, electrical and instrumental works	• Oilfield equipment survey • Repair and refurbishment • Procurement of oilfield equipment as well as parts and components • Replacement of parts, components and oilfield equipment	• Pig trap system • Fire rated doors • Oil spill recovery equipment, etc.

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.

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:

	Audited					
	FYE 2021		**FYE 2022**		**FYE 2023**	
Business activity	**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
Total revenue	**24,845**	**100.00**	**66,326**	**100.00**	**72,537**	**100.00**

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.

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.

(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.

(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:

Name	Designation
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
Vinthra A/P Vijayakumar	Chief Financial Officer

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

3.7 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	%[1]	No. of Shares	%[1]	No. of Shares	%[2]	No. of Shares	%[2]
Promoters and substantial shareholders									
Radiant Capital[3]	Malaysia	183,600,050	45.90	-	-	178,349,000	36.40	-	-
Salimi Bin Khairuddin	Malaysian	-	-	183,600,050	45.90[4]	-	-	178,349,000	36.40[4]
Khairul Nazri Bin Kamarudin	Malaysian	-	-	183,600,050	45.90[4]	-	-	178,349,000	36.40[4]
Dato' Sharman	Malaysian	88,399,950	22.10	40,000,000	10.00[5]	48,951,000	9.99	48,951,000	9.99[5]
Datin Annie A/P V Sinniah	Malaysian	40,000,000	10.00	88,399,950	22.10[6]	48,951,000	9.99	48,951,000	9.99[6]

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.

3.8 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
Total	[●]	**100.00**	

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)
GP	**10,816**	**16,030**	**20,833**
Other income	172	76	153
Administrative expenses	(7,586)	(7,397)	(9,375)
Net loss on impairment of financial instrument	-	(69)	-
Operating profit	**3,402**	**8,640**	**11,611**
Finance income	12	25	88
Finance costs	(270)	(470)	(1,355)
PBT	**3,144**	**8,195**	**10,344**
Tax expense	(1,064)	(2,384)	(3,124)
PAT	**2,080**	**5,811**	**7,220**

	FYE 2021	FYE 2022	FYE 2023
EBIT(1)	3,402	8,640	11,611
EBITDA(1)	4,130	9,427	12,400
GP margin (%)(2)	43.53	24.17	28.72
PBT margin (%)(3)	12.65	12.36	14.26
PAT margin (%)(3)	8.37	8.76	9.95
Effective tax rate (%)(4)	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)(5)	0.42	1.19	1.47

Notes:

(1) EBIT and EBITDA are calculated as follows:

	FYE 2021 RM'000	FYE 2022 RM'000	FYE 2023 RM'000
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
EBIT	**3,402**	**8,640**	**11,611**
Add:			
Depreciation	728	787	789
EBITDA	**4,130**	**9,427**	**12,400**

(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:

	FYE 2021 RM'000	FYE 2022 RM'000	FYE 2023 RM'000
PAT attributable to owners of the Company	2,080	5,811	7,220
Dividends declared	624	880	-
Dividends paid	-	624	880
Dividend payout rate (%)	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. 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.

4. DETAILS OF OUR IPO

4.1 DETAILS OF OUR IPO

Our IPO is subject to the terms and conditions of this Prospectus and upon acceptance, our IPO Shares are expected to be allocated in the manner described below, subject to the underwriting and placement arrangement as set out in **Section 4.1.3** of this Prospectus and clawback and reallocation provisions as set out in **Section 4.1.4** of this Prospectus.

4.1.1 Public Issue

Our Public Issue of 90,000,000 Issue Shares, representing approximately 18.37% of our enlarged issue share capital, at the IPO Price is subject to the terms and conditions of this Prospectus and shall be allocated in the following manner:

(i) Malaysian Public via balloting

24,500,000 Issue Shares representing 5.00% of our enlarged issued share capital will be made available for Application by the Malaysian Public via balloting, of which 50.00% will be set aside for Bumiputera Malaysian Public.

(ii) Pink Form Allocation

12,250,000 Issue Shares representing approximately 2.50% of our enlarged issued share capital will be made available for Application by our Eligible Persons in recognition of their efforts and supports contributed to our Group.

A total of up to 52 persons are eligible for the Pink Form Allocation, comprising the following:

Eligibility	Number of Eligible Persons	Aggregate number of Issue Shares allocated
Eligible Directors of our Group(1)	4	1,900,000
Eligible employees(2)	42	10,310,000
Persons who have contributed to our success(3)	6	40,000
Total	**52**	**12,250,000**

Notes:

(1) The allocation to our eligible Directors is based on, amongst others, their respective roles, responsibilities and anticipated contributions to our Group. The number of Issue Shares to be allocated to our eligible Directors is as follows:

Name	Designation	No. of Issue Shares allocated
Tan Sri Acryl Sani Bin Abdullah Sani	Independent Non-Executive Chairman	1,000,000
Haslinda Binti Hussein	Independent Non-Executive Director	300,000
Y.M Tengku Saifan Rafhan Bin Tengku Putra	Independent Non-Executive Director	300,000
Zariner Binti Ismail	Independent Non-Executive Director	300,000
Total		**1,900,000**

(2) The criteria of allocation to the eligible employees of our Group as approved by our Board are based on, amongst others, the following factors:

(a) the eligible employee must be a full-time and confirmed employee and on the payroll of our Group;

(b) length of service;

(c) job grade and job responsibilities;

(d) performance and past contributions to our Group; and

(e) the eligible employee must be at least 18 years of age.

The number of Pink Form Shares to be allocated to our Key Senior Management is as follows:

Name	**Designation**	**Number of Issue Shares allocated**
Vinthra A/P Vijayakumar	Chief Financial Officer	100,000
Datin Annie A/P V Sinniah	Human Resource and Administration Director	8,951,000
Total		**9,051,000**

(3) The criteria for allocation to the persons who have contributed to the success of our Group are based on, amongst others, their length of business relationship with our Group, the nature and terms of their business relationship with us and the level of contribution and support to the success of our Group. The persons who have contributed to our success may include, amongst others, our customers, suppliers and business associates.

Additionally, applicants who apply for Pink Form Shares under **Section 4.1.1(ii)** of this Prospectus, may also apply for the Issue Shares under **Section 4.1.1(i)** for the Malaysian Public.

As at the LPD, to the extent known to our Company:

(i) save for the allocation under made available for Application as disclosed in **Section 4.1.1(ii)** of this Prospectus, there are no Directors, substantial shareholders or Key Senior Management of our Company who have indicated to our Company that they intend to subscribe for our IPO Shares; and

(ii) there are no persons who have indicated to our Company that they intend to subscribe for more than 5.00% of our IPO Shares.

(iii) Private placement to selected investors

53,250,000 Issue Shares representing approximately 10.87% of our enlarged issued share capital will be made available by way of private placement to selected investors.

4.1.2 Offer for Sale

Concurrent with the Public Issue, the Offerors will offer 44,700,000 Offer Shares, representing approximately 9.12% of our enlarged issued share capital, at the IPO Price and will be made available to selected investors by way of private placement. Details of our Offerors are as set out below:

Name / Address	Position / Relationship with our Group for the past 3 years and up to the LPD	Before the IPO[(1)]		Offer for Sale			After the IPO[(2)]	
		No. of Shares	(%)	No. of Shares	Before IPO[(1)] (%)	After IPO[(2)] (%)	No. of Shares	(%)
Dato' Sharman / No. 14, Jalan TR 7/1 Tropicana Golf & Country Resort 47410 Petaling Jaya Selangor	Promoter, substantial shareholder and Deputy Chairman / Executive Director	88,399,950	22.10	39,448,950	9.86	8.05	48,951,000	9.99
Radiant Capital[(3)] / 23-2, Block H, Dataran Prima Jalan PJU 1/37 47301 Petaling Jaya Selangor	Promoter and substantial shareholder	183,600,050	45.90	5,251,050	1.32	1.07	178,349,000	36.40
Total		**272,000,000**	**68.00**	**44,700,000**	**11.18**	**9.12**	**227,300,000**	**46.39**

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.

4.1.3 Underwriting arrangement and allocation of our IPO Shares

In summary, our IPO Shares will be allocated in the following manner:

	Public Issue		Offer for Sale		Total	
	No. of Shares	(%)[1]	No. of Shares	(%)[1]	No. of Shares	(%)[1]
Malaysian Public via balloting	24,500,000	5.00	-	-	24,500,000	5.00
- Bumiputera	12,250,000	2.50	-	-	12,250,000	2.50
- Non-Bumiputera	12,250,000	2.50	-	-	12,250,000	2.50
Pink Form Allocation	12,250,000	2.50	-	-	12,250,000	2.50
Private placement to selected investors	53,250,000	10.87	44,700,000	9.12	97,950,000	19.99
Total	**90,000,000**	**18.37**	**44,700,000**	**9.12**	**134,700,000**	**27.49**

Note:

(1) Based on the enlarged issued share capital of 490,000,000 Shares after our IPO.

All the 24,500,000 Issue Shares made available for Application by the Malaysian Public via balloting under **Section 4.1.1(i)** of this Prospectus have been fully underwritten.

The 12,250,000 Pink Form Shares under **Section 4.1.1(ii)** of this Prospectus have also been fully underwritten.

The 53,250,000 Issue Shares and 44,700,000 Offer Shares to be allocated by way of private placement to selected investors under **Sections 4.1.1(iii) and 4.1.2** of this Prospectus are not underwritten as written irrevocable undertakings to subscribe for these Shares have been or will be obtained from the respective selected investors.

There is no over-allotment or "greenshoe" option that will increase the number of our IPO Shares.

Please refer to **Section 4.1.4** of this Prospectus for further details on the clawback and reallocation of the IPO Shares.

4.1.4 Clawback and reallocation of IPO Shares

Our Issue Shares shall be subject to the following clawback and reallocation provisions:

(i) Malaysian Public

If any Issue Shares allocated to the Malaysian Public under **Section 4.1.1(i)** of this Prospectus are undersubscribed, the balance portion will be allocated in the following order:

(a) firstly, any remaining portion will be made available for Application by way of private placement to selected investors under **Section 4.1.1(iii)** of this Prospectus; and

(b) any remaining Issue Shares thereafter will be subscribed by the Underwriter, subject to the terms and conditions of the Underwriting Agreement.

(ii) Pink Form Allocation

If any Pink Form Shares allocated to our Eligible Persons under **Section 4.1.1(ii)** of this Prospectus are not fully subscribed, the balance will be allocated in the following order:

(a) firstly, to the other Eligible Persons of our Group;

(b) secondly, any remaining portion will be allocated to the Malaysian Public under **Section 4.1.1(i)** of this Prospectus;

(c) thirdly, any remaining portion will be made available for Application by way of private placement to selected investors under **Section 4.1.1(iii)** of this Prospectus; and

(d) finally, any remaining Pink Form Shares thereafter will be subscribed by the Underwriter, subject to the terms and conditions of the Underwriting Agreement.

(iii) Private placement to selected investors

The 53,250,000 IPO Shares made available for private placement to selected investors are not underwritten. Irrevocable undertakings will be obtained from the identified investors to take up the aforementioned IPO Shares made available for application under the private placement.

The allocation of the IPO Shares shall take into account the desirability of distributing the IPO Shares to a reasonable number of applicants with a view of broadening our Company's shareholding base to meet the public shareholding spread requirements of Bursa Securities and to establish a liquid market for our Shares. Applicants will be selected on a fair and equitable manner to be determined by our Board.

4.1.5 Price stabilisation mechanism

We will not be employing any price stabilisation (which is in accordance with the Capital Markets and Services (Price Stabilisation Mechanism) Regulations 2008) for our IPO.

4.1.6 Minimum level of subscription

There is no minimum subscription to be raised by us from our IPO. However, in order to comply with the public spread requirements of the Listing Requirements, the minimum subscription in terms of the number of IPO Shares will be the number of Shares required to be held by public shareholders for our Company to comply with public spread requirements under the Listing Requirements or as approved by Bursa Securities.

Pursuant to the Listing Requirements, at least 25.00% of our enlarged issued share capital must be held by a minimum number of 200 public shareholders holding not less than 100 Shares each at the time of our admission to the Official List. Prior to our admission to the Official List, we will ensure that the public shareholding spread requirement is met through a combination of the balloting process and the private placement exercise to ensure that a minimum number of 200 public shareholders holding not less than 100 Shares is in place and at least 25.00% of our enlarged issued share capital are held by public shareholders.

If the public spread requirement is not met, we may not be permitted to proceed with our Listing. In such an event, monies paid in respect of all Applications will be returned in full, without interest. If such monies are not returned in full within 14 days after we become liable to do so, the provision of sub-Section 243(2) of the CMSA shall apply accordingly.

4.2 SHARE CAPITAL

Upon completion of our Listing, our issued share capital shall be as follows:

	No. of Shares	**RM**
Share capital		
Issued share capital as at the LPD	400,000,000	7,808,001
New Shares to be issued pursuant to the Public Issue	90,000,000	[●]
Enlarged issued share capital	**490,000,000**	[●]
Less: Estimated expenses directly attributable to the Public Issue and allowed to be deducted against the share capital of our Company	-	[●]
Enlarged issued share capital upon Listing	**490,000,000**	[●]
Offer for Sale	44,700,000	[●]
IPO Price (RM)		[●] per share
Pro forma NA per Share (RM) (based on our enlarged issued share capital after the IPO and after the intended use of proceeds raised from our Public Issue)		[●]
Market capitalisation upon Listing (RM) (based on the IPO Price and enlarged number of Shares after the IPO)		[●]

The IPO Price is payable in full upon Application.

As at the date of this Prospectus, we only have 1 class of shares, being the ordinary shares, all of which rank equally with each other. Our Issue Shares will, upon allotment and issue, rank equally in all respects with our existing issued share capital including voting rights, and rights to all dividends and distributions that may be declared subsequent to the date of allotment of our Issue Shares.

The Offer Shares rank equally in all respects with our existing issued Shares including voting rights and rights to all dividend and distributions that may be declared subsequent to the date of transfer of the Offer Shares.

Subject to special rights attaching to any Share which may be issued by us in the future, our shareholders shall, in proportion to the Shares held by them, be entitled to share in the whole of the profits paid out by us as dividends and other distributions. In respect of the whole of any surplus in the event of our liquidation, such surplus is to be distributed among our shareholders in proportion to the issued share capital at the commencement of the liquidation, in accordance with our Constitution and provisions of the Act.

At any general meeting of our Company, on a show of hands, each shareholder who is entitled to vote, may vote in person or by proxy or by attorney or by duly authorised representative shall have one vote. On a poll, each shareholder present in person, by proxy, by attorney, or by other duly authorised representative shall have 1 vote for each Share held.

4.3 BASIS OF ARRIVING AT THE IPO PRICE

The IPO Price was determined after taking into consideration, amongst others, the following factors:

(i) our Group's financial performance and operating history, where we recorded an EPS of approximately RM0.015, computed based on our Group's audited PAT of RM7.22 million for the FYE 2023 and our enlarged issued share capital of 490,000,000 Shares upon Listing, translating to a price-to-earnings multiple of [●] times based on our IPO Price of RM[●]. Our detailed operating history and financial performance are outlined in **Sections 7.1 and 12** of this Prospectus, respectively;

To further justify the IPO Price, peer analysis has been carried out to benchmark the PE multiple implied by the IPO Price against the PE multiple of comparable companies in similar industry and / or business activities as Steel Hawk to substantiate the reasonableness of the IPO Price. The brief description on the earnings multiple method of valuation is set out below for shareholders' information purpose only:

Valuation multiple	General description
PE	PE multiple is the measure of the market price of a company's shares relative to its annual net profit per share. The computation of PE multiple is as follows: $\frac{\text{Price } \textit{market}}{\text{EPS}}$

The earnings multiple method of valuation is considered the most appropriate method of valuation in ascribing the benchmark value of Steel Hawk on the basis that Steel Hawk had been operating profitably for the past 3 financial years up to the FYE 2023.

The comparable companies were selected based on the following criteria:

(a) listed on Bursa Securities;

(b) primarily involved in the provision of EPCC services for customer base in O&G related industry;

(c) involved in the provision of other related O&G services and equipment ("**OGSE**") services such as supply of oilfield equipment; and

(d) market capitalisation of below RM350 million as at the LPD.

However, there are no public listed companies in Malaysia which is identical to Steel Hawk in respect of, amongst others, the principal activities and business activities, scale of business operations and financial position. The recent transactions are also compiled from publicly available information on Bursa Securities' website and is not exhaustive. As such, it should be noted that this comparable valuation statistics is carried out on a best effort basis, purely to provide a benchmark valuation for the IPO Price.

The valuation of Steel Hawk is calculated as follows:

Details		
Issue Price (RM)	(A)	[●]
Net profit of Steel Hawk for the FYE 2023 (RM)	(B)	7,219,759
Enlarged issued shares of Steel Hawk upon completion of the Listing (units)	(C)	490,000,000
EPS (RM)	(D) = $\frac{(B)}{(C)}$	0.015
PE (times)	$\frac{(A)}{(D)}$	[●]

For information purposes, the IPO Price of RM[●] per IPO Share represents a discount ranging [●]% to [●]% to the prevailing market prices of our Shares on the LEAP Market for the past 12 months up to and including the LPD, as illustrated below:

Price/ VWAPs up to and including the LPD	Share price	Discount	
	RM	RM	%
Last transacted price of our Shares as at the LPD	0.28	[●]	[●]
Up to and including the LPD:			
5-day VWAP	0.28	[●]	[●]
1-month VWAP	0.28	[●]	[●]
3-month VWAP	0.28	[●]	[●]
6-month VWAP	0.28	[●]	[●]
12-month VWAP	0.36	[●]	[●]

As at the LPD, we are listed on the LEAP Market and our Shares are generally illiquid and have a lower trading volume due to the following:-

(a) our Group has a lower public shareholding spread of approximately 22.00% on the LEAP Market as compared to the public shareholding spread requirement of the Listing Requirements of at least 25.00%;

(b) the trading of our Shares is only restricted to sophisticated investors (i.e. any person who is specified as a sophisticated investor in the SC's Guidelines on Categories of Sophisticated Investors), thus limiting the type of investors who are able to participate in the active trading of our Shares on the LEAP Market; and

(c) in support for the Transfer, all our shareholders had provided their written undertakings to continue to hold and will not dispose of, transfer or reduce their shares in our Company until the completion of our Withdrawal and our Listing.

The valuation statistics of the comparable companies using PE multiple are set out below:

Companies[1]	**Principal activities**	**Latest FYE**	**Last Price[2]**	**Market Capitalisation[3]**	**PAT[4]**	**EPS[5]**	**PE[6]**	**Adjusted PE[7]**
			RM	**RM'mil**	**RM'mil**	**sen**	**(times)**	**(times)**
T7 Global Bhd	Principally involved in the provision of services to O&G and related industries, manufacturing and trading of all types of machinery, equipment and generators used for welding, cutting, cooking and other commercial applications, and development of building projects for own operation	31.12.2022	0.51	387.12	20.34	2.74	18.61	13.96
Uzma Berhad	Principally involved in provision of geoscience and reservoir engineering, drilling, project and operational services and other specialised services within the O&G industry, provision of product and services for satellite imagery, manufacturing, marketing, distribution and supply of oilfield chemicals, petrochemical and chemical products, equipment and services	30.06.2023	1.22	474.42	36.68	9.47	12.88	9.66
Carimin Petroleum Berhad	Principally involved in the engineering, scheduled / work pack development, procurement, structural / piping fabrication, electrical / instrumentation installation, pre-commissioning and commissioning activities	30.06.2023	0.81	189.44	22.95	9.81	8.26	6.20
Petra Energy Berhad	Principally involved in the upstream segment of the O&G industry specialising in operations and maintenance of oilfields, integrated brown field maintenance and engineering; marine offshore support; design, fabrication supply & installation and engineering and project management services	31.12.2022	1.27	407.60	13.08	4.07	31.20	23.40
Propel Global Berhad	Principally involved in O&G construction and engineering in Malaysia, with operations across Asia Pacific and the Middle East, including marine heating, ventilation and air conditioning system design, manufacturing and installation, project management and fabrication services.	30.06.2023	0.14	94.62	7.72	1.14	12.28	9.21
							Low	9.21
							High	23.40
							Simple Average	12.49
							Steel Hawk	**[●]**

(Source: Bloomberg and the audited financial statements of the respective companies)

Notes:

(1) Companies listed on Bursa Securities which are primarily involved in the provision of EPCC services for customer base in O&G related industry.

(2) Being the closing price as at the LPD.

(3) The market capitalisation of the comparable companies was calculated based on the total number of issued shares multiply with the closing price of the respective comparable companies as at the LPD.

(4) Based on the latest audited financial statements of the respective comparable companies.

(5) The EPS of the comparable companies was computed based on the latest audited PAT over the total number of issued shares of the comparable companies.

(6) PE is computed based on last price over EPS of the respective comparable companies.

(7) Companies listed on the ACE Market and Main Market of Bursa Securities have to comply with the public shareholding spread requirement of 25.00% and thus, the shares of the said public listed companies are more marketable and liquid, as compared to shares being traded on the LEAP Market. As at the LPD, our Shares are only tradable on the LEAP Market by sophisticated investors (i.e. any person who is specified as a sophisticated investor in the SC's Guidelines on Categories of Sophisticated Investors), there is limited avenue to determine the marketability and liquidity of our Shares and after taking into consideration that the size of our Company is smaller to that of the comparable companies, we have adopted 25.00% as the discount factor to adopt for the PE of comparable companies. Nevertheless, the adjusted PE is purely an illustration for investors' information.

Based on the table above, the implied PE multiple of Steel Hawk of [●] times is below the simple average adjusted PE multiple of 12.49 times and falls within the range of adjusted PE multiples of the comparable companies from 9.21 times to 23.40 times. As such, our Board deemed the IPO Price is reasonable and reflects the current valuation ascribed to similar business or sector as our Group, after taking into consideration the valuation statistics of the comparable companies.

(ii) our pro forma NA per Share of approximately RM[●], computed based on our Group's pro forma NA of RM[●] million as at 31 December 2023 after taking into consideration the IPO and utilisation of proceeds and our enlarged issued share capital of 490,000,000 Shares;

(iii) our competitive advantages and key strengths as set out in **Section 7.3** of this Prospectus; and

(iv) our business plans and strategies as set out in **Section 7.4** of this Prospectus.

You should also note that the market price of our Shares upon and subsequent to our Listing is subject to market forces and other uncertainties, which may affect the trading price of our Shares. You are reminded to consider the risk factors set out in Section 9 of this Prospectus before deciding to invest in our Shares.

4.4 DILUTION

Dilution is computed as the difference between our IPO Price to be paid by you for our Issue Shares and the pro forma NA per Share of our Group immediately after our IPO. The following table illustrates the effect of our Group's pro forma NA on a per Share basis:

	Details	RM
IPO Price	(A)	[●]
Pro forma NA per Share as at 31 December 2023 after the Bonus Issue (before our Public Issue)	(B)	[●]
Pro forma NA per Share after our Public Issue and utilisation of IPO proceeds (based on the enlarged issued share capital of 490,000,000 Shares)	(C)	[●]
Increase in pro forma NA per Share attributable to the existing shareholders	(C) – (B)	[●]
Dilution in pro forma NA per Share to new investors	(A) – (C)	[●]
Dilution in pro forma NA per Share to new investors as a percentage of the IPO Price	(A – C)/(A)	[●]

4.5 UTILISATION OF PROCEEDS FROM OUR IPO

LEAP Placement

Pursuant to our Group's listing on the LEAP Market on 29 October 2021, our Group had successfully raised a total gross proceeds of RM3.20 million ("**LEAP Placement Proceeds**") via the placement of 16,000,000 new Shares at a subscription price of RM0.20 per Share ("**LEAP Placement**") and the proceeds raised have been fully utilised in the following manner:

Details of utilisation	**Proposed utilisation of the LEAP Placement Proceeds(1)**	**Variation to the utilisation of the LEAP Placement Proceeds(2)**	**Revised utilisation of the LEAP Placement Proceeds(2)**	**Utilisation of the LEAP Placement Proceeds as at the LPD**	**Balance LEAP Placement Proceeds unutilised**
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Setting up 2 fire rated door assembly lines	413	-	413	413	-
Construction of a mud cooler system	730	(730)(3)	-	-	-
Working capital	757	730(3)	1,487	1,487	-
Estimated listing expenses	1,300	-	1,300	1,300	-
Total	**3,200**	**-**	**3,200**	**3,200**	**-**

Notes:

(1) As indicated in our Group's Information Memorandum, our Group had intended to utilise the LEAP Placement Proceeds in the following manner:

(i) RM0.41 million had been allocated for the acquisition of necessary machinery and equipment to set up 2 fire rated door assembly lines at our Group's workshop facility yard at the Existing Teluk Kalung Facility 1;

(ii) RM0.73 million had been allocated to finance the acquisition of necessary equipment for the construction of a mud cooler system which is essential to reduce the temperature of the drilling fluids and to help provide a safer drilling environment during drilling activities;

(iii) RM0.76 million had been allocated for working capital of our Group for general overheads and administrative expenses which includes, amongst others, defrayment of operational expenses, such as payment of staff related expenses, office supplies and expenses consisting of utility charges, office maintenance, office rental printing and stationaries, quit rent and other upkeep of office expenses as well as other operating expenses; and

(iv) RM1.30 million had been allocated for our Group's listing expenses in relation to our listing on the LEAP Market which includes professional fees, placement fees, regulatory fees and other miscellaneous expenses.

(2) On 5 October 2022, our Company had announced that our Board had resolved to vary the utilisation of the LEAP Placement Proceeds in which RM0.73 million of the LEAP Placement Proceeds that were originally allocated for the construction of a mud cooler had been re-allocated for working capital, in particular for our Group's EMAS Project. For information purposes, as highlighted in our Company's announcement dated 20 June 2022, Steel Hawk Engineering had on 20 June 2022 accepted the letter of award dated 17 June 2022 awarded by Sigma Water Engineering (M) Sdn Bhd with a contract value of RM2.00 million, in relation to the provision of the design, supply, manufacture and delivery of 9 chemical injection skids under the EMAS Project.

(3) For clarification purposes, our Group had decided to re-allocate a portion of the LEAP Placement Proceeds that were originally earmarked for the construction of the mud cooler system to the working capital requirements of the EMAS Project, in view that the balance contract period for the umbrella contract with PETRONAS Carigali (for the provision of drilling fluids and associated services for petroleum arrangement contractors which required mud cooler system) at that material time was less than a year (i.e. June 2022 to May 2023) and there was no extension / renewal to the aforesaid umbrella contract. Furthermore, there was no urgent need for the construction of the mud cooler system at that point in time, given that save for the umbrella contract with PETRONAS Carigali, our Group's existing projects and tender book does not involve any installation and supply of a mud cooler system. Accordingly, our Group had decided to put on hold the plan to construct the mud cooler system where the proceeds could be more optimally utilised for the then newly secured EMAS Project.

Details and status of the business future plans as disclosed within the Information Memorandum

Section	Disclosures in the Information Memorandum	Current status
Section 4.11(i) We plan to set up 2 fire rated door accessories assembly lines to improve efficiency of our deliverables for our contract in relation to the provision of fire rated doors	Currently, we purchase pre-assembled complete fire rated door sets from our suppliers to be installed at our customers' sites and therefore we rely on our suppliers for the supply of complete fire rated door sets. As such, we plan to set up 2 fire rated door accessories assembly lines at our workshop facility in Teluk Kalung, Kemaman, Terengganu. Upon setting up, we will procure the parts and components for fire rated door accessories, comprising panic bars and ironmongery (i.e. hinges and locksets) in bulk from our suppliers. We will assemble the fire rated doors accessories at our assembly lines before they are deployed and installed with the fire rated door at our customers' sites. Such arrangement would enable us to improve our cost control and thus profit margins for the supply of complete fire rated door sets. We expect to also have better control over our supply timelines and mitigate our risk of reliance on our suppliers. This is also a strategy to obtain the Vendor Development Programme ("**VDP**") by PETRONAS. Under VDP, we would be supported by PETRONAS in terms of training, capacity building, product development and enhancement as well as market promotion, which we could leverage on when securing more contracts from PETRONAS. We plan to set up the assembly lines by second quarter of 2022. The estimated cost for setting up the assembly lines is approximately RM0.41 million, which shall be funded via the LEAP Placement Proceeds.	Subsequent to the listing of our Company on the LEAP Market and as highlighted above, we had utilised RM0.43 million of the LEAP Placement Proceeds raised to setup the 2 fire rated door accessories assembly lines at our Group's workshop facility in the Existing Teluk Kalung Facility 1. Our Group completed the set up and commenced full operations for the 2 fire rated door accessories assembly lines in April 2022, which had allowed our Group to improve our lead time between placement of orders by our customers and the delivery of fire rated doors from an average of 10 weeks to an average of between 6 to 8 weeks per fire rated door. As at the LPD, our Group supplies fire rated doors to PETRONAS Carigali and 1 other customer that is principally involved in the O&G sector in Malaysia. Our Company remains committed to our existing strategy of obtaining the VDP status by actively engaging in promoting and advertising our services as an ongoing effort to achieve recognition from PETRONAS.
Section 4.11(ii) We plan to construct and own a mud cooler system to capitalise on the umbrella contract with PETRONAS Carigali	We have secured an umbrella contract in May 2018 from PETRONAS Carigali, for the provision of drilling fluids and associated services for petroleum arrangement contractors. This umbrella contract is valid until May 2023. Under this umbrella contract (which has no fixed value), PETRONAS Carigali may issue work orders for the abovementioned services as and when required over the duration of the umbrella contract. We will then submit a tender for each work order and compete with the other pre-qualified service providers to secure the work order. In order to capitalise on our existing umbrella contract, we intend to strengthen our position in closed bidding activities to secure work orders.	Our Group had on 20 June 2022 accepted the letter of award dated 17 June 2022 from Sigma Water Engineering (M) Sdn Bhd in relation to the provision of the design, supply, manufacture and delivery of 9 chemical injection skids under the EMAS Project, with a total contract value of RM2.00 million (excluding subsequent variation orders comprising addition contract works of RM1.04 million). As such, RM0.73 million of the LEAP Placement Proceeds that were originally allocated for the construction of the mud cooler system had been re-allocated for working capital requirements of the EMAS Project.

Section	Disclosures in the Information Memorandum	Current status
	As such, we intend to construct and own a mud cooler system. With our own mud cooler system, we will be able to participate in closed bidding activities at more competitive bid prices, which will subsequently increase our competitiveness and in securing work orders under this umbrella contract. We have completed the design of the mud cooler system and we plan to commence the construction of the mud cooler system by December 2021.	As at the LPD, our Group had completed the 9 chemical injection skids, pending the final stage of the project which involves the delivery and the installation of the chemical injection skids at the customer's site. This is due to an unforeseen delay on the part of the customer in relation to the construction of its effluent management system. Notwithstanding this, our Group anticipates the EMAS Project to be fully completed by 30 April 2024. For information purposes, our Group had decided to re-allocate a portion of the LEAP Placement Proceeds that were originally earmarked for the construction of the mud cooler system to the working capital requirements of the EMAS Project, in view that the balance contract period for the umbrella contract with PETRONAS Carigali at that material time was less than a year (i.e. June 2022 to May 2023) and there was no extension/ renewal to the aforesaid umbrella contract. Furthermore, there was no urgent need for the construction of the mud cooler system, given that save for the umbrella contract with PETRONAS Carigali, our Group's existing projects and tender book does not involve any installation and supply of a mud cooler system. Accordingly, our Group had decided to put on hold our plan to construct the mud cooler system where the proceeds could be more optimally utilised for the then newly secured EMAS Project.
Section 4.11(iii) We plan to grow our customer base by acquiring other customers in the energy sector	We are currently dependent on PETRONAS group as our major customer. We face risk of contract terminations despite securing call out contracts and Master Price Agreements with tenures of 3 to 5 years from PETRONAS group. As such, we plan to grow our customer base by securing contracts from other customers within the energy sector, in view that our products are also required by other industry stakeholders within the energy sector and our technical capabilities and knowledge in the provision of EPCC services for chemical injection skids, facilities improvement/ maintenance as well as installation and maintenance of oilfield equipment are transferable within the energy sector.	Subsequent to the listing of our Company on the LEAP Market, our Group had managed expand our customer base by securing 9 new customers in the FYE 2022. Pursuant to the securing of these new customers, the revenue contribution by PETRONAS group had decreased to 54.47% and 45.64% of our Group's total revenue in the FYE 2022 and FYE 2023, respectively (FYE 2021: 85.84%). Our Group intends to continue with our current strategy by fostering collaboration and strengthening relationships with our existing customers, and at the same time expanding our customer base by participating in tender activities to secure new customers.

Section	Disclosures in the Information Memorandum	Current status
	We have at the LPD registered ourselves with the Federal Land Development Authority, Tenaga Nasional Berhad, Sime Darby Plantation Berhad and Suruhanjaya Perkhidmatan Air Negara as a service vendor and contractor and the details are as follows:- **Potential customers** — **Validity period** Federal Land Development Authority — 12 March 2021 – 14 March 2024 Tenaga Nasional Berhad — 25 March 2021 – 14 February 2024(1) Sime Darby Plantation Berhad — 20 January 2021 – 20 January 2023(1) Suruhanjaya Perkhidmatan Air Negara — 22 May 2021 – 21 May 2024 **Note:-** (1) Expired and was not subsequently renewed. With these registrations, we are able to participate in tender activities and secure contracts from them, thereby allowing us to expand our revenue sources within the energy sector. At this juncture, we intend to tender for contracts involving the provision of maintenance services for power plants, water treatment plants and other facilities of these companies as well as the supply of equipment such as pumps and valves.	As at the LPD, our Group's tender activities mainly still focused on the O&G sector due to the various tender opportunities within the O&G sector, albeit we have been diversifying away from tenders launched by PETRONAS group. In view of the foregoing, our Group has not been actively participating and securing tenders for non-O&G related projects within the energy sector involving the provision of maintenance services for facilities such as power plants, water treatment plants as well as the supply of equipment such as pumps and valves. Even though our Group has yet to secure any of these tenders as at the LPD, our Group shall maintain efforts to bid and secure non-O&G related projects within the energy sector as an initiative to further diversify our customer base and reduce the impact of relying on a single customer like PETRONAS group.
Section 4.11(iv) We plan to expand our presence in the overseas market	We intend to leverage on such growth opportunities in the O&G industry to expand our presence in Brunei and Indonesia. We plan to appoint distributors and suppliers in Brunei and Indonesia and leverage on their network to supply our products to the O&G industry. We are identifying suitable distributors and suppliers and we aim to expand our reach to the O&G industry in Brunei and Indonesia within 2 to 3 years of our LEAP Market Listing. In the FYE 31 December 2021, we successfully secured our first overseas order from a customer in Brunei to supply oilfield equipment which was fulfilled in February 2021. Moving forward, we plan to further capitalise on our expertise and experience in the O&G industry to further expand our presence in the overseas market.	As at the LPD, our Group has not been able to secure any suitable distributors / suppliers for the procurement of oilfield equipment to expand our reach to the O&G industry in Brunei and Indonesia. In addition, our Group has not secured any significant contracts or purchase orders from international customers. Notwithstanding this, our Group endeavours to continue our efforts to identify and negotiate with customers in Brunei and Indonesia as well as countries in the Middle East and Asia region to supply our oilfield equipment to the O&G industry overseas. Furthermore, our Group intends to participate in forums and conventions, and to leverage these platforms to broaden our network and establish connections with prospective international clients.

Public Issue

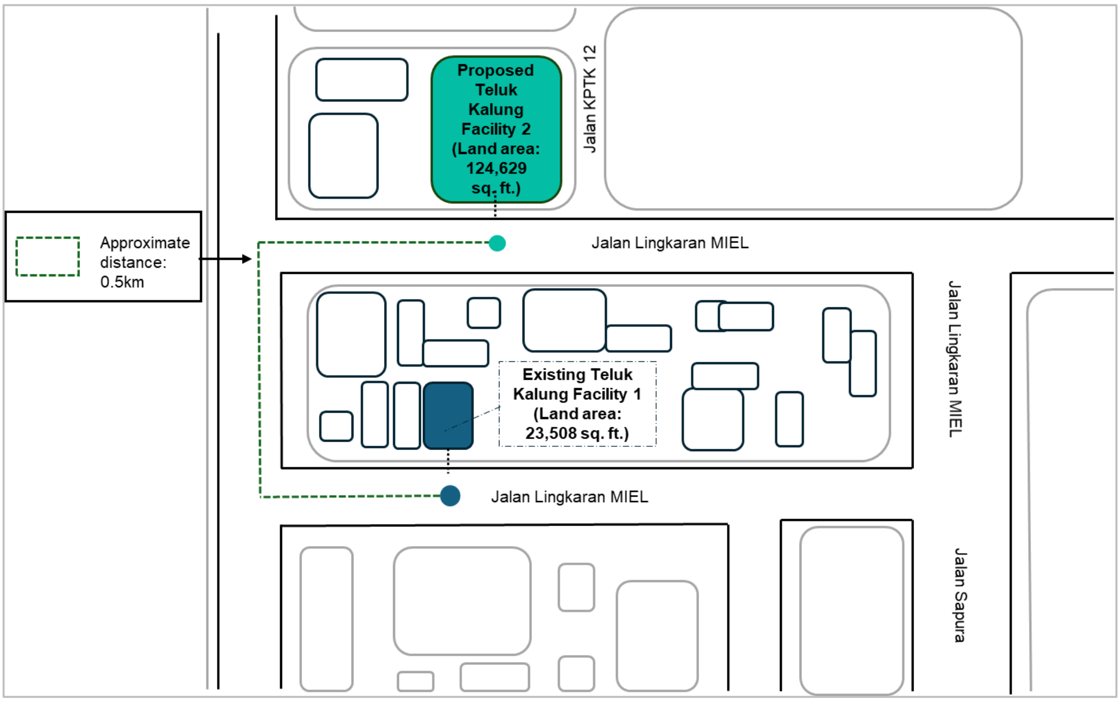
Based on the IPO Price, the gross proceeds of RM[●] million will be raised from our Public Issue. The gross proceeds raised are intended to be used in the following manner:

Details of utilisation	Section	Gross proceeds RM'000	Gross proceeds %	Estimated timeframe for utilisation upon Listing
Construction of the Proposed Teluk Kalung Facility 2	4.5.1	[●]	[●]	Within 24 months
Working capital	4.5.2	[●]	[●]	Within 18 months
Repayment of bank borrowings	4.5.3	[●]	[●]	Within 6 months
Estimated expenses for the Transfer	4.5.4	[●]	[●]	Within 3 months
Total		**[●]**	**100.00**	

Further information on the use of proceeds from our IPO is as follows:

4.5.1 Construction of the Proposed Teluk Kalung Facility 2

For information purposes, the location map of the Existing Teluk Kalung Facility 1 and the Proposed Teluk Kalung Facility 2 (to be constructed on the Teluk Kalung Land) are set out below:



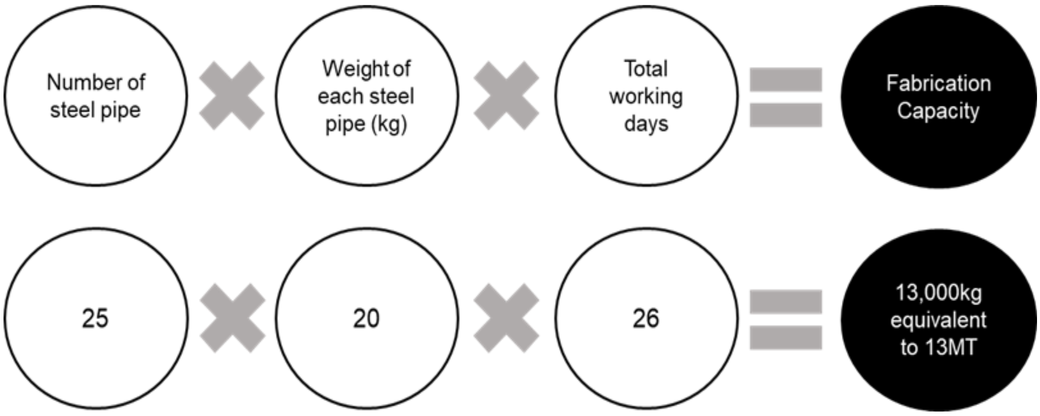
Existing Teluk Kalung Facility 1

As at the LPD, our Group's business operations are mainly carried out at the Existing Teluk Kalung Facility 1 located at Teluk Kalong, Kemaman, Terengganu, which has a total land area and gross built-up area of approximately 23,508 sq. ft. and 7,609 sq. ft., respectively. The Existing Teluk Kalung Facilty 1 enables us to carry out fabrication of chemical injection skids, pipes, tubing and fittings in-house to support our main business segment, namely EPCC services and facilities improvement / maintenance operations (save for the fabrication of large structures exceeding 6 meters, e.g I-beam and metal plates which are outsourced to third party contractors). We also undertake the assembly of fire rated doors at the Existing Teluk Kalong Facility 1 which are then installed at our customers' facilities.

Currently, the fabrication capacity of the Existing Teluk Kalung Facility 1 is approximately 13MT per month[(1)]. After taking into consideration the increasing revenue contribution from our Group's EPCC services and facilities improvement / maintenance business segment and the positive industry outlook as set out in **Section 8**, "IMR Report", our Group anticipates that our fabrication activities will further increase in tandem with the anticipated increase in spending on EPCC services in the O&G industry. Accordingly, we intend to construct the Proposed Teluk Kalung Facility 2 on part of the Teluk Kalung Land in order to expand our fabrication capacity to approximately 65MT per month from our existing capacity of approximately 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.

Note*:*

(1) Computed based on the fabrication of steel pipe (size: 3 inches x 6 meter) by applying the following formula:



Proposed Teluk Kalung Facility 2

On 1 October 2023, Steel Hawk Engineering had entered into a lease agreement with PMINT to lease part of the Teluk Kalung Land measuring approximately 124,629 sq. ft. for a period of up to 30 years with an option to apply for an extension of another 30 years. Pursuant to the Lease Agreement, Steel Hawk Engineering shall pay to PMINT a total lease payment of RM1.53 million, of which RM0.31 million deposit payment (i.e. 20% of the total lease payment) has been paid on 11 October 2023, and the balance lease payment of RM1.22 million (i.e. 80% of the total lease payment) shall be paid by way of 3 equal instalments of RM0.41 million in half-yearly intervals (i.e. on or before 30 April 2024, 31 October 2024 and 30 April 2025), respectively.

The Proposed Teluk Kalung Facility 2 is estimated to have a gross built-up area of approximately 55,780 sq. ft.. A floor space of approximately 44,024 sq. ft. will be allocated for production space consisting of 2 fabrication yards (i.e., carbon steel fabrication and stainless steel fabrication), a blasting and painting chamber, a NDT space and a chemical storage space. A floor space of approximately 11,756 sq. ft. will be allocated for office space and warehouse.

The total estimated costs for the construction of the Proposed Teluk Kalung Facility 2 is RM13.64 million, further details of which are set out in the table below:

Description	RM'000
Construction of the Proposed Teluk Kalung Facility 2	
• Preliminaries (e.g., site survey and investigation, site preparation as well as design and planning)	461
• Building works (office, yards, warehouse, paint blasting, chemical storage, bomb pit and guard house)	9,388
• Mechanical and electrical works	2,515
• Infrastructure works	1,226
• Landscape and miscellaneous works	50
Total estimated cost	**13,640**

The aforementioned estimated costs shall be financed through a combination of proceeds from our Public Issue and internally generated funds. Our Group intends to allocate RM[●] million representing approximately [●]% of the gross proceeds from our Public Issue to partially finance the estimated cost for the construction of the Proposed Teluk Kalung Facility 2 of RM13.64 million. The remaining RM[●] million will be paid via internally generated funds and / or bank borrowings. For information purposes, our Group's audited cash and cash equivalents and borrowings stood at RM10.69 million and RM17.72 million, respectively as at 31 December 2023.

In terms of the regulatory approvals required for the construction of the Proposed Teluk Kalung Facility 2, our Group is required to submit the relevant applications to and obtain the approval from, amongst others, the following authorities / regulatory bodies:

Key events	Status of the application as at the LPD	Anticipated timeframe for obtaining approval
Approval for development order application for the development plan from Majlis Perbandaran Kemaman	All relevant applications have been submitted and are pending approval (save for the approvals for development order and from Tenaga National Berhad which have been obtained)	To be obtained by the second quarter of 2024
Approval for building plan application for the development plan from Majlis Perbandaran Kemamam		
Approval from other relevant authorities including, amongst others, Jabatan Kawalan Bangunan Jabatan Perancangan Bandar, Jabatan Bomba dan Penyelamat Malaysia, Indah Water Konsortium, Telekom Malaysia, Jabatan Pengairan dan Saliran, Jabatan Kerja Raya, Syarikat Air Terengganu, Jabatan Landskap Negara and Tenaga Nasional Berhad		

Upon the receipt of all necessary approvals, our Group will then appoint third party contractors to oversee, coordinate and manage the construction of the Proposed Teluk Kalung Facility 2.

Barring any unforeseen circumstances, the indicative timeline for the construction of the Proposed Teluk Kalung Facility 2 as at the LPD is as follows:

Timeline	Details
Third quarter of 2024	• Commencement of construction
First quarter of 2026	• Completion of construction
Second quarter of 2026	• Certificate of Completion and Compliance obtained
Third quarter of 2026	• Commencement of operations

In the event the amount required for the construction of the Proposed Teluk Kalung Facility 2 is higher than budgeted, any deficit will be funded through internally generated funds and / or bank borrowings. Conversely, if the amount required for the construction of the Proposed Teluk Kalung Facility 2 is lower than estimated, such proceeds shall be channelled towards our working capital (as elaborated in **Section 4.5.2** of this Prospectus). Further, in the event our Listing is deferred, we will fund the estimated costs of the Proposed Teluk Kalung Facility 2 through internally generated funds (i.e. our cash reserves and cash flow from operating activities). In the event our internally generated funds are insufficient to finance the entire costs of the Proposed Teluk Kalung Facility 2, our Group will then utilise our existing bank overdraft facility to bridge the remaining construction costs.

4.5.2 Working capital

Our Group's working capital requirements are expected to increase in tandem with the expected growth in our business. We intend to allocate RM[●] million representing approximately [●]% of the gross proceeds from our Public Issue to finance our Group's expected future working capital requirement (based upon the anticipated growth in our business operations) in the following manner:

Details	Description	RM'000
Purchase of raw materials	Purchase of piping, fittings and structures for our Group's EPCC and facilities improvements / maintenance services	[●]
Total		**[●]**

While pending utilisation of the proceeds to be raised from the Public Issue, we will place the proceeds into interest bearing accounts with licensed financial institutions or short-term money market instruments. Any interest income earned from such deposits or instruments will be used for the above working capital requirements of our Group.

If the actual months general working capital required for our Group is higher than the allocated proceeds from our Public Issue as set out above, the shortfall will be funded via internally generated funds and / or bank borrowings.

4.5.3 Repayment of bank borrowings

As at the LPD, the total outstanding amount of our Group's borrowings stood at approximately RM22.17 million. We intend to allocate RM[●] million to partially reduce our bank borrowing, the details of which are as set out below:

Banking Facility	Purpose	Interest rate	Maturity date	Balance as at the LPD	Proposed repayment	Annual interest saving
				RM'000	RM'000	RM'000
Team Loan from Koperasi Angkatan Tentera Malaysia Berhad	To finance working capital requirement	Fixed rate at 9.0%	1 November 2025	2,100	[●]	[●]

Further, a settlement of the banking facilities by our Company within 3 years from the date of the first disbursement of the facility (subject to annual review by the financier) will give rise to an early settlement. Koperasi Angkatan Tentera Malaysia Berhad is entitled to charge our Group actual incidental costs and expenses incurred by the aforesaid financier due to the early settlement made by our Group. The amount payable by our Group in respect of such early settlement will be calculated based on the agreed formula and in accordance with the prevailing policy and procedure of the aforesaid financier. In the event the actual principal balance at the point of repayment is less than the amount allocated for the repayment of the term loans per the table above, any surplus funds thereof will be allocated towards our working capital (as elaborated in **Section 4.5.2** of this Prospectus).

4.5.4 Estimated expenses for the Transfer

The estimated expenses for our Transfer to be borne by us as set out below:

Description	RM'000
Professional fees for the Transfer [(1)]	[●]
Underwriting, placement and brokerage fees	[●]
Printing, advertising fees and other incidental charges relating to our Transfer	[●]
Fees payable to authorities	[●]
Total	**[●]**

Note:

(1) Include professional fees for the Principal Adviser, Reporting Accountants, Solicitors, IMR, Issuing House and other professional advisers.

If our actual expenses are higher than the estimated expenses for the Transfer, the deficit will be funded out of the portion allocated for working capital. Conversely, if the actual expenses are lower than the estimated expenses for the Transfer, the excess will be utilised for working capital requirements of our Group (as elaborated in **Section 4.5.2** of this Prospectus).

Pending the eventual utilisation of proceeds raised from the Public Issue, the proceeds will be placed in interest bearing short-term deposits or money market instruments with licensed banks. Any interest income earned from such deposits or instruments will be used for the working capital requirements of our Group (as elaborated in **Section 4.5.2** of this Prospectus).

The Offer for Sale is expected to raise gross proceeds of approximately RM[●] million. The entire proceeds of the Offer for Sale shall accrue entirely to the Offerors and no part of the proceeds will be received by our Company. The Offerors shall bear all expenses such as placement, management and miscellaneous fees relating to the Offer Shares estimated to be approximately RM[●] million.

4.6 BROKERAGE FEE, UNDERWRITING COMMISSION AND PLACEMENT FEE

4.6.1 Brokerage fee

We will bear the brokerage fees at the rate of 1.00% on the IPO Price in respect of all successful Applications which bear the stamp of UOBKH, participating organisations of Bursa Securities, members of the Association of Banks in Malaysia, members of the Malaysian Investment Banking Association and / or the Issuing House.

4.6.2 Underwriting commission

UOBKH, as our Underwriter has agreed to underwrite 36,750,000 Issue Shares which are available for application by the Malaysian Public and Eligible Persons as set out in **Sections 4.1.1(i) and 4.1.1(ii)** of this Prospectus. We will pay our Underwriter an underwriting commission at the rate of 2.00% of the total value of the Issue Shares underwritten at the IPO Price.

4.6.3 Placement fee

UOBKH, as our Placement Agent, has agreed to place the 97,950,000 IPO Shares available under the placement to selected investors as set out in **Sections 4.1.1(iii) and 4.1.2** of this Prospectus respectively. Our Company and the Offerors will pay our Placement Agent a placement fee of up to 2.00% of the total value of the 97,950,000 IPO Shares placed out by the Placement Agent.

The placement fees to be incurred on the Offer for Sale will be fully borne by the Offerors.

4.7 SALIENT TERMS OF OUR UNDERWRITING AGREEMENT

We have entered into the Underwriting Agreement with the Underwriter to underwrite up to 36,750,000 Issue Shares ("**Underwritten Shares**") to be made available for application by the Malaysian Public and our Eligible Persons as set out in **Sections 4.1.1(i) and 4.1.1(ii)** of this Prospectus respectively, both of which are subject to clawback and reallocation provisions as set out in **Section 4.1.4** of this Prospectus.

Details of the underwriting commission are set out in **Section 4.6.2** of this Prospectus while the salient terms of the Underwriting Agreement are as follows:

(i) [•]

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5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT

5.1 PROMOTERS AND SUBSTANTIAL SHAREHOLDERS

5.1.1 Promoters and substantial shareholders' shareholdings

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

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

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.

Save for our Promoters and substantial shareholders named above, we are not aware of any other persons who is able to, directly or indirectly, jointly or severally, exercise control over our Company.

As at the LPD, the Shares held by our Promoters and substantial shareholders have the same voting rights and there is no arrangement between our Company and our shareholders with third parties, the operation of which may at a subsequent date result in a change of control of our Company.

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5.1.2 Profiles of Promoters and substantial shareholders

The profiles of our Promoters and substantial shareholders are as follows:

(i) Radiant Capital
Promoter and substantial shareholder

Radiant Capital was incorporated in Malaysia on 9 April 2021 under the Act as a private company limited by shares under the name of Radiant Capital Sdn Bhd (Registration No. 202101013134 (1413433-P)).

As at the LPD, the issued share capital of Radiant Capital is RM100 comprising 100 ordinary shares. The principal activity of Radiant Capital is investment holding in shares.

As at the LPD, the directors and shareholders and their respective shareholdings in Radiant Capital are as follows:

Directors and shareholders	Direct interest in Radiant Capital	
	No. of shares	%
Salimi Bin Khairuddin	61	61.00
Khairul Nazri Bin Kamarudin	39	39.00

(ii) Dato' Sharman
Promoter, substantial shareholder and Deputy Chairman / Executive Director

Dato' Sharman, a Malaysian aged 45, is our Promoter, substantial shareholder, Deputy Chairman and Executive Director.

He was appointed to our Board on 29 December 2020 and is a Director of Steel Hawk Engineering since 3 October 2012. He is responsible for the overall strategic management of our Group, developing our business, overseeing and monitoring the progress of our onshore and offshore projects and coordinating with our project managers on project risk management, budget / cost controls and planning. He has approximately 20 years of experience in the O&G industry specifically in supplying oilfield equipment, parts and components as well as providing EPCC, installation and maintenance services for onshore and offshore facilities with knowledge in mechanical engineering, procurement and project management.

He attended St. Michael's Institution, Ipoh, until December 1996 and obtained his Malaysian Education Certificate (SPM). He went on to obtain a Malaysia Higher School Certificate (STPM) in December 1998 thereafter. Subsequently, he graduated from Universiti Sains Malaysia with a Bachelor of Engineering (Honours) (Aerospace Engineering) in August 2002. He was admitted as a Graduate of The Institution of Engineers, Malaysia in the Discipline of Aerospace in March 2017.

He began his career as an engineering lecturer with Prime College (currently known as SEGi College Subang Jaya) in January 2004 until June 2004, where he lectured engineering subjects for undergraduate engineering students.

In July 2004, he incorporated SS Innovations Sdn Bhd and assumed the role as the Managing Director and Chief Executive Officer where he was responsible for the overall strategic, operational and financial management of the company. SS Innovations Sdn Bhd was involved in the trading of automated packaging machinery as well as supply of 2 types of oilfield equipment (i.e. helicopter refuelling system and carbon dioxide fire suppression systems) and had gradually reduced its business since September 2012 until it became dormant in 2019 and subsequently dissolved in September 2023.

In October 2012, he incorporated Steel Hawk Engineering and assumed the role of Director / Chief Technical Officer. Dato' Sharman together with Salimi Bin Khairuddin and Khairul Nazri Bin Kamarudin have been the driving force for the overall business activities such as strategic planning and business development activities of Steel Hawk Engineering. He was subsequently promoted to Deputy Chairman of our Group in April 2022. The Deputy Chairman has overall responsibility for the development of our Group's business, especially its business strategies, corporate governance and sustainability goal and ensuring legal requirements of our Board are met, while also reviewing the performance of our Chief Executive Officer and Chief Operating Officer.

He is also a member of the American Society of Mechanical Engineers (ASME), an organisation promoting the art, science and practice of mechanical engineering since 2022.

He is the spouse of Datin Annie A/P V Sinniah. Save as disclosed in **Section 5.2.4(ii)** of this Prospectus, he does not have any involvement in other businesses or corporations outside our Group.

(iii) Salimi Bin Khairuddin

Promoter, substantial shareholder and Executive Director / Chief Executive Officer

Salimi Bin Khairuddin, a Malaysian aged 37, is our Promoter, substantial shareholder, Executive Director and Chief Executive Officer. He was appointed to our Board on 29 December 2020 and is a Director of Steel Hawk Engineering since 25 February 2015. He oversees the overall operations of our Group and onshore engineering division of our Group, monitors and coordinates our onshore projects and manages the engineering design and fabrication of our oilfield equipment. He has approximately 14 years of experience in the O&G industry specified to fabrication, engineering design and quality assurance / quality control of oilfield equipment as well as maintenance and modification services for onshore facilities.

In May 2010, he graduated with the Malaysian Skills Diploma in Welding and Fabrication Technology – Fabrication Management from the National Youth Skills Institute.

He joined Amalgamated Metal Corporation Sdn Bhd in October 2010, as a Production Coordinator and was involved in establishing safety and quality assurance / quality control programs, reviewing engineering design drawings and coordinating and monitoring projects undertaken by the company. He left Amalgamated Metal Corporation Sdn Bhd in March 2013.

In March 2013, he joined True Features Corporation Sdn Bhd as a Quality Assurance and Quality Control Inspector responsible for performing quality and technical inspections of oilfield equipment as well as coordinating quality assurance and quality control activities.

He left True Features Corporation Sdn Bhd in May 2013 and joined our Group in June 2013 as a Quality Assurance and Quality Control Manager and was responsible for managing the quality assurance and quality control division, as well as coordinating our offshore and onshore projects and engineering works. In February 2015, he was promoted to Chief Operating Officer (Onshore) and was subsequently promoted to Chief Executive Officer of our Group in April 2022 to oversee the overall operations and onshore engineering division of our Group.

Save as disclosed in **Section 5.2.4(iii)** of this Prospectus, he does not have any involvement in other businesses or corporations outside our Group.

(iv) Khairul Nazri Bin Kamarudin
Promoter, substantial shareholder and Chief Operating Officer

Khairul Nazri Bin Kamarudin, a Malaysian aged 35, is our Promoter, substantial shareholder and Chief Operating Officer. He was a member of our Board from 29 December 2020 to 5 October 2023. He is a Director of Steel Hawk Engineering since 25 February 2015.

He oversees the offshore engineering division of our Group, monitors and coordinates our offshore projects and is responsible for work order scheduling as well as facilitating internal and external communications. He has approximately 10 years of experience in the O&G industry specified to engineering design, installation and commissioning of oilfield equipment.

In 2013, he graduated with a Bachelor of Engineering Technology (Hons) in Mechatronics from Universiti Kuala Lumpur.

After graduation, he joined our Group in February 2014 as a Senior Mechanical Engineer, and was responsible for preparing engineering drawings, coordinating engineering reviews and managing and executing work orders for installation, maintenance and fabrication activities. In February 2015, he was promoted to Chief Operating Officer (Offshore) to oversee the offshore engineering division of our Group. In October 2023, he stepped down from our Board as the Executive Director of our Group and assumed his current position and responsibility as Chief Operating Officer of our Group.

Save as disclosed in **Section 5.4.4(i)** of this Prospectus, he does not have any involvement in other businesses or corporations outside our Group.

(v) Datin Annie A/P V Sinniah

Promoter, substantial shareholder and Human Resource and Administration Director

Datin Annie A/P V Sinniah, a Malaysian aged 63, is our Promoter, substantial shareholder and Human Resource and Administration Director. She was a member of our Board from 29 December 2020 to 5 October 2023.

She is responsible for overseeing the human resource and administration division of our Group including developing and implementing our Group's overall human resource and recruitment strategy, developing our remuneration policies including performance evaluation as well as managing training and counselling programs for our Group's employees. She has approximately 17 years of experience in the management of back-end support functions for companies, covering finance, human resource and administration.

Upon completion of her secondary education, she was employed for various administrative and finance functions until 2007. Subsequently, she obtained an Executive Master in Management from Asia e University in 2016.

In July 2007, she joined SS Innovations Sdn Bhd as a director and Chief Financial Officer and was responsible for overseeing the finance functions of the company, including budgeting, accounting, preparation of payroll, invoices, monthly and annual financial reports as well as establishing financial policies and procedures for the company. SS Innovations Sdn Bhd was involved in the trading of automated packaging machinery as well as the supply of 2 types of oilfield equipment (i.e. helicopter refuelling system and carbon dioxide fire suppression systems) and had gradually reduced its business since September 2012 until it became dormant in 2019 and subsequently dissolved in September 2023.

In October 2012, she joined our Group as a Human Resource Manager where she was responsible for overseeing our human resource functions, including developing and implementing human resource strategies, addressing any management and / or employee issues, managing our recruitment process and organising orientation and training programs.

In March 2016, she was redesignated to Finance Manager and was responsible for overseeing our finance functions, including our budgeting, accounting, taxation reporting, cash flow forecasting, preparation of quarterly management reports, payroll, invoices and monthly and annual financial reports. In July 2019, she was promoted to Human Resource and Administration Director, a position which she presently holds. In October 2023, she stepped down from our Board as the Executive Director of our Group but remained her position and responsibility as Human Resource and Administration Director.

She is the spouse of Dato' Sharman. Save as disclosed in **Section 5.4.4 (ii)** of this Prospectus, she does not have any involvement in other businesses or corporations outside our Group.

5.1.3 Changes in our Promoters' and / or substantial shareholders' shareholdings

Save as disclosed below, there are no other changes in the shareholdings of our Promoters and substantial shareholders in our Company since 29 December 2020, being the incorporation date of our Company:

Name	As at incorporation				As at 31 December 2021				As at 31 December 2022			
	Direct		Indirect		Direct		Indirect		Direct		Indirect	
	No. of Shares	%(1)	No. of Shares	%(1)	No. of Shares	%(2)	No. of Shares	%(2)	No. of Shares	%(2)	No. of Shares	%(2)
<u>Promoters and substantial shareholders</u>												
Radiant Capital(5)	-	-	-	-	73,440,020	45.90	-	-	73,440,020	45.90	-	-
Salimi Bin Khairuddin	20	50.00	-	-	-	-	73,440,020(6)	45.90	-	-	73,440,020(6)	45.90
Khairul Nazri Bin Kamarudin	20	50.00	-	-	-	-	73,440,020(6)	45.90	-	-	73,440,020(6)	45.90
Dato' Sharman	-	-	-	-	70,559,980	44.10	-	-	70,559,980	44.10	-	-
Datin Annie A/P V Sinniah	-	-	-	-	-	-	70,559,980(7)	44.10	-	-	70,559,980(7)	44.10

Name	As at 31 December 2023				Before our IPO				After our IPO			
	Direct		Indirect		Direct		Indirect		Direct		Indirect	
	No. of Shares	%(2)	No. of Shares	%(2)	No. of Shares	%(3)	No. of Shares	%(3)	No. of Shares	%(4)	No. of Shares	%(4)
Promoters and substantial shareholders												
Radiant Capital(5)	73,440,020	45.90	-	-	183,600,050	45.90	-	-	178,349,000	36.40	-	-
Salimi Bin Khairuddin	-	-	73,440,020(6)	45.90	-	-	183,600,050(6)	45.90	-	-	178,349,000(6)	36.40
Khairul Nazri Bin Kamarudin	-	-	73,440,020(6)	45.90	-	-	183,600,050(6)	45.90	-	-	178,349,000(6)	36.40
Dato' Sharman	35,359,980	22.10	16,000,000(8)	10.00	88,399,950	22.10	40,000,000(8)	10.00	48,951,000	9.99	48,951,000(8)	9.99
Datin Annie A/P V Sinniah	16,000,000	10.00	35,359,980(7)	22.10	40,000,000	10.00	88,399,950(7)	22.10	48,951,000	9.99	48,951,000(7)	9.99

Notes:

(1) Based on our issued share capital of 40 Shares as at incorporation.

(2) Based on our issued share capital of 160,000,000 Shares after our listing on the LEAP Market.

(3) Based on our issued share capital of 400,000,000 Shares after the Bonus Issue but before our IPO.

(4) Based on our enlarged issued share capital of 490,000,000 Shares after our IPO.

(5) Radiant Capital is held by Salimi Bin Khairuddin and Khairul Nazri Bin Kamarudin with equity interest of 61.00% and 39.00%, respectively.

(6) Deemed interested by virtue of his direct shareholdings in Radiant Capital pursuant to Section 8 of the Act.

(7) Deemed interested by virtue of her spouse's shareholdings in our Company pursuant to Section 8 of the Act.

(8) Deemed interested by virtue of his spouse's shareholdings in our Company pursuant to Section 8 of the Act.

5.2 DIRECTORS

5.2.1 Composition of our Board

Our Board comprises the following members:

Name	Age	Gender	Nationality	Date of appointment	Designation
Tan Sri Acryl Sani Bin Abdullah Sani	63	Male	Malaysian	5 October 2023	Independent Non-Executive Chairman
Dato' Sharman	45	Male	Malaysian	29 December 2020	Deputy Chairman / Executive Director
Salimi Bin Khairuddin	37	Male	Malaysian	29 December 2020	Executive Director / Chief Executive Officer
Haslinda Binti Hussein	46	Female	Malaysian	1 May 2021	Independent Non-Executive Director
Y.M. Tengku Saifan Rafhan Bin Tengku Putra	43	Male	Malaysian	5 October 2023	Independent Non-Executive Director
Zariner Binti Ismail	56	Female	Malaysian	5 October 2023	Independent Non-Executive Director

None of our Directors represent any corporate shareholder on our Board. Please refer to **Section 5.6** of this Prospectus for details on the family relationship and / or association between our Promoter, substantial shareholders, Directors and Key Senior Management.

5.2.2 Profiles of Directors

The profiles of our Directors are as follows:

(i) Tan Sri Acryl Sani Bin Abdullah Sani
Independent Non-Executive Chairman

Tan Sri Acryl Sani, a Malaysian aged 63, is our Chairman and Independent Non-Executive Director. He was appointed to our Board on 5 October 2023.

He obtained his Bachelor of Civil Engineering with Honours from Universiti Teknologi Malaysia in 1985. Subsequently, in January 2000, he took a brief career break to pursue his Diploma in Management Science with the National Institute of Public Administration (Institut Tadbiran Awam Negara). Upon completion of the Diploma in November 2000, he subsequently went on to obtain his Master of Science in Management from the Universiti Utara Malaysia in September 2002.

He has accumulated approximately 37 years of experience in the Polis Diraja Malaysia (PDRM). He joined the PDRM in February 1986 as a Cadet Assistant Superintendent. He has held various positions within the PDRM before working his way up through the ranks.

He helmed various leadership positions in the PDRM from 2002 to 2018, including Commandant of Kuala Kubu Bharu Police College and Deputy Director for the Criminal Investigation Department Unit. He has served as Police Commissioner of Sarawak and Chief Police Officer of Terengganu and Perak, and was also the Director of several police departments including the Crime Prevention and Community Policing, Commercial Crime Investigation and Internal Security and Public Order departments. In August 2020, he took on the role of Deputy Inspector-General and was later promoted to the Inspector-General of Police of Malaysia in May 2021. He retired from the PDRM in June 2023

Having retired from the PDRM in June 2023, he now serves as the Independent and Non Executive Deputy Chairman of Dagang NeXchange Berhad, Independent Non Executive Chairman of Cheetah Holdings Berhad and the Chairman of Perbadanan Usahawan Nasional Berhad, having been appointed on 1 August 2023, 31 January 2024 and 1 September 2023 respectively.

Save as disclosed in **Section 5.2.4(i)**, he does not have any involvement in other businesses or corporations outside our Group.

(ii) Dato' Sharman
Deputy Chairman / Executive Director

Please refer to **Section 5.1.2(ii)** of this Prospectus for his profile.

(iii) Salimi Bin Khairuddin
Executive Director / Chief Executive Officer

Please refer to **Section 5.1.2(iii)** of this Prospectus for his profile.

(iv) Haslinda Binti Hussein
Independent Non-Executive Director

Haslinda Binti Hussein, a Malaysian aged 46, is our Independent Non-Executive Director. She was appointed to our Board on 1 May 2021 as our Chairperson. Subsequently, she was re-designated to Independent Non-Executive Director on 5 October 2023. She has 23 years of experience in finance related functions, involving accounting, tax, budget planning, financial modelling, corporate exercise managements, investment and fund management.

In December 1999, she graduated with a Degree in Commerce majoring in Accounting from Adelaide University, Australia. She is a Chartered Accountant of the Chartered Accountant Australia and New Zealand since March 2003 and a Chartered Accountant of the Malaysian Institute of Accountants ("**MIA**") since November 2018.

She began her career in January 2000 as an auditor in Arthur Andersen and later joined Ernst & Young, Malaysia in June 2002. In June 2003, she joined PETRONAS Dagangan Berhad and was transferred to PETRONAS in 2010. She remained employed with PETRONAS until July 2016 with her last position being Head of Portfolio Management for PETRONAS group. During her 13 years of tenure in PETRONAS group, she also held other senior positions including Senior Manager of Group Planning & Performance and Senior Manager of Executive Vice President & Group CFO Office where she assisted in the initial public offering of KLCC stapled REIT in 2013 and PETRONAS' corporate bond issuance of Sukuk and Global Medium Term Note program in 2015. Her experience in PETRONAS also includes tax, budgeting, financial modelling, financial accounting as well as financial reporting and management.

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

In September 2016, she joined her family business, Zain Azahari Holdings Sdn Bhd and has since assumed the role of Finance Director. Zain Azahari Holdings Sdn Bhd is an investment holding company principally involved in holding public equity, bonds and investment properties as well as operating a private art gallery in Malaysia. As a Finance Director, she is primarily responsible for strategising and implementing investment decisions with minimal involvement in day-to-day operations of this company.

In November 2018, she was appointed as an Independent Non-Executive Director of Privasia Technology Berhad, a company listed on the ACE Market. Subsequently, she resigned as an Independent Non-Executive Director of Privasia Technology Berhad in November 2022 due to personal commitments.

Save as disclosed in **Section 5.2.4(iv)**, she does not have any involvement in other businesses or corporations outside our Group.

(v) Y.M. Tengku Saifan Rafhan Bin Tengku Putra
Independent Non-Executive Director

Tengku Saifan Rafhan Bin Tengku Putra, a Malaysian aged 43, is an Independent Non-Executive Director appointed to our Group on 5 October 2023.

He graduated with Honours in a Bachelor of Arts degree in the field of Politics with Economics from Goldsmiths College, University of London in 2002. In 2008, he decided to pursue higher achievements in academia and obtained an International Masters in Small and Medium Enterprises at the Asia Europe Institute of the University of Malaya in 2010.

In October 2004, he started his career with Teltalk (Malaysia) Sdn Bhd (a company involved in information and communication technologies (ICT) development and services, computer and computer accessories trading) as a director until 2006. Subsequently, in March 2006, he then joined Wota Sdn Bhd (a company involved in the provision of consultancy and software development services) as a director and subsequently left in September 2016. He was also employed by Mercury Securities Sdn Bhd (a company involved in stockbroking and corporate finance advisory) as a Dealer's Representative in December 2011, where he worked in the brokerage house and executed trades for clients. He resigned in November 2012 and joined GM Integrated Systems Sdn Bhd (a company involved in the provision of electronic and general engineering consultancy and services as well as general trading) as a director in August 2013. He left the company in February 2019 to join Kasturi Media Sdn Bhd (a company engaged as a signboard and advertising contractor and agent providing custom media solutions to outdoor advertising agencies and direct clients throughout Malaysia) as a director. He helped the company secure billboard locations in key areas within the Klang Valley and has been serving as a director until the present.

He was also a holder of a valid Capital Markets Services Representative's License since 16 December 2011 until 8 October 2023. He was previously acting as an agent in M&A Securities Sdn Bhd (a company involved in the provision of corporate finance services dealing in securities and acting as stock and share broker) where he was responsible for handling private high net worth individuals and corporate clients and subsequently left in October 2023.

He was awarded the Darjah Kebesaran Ahli Mahkota Selangor on 11 December 2019 by the Duli Yang Maha Mulia Sultan of Selangor. On 1 August 2023, he was appointed as Orang Besar Istana bearing the title of Tengku Maha Kurnia Bijaya Diraja with the Watikah Perlantikan given on 29 August 2023 by the Duli Yang Maha Mulia Sultan of Selangor.

Please refer to **Section 5.2.4(v)** in relation to his involvement in other businesses or corporations outside our Group.

(vi) Zariner Binti Ismail
Independent Non-Executive Director

Puan Zariner Binti Ismail, Malaysian aged 56, was appointed as an Independent Non-Executive Director of our Group on 5 October 2023.

She graduated from De Monfort University (formerly known as Leicester Polytechnic in the United Kingdom) with a Bachelor of Science (Honours) in Combined Studies (Accounting with Law) in July 1991. On January 1992, she pursued her Association of Chartered Certified Accountants qualification ("**ACCA**") at Emile Woolf Colleges. She obtained her ACCA Professional Degree from Taylor's University College, Lakeside Campus in 2010. She also holds a Master of Science in Professional Accountancy from University of London, United Kingdom (2020). She is a Chartered Accountant and a member of MIA since July 2019.

She is a seasoned professional with a career spanning over 30 years in various accounting and financial management positions. She began her career in 1993 as a Junior Tax Associate in Deloitte Tax Services Sdn Bhd (formerly Kassim & Chan Tax Services Sdn Bhd) before moving to Sutra Air Charter (M) Sdn Bhd (a logistic company involved in aircraft charter and cargo services) as a junior accountant in September 1994. She was subsequently promoted to Group Financial Controller cum Administrator in 1997, whereupon she left in December 1998.

From December 1998 to February 1999, she had a brief stint with Swasta Setia Holdings Sdn Bhd. She joined Business Technology Resources Sdn Bhd ("**BTR**") in February 1999 as Accountant and was seconded to BTR Capital Partners Sdn Bhd as an Account Manager from January 2000 to April 2001. She then returned to BTR in May 2001 and was employed as an Accountant until June 2002. She moved to OSK Securities Berhad in September 2002 as a Business Development Executive before joining Mardi Corporation Sdn Bhd (formerly known as Marditech Corporation Sdn Bhd) (an agency under Malaysia's Ministry of Agriculture and Industry that promotes inventions and technological innovations to cater for the needs of the agriculture industry) in January 2003 as Senior Accountant and Administration Executive.

In January 2004, she joined Integrated Petroleum Services Sdn Bhd (a PETRONAS vendor company dealing in deepwater oil rigs and barge services) as Office Manager. She left in June 2006 to join CyberSecurity Malaysia (a national cyber security specialist agency under the purview of Malaysia's Ministry of Communications and Digitals with the objective of providing a broad range of cybersecurity innovation-led services, programmes, and initiatives to reduce vulnerability of digital systems, and at the same time strengthen Malaysia's self-reliance in cyberspace), serving as the Head of Finance & Admin. In October 2007, she resigned from her previous employment and joined Idaman Unggul Berhad (provider of insurance services and timber concession business) in November 2007 as the Head of Finance and Admin. She left in October 2009 and joined Shoraka Advisers Sdn Bhd (formerly a licensed boutique corporate finance firm) in November 2009 as the Head of Finance & Admin. She left in October 2011 and in November 2011, she served as the Group Accountant at Seloga Holdings Berhad and was promoted to Chief Financial Officer in 2013. Later in October of the same year, she joined Rakyat Holdings Sdn Bhd (a non-banking subsidiary of Bank Kerjasama Rakyat Malaysia Berhad) as their Chief Financial Officer. In August 2018, she left the firm to concentrate on her business venture in AnNedjma Capital Sdn Bhd (an investment holding / private entity company) where she then served as Director / Partner.

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

At present, she is also a member of the board of Trustee of Yayasan Inovasi Malaysia, a foundation established under the Ministry of Science, Technology and Innovation (MOSTI), having been appointed in April 2021. In addition, she serves as a director in ECA Integrated Solution Berhad, having been appointed in March 2022.

Please refer to **Section 5.2.4(vi)** in relation to her involvement in other businesses or corporations outside our Group.

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5.2.3 Directors' shareholdings

The shareholdings of our Directors in our Company before and after our IPO are as follows:

Name	Designation	Nationality	Before our IPO				After our IPO			
			Direct		Indirect		Direct		Indirect	
			No. of Shares	%(1)	No. of Shares	%(1)	No. of Shares	%(2)	No. of Shares	%(2)
Tan Sri Acryl Sani Bin Abdullah Sani	Independent Non-Executive Chairman	Malaysian	-	-	-	-	1,000,000	0.20(2)	-	-
Dato' Sharman	Deputy Chairman / Executive Director	Malaysian	88,399,950	22.10	40,000,000	10.00(3)	48,951,000	9.99	48,951,000	9.99(3)
Salimi Bin Khairuddin	Executive Director / Chief Executive Officer	Malaysian	-	-	183,600,050	45.90(4)	-	-	178,349,000	36.40(4)
Haslinda Binti Hussein	Independent Non-Executive Director	Malaysian	-	-	-	-	300,000	0.06(2)	-	-
Y.M. Tengku Saifan Rafhan Bin Tengku Putra	Independent Non-Executive Director	Malaysian	-	-	-	-	300,000	0.06(2)	-	-

Name	Designation	Nationality	Before our IPO				After our IPO			
			Direct		Indirect		Direct		Indirect	
			No. of Shares	%(1)	No. of Shares	%(1)	No. of Shares	%(2)	No. of Shares	%(2)
Zariner Binti Ismail	Independent Non-Executive Director	Malaysian	-	-	-	-	300,000	0.06(2)	-	-

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 and assuming full subscription by our Independent Non-Executive Chairman and Independent Non-Executive Directors of their respective entitlement under the pink form allocation as referred to in **Section 4.1.1(ii)**.

(3) Deemed interested by virtue of his spouse's shareholdings in our Company pursuant to Section 8 of the Act.

(4) Deemed interested by virtue of his direct shareholdings in Radiant Capital pursuant to Section 8 of the Act.

Our Directors may subscribe for Issue Shares under the public balloting portion as set out in **Section 4.1.1(i)** of this Prospectus. None of our Directors represents any corporate shareholder on our Board.

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5.2.4 Principal directorships and principal business activities outside our Company

Save as disclosed below, none of our Directors have any directorship or principal business activities performed outside our Group for the past 5 years up to the LPD:

(i) Tan Sri Acryl Sani Bin Abdullah Sani

Company	Position held	Date appointed as Director	Date resigned as Director	Equity interest as at the LPD (%)		Principal activities
				Direct	Indirect	
Present involvement						
Dagang NeXchange Berhad	Deputy Chairman	1 August 2023	-	Negligible	-	Investment holding, whilst its subsidiaries are involved in technology in respect of the semiconductor foundry, energy in respect of upstream O&G exploration and production as well as equipment supply and maintenance services, and information technology in the provisioning of e-services for trade facilitation, technology consulting and system integration, as well as subsea telecommunications services
Dagang Net Technologies Sdn Bhd	Director	1 September 2023	-	-	-	Development, management and provision of business to government (B2G) e-commerce services and computerised transaction facilitation services
Perbadanan Usahawan Nasional Berhad	Chairman	1 September 2023	-	-	-	Providing venture capital, financing and management expertise to small sized and medium sized bumiputera businesses
Marksman Sports World Arms & Ammunition Sdn Bhd	Shareholder	-	-	30.00	-	To import, supply, sell and repair arms and ammunitions

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

Company	Position held	Date appointed as Director	Date resigned as Director	Equity interest as at the LPD (%)		Principal activities
				Direct	Indirect	
Pro Elite Sdn Bhd	Director and Shareholder	23 August 2023	-	30.00	-	General cleaning of buildings; security systems service activities; private security activities
DNeX Semiconductor Sdn Bhd	Director	10 November 2023	-	-	-	Investment holding in the manufacturing of semiconductor wafers and suppliers multinational fabless and integrated device manufacturer
Cheetah Holdings Berhad	Chairman	31 January 2024	-	-	-	Investment holding, whilst its subsidiaries are involved in product designing, product development, marketing and dealers of garments, apparels and ancillary products and electronic commerce
<u>Past involvement</u>						
Kop Mantap Berhad	Director	2 January 2018	1 October 2019	-	-	Investment holdings, whilst its subsidiaries are involved in: a. civil & infrastructure, geotechnical, water & waste water, marine & port infrastructure, power plant, mechanical & electrical, facility management; b. sales and purchase (trade) as well as the supply of technology and IT based goods; c. conducting academic programmes related to policing and crime; d. provide trained personnel for body guard services, cash-in-transit services, static & armed guards, and security training courses; e. providing logistics, distribution and transportation services; f. involved in the aviation, drone and marine industry, providing services such of Aviation & Marine (Maintenance Repair and Overhaul (MRO), supplier, training and consultancy; and g. providing travel agency services, namely Inbound Tours, Outbound Tours and Ticketing.

Company	Position held	Date appointed as Director	Date resigned as Director	Equity interest as at the LPD (%)		Principal activities
				Direct	Indirect	
Kop Travel & Tours Sdn Bhd	Director	1 August 2018	1 October 2019	-	-	Dry / wet food and raw materials, food and beverage (cans, bottles and packages), cooked food (Islamic), food / supplementary drinks (food supplement); arts, entertainment and tourism, photography, performing art stages / exhibitions, amusement parks and carnivals / parties, professional artists and entertainers; rental and management, vehicles / machinery, recreational vehicles, P.A musical systems and instruments, hotels, guest houses and training centers, homestay
Kop Tradtech Sdn Bhd	Director	1 August 2018	31 August 2020	-	-	Publication / printing / supply / maintenance of all types of computer hardware including PC / notebook / printer / document scanner / machinery / product from paper / tarpaulin, canvas materials, stationery, clothing and equipment, textiles, printing services, publishing, broadcasting, furniture, laboratory furniture
PBLT Sdn Bhd	Alternate Director	19 January 2018	29 November 2018	-	-	Construction of government buildings and leasing of these buildings
PBLT Sdn Bhd	Director	28 January 2022	12 July 2023	-	-	Construction of government buildings and leasing of these buildings

(ii) Dato' Sharman

Company	Position held	Date appointed as Director	Date resigned as Director	Equity interest as at the LPD (%)		Principal activities
				Direct	Indirect	
Present involvement						
-	-	-	-	-	-	-
Past involvement						
SS Innovations Sdn Bhd	Director and shareholder	22 May 2021	-	-	-	Involved in trading and supplying of oilfield equipment, trading and supplying of engineering equipment and spare parts, food and beverages franchise (Dissolved on 21 September 2023)
SKM Capital Sdn Bhd	Director and shareholder	24 May 2019	-	-	-	Involved in the provision of engineering consultancy services for oil and gas pipeline cleaning and maintenance using pig trap system (Wound up on 31 May 2021 and dissolved on 20 December 2022)
Sharmannie Holdings Sdn Bhd	Director and shareholder	21 October 2016	-	-	-	Involved in trading and property investment (Dissolved on 25 January 2019)

(iii) Salimi Bin Khairuddin

Company	Position held	Date appointed as Director	Date resigned as Director	Equity interest as at the LPD (%)		Principal activities
				Direct	Indirect	
Present involvement						
Radiant Capital[(1)]	Director	9 April 2021	-	61.00	-	Investment holding in shares
Past involvement						
-	-	-	-	-	-	-

Note:

(1) Radiant Capital is the Promoter and substantial shareholder of our Company.

(iv) Haslinda Binti Hussein

Company	Position held	Date appointed as Director	Date resigned as Director	Equity interest as at the LPD (%)		Principal activities
				Direct	Indirect	
Present involvement						
Cipela Mansion Sdn Bhd	Director	19 February 2024	-	-	-	Export and import of a variety of goods without any particular specialisation; provision of consultancy services in public relation and communications and retail sale of any kind of product over the internet
Past involvement						
Privasia Technology Berhad	Independent Non-Executive Director	12 November 2018	30 November 2022	-	-	Investment holding company listed on the ACE Market of Bursa Securities and through its subsidiaries is mainly involved in outsourcing, consultation, e-procurement, provision of total wireless and communication solutions, and provision of high-speed internet broadband access (satellite services).

Company	Position held	Date appointed as Director	Date resigned as Director	Equity interest as at the LPD (%)		Principal activities
				Direct	Indirect	
Strategos Central Bakehouse Sdn Bhd	Director	15 February 2021	17 September 2021	-	-	To carry on the business in all kinds of bakery products and to operate as central kitchen and its related activities

(v) Y.M. Tengku Saifan Rafhan Bin Tengku Putra

Company	Position held	Date appointed as Director	Date resigned as Director	Equity interest as at the LPD (%)		Principal activities
				Direct	Indirect	
Present involvement						
Kasturi Media Sdn Bhd	Director	25 February 2019	-	-	-	Engaged as signboard, advertising contractors and agents
Past involvement						
GM Integrated Systems Sdn Bhd	Director	12 August 2013	20 February 2019	-	-	Electronic and general engineering consultancy and services; general trading; investment holding

(vi) Zariner Binti Ismail

Company	Position held	Date appointed as Director	Date resigned as Director	Equity interest as at the LPD (%)		Principal activities
				Direct	Indirect	
Present involvement						
ECA Integrated Solution Berhad	Director	31 March 2022	-	Negligible	-	Investment holdings whilst its subsidiary is involved in automated manufacturing solutions and is involved in the provision of integrated production systems and standalone automated equipment

5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

Company	Position held	Date appointed as Director	Date resigned as Director	Equity interest as at the LPD (%)		Principal activities
				Direct	Indirect	
Yayasan Inovasi Malaysia	Director	19 April 2021	-	-	-	To develop and promote creative skills in the fields of science and technology; to nurture and support scientific innovation; to conduct educational and awareness programmes
AnNedjma Capital Sdn Bhd	Director and shareholder	26 February 2021	-	2.18	-	Investment holding company, focusing on investment opportunities in both public and private entities, mainly focusing on companies principally involved in the provision of IT services and energy services
Arcadia Acres Sdn Bhd	Director	21 March 2022	-	-	-	Investment holding in equities, focusing on investment opportunities in both public and private entities mainly focusing on companies principally involved in the provision of IT services and energy services
Titanium Parade Sdn Bhd	Director	8 April 2019	-	-	-	Activities of holding companies; export and import of a variety of goods without any particular specialisation; property investment
HG Mekar Sdn Bhd	Director and shareholder	3 April 2019	-	40.00	-	General trading; share trading and investment; property development; food and beverages
Pembinaan Berjaya	Partner	-	-	-	-	Construction and supply of building materials, electrical and electronic goods, electrical components and wiring accessories, street and area cleaning services

Company	Position held	Date appointed as Director	Date resigned as Director	Equity interest as at the LPD (%)		Principal activities
				Direct	Indirect	
Past involvement						
Sage Paradigm Sdn Bhd	Director	30 October 2017	18 February 2019	-	-	Business management consultancy services (Dissolved on 22 July 2022)
AKM Ekuiti Sdn Bhd	Shareholder	-	-	-	-	Activities of holding companies (Dissolved on 30 March 2020)
Nautical Equity Sdn Bhd	Shareholder	-	-	-	-	Commission agents (Dissolved on 18 January 2019)

The involvement of our Directors in those business activities outside our Group does not give rise to any conflict of interest situation with our business. The involvement of our Executive Directors in other directorships or businesses does not preclude them from allocating or committing their time and effort to our Group as they are not involved in the management and day-to-day operations of these businesses, other than attending meetings of the board of directors on which they serve.

Further, the involvement of our Independent Non-Executive Directors in other directorships or businesses will not and would not be expected to affect their commitment and responsibilities to our Group as the Independent Non-Executive Directors' involvement in our Group are to the extent of attending meetings and discharging their roles and responsibilities as our independent directors.

5.2.5 Directors' remuneration and material benefits-in-kind

The aggregate remuneration and material benefits in-kind paid and proposed to be paid to our Directors for services rendered to our Group in all capacities for FYE 2023 and proposed FYE 2024 are as follows:

FYE 2023	Director's fees	Salaries	Bonuses	Allowances	Statutory Contributions (EPF, SOCSO and EIS)	Benefits-in-kind	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Tan Sri Acryl Sani Bin Abdullah Sani	36	-	-	2	-	-	38
Dato' Sharman	75	435	-	3	57	-	570
Salimi Bin Khairuddin	39	60	-	3	9	10	120
Haslinda Binti Hussein	60	-	-	1	-	-	61
Y.M. Tengku Saifan Rafhan Bin Tengku Putra	12	-	-	1	-	-	13
Zariner Binti Ismail	12	-	-	1	-	-	13

(Proposed) FYE 2024	Director's fees	Salaries	Bonuses	Allowances	Statutory Contributions (EPF, SOCSO and EIS)	Benefits-in-kind	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Tan Sri Acryl Sani Bin Abdullah Sani	144	-	-	6	-	-	150
Dato' Sharman	120	480	-	3	53	10	666
Salimi Bin Khairuddin	48	60	-	3	8	10	129
Haslinda Binti Hussein	60	-	-	4	-	-	64
Y.M. Tengku Safian Rafhan Bin Tengku Putra	48	-	-	3	-	-	51
Zariner Binti Ismail	48	-	-	3	-	-	51

The remuneration of our Directors, which includes Director's fees, salaries, bonuses and allowances as well as other benefits, must be considered and recommended by our Remuneration Committee and subsequently be approved by our Board, subject to the provisions of our Constitution. Our Directors' fees must be further approved or endorsed by our shareholders in a general meeting.

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5.3 BOARD PRACTICES

5.3.1 Directorship

The details of the date of expiration of the current term of office for each of the Directors and the period for which the Directors have served in office are as follows:

Name	Designation	Date of appointment	Date of expiration of the current term in office	No. of year(s) in office
Tan Sri Acryl Sani Bin Abdullah Sani	Independent Non-Executive Chairman	5 October 2023	At the next AGM in 2024	Less than 1 year
Dato' Sharman	Deputy Chairman / Executive Director	29 December 2020	At the AGM in 2025	Less than 4 years
Salimi Bin Khairuddin	Executive Director / Chief Executive Officer	29 December 2020	At the AGM in 2025	Less than 4 years
Haslinda Binti Hussein	Independent Non-Executive Director	1 May 2021	At the next AGM in 2024	Less than 3 years
Y.M. Tengku Saifan Rafhan Bin Tengku Putra	Independent Non-Executive Director	5 October 2023	At the next AGM in 2024	Less than 1 year
Zariner Binti Ismail	Independent Non-Executive Director	5 October 2023	At the next AGM in 2024	Less than 1 year

In accordance with our Constitution, all our Directors shall retire from office at the first annual general meeting and an election of our Directors shall take place each year at the annual general meeting in every subsequent year where 1/3 of our Directors for the time being or if their number is not 3 or a multiple of 3, then the number nearest to 1/3 shall retire by and be eligible for re-election. Accordingly, all our Directors shall retire from office at least once in every three (3) years but shall be eligible for re-election. A Director who is retiring at a meeting shall retain office until the close of the meeting.

Our Board acknowledges and takes cognisance of the MCCG which came into effect on 28 April 2021, contains best practices and guidance for listed companies to improve upon or to enhance their corporate governance as it forms an integral part of their business operations and culture. The latest recommendations of the MCCG, which include amongst others, the Chairman of the board should not be a member of the Audit and Risk Management Committee, Nomination Committee, or Remuneration Committee. Tan Sri Acryl Sani Bin Abdullah Sani, our Independent Non-Executive Chairman, is not a member of the Audit and Risk Management Committee, Nomination Committee or Remuneration Committee. In this regard, our Group is in compliance with the MCCG as at the LPD.

5.3.2 Audit and Risk Management Committee

Our Audit and Risk Management Committee was established on 27 February 2024 and its members were appointed by our Board. Our Audit and Risk Management Committee comprises the following members:

Name	Designation	Directorship
Zariner Binti Ismail	Chairperson	Independent Non-Executive Director
Haslinda Binti Hussein	Member	Independent Non-Executive Director
Y.M. Tengku Saifan Rafhan Bin Tengku Putra	Member	Independent Non-Executive Director

The primary function of the Audit and Risk Management Committee is to assist our Board in the discharge of its responsibilities in relation to accounting and financial reporting practices of our Group as well as assist our Board in identifying, assessing, managing, monitoring and controlling the risks in areas that are applicable to our Group to ensure that the risk management process is in place and functioning.

The Audit and Risk Management Committee undertakes, amongst others, the following functions:

I. Financial Reporting

(i) Review the quarterly results and the year-end financial statements of our Group, and recommending to our Board for approval, focusing particularly on:

(a) changes in or implementation of major accounting policy changes;

(b) significant matters highlighted including financial reporting issues, significant judgement made by management, significant and unusual events or transactions and how these matters are addressed;

(c) significant adjustment arising from the audit;

(d) major judgemental areas;

(e) the going concern assumption; and

(f) compliance with accounting standards, regulatory and other legal requirements.

(ii) Review and provide advice on whether the financial statements taken as a whole provide a true and fair view of our Company's financial position and performance;

(iii) Ask probing questions to ascertain whether the financial statements are consistent with operational and other information known, where there are significant matters requiring judgement;

II. External Auditors

(i) Consider and recommend to our Board the appointment or re-appointment of external auditors and to fix their fees (audit and non-audit), after assessing their independence and capabilities as well as the effectiveness of the external audit process;

(ii) Review the following and report the same to our Board:

(a) letter of resignation from the external auditors or suggestions for their dismissal, including a copy of any written representations or statement of circumstances in relation to the resignation made by the external auditors, if applicable; and

(b) whether there is reason (supported by grounds) to believe that the external auditor is not suitable for re-appointment.

(iii) Assess the suitability, objectivity and independence of the external auditors on an annual basis based on the policies and procedures that have been established and the annual performance evaluation of the external auditors undertaken by the committee. The policies and procedures must include among others considerations on:

(a) the criteria to guide decisions on the appointment and re-appointment of the external auditor. The criteria should include an assessment of the competence, audit quality and resource capacity of the external auditor in relation to the audit. The assessment should also consider information presented in the Annual Transparency Report of the audit firm. If the Annual Transparency Report is not available, the Committee may engage the audit firm on matters typically covered in an Annual Transparency Report including the audit firm's governance and leadership structure as well as measures undertaken by the firm to uphold audit quality and manage risks;

(b) the appropriateness of audit fees to support a quality audit;

(c) requirement for non-audit service to be approved by the Committee before they are rendered by the external auditor and its affiliates while taking into account the nature of the non-audit services and the appropriateness of the level of fees;

(d) requirement to obtain written assurance from the external auditor confirming that they are, and have been, independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements; and

(e) the conduct of an annual evaluation on the performance of the external auditor and undertaking follow-up measures, where required.

(iv) Review the following with the external auditors and report the same to our Board:

(a) audit plan, its scope and nature;

(b) audit report;

(c) evaluation of the system of internal controls;

(d) the assistance given by the employees to the external auditors, including any difficulties or disputes with management encountered during the audit; and

(e) external auditors' management letter and management's response thereto.

III. Internal Audit

In relation to the internal audit function, the responsibilities of the committee are to:

(a) review the adequacy of the scope, competency and resources of the internal audit function, and that it has the necessary authority to carry out its work;

(b) review the internal audit plan, programme, processes, and the reporting structure;

(c) review the findings of the internal auditor's reports, investigations undertaken and whether or not appropriate actions are taken by the management, based on the recommendations of the internal auditors;

(d) review the appraisal or assessment of the performance of the internal audit function on an annual basis; and

(e) review any special audit which the Committee deems necessary.

IV. Related Party Transactions ("RPT") and Recurrent RPT ("RRPT") and Conflict of Interest Situation ("COI")

Monitor, review and report to our Board any RPT, RRPT and COI that may arise within our Company or Group, including any transaction, procedures or course of conduct that raises questions on management integrity.

V. Risk Management

(i) Ensure that an appropriate risk reporting structure is established to facilitate reporting of risks to management and our Board;

(ii) Oversee our Group's overall risk management framework and policies;

(iii) Review the risk management framework, policies and processes, which include identifying, managing, monitoring, treating and mitigating significant risks of our Group, and recommend for approval by our Board;

(iv) Review and assess the risk appetite and risk tolerance of our Group;

(v) Review the regulatory and clinical compliance reports and any other reports within the purview of the Committee;

(vi) Review the significant risks identified and assess the mitigating actions put in place to manage these risks;

(vii) Ensure that the key risks are effectively managed in accordance with our Group's risk management policies and strategies;

(viii) Review the adequacy of resources in managing the risk management framework;

(ix) Review and deliberate reports on non-compliance findings by regulatory agencies;

(x) Review the Statement on Risk Management and Internal Control for inclusion in our Company's Annual Report, and recommend to our Board for approval; and

(xi) Carry out other responsibilities, functions or assignments as may be defined by our Board from time to time.

VI. Others

(i) Review all financial-related reports / statements as required by the Listing Requirements, for inclusion in the Annual Report;

(ii) Verify allocation of units or options issued pursuant to the various incentive or retention schemes implemented by our Group (if any);

(iii) Obtain regular updates from the management regarding compliance matters;

(iv) Review findings, queries or investigations by the regulatory agencies (if any);

(v) Review the adequacy and appropriateness of the Anti-Bribery and Corruption Policy, and Whistleblowing Policy, when necessary; and

(vi) Carry out any other functions that may be mutually agreed upon by the Committee and our Board.

5.3.3 Nomination Committee

Our Nomination Committee was established on 27 February 2024 and its members were appointed by our Board. Our Nomination Committee comprises the following members:

Name	Designation	Directorship
Haslinda Binti Hussein	Chairperson	Independent Non-Executive Director
Y.M. Tengku Saifan Rafhan Bin Tengku Putra	Member	Independent Non-Executive Director
Zariner Binti Ismail	Member	Independent Non-Executive Director

Our Nomination Committee is set up to recommend candidates to our Board. The final decision on the appointment of any of the Directors shall be made by our Board.

Our Nomination Committee undertakes, amongst others, the following functions:

(i) Assess and review the size, composition, mix of skills and experience, and diversity (including gender diversity) of our Board and Board Committees, and recommend to our Board for approval;

(ii) Identify, consider and recommend to our Board suitable candidates for appointment of Directors. The Committee shall not solely rely on recommendations from existing board members, management or major shareholders, but will also utilise independent sources to identify suitably qualified candidates. In making the recommendations, the Committee shall:

(a) assess the candidates' skills, expertise, experience, professionalism, commitment, integrity, character and competence;

(b) consider board diversity including age and gender diversity; and

(c) in the case of candidates for the position of Independent Non-Executive Directors, evaluate the candidates' ability to discharge such responsibilities / functions as are expected from Independent Non-Executive Directors.

(iii) If the selection of candidates was solely based on recommendations made by our existing Board, management or major shareholders, the Committee should explain why other sources were not used;

(iv) Recommend to our Board on the appointment of members of each Board Committee;

(v) Recommend to our Board the appointment, cessation, suspension, dismissal and / or any senior management movement including re-designation, re-deployment, transfer or secondment of senior management of our Group;

(vi) Assess annually the effectiveness of our Board as a whole, Board Committees, and the contribution of each individual Director and Chief Executive Officer including his / her character, competence, experience and time commitment. All assessments and evaluations carried out by the Committee in the discharge of its duties shall be disclosed in the Annual Report;

(vii) Review the tenure of each director and ensure that the annual re-election of a director is subject to the satisfactory evaluation of the director's performance and contribution to our Board;

(viii) Review and assess the independence of Independent Directors on an annual basis;

(ix) Recommend to our Board with reasons on the re-election of Directors who retired by rotation pursuant to our Company's Constitution and re-appointment of Directors who retired pursuant to relevant sections of the Act;

(x) Ensure all appointments and re-election of directors are evaluated through a transparent process, including meeting the criteria of the Fit and Proper Policy;

(xi) Evaluate and review the performance of our Board and senior management including, taking into consideration our Company's performance in managing material sustainability risks and opportunities;

(xii) Review Board and senior management succession plans and oversees the development of a diverse pipeline for Board and management succession, including the future Chairman, Executive Directors and Chief Executive Officer;

(xiii) Facilitate Board induction programme for newly appointed Directors;

(xiv) Identify suitable educational and training programmes for the continuous development of our Directors to ensure our Directors keep abreast with developments in the industry, regulatory changes and board business trends;

(xv) Review and recommend to our Board, the development and implementation of the relevant policies and procedures on nomination related matters concerning our Group;

(xvi) Review annually the term of office, effectiveness and performance of the Audit and Risk Management Committee and each of its members to determine whether the Audit and Risk Management Committee and its members have carried out their duties in accordance with their terms of reference;

(xvii) Consider and examine such matters as the Committee considers appropriate; and

(xviii) Carry out such other duties or functions as may be delegated by our Board from time to time or required by the regulatory authority.

5.3.4 Remuneration Committee

Our Remuneration Committee was established on 27 February 2024 and its members were appointed by our Board. Our Remuneration Committee comprises the following members:

Name	Designation	Directorship
Y.M. Tengku Saifan Rafhan Bin Tengku Putra	Chairman	Independent Non-Executive Director
Haslinda Binti Hussein	Member	Independent Non-Executive Director
Zariner Binti Ismail	Member	Independent Non-Executive Director

Remuneration Committee also provides recommendations to our Board on the remuneration of the Executive Directors and Key Senior Management of our Company and our Group in all its forms such that the component parts of remuneration are structured to link rewards to corporate and individual performance.

Our Remuneration Committee undertakes, amongst others, the following functions:

(i) Review Group's policies and procedures on remuneration including reviewing and recommending matters relating to the remuneration of Directors and senior management and recommend to our Board for approval;

(ii) In determining the remuneration packages of Directors and senior management, the Committee should take into consideration the following:

(a) technical competency, skills, expertise and experience;

(b) qualification and professionalism;

(c) integrity;

(d) roles and responsibilities;

(e) company's performance in managing material sustainability risks and opportunities; and

(f) aligned with the business and risk strategies, and long-term objectives of our Group.

(iii) Review remuneration packages of Directors, senior management and key consultants, having regard to our Group's operating results, individual performance and comparable market statistics and recommend to our Board for approval;

(iv) Review the compensation policy of our Directors and senior management, and ensure the compensations offered are in line with market practice;

(v) Ensure fees and benefits payable to Directors, and any compensation for loss of employment of Executive Directors are approved by shareholders at General Meetings;

(vi) Oversee any major changes in employee remuneration and benefit structures throughout our Group;

(vii) Recommend to our Board any performance related pay schemes for our Company or Group;

(viii) Recommend to our Board the appointment of experts or consultants, where necessary to fulfil its responsibilities; and

(ix) To carry out other responsibilities, functions or assignments as may be agreed by our Board from time to time.

5.4 KEY SENIOR MANAGEMENT

5.4.1 Composition of our Key Senior Management

Our Key Senior Management comprises the following:

Name	Age	Gender	Nationality	Designation
Dato' Sharman	45	Male	Malaysian	Deputy Chairman / Executive Director
Salimi Bin Khairuddin	37	Male	Malaysian	Executive Director / Chief Executive Officer
Khairul Nazri Bin Kamarudin	35	Male	Malaysian	Chief Operating Officer
Datin Annie A/P V Sinniah	63	Female	Malaysian	Human Resource and Administration Director
Vinthra A/P Vijayakumar	34	Female	Malaysian	Chief Financial Officer

5.4.2 Profiles of Key Senior Management

The profiles of our other Key Senior Management are as follows:

(i) Dato' Sharman
Promoter, substantial shareholder and Deputy Chairman / Executive Director

Please refer to **Section 5.1.2(ii)** of this Prospectus for his profile.

(ii) Salimi Bin Khairuddin
Promoter, substantial shareholder and Executive Director / Chief Executive Officer

Please refer to **Section 5.1.2(iii)** of this Prospectus for his profile.

(iii) Khairul Nazri Bin Kamarudin
Promoter, substantial shareholder and Chief Operating Officer

Please refer to **Section 5.1.2(iv)** of this Prospectus for his profile.

(iv) Datin Annie A/P V Sinniah
Promoter, substantial shareholder and Human Resource and Administration Director

Please refer to **Section 5.1.2(v)** of this Prospectus for her profile.

(v) Vinthra A/P Vijayakumar
Chief Financial Officer

Vinthra A/P Vijayakumar, a Malaysian aged 34, is our Chief Financial Officer. She is responsible for overseeing all aspects of financial, accounting and compliance functions of our Group, including financial planning, asset management, financial reporting, taxation and budgeting.

She obtained her Bachelor of Accounting from Universiti Tenaga Nasional in November 2013. She has been a member of the MIA as a Chartered Accountant since 2016.

She began her career with Emkay Tang & Co as Audit Assistant in October 2012, where she was responsible for audit, accounts, taxation and secretarial assignments. She left Emkay Tang & Co in January 2018.

Thereafter, she joined Multi-Purpose Capital Holdings Berhad (now known as Multiple-Purpose Capital Holdings Sdn Bhd) as Senior Accounts Executive in January 2018. She was responsible for handling full set of accounts, financial reports and other financial matters. She left Multi-Purpose Capital Holdings Berhad in July 2022.

In August 2022, she joined Steel Hawk Defence as Finance Manager where she was responsible for preparing financial reports and information. She was subsequently appointed as Chief Financial Officer of our Group in December 2022 to lead the Finance Department. She brings with her approximately 12 years of experience in accounting and finance industry.

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5.4.3 Key Senior Management's shareholdings

The details of our Key Senior Management and their direct and indirect shareholdings before and after our IPO are as follows:

Name	Nationality	Designation	Before our IPO				After our IPO[3]			
			Direct		Indirect		Direct		Indirect	
			No. of Shares	%[1]	No. of Shares	%[1]	No. of Shares	%[2]	No. of Shares	%[2]
Dato' Sharman	Malaysian	Deputy Chairman / Executive Director	88,399,950	22.10	40,000,000[5]	10.00	48,951,000	9.99	48,951,000[5]	9.99
Salimi Bin Khairuddin	Malaysian	Executive Director / Chief Executive Officer	-	-	183,600,050[4]	45.90	-	-	178,349,000[4]	36.40
Khairul Nazri Bin Kamarudin	Malaysian	Chief Operating Officer	-	-	183,600,050[4]	45.90	-	-	178,349,000[4]	36.40
Datin Annie A/P V Sinniah	Malaysian	Human Resource and Administration Director	40,000,000	10.00	88,399,950[6]	22.10	48,951,000	9.99	48,951,000[6]	9.99
Vinthra A/P Vijayakumar	Malaysian	Chief Financial Officer	-	-	-	-	100,000	0.02	-	-

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) Assuming our Key Senior Management fully subscribed for their respective allocations under the Pink Form Allocation.

(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.

5.4.4 Involvement of Key Senior Management in other businesses or corporations

Save as disclosed in **Section 5.2.4** above and this **Section 5.4.4**, none of our Key Senior Management has any directorship or principal business activities performed outside our Group for the past 5 years up to the LPD:

(i) **Khairul Nazri Bin Kamarudin**

Company	Position held	Date appointed as Director	Date resigned as Director	Equity interest as at the LPD (%)		Principal activities
				Direct	Indirect	
Present involvement						
Radiant Capital[1]	Director	9 April 2021	-	39.00	-	Investment holding in shares
Past involvement						
-	-	-	-	-	-	-

Note:

(1) Radiant Capital is the Promoter and substantial shareholder of our Company.

(ii) **Datin Annie A/P V Sinniah**

Company	Position held	Date appointed as Director	Date resigned as Director	Equity interest as at the LPD (%)		Principal activities
				Direct	Indirect	
Present involvement						
-	-	-	-	-	-	-
Past involvement						
SS Innovations Sdn Bhd	Director and shareholder	22 May 2021	-	-	-	Involved in trading and supplying of oilfield equipment, trading and supplying of engineering equipment and spare parts, food and beverages franchise. (Dissolved on 21 September 2023)
Sharmannie Holdings Sdn Bhd	Director and shareholder	21 October 2016	-	-	-	Involved in trading and property investment (Dissolved on 25 January 2019)

The involvement of our Key Senior Management in the business activities outside our Group as stated above:

(i) does not give rise to any conflict of interest situation with our business; and

(ii) does not preclude them from allocating or committing their time and effort to our Group as they are not involved in the management and day-to-day operations of these businesses. Such businesses do not require their involvement on a daily basis as these businesses are managed by their respective management.

5.4.5 Key Senior Management's remuneration and material benefits-in-kind

The aggregate remuneration and material benefits-in-kind paid and proposed to be paid to our Key Senior Management for services rendered to our Group in all capacities for the FYE 2023 and proposed FYE 2024 are as follows:

Key Senior Management	Remuneration Band	
	FYE 2023	Proposed for FYE 2024
	RM'000	RM'000
Dato' Sharman	550 - 600	650 - 700
Salimi Bin Khairuddin	100 - 150	100 - 150
Khairul Nazri Bin Kamarudin	50 - 100	100 - 150
Datin Annie A/P V Sinniah	150 - 200	100 - 150
Vinthra A/P Vijayakumar	50 - 100	50 - 100

Note:

The above remuneration comprises salaries, bonuses, fees and allowances.

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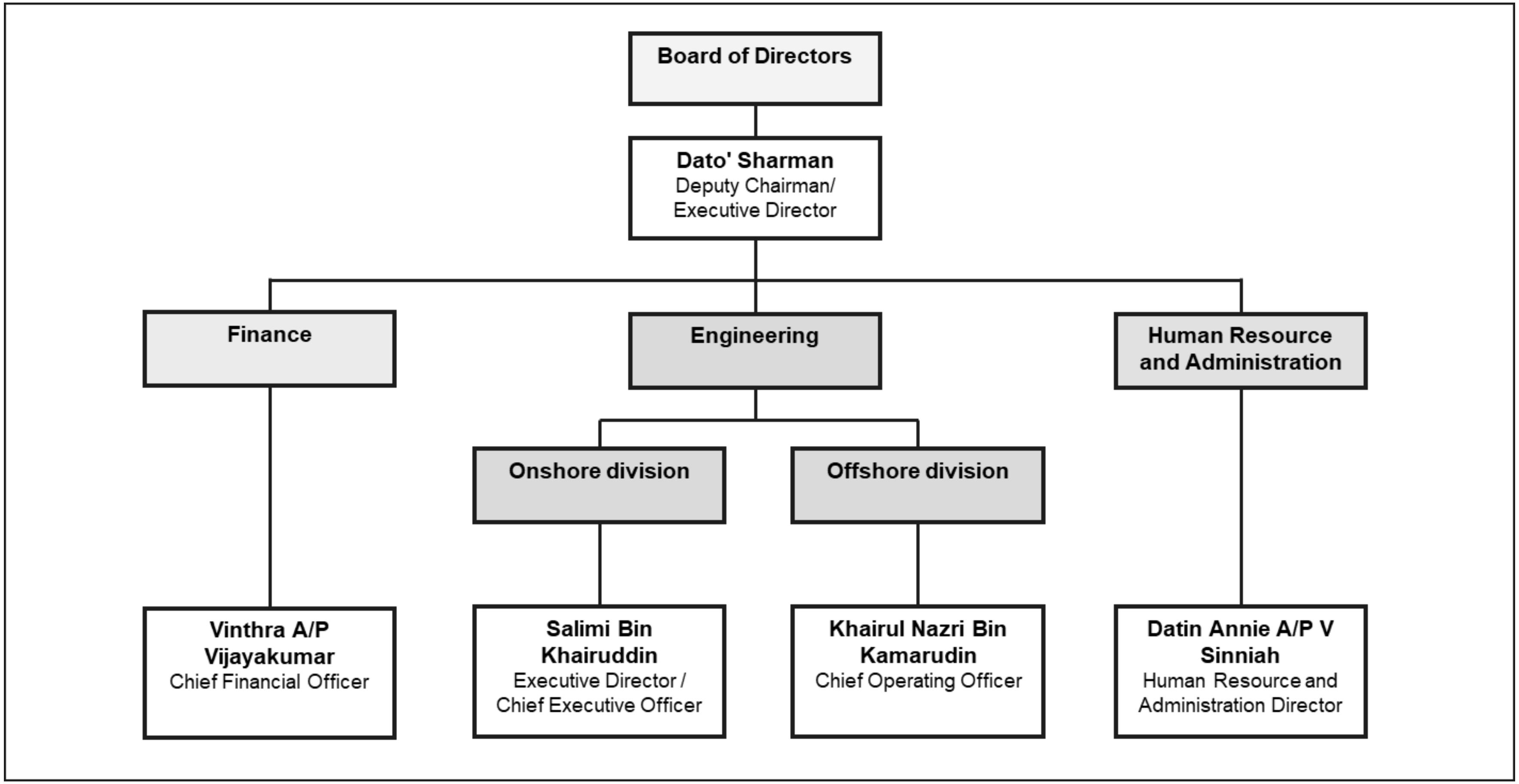
5.4.6 Management reporting structure

The management reporting structure of our Group is as follows:



5.5 DECLARATIONS FROM OUR PROMOTERS, DIRECTORS AND KEY SENIOR MANAGEMENT

None of our Promoters, Directors and Key Senior Management is or was involved in any of the following events, whether within or outside Malaysia:

(i) in the last 10 years, a petition under any bankruptcy or insolvency laws was filed (and not struck out) against such person or any partnership in which he / she was a partner or any corporation of which he / she was a director or member of key senior management;

(ii) disqualified from acting as a director of any corporation, or from taking part directly or indirectly in the management of any corporation;

(iii) in the last 10 years, such person was charged or convicted in a criminal proceeding or is a named subject of a pending criminal proceeding. If convicted, the date must be calculated from the date of conviction or if sentenced to imprisonment, from the date of release from prison;

(iv) in the last 10 years, any judgment was entered against such person, or finding of fault, misrepresentation, dishonesty, incompetence or malpractice on his part, involving a breach of any law or regulatory requirement that relates to the capital market;

(v) in the last 10 years, such person was the subject of any civil proceeding, involving an allegation of fraud, misrepresentation, dishonesty, incompetence or malpractice on his / her part that relates to the capital market;

(vi) the subject of any order, judgment or ruling of any court, government or regulatory authority or body, temporarily enjoining him / her from engaging in any type of business practice or activity;

(vii) in the last 10 years, such person has been reprimanded or issued any warning by any regulatory authority, securities or derivatives exchange, professional body or government agency; and

(viii) any unsatisfied judgment against any of them.

5.6 FAMILY RELATIONSHIPS AND ASSOCIATIONS

Save as disclosed below, there is no family relationship and / or association between any of our Promoters, substantial shareholders, Directors and / or Key Senior Management as at the LPD:

Name	Designation	Relationship
Dato' Sharman	Deputy Chairman / Executive Director	Spouse of Datin Annie A/P V Sinniah
Datin Annie A/P V Sinniah	Human Resource and Administration Director	Spouse of Dato' Sharman

5.7 SERVICE AGREEMENTS

As at the LPD, save as disclosed below, none of our Directors and / or Key Senior Management has any existing or proposed service agreement with our Group:

(i) Service Agreement dated 1 March 2024 entered into between Steel Hawk and Dato' Sharman, for the appointment of Dato' Sharman as our Deputy Chairman / Executive Director for 5 years commencing from 7 April 2022 at a monthly salary of RM50,000. Either party shall have the option to extend this Service Agreement for a further period of 5 years thereafter on the terms and conditions to be mutually agreed upon. At the conclusion of the 10 years period, our Company and Dato' Sharman shall negotiate a revised Service Agreement. In the event no further Service Agreement is drawn-up and/or executed, our Company and Dato' Sharman agree that the terms listed herein shall serve to regulate Dato' Sharman's terms of service.

The salient terms of the abovementioned Service Agreement, which are subject to the review of our Remuneration Committee, are as follows:

(a) the base salary shall increase at an annual rate of 10% of the base salary in effect for the year immediately preceding such increase;

(b) Dato' Sharman will be eligible to receive bonuses on a discretionary basis to which the bonuses are to be determined and approved by the Board; and

(c) in the event the Service Agreement is terminated prematurely by either party prior to the expiry of the contract period, payment of a liquidated sum equivalent to 2 months of basic salary plus (3 months x number of years in service).

5.8 MANAGEMENT SUCCESSION PLAN

Our Board believes that the success of our Group depends on the abilities to retain our Key Senior Management. We have implemented a management succession plan, where we have put in place a process to groom new management staff to gradually assume the responsibilities of senior management. Our Group's strategy for management continuity is driven by our top management who is responsible for identifying key competencies and requirements of candidates. If the need arises, we will recruit qualified personnel with knowledge and expertise of our business to enhance our operations.

Our Group's management succession plan consists of, amongst others, the following:

(i) recruitment and selection – identifying key competencies and requirements for managerial and key senior positions for succession planning, and identifying potential successor's readiness to facilitate skills transfer so as to ensure smooth running and continuity of our Group's operations;

(ii) competitive remuneration and employee benefits – our Group provides competitive remuneration and employee benefits to our employees in our effort to retain our employees;

(iii) structured career planning and development – our senior management trains the lower and middle management employees to gradually assume more responsibilities; and

(iv) continuous training and education – our middle management actively participates in discussions and decision-making in the operation of our Group. Such active participation will ensure a better understanding of our Group's operations and enable the personnel to equip themselves with the necessary knowledge and skills to succeed in senior management roles.

Additionally, our Key Senior Management has clearly defined leadership roles and responsibilities within the departments of our Group respectively, which is supported by the lower and middle management staff.

Our Group's management support plan for our Executive Directors consists of, amongst others, the following:

(i) clearly defined the roles and responsibilities of our Key Senior Management to facilitate monitoring of daily operations of our Group;

(ii) hierarchical organisation structure that sets out the reporting relationships, level of authority and responsibilities of each department to facilitate efficient reporting flow of information from upwards, downwards and across different departments;

(iii) second delegate or deputies to managerial personnel; and

(iv) Key Senior Management are responsible to oversee its respective functions and report directly to our Executive Directors.

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6. INFORMATION ON OUR GROUP

6.1 INFORMATION ON OUR GROUP

6.1.1 Our Company

We were incorporated in Malaysia under the Act 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(1);

(ii) installation and maintenance of oilfield equipment(2); 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.

(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.

Further details on our Group's history and business activities are set out in **Sections 7.1** and **7.2** of this Prospectus.

6.1.2 Share capital and changes in share capital

As at the LPD / after the Bonus Issue, our issued share capital is RM7,808,001 comprising 400,000,000 Shares.

Details of the changes in our issued share capital since incorporation and up to the LPD / after the Bonus Issue are as follows:

Date of allotment	No. of Shares allotted	Nature of transaction	Consideration	Cumulative issued share capital	
				No. of Shares	RM
29 December 2020	40	Subscription of Shares	Cash	40	2
9 June 2021	143,999,960	Acquisition of Steel Hawk Engineering	Issued as consideration shares for the Acquisition of Steel Hawk Engineering	144,000,000	4,608,001

Date of allotment	No. of Shares allotted	Nature of transaction	Consideration	Cumulative issued share capital	
				No. of Shares	RM
25 October 2021	16,000,000	Allotment of shares	Cash	160,000,000	7,808,001
8 March 2024	240,000,000[(1)]	Bonus Issue	N/A	400,000,000	7,808,001

Note:

(1) Number of Bonus Shares issued pursuant to the Bonus Issue which was completed on 11 March 2024. Further details of the Bonus Issue are set out in **Section 6.1.3** of this Prospectus.

There were no discounts, special terms or instalment payment terms given in consideration of the above allotment. As at the LPD, we do not have any outstanding warrants, options, convertible securities and uncalled capital.

Upon completion of our Listing, our issued share capital will increase to RM[●] comprising 490,000,000 Shares.

6.1.3 Bonus Issue

In conjunction with, and as an integral part of our Listing, Steel Hawk had undertaken a pre-listing reorganisation exercise involving a bonus issue of 240,000,000 Bonus Shares on the basis of 3 Bonus Shares for every 2 existing Shares held in Steel Hawk. The Bonus Issue had been completed following the listing of and quotation for 240,000,000 Bonus Shares on the LEAP Market on 11 March 2024. Following the completion of the Bonus Issue, our issued share capital had increased to RM7,808,001 comprising 400,000,000 Shares.

6.1.4 Details of our Transfer

Subsequent to the completion of the Bonus Issue, our Company will undertake the Transfer, comprising our Withdrawal and our Listing. For information purposes, on 22 January 2024, an Extraordinary General Meeting of our Company was held in relation to the Transfer. At the Extraordinary General Meeting, the shareholders of our Company had voted in favour of the Transfer, comprising our Withdrawal and our Listing.

(i) Our Withdrawal

- **Requirements for the Withdrawal pursuant to the LEAP Market Listing Requirements of Bursa Securities ("LEAP Market Listing Requirements")**

  Pursuant to Rule 8.05 of the LEAP Market Listing Requirements, Bursa Securities may grant a listed corporation's request to withdraw its listing status from the LEAP Market.

  In accordance with Rule 8.06(1) of the LEAP Market Listing Requirements, a listed corporation may not request to withdraw its listing from the LEAP Market unless:

  (a) the listed corporation convenes a general meeting to obtain its shareholders' approval and the circular to be sent to the shareholders includes the information set out in Appendix 8B of the LEAP Market Listing Requirements;

(b) the passing of the resolution for the withdrawal of listing is subject to the following conditions:

(i) the resolution is approved by a majority of shareholders, in number, representing 75.00% of the total number of issued securities held by the shareholders, present and voting either in person or by proxy at each meeting; and

(ii) the number of votes cast against the resolution is not more than 10.00% of the total number of issued securities held by the shareholders, present and voting either in person or by proxy at each meeting;

(c) the shareholders are offered a reasonable cash alternative or other reasonable alternatives ("**Exit Offer**"); and

(d) the listed corporation appoints an independent adviser to advise and make recommendations for the consideration of the Minority Shareholders in connection with the withdrawal of its listing as well as the fairness and reasonableness of the Exit Offer ("**IA Appointment**").

The Proposers had, in the Proposal Letter, expressed that it is not their intention to extend the Exit Offer to our Minority Shareholders pursuant to our Withdrawal and appoint an independent adviser for our Withdrawal. Accordingly, our Company had on 22 September 2023, sought the approval of Bursa Securities for the Exemption which entails the exemptions from having to extend the Exit Offer and the IA Appointment pursuant to Rules 8.06(1)(c) and 8.06(1)(d) of the LEAP Market Listing Requirements, respectively.

In support for the Exemption, all our shareholders had provided their written undertakings ("**Undertaking Letters**") whereby they irrevocably and unconditionally undertake the following:

(i) will vote in favour of our Withdrawal at our Company's extraordinary general meeting convened;

(ii) will continue to hold and will not dispose of, transfer or reduce their shares in our Company until the completion of our Withdrawal and our Listing[(1)]; and

(iii) will not request and waive all their rights for an Exit Offer. Accordingly, they will also not request and waive all their rights for the IA Appointment.

Note:

(1) For information purposes, the Offerors had provided their written undertakings that they will continue to hold and will not dispose of, transfer or reduce their shares in our Company until the completion of our Withdrawal and Listing, save for the Offer Shares pursuant to the Offer for Sale which will be undertaken in conjunction with our Listing.

The Exemption was approved by Bursa Securities vide its letter dated 4 October 2023, subject to the condition that our Minority Shareholders' Undertaking Letters remain valid and binding until the completion of our Withdrawal.

(ii) Our Listing

Our Listing entails the listing of and quotation for the enlarged issued share capital of our Company on the ACE Market. As highlighted in **Section 6.1.3** of this Prospectus, upon completion of our Bonus Issue and prior to our Listing, our issued share capital has increased from 160,000,000 Shares to 400,000,000 Shares.

Our Listing will involve, among others, the listing of and quotation for 90,000,000 Issue Shares to be issued under our Public Issue. Accordingly, upon completion of our Listing, our issued share capital will increase from 400,000,000 Shares to 490,000,000 Shares.

- **Requirements for our Listing pursuant to Rules 3A.02(1) and 3A.02(2) of the Listing Requirements**

Our Listing entails our admission to the Official List and the listing of and quotation for our entire enlarged issued share capital on the ACE Market to Rules 3A.02(1) and 3A.02(2) of the Listing Requirements.

In accordance with Rule 3A.02(1) of the Listing Requirements, a transfer applicant must:

Listing Requirements	Status of compliance
(a) have been listed for at least 2 years on the LEAP Market at the time of application for transfer of listing;	Complied. As at the date of this Prospectus, we have been listed on the LEAP Market for more than 2 years since 29 October 2021.
(b) be considered as suitable for listing after the assessment by a Sponsor or both the Sponsor and Recognised Approved Adviser[(1)] as Joint Transfer Sponsor[(2)] pursuant to Rule 4.07 of the Listing Requirements;	Complied. UOBKH being the Sponsor for our Transfer has assessed our suitability for our Listing pursuant to Rule 4.07 of the Listing Requirements.
(c) comply with Chapters 3 and 3A of the Listing Requirements, as the case may be, subject to the additional requirements, modifications or exceptions set out in Chapter 3A of the Listing Requirements;	Noted and to be complied.
(d) undertake an issue of shares to the general public as part of its transfer of listing; and	To be complied. Our Public Issue and the Offer for Sale will be undertaken in conjunction with our Listing.
(e) comply with the relevant admission procedures and requirements as may be prescribed by Bursa Securities	Noted and to be complied.

In accordance with Rule 3A.02(2) of the Listing Requirements, a transfer applicant may apply for transfer through:

Listing Requirements	Status of compliance
(a) a Sponsor; or	Complied. Our Board has appointed UOBKH as our Sponsor for our Transfer.
(b) a Sponsor jointly with a Recognised Approved Adviser[(1)] as Joint Transfer Sponsor[(2)] where the Sponsor must be the lead adviser	Not applicable as there is no Joint Transfer Sponsor being appointed for our Transfer.

Notes:

(1) means an Approved Adviser (i.e. an adviser authorised by Bursa Securities to carry out both the initial listing activities and post-listing activities of companies listed on the LEAP Market of Bursa Securities) which has been approved to act as a Recognised Approved Adviser by Bursa Securities pursuant to Rule 4.29(2) of the Listing Requirements.

(2) means the Sponsor and Recognised Approved Adviser, either individually or collectively, as the context may require, who are jointly appointed by a transfer applicant in making the transfer of listing application to Bursa Securities.

- **Public Issue**

Our Public Issue of 90,000,000 Issue Shares, representing approximately 18.37% of our enlarged issued share capital upon the completion of our Listing.

Please refer to **Section 4.1.1** of this Prospectus for further details on our Public Issue.

- **Offer for Sale**

The Offerors propose to undertake an offer for sale of 44,700,000 Offer Shares, representing approximately 9.12% of the enlarged share capital of Steel Hawk upon completion of our Listing, will be made available by way of private placement to selected investors.

Please refer to **Section 4.1.2** of this Prospectus for further details on the Offer for Sale.

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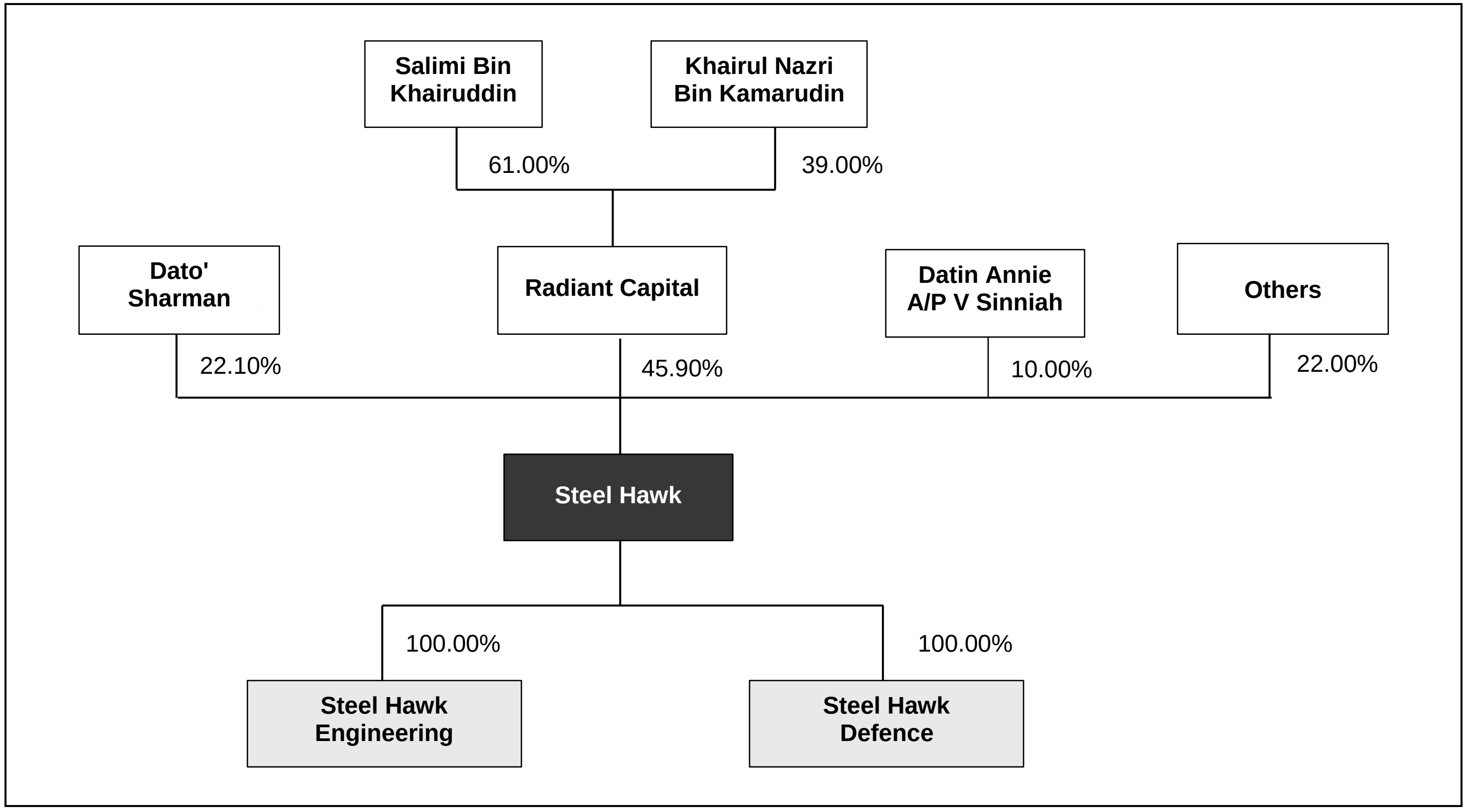
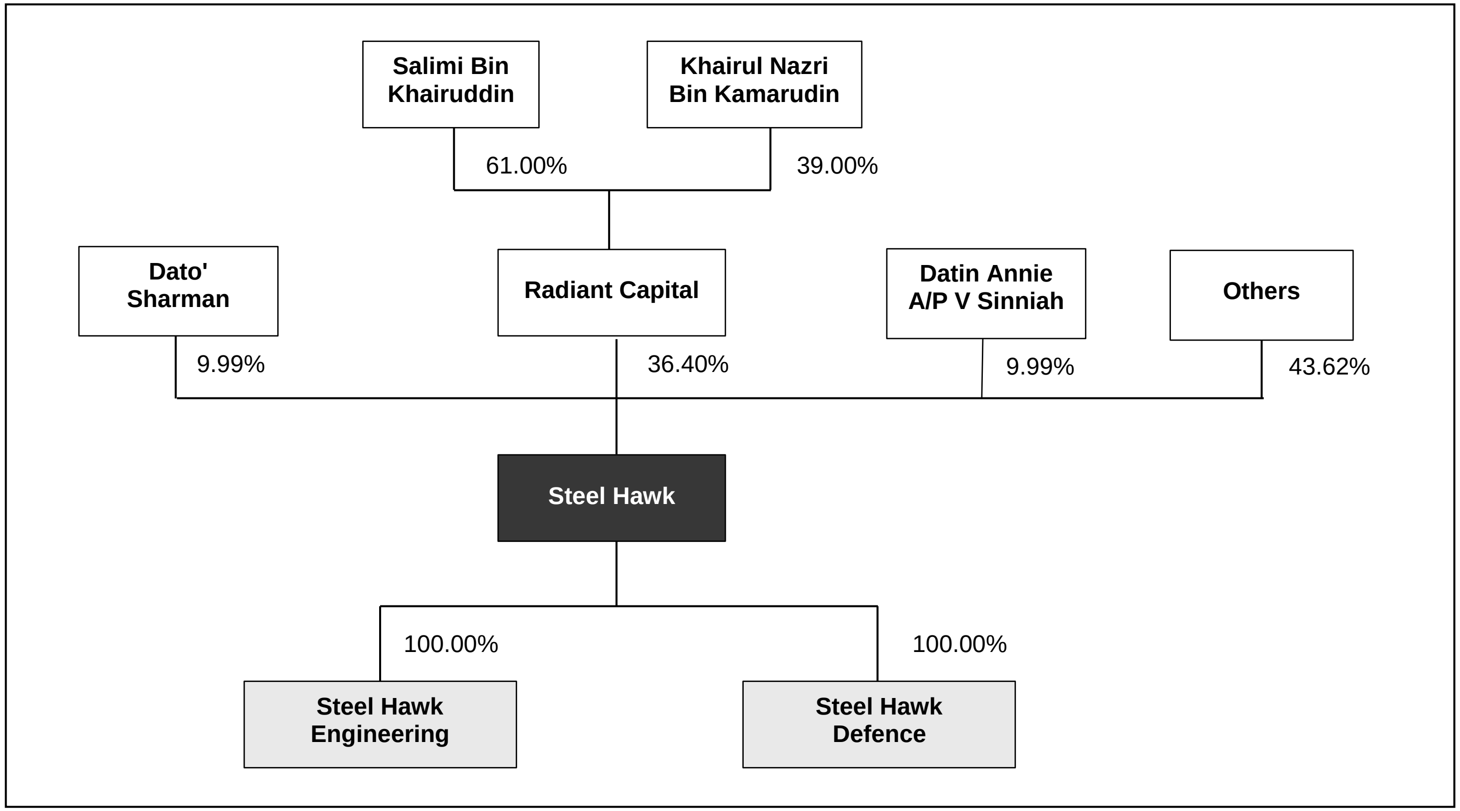
6.1.5 Group structure

Our Group structure before and after our IPO are as set out below:

Before our IPO



After our IPO



6.2 INFORMATION ON OUR SUBSIDIARIES

The details of our Subsidiaries as at the LPD are set out below:

Name and Registration No.	Date / Place of incorporation	Principal place of business	Issued share capital	Effective equity interest	Principal activities
			RM	%	
Steel Hawk Engineering (Registration No. 201201034856 (1019338-X))	3 October 2012 / Malaysia	Malaysia	1,500,000	100.00	Provision of EPCC services and facilities improvement / maintenance, installation and maintenance of oilfield equipment and supply of oilfield equipment
Steel Hawk Defence (Registration No. 202201014104 (1459801-M))	18 April 2022 / Malaysia	Malaysia	100,000	100.00	Provision of manpower, materials and equipment support services

As at the LPD, we do not have any associate company or joint venture.

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6.2.1 Steel Hawk Engineering

(i) Background and history

Steel Hawk Engineering was incorporated in Malaysia on 3 October 2012 as a private company limited by shares and is registered under the Act under its present name.

It is principally involved in the provision of EPCC services and facilities improvement / maintenance, installation and maintenance of oilfield equipment and supply of oilfield equipment.

(ii) Share capital

As at the LPD, the issued share capital of Steel Hawk Engineering is RM1,500,000 comprising 1,500,000 ordinary shares.

Save as disclosed below, there are no changes in the issued share capital of Steel Hawk Engineering since incorporation up to the LPD:

Date of allotment	No. of shares allotted	Consideration	Cumulative issued share capital	
			No. of shares	RM
3 October 2012	100,000 (subscribers' shares)	Cash	100,000	100,000
30 May 2015	400,000	Cash	500,000	500,000
29 July 2016	300,000	Otherwise than cash	800,000	800,000
19 April 2017	500,000	Otherwise than cash	1,300,000	1,300,000
28 March 2018	200,000	Cash	1,500,000	1,500,000

There were no discounts, special terms or installment payment terms given in consideration of the above allotment.

As at the LPD, Steel Hawk Engineering does not have any outstanding warrants, options, convertible securities and uncalled capital.

(iii) Substantial shareholder and directors

As at the LPD, Steel Hawk Engineering is our wholly-owned subsidiary.

As at the LPD, the directors of Steel Hawk Engineering are Dato' Sharman, Salimi Bin Khairuddin and Khairul Nazri Bin Kamarudin.

(iv) Subsidiary, associate company and joint venture

As at the LPD, Steel Hawk Engineering does not have any subsidiary, associate company or joint venture.

6.2.2 Steel Hawk Defence

(i) Background and history

Steel Hawk Defence was incorporated in Malaysia on 18 April 2022 as a private company limited by shares and is registered under the Act under its present name.

It is principally involved in the provision of manpower, materials and equipment support services. For information purposes, Steel Hawk Defence was only incorporated on 18 April 2022 with the intention to supply manpower, materials and equipment as support services to customers who operates in the O&G services and equipment industry.

(ii) Share capital

As at the LPD, the issued share capital of Steel Hawk Defence is RM100,000 comprising 100,000 ordinary shares.

Save as disclosed below, there are no changes in the issued share capital of Steel Hawk Defence since incorporation up to the LPD:

Date of allotment	No. of shares allotted	Consideration	Cumulative issued share capital	
			No. of shares	RM
18 April 2022	100,000 (subscriber's shares)	Cash	100,000	100,000

There were no discounts, special terms or installment payment terms given in consideration of the above allotment.

As at the LPD, Steel Hawk Defence does not have any outstanding warrants, options, convertible securities and uncalled capital.

(iii) Substantial shareholder and directors

As at the LPD, Steel Hawk Defence is our wholly-owned subsidiary.

As at the LPD, directors of Steel Hawk Defence are Dato' Sharman and Datin Annie A/P V Sinniah.

(iv) Subsidiary, associate company and joint venture

As at the LPD, Steel Hawk Defence does not have any subsidiary, associate company or joint venture.

6.3 LOCATION OF OPERATIONS

As at the LPD, our Group operates from the following locations:

Main functions / owned or rented	Location
Headquarter office / owned by Steel Hawk Engineering	23-2 & 25-2, Block H Jalan PJU 1/37, Dataran Prima 47301 Petaling Jaya Selangor Darul Ehsan
Office, warehouse and yard facility / owned by Steel Hawk Engineering	Lot 3695, Jalan MIEL TK 3 Kawasan Perindustrian MIEL 24000 Chukai Terengganu
Office and warehouse / rented from Sinarland Indah Sdn Bhd	Survey Lot 1269 of Parent Lot 980, Block 1, Miri Concession Land District Jalan Lutong-Kuala Baram 98000 Miri Sarawak

Please refer to **Section 7.19** of this Prospectus for further information of our Group's material lands and buildings.

6.4 MATERIAL INVESTMENTS AND DIVESTITURES

(i) Material investments

Our material investment for the Financial Years Under Review and up to the LPD are summarised as follows:

Investment costs	FYE 2021	FYE 2022	FYE 2023	1 January 2024 up to the LPD
	RM'000	RM'000	RM'000	RM'000
Freehold buildings[(1)]	1,300	-	-	-
Leasehold buildings	-	-	2,480	-
Computer and software	86	110	128	-
Motor vehicle	340	188	936	-
Plant and machinery	32	425	244	-
Others[(2)]	50	108	123	-
Total	**1,808**	**831**	**3,911**	**-**

Notes:

(1) Acquisition of the PJ Office from SS Innovations Sdn Bhd, comprising the purchase consideration of RM1.30 million.

(2) Relates to capital expenditure of furniture, fittings, office equipment, renovation and signboard.

Our capital expenditures were mainly driven by our business expansion. The above capital expenditures were primarily financed by a combination of internal generated funds and / or bank borrowings.

(ii) Material divestitures

Our material divestitures for the Financial Years Under Review and up to the LPD are summarised as follows:

Divestitures proceeds	**FYE 2021**	**FYE 2022**	**FYE 2023**	**1 January 2024 up to the LPD**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Motor vehicle	34	286	644	-
Plant and machinery	1	-	-	-
Furniture and fittings	2	-	-	-
Total	**37**	**286**	**644**	**-**

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7. BUSINESS OVERVIEW

7.1 BACKGROUND AND HISTORY

Incorporation of our Group

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[(1)];

(ii) installation and maintenance of oilfield equipment[(2)]; 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.

(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.

For information purposes, topside O&G facilities are parts of an offshore drilling platform that are above the waterline such as drilling rig, living accommodations and processing facilities. Please refer to **Sections 7.2 and 7.5** of this Prospectus for further details on our business activities and their respective revenue contributions to our Group.

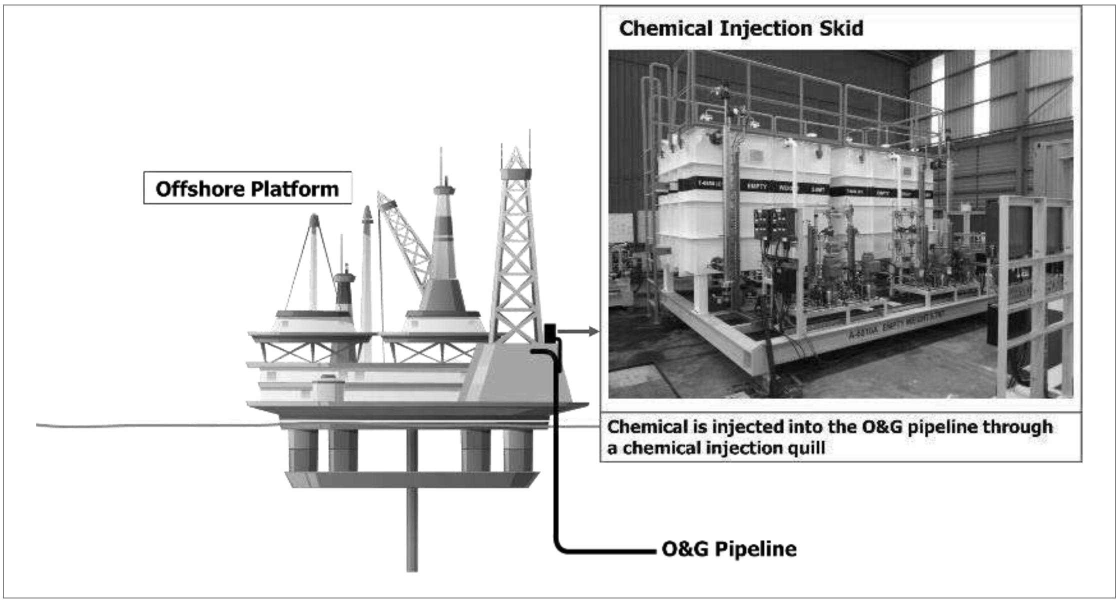
Evolution of our business over the years

Commencement of our business – EPCC services for chemical injection skids

Our Group's history can be traced back to the incorporation of Steel Hawk Engineering on 3 October 2012 by our Promoter, Deputy Chairman / Executive Director, namely Dato' Sharman and 2 other shareholders (who subsequently disposed their shareholdings to Siti Aishah Binti Amdan and Mohamad Fairus Bin Amdan in 2013 who in turn, disposed their shareholdings to Mhd Nasir Bin Omar and Azli Bin Mohd Nor within the same year to pursue their personal interest). Following the incorporation of Steel Hawk Engineering in October 2012, we commenced our initial business activity which was solely focused on the provision of EPCC services for chemical injection skids at offshore exploration and production platforms in the O&G industry.

7. BUSINESS OVERVIEW (CONT'D)

A brief illustration of the chemical injection skid at an offshore exploration and production platform, which is found at the platform's topside, is set out below:



A chemical injection skid is a type of equipment installed at onshore or offshore exploration and production facilities (e.g., platforms, rigs or terminals) to inject chemicals into pipelines and O&G wells for the purpose of well cleaning, improving pipeline flow and preventing internal corrosion of pipelines, which is crucial to ensure a smoother and more efficient flow of O&G as well as to mitigate environment risks such as leaks or spills in the pipelines of the O&G facilities. Our supply of chemical injection skids covers the full range of EPCC services which includes, amongst others, engineering works, development and preparation of drawings, procurement, fabrication, delivery to customer's site, installation, testing and commissioning of the chemical injection skids as well as related parts and components. Save for specialised services that are outsourced to third party subcontractors such as fabrication of large structures exceeding 6 metres (e.g. I-beam and metal plates) and blasting and painting of chemical tanks and skid bases, our Group undertakes the majority of EPCC services for chemical injection skids in-house (as elaborated in **Section 7.2(i)** of this Prospectus).

In October 2012, we set up our first office in Petaling Jaya, Selangor, which remains our head office until today, which currently houses our engineering, procurement, business development, finance and human resources departments. In December 2012, we obtained our first PETRONAS license which enables us to supply products and services to the upstream, midstream and downstream segments of the O&G industry in Malaysia. This was followed by securing our first fixed contract in May 2013 from PETRONAS Carigali to provide EPCC services for 9 chemical injection skids at 3 offshore platforms located within PETRONAS Carigali's Sarawak Operations (SKO), with contract duration of 3 years.

In June 2014, we registered with the CIDB as a Grade G5 contractor, allowing us to bid for and carry out building, civil, mechanical and electrical engineering projects not exceeding RM5 million in value for onshore projects. We subsequently upgraded our registration with CIDB to a G7 contractor in May 2021, which allows us to bid for and carry out building, civil, mechanical and electrical engineering projects without any limit in value. We are required to register with the CIDB as pursuant to the CIDB Act, it is a mandatory requirement for all contractors who carry out or complete any civil engineering construction and / or mechanical and electrical construction works to hold a valid certificate of registration issued by CIDB.

In February 2015, 2 of our Promoters, namely Salimi Bin Khairuddin and Khairul Nazri Bin Kamarudin, acquired 31.00% and 20.00% equity interest in Steel Hawk Engineering from Mhd Nasir Bin Omar and Azli Bin Mohd Nor, respectively. They have since maintained their equity interest in Steel Hawk Engineering over the past 9 years and up to the LPD. For the avoidance of doubt, the remaining 49.00% equity interest in Steel Hawk Engineering has been held by Dato' Sharman since its incorporation. Salimi Bin Khairuddin joined our Group in June 2013 as our Quality Assurance and Quality Control Manager to which he was appointed as the Chief Operating Officer (Onshore) in February 2015 and had subsequently on 7 April 2022, assumed the role of Chief Executive Officer and Executive Director of our Group while Khairul Nazri Bin Kamarudin joined our Group in February 2014 as the our Senior Mechanical Engineer, to which he was appointed as the Chief Operating Officer (Offshore) in February 2015 and had subsequently stepped down from our Board as the Executive Director of our Group on 5 October 2023 and assumed the role of Chief Operating Officer of our Group. Both Salimi Bin Khairuddin and Khairul Nazri Bin Kamarudin continue to hold their respective positions in our Group as at the LPD.

In February 2015, we secured 3 additional contracts with contract duration ranging from 6 months to 2 years, from PETRONAS group to provide EPCC services for chemical injection skids at offshore platforms located within PETRONAS Carigali's Sarawak Operations (SKO). Subsequently, in December 2015, we secured our first Price Agreement (call out contract) (which does not have a fixed contract value and as such, our Group is engaged through work orders to provide specified services for the duration of the contract, as and when such services are required) from PETRONAS Carigali to provide EPCC services for chemical injection skids to 124 offshore platforms across its Peninsular Malaysia Operations (PMO), Sarawak Operations (SKO) and Sabah Operations (SBO). It was our first contract that involved PETRONAS Carigali's Peninsular Malaysia Operations (PMO) and Sabah Operations (SBO) as well as one of our longest duration contracts at the time (valid for 3 years, including a 1-year extension option which was awarded). The Price Agreement (call out contract) differed from our other contracts at the time, as it defined all aspects of pricing for our provision of EPCC services for chemical injection skids. As a result of securing the contract, we expanded our operations into Sabah and Sarawak where we established an operations office in Kota Kinabalu, Sabah (subsequently ceased in 2019 upon the completion of the Price Agreement (call out contract) in Sabah) and an operations office in Miri, Sarawak.

We continued to expand our operations in the following years where in April 2017, we established an operations office in Kemaman, Terengganu. This was followed by establishing another operations office in Kerteh, Terengganu in April 2019 which was later moved to Teluk Kalung, Terengganu in April 2021.

<u>Expansion of our business activities – supply, installation and maintenance of oilfield equipment</u>

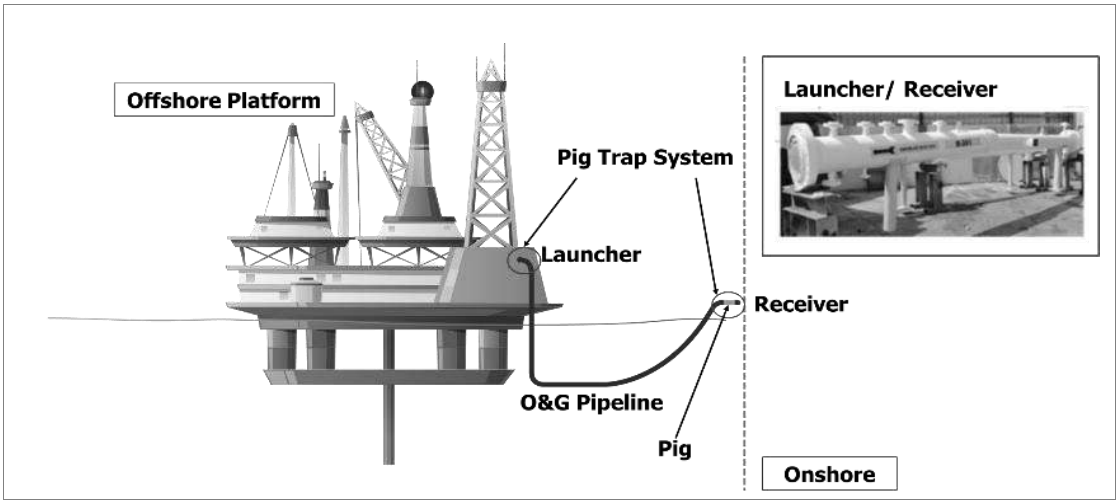
Over the years, we gradually expanded our services from our expertise in the improvement / maintenance of pipelines to include installation and maintenance of oilfield equipment as well as supply of oilfield equipment for topside O&G platforms, this includes maintenance services such as blasting and painting, modification of pig trap barrels (launcher and receiver) and replacement of existing fire rated doors as well as supply of oilfield equipment such as fire rated door accessories (i.e., hinges, door handle, panic bar, sight glass and perimeter gasket), pig trap accessories (i.e., pig signaller, door seals and quick opening closures) and oil spill consumables (i.e., oil absorbent and skimmer pumps), as part of our initiatives to provide additional value to our customers.

In July 2017, we secured our first Price Agreement (call out contract) from PETRONAS Carigali for the supply, delivery, installation, and maintenance of fire rated doors for its onshore and offshore O&G facilities in its Peninsular Malaysia Operations (PMO) and Sarawak Operations (SKO) for a duration of 3 years. This contract marks the expansion of our services into supply, installation, and maintenance of oilfield equipment.

7. BUSINESS OVERVIEW (CONT'D)

In July 2018, we secured our first Price Agreement (call out contract) from PETRONAS Carigali which involved the provision of fabrication, installation, commissioning, inspection and maintenance works of pig trap system at onshore and offshore O&G facilities across PETRONAS Carigali's Peninsular Malaysia Operations (PMO), Sarawak Operations (SKO) and Sarawak Gas Operation (SKG) with a contract duration of 4 years, further establishing our Group's footprint in pipeline cleaning and maintenance services within the O&G industry. In view of this, we further expanded the range of our supply of oilfield equipment as well as installation and maintenance of oilfield equipment to include pig trap systems (i.e., static equipment through which the pigging tool such as pig launchers and receiver are introduced into a pipeline and received from the pipeline).

A brief illustration of the pig trap system covering the onshore and offshore pipeline system is as set out below:



Pigging activity – a pipeline maintenance service involving the use of pipeline inspection gauges or 'pigs', which are pushed along the pipeline from the launcher enclosure door until it reaches the receiver enclosure door, cleaning the pipeline along the way.

<u>Expansion of our business activities – facilities improvement / maintenance services</u>

In December 2018, we were awarded a Price Agreement (call out contract) by PETRONAS Carigali to provide maintenance, construction, and modification services for their onshore facilities at Kerteh, Terengganu (i.e., Onshore Gas Terminal and Onshore Slug Catcher). The works performed under this contract falls within our EPCC services and facilities improvement / maintenance, encompassing improvements and / or modifications to existing facilities, replacement of corroded or damaged structural members, handrails, gratings and piping spools, cleaning and painting of structures as well as removal, installation or modification of piping, tubing, fittings and component parts of structures. The contract is currently ongoing and valid for a period of 5 years (including 2 years extension) until December 2023. The contract was further extended until December 2024. Our involvement in this contract was a major milestone in enabling us to solidify and establish ourselves as a service provider for onshore facilities improvement / maintenance services, offering a complete range of necessary maintenance, modifications, construction and fabrication services for such facilities. Additionally, the aforementioned contract allowed our Group to gain the skills applicable to conduct the abovementioned services on offshore facilities as well.

In October 2020, we secured a 5-year Price Agreement (call-out contract) from PETRONAS Carigali to provision of maintenance of fire rated doors for living quarters and modularised offshore buildings for its Peninsular Malaysia Assets, Sarawak Oil Assets and Sarawak Gas Assets.

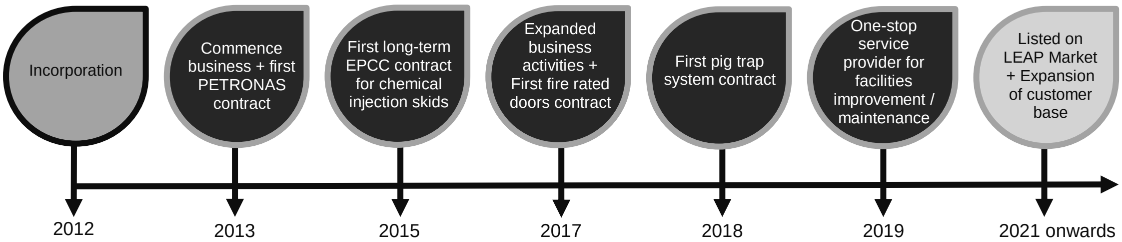
7. BUSINESS OVERVIEW (CONT'D)

In February 2021, we acquired our first overseas client, when we were awarded a one-off supply contract to provide oilfield equipment (i.e., welding safety habitat – a protective structure or enclosure used in welding and other hot work operations to ensure safety of workers and the surrounding environment) to SAHID Sendirian Berhad, a company based in Brunei Darussalam which is involved in the provision of engineering, construction and maintenance services for the O&G industry. In the same year, we also secured a 3-year Price Agreement (call out contract) from PETRONAS Carigali to provide oil spill recovery equipment maintenance for its Peninsular Malaysia Assets. The contract involved the supply of oilfield equipment such as oil booms, oil filters, hydraulic hoses, rubber seals, and recoil starters as well as the installation and maintenance of such equipment, whereby it was carried out on a scheduled and ad-hoc basis. Our involvement in this contract shows our Group's continued efforts in expanding our services within the O&G industry and enabled us to grow our revenue.

In October 2021, our Group was listed on the LEAP Market of Bursa Securities. Since 2021, up to the LPD, we have expanded our customer base to include companies such as Customer A (2021), PBH Engineering Sdn Bhd (2022), Sigma Water Engineering (M) Sdn Bhd (2022), and Customer F (i.e., a subsidiary of a public company listed on the Main Market of Bursa Securities) (2023).

In addition to our PETRONAS license, we are required to meet SWEC requirements for the services that we provide to our customers in Malaysia. As at the LPD, we have 168 SWEC under our PETRONAS license, with each SWEC allowing our Group to bid for and supply specific registered services and products to the O&G industry in Malaysia. Further, as at the LPD, we have 11 ongoing contracts with PETRONAS group with expiration date of up to August 2026. Please refer to **Sections 7.2.1 and 7.2.2** of this Prospectus for further details on our secured contracts and SWEC, respectively. We have obtained other licenses and certifications over the years, including, amongst others, our ISO certifications in 2013 from NQA, our Suruhanjaya Tenaga (ST) license in 2016, the transition from ISO 9001:2008 to ISO 9001:2015 compliant in 2018, as well as ISO 45001:2018 in 2022.

A brief illustration of the key events in the history and development of our Group is depicted in the following diagram:



In summary, we have been involved in the O&G industry in Malaysia for approximately 12 years. Over the years, we have gradually expanded the scope of our business from a pipeline cleaning and maintenance specialist that provides EPCC services for chemical injection skids within the O&G industry to a broader range of O&G services covering installation and maintenance of oilfield equipment, supply of oilfield equipment and subsequently establishing itself as a one-stop service provider for improvement / maintenance of topside O&G facilities.

A summary of our Group's key events and milestones are set out below:

Year	Key achievements and milestones
2012	• Incorporation of Steel Hawk Engineering. • Obtained PETRONAS license.
2013	• Secured first contract from PETRONAS Carigali involving the provision of EPCC services for chemical injection skids at offshore platforms located within PETRONAS Carigali's Sarawak Operations (SKO). • Certified as an ISO 9001:2008 company by NQA.

7. BUSINESS OVERVIEW (CONT'D)

Year	Key achievements and milestones
2014	• Registered with CIDB as a Grade G5 contractor. • Received 'Zero Lost Time injury' Certificate from PETRONAS.
2015	• Secured multiple contracts from PETRONAS group within the scope of EPCC services for chemical injection skids. • Awarded first long-term Price Agreement (call out contract) from PETRONAS Carigali to provide EPCC services for chemical injection skids to 124 offshore platforms across PETRONAS Carigali's Peninsular Malaysia Operations (PMO), Sarawak Operations (SKO) and Sabah Operations (SBO).
2017	• Secured first contract from PETRONAS Carigali for the provision of supply, delivery, installation, maintenance and services of fire rated doors (involved supply of oilfield equipment as well as installation and maintenance of oilfield equipment). • Secured first contract from PETRONAS Carigali involving oil spill recovery equipment maintenance for Peninsular Malaysia Assets (involved supply of oilfield equipment as well as installation and maintenance of oilfield equipment).
2018	• Awarded first contract from PETRONAS Carigali involving the provision of onshore facilities maintenance, construction and modification services (involved EPCC services and facilities improvement / maintenance). • Awarded first contract from PETRONAS Carigali involving, amongst others, the provision of fabrication, installation, commissioning, inspection and maintenance works of pig trap system (involved supply of oilfield equipment as well as installation and maintenance of oilfield equipment). • Implemented transition from ISO 9001:2008 to ISO 9001:2015 by NQA.
2020	• Secured a 5-year contract from PETRONAS Carigali for the provision of living quarters & modularized offshore buildings maintenance and fire rated doors for Peninsular Malaysia Assets, Sarawak Oil Assets and Sarawak Gas Assets (involved supply of oilfield equipment as well as installation and maintenance of oilfield equipment). • Inked a memorandum of understanding with PETRONAS for the implementation of Vendor Development Program as an anchor contractor based on past performance.
2021	• Awarded a one-off supply contract by SAHID Sendirian Berhad of Brunei which is our first contract from the overseas market. • Upgraded our registration with CIDB as a Grade G7 contractor. • Secured a 3-year contract from PETRONAS Carigali involving oil spill recovery equipment maintenance for Peninsular Malaysia Assets (involved supply of oilfield equipment as well as installation and maintenance of oilfield equipment).
2022	• Secured a one-off contract from Sigma Water Engineering (M) Sdn Bhd for the provision of the design, supply, manufacture and delivery of chemical injection skid for Effluent Management At Source (EMAS) Project. • Secured a one-off contract from PBH Engineering Sdn Bhd for the provision of detailed engineering design work involving procurement, construction, installation and commissioning of storage and handling facilities for Propylene Oxide and Ethylene Oxide operations in Kerteh, Terengganu. • Received 'best contractor HSSE performance for Quarter 1 2022' certificate from Pengerang Refining and Petrochemical Company Sdn Bhd. • Certified as an ISO 45001:2008 company by Intertek Certification Limited.
2023	• Secured a contract from PETRONAS Carigali for the provision of pig trap system maintenance. • Secured a contract from PETRONAS Chemical LPDE Sdn Bhd for the provision of manpower, equipment, tools, services and consumables for bagging machines maintenance services.

7. BUSINESS OVERVIEW (CONT'D)

Year	Key achievements and milestones
2023 (cont'd)	• Secured a contract from PETRONAS Refinery and Petrochemical Corporation Sdn Bhd for the provision of rental of industrial hygiene equipment. • Secured 2 contracts from a company involved in provision of civil and structural engineering works for provision of EPCC services.

7.2 OUR PRINCIPAL ACTIVITIES AND BUSINESS MODEL

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[(1)]
Description	**EPCC services for chemical injection skids** Provision of EPCC services for chemical injection skids installed at onshore or offshore exploration and production facilities (e.g., platforms, rigs or terminals)	**Facilities improvement / maintenance** Overall improvement and maintenance of O&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	Supply of the oilfield equipment to be installed and maintained (i.e. repair, refurbishment, and replacement) at customers' sites	Supply and delivery of specific oilfield equipment and / or parts and components to embarkation points
Product and Services	• Site survey and inspection • Design and 3D modelling • Development of engineering drawings • Procurement of supplies • Fabrication and construction[(2)] • Erection and installation • Pre-testing, pre-commissioning, testing and commissioning • Preservation of existing chemical injection skids	• Inspection • Development of shop drawings, fabrication drawings and as-built drawings • Procurement of supplies • Fabrication and construction[(2)] • Erection and replacement of structures, fittings, pipes, tubing and electrical cables • Pre-testing, pre-commissioning, testing and commissioning • Rigging and scaffolding • Civil, electrical and instrumental works	• Oilfield equipment survey • Repair and refurbishment • Procurement of oilfield equipment as well as parts and components • Replacement of parts, components and oilfield equipment	• Pig trap system • Fire rated doors • Oil spill recovery equipment, etc.

Notes:

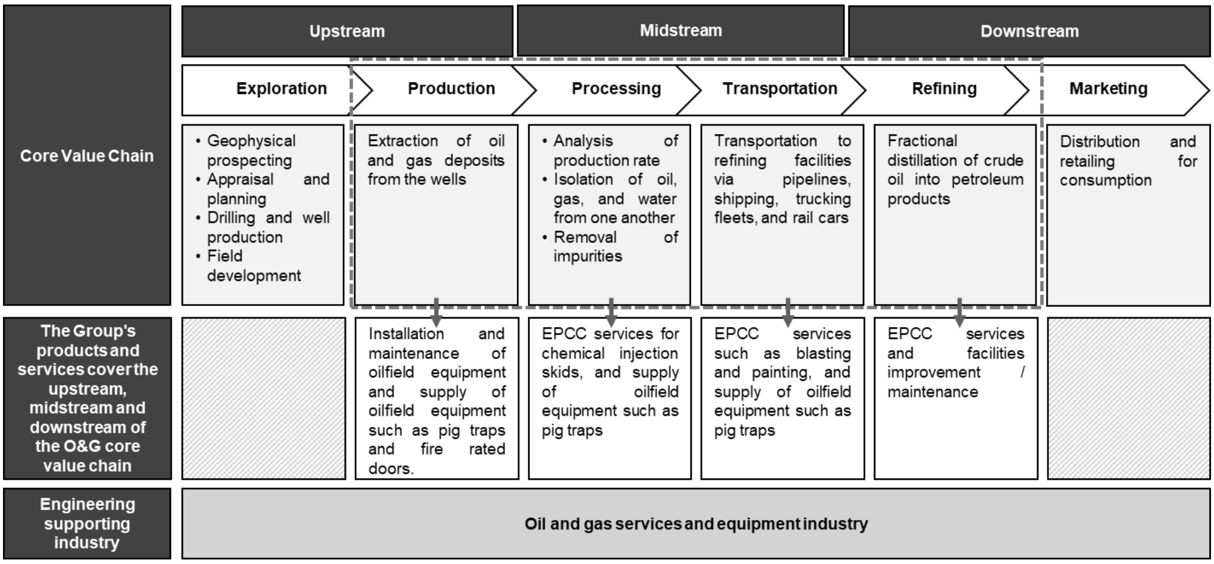
(1) Our Group's supply of oilfield equipment only involves the delivery of specific oilfield equipment and/ or parts and components to embarkation points such as supply bases or ports designated by its customers, without any installation or maintenance provided at its customers' facilities.

(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.

7. BUSINESS OVERVIEW (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. For the avoidance of doubt, our Group's EPCC services and facilities improvement/ maintenance segment is still affected by market conditions of the O&G industry. For example, during period of high crude oil prices, customers are more inclined to conduct expansion and upgrading of facilities and vice versa.

The value chain of the O&G industry is depicted as follows:



Note:

[dashed box] Denotes the segments of the O&G industry value chain which our Group supports. For the avoidance of doubt, our Group provides support services (i.e., maintenance of existing facilities, supply of oilfield equipment and improvement of facilities) to customers who operate within these sub-sectors of the supply chain.

(i) EPCC services and facilities improvement / maintenance

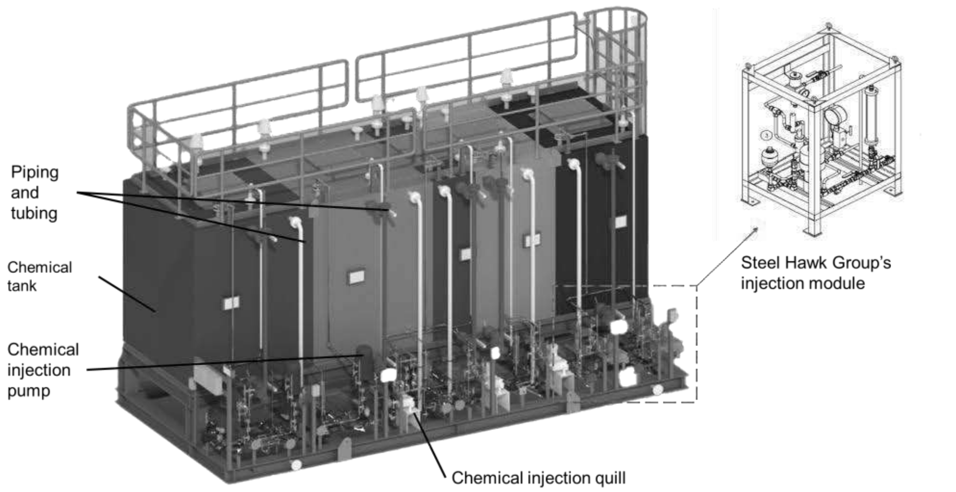
The services provided by our Group under this segment are categorised into EPCC services for chemical injection skids and facilities improvement / maintenance of topside O&G facilities which are described as follows:

EPCC services for chemical injection skids

A chemical injection skid is an equipment installed at onshore or offshore exploration and production facilities. It consists of multiple components, such as chemical tank, valves, piping and tubing, chemical injection pump, injection rate gauge, pressure gauge, and chemical injection quill. It is designed to inject various chemicals, usually as dilute solutions at precise amount and pressure into piping and O&G wells for the purpose of well cleaning, improving pipeline flow and preventing internal corrosion of pipelines.

An illustration of the chemical injection skid within the O&G exploration and production facilities is as follows:

Illustration of a chemical injection skid



Our EPCC services for chemical injection skids mainly cater to offshore O&G exploration and production facilities. We leverage on our engineering capabilities, as well as our network of suppliers and subcontractors. Save for specialised services that are outsourced to third party subcontractors such as the fabrication of large structures exceeding 6 metres (e.g., I-beam and metal plates) and blasting and painting of chemical tanks and skid bases, we undertake the majority of EPCC services for chemical injection skids to in-house (as elaborated below).

The scope of our EPCC services for chemical injection skids offered are as follows:

EPCC services	Description
Site survey and inspection	We conduct site surveys where we assess current condition of chemical injection skids at customers' sites. We make recommendations on the maintenance or replacement of chemical injection skids, as well as their parts and components. This applies to both maintenance of existing chemical injection skids and / or the need to install new chemical injection skids at customers' facilities.
Design	We design and engineer customised chemical injection skids with considerations of the condition of O&G exploration and production facilities and technical specification provided by our customers, amongst others, in order to optimise the chemical injection process.
Development of engineering drawings	We develop engineering drawings such as general arrangement drawing for equipment, piping isometric drawing and installation layout drawing, based on the technical specifications provided by our customers prior to commencement of procurement, fabrication and construction, as well as as-built drawings upon commissioning.
Procurement of supplies	We procure the necessary parts and components from our list of pre-approved suppliers.

EPCC services	Description
Fabrication and construction	The fabrication of large structures exceeding 6 metres (e.g., I-beam and metal plates) and blasting and painting of chemical tanks and skid bases are outsourced to our subcontractors, under our management and supervision. The assembling of chemical injection skids is conducted in-house by our employees upon completion of fabrication and blasting and painting works by our subcontractors.
Erection and installation	We remove existing chemical injection skids and install new chemical injection skids at our customers' sites.
Pre-testing, pre-commissioning, testing, and commissioning	We conduct pre-testing and pre-commissioning activities of chemical injection skids prior to installation. Upon installation, we conduct testing and commissioning activities with representatives of our customers at our customers' sites.
Preservation of existing chemical injection skid	We also conduct preservation of existing chemical injection skids which includes flushing of residue chemical inside the skid, nitrogen purging and line isolation on the existing chemical skid.

Facilities improvement / maintenance of topside O&G facilities

Our facilities improvement / maintenance of topside O&G facilities includes, amongst others, the periodical (with periodic interval ranging between 1 month to 6 months depending on our customers' maintenance schedule and written requests) or ad-hoc replacement of corroded or damaged structural members, handrails, gratings and piping spools; cleaning and painting of structures; as well as removal, installation or modification of piping, tubing, fittings and component parts of structures conducted onsite at the customers' facilities.

Our Group was awarded the first project involving facilities improvement / maintenance in December 2018 from PETRONAS Carigali to provide maintenance, construction and modification services for their onshore facilities at Kerteh, Terengganu (i.e. Onshore Gas Terminal and Onshore Slug Catcher). Pursuant to the said contract, the first work order issued to our Group was in March 2019 to carry out improvement/ modification works to the Onshore Gas Terminal of PETRONAS Carigali during its shutdown period, which involved, amongst others, the rerouting of pipelines. The rerouting of pipelines involves consideration of technical feasibility, environmental impact and requires engineering design and planning. As such, the work order issued to Steel Hawk under the said contract involved the provision of EPCC services and facilities improvement / maintenance.

The scope of our facilities improvement / maintenance of topside O&G facilities is as follows:

Facilities improvement / maintenance	Description
Inspection	We conduct periodical or ad-hoc inspections where we identify damaged or corroded structures and fittings as well as defective pipes, tubing and electrical cables.

Facilities improvement / maintenance	Description
Development of shop drawings, fabrication drawings and as-built drawings	We develop shop drawings and fabrication drawings based on the approved for construction drawings and technical specifications provided by our customers prior commencement of procurement, fabrication and construction, as well as as-built drawings upon commissioning.
Procurement of supplies	We procure the necessary parts and components from our list of pre-approved suppliers.
Fabrication and construction	The fabrication of large structures exceeding 6 metres, blasting and painting of materials (i.e. structures, pipes, tubing and fittings) are outsourced to our subcontractors, while we manage and supervise all aspects of the fabrication, blasting and painting.
Erection and replacement of structures, fittings, pipes, tubing and electrical cables	We remove the damaged structures and fittings as well as defective pipes, tubing and electrical cables and install the newly fabricated structures, fittings, pipes, tubing and electrical cables at our customers' sites on an ad-hoc basis, and during major shutdowns and turnarounds.
Pre-testing, pre-commissioning, testing, and commissioning	We conduct pre-testing and pre-commissioning activities prior to installation. Upon installation, we conduct testing and commissioning activities with representatives of our customers at our customers' sites.
Rigging and scaffolding	We provide rigging and scaffoldings, which are temporary structures built to allow access for replacement, testing and commissioning activities.
Civil, electrical and instrumentation works	We provide civil, electrical and instrumentation works, as and when required by our customers.

The illustrations below are samples of parts on topside O&G facilities before and after we undertake facilities improvement / maintenance activities:

Before	After
 Corroded pipe	 Pipe after blasting and painting

(ii) Installation and maintenance of oilfield equipment

We provide installation and maintenance services (i.e., repair, refurbishment, and replacement) of specified oilfield equipment such as fire rated doors, pig trap systems, and oil spill recovery equipment in topside O&G facilities. Please refer to **Section 7.2 (iii)** of this Prospectus for the details of the specified oilfield equipment. For information purposes, unlike our Group's facilities maintenance of topside O&G facilities, where such services generally involve the periodical maintenance of any structures and fittings as well as defective pipes, tubing and electrical cables identified within the topside O&G facilities, the installation and maintenance services of specified oilfield equipment provided by our Group are based on ad-hoc basis, as and when needed or requested by our customers.

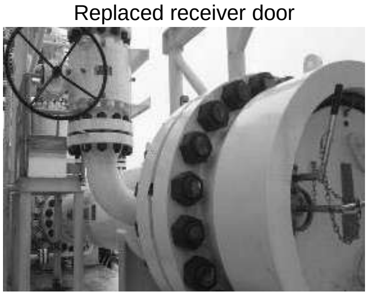
Our installation and maintenance of oilfield equipment includes the supply of the oilfield equipment (such as fire rated doors, panic bar and perimeter gasket), pig trap accessories (such as pig signaller, door seals and quick opening closures) to be installed and maintained at customers' sites.

We leverage on our engineering capabilities, specific industry knowledge of regulations and requirements / criteria as well as our network of suppliers to offer installation and maintenance of oilfield equipment to our customers. The scope of our installation and maintenance of oilfield equipment services are as follows:

Installation and maintenance of oilfield equipment	**Descriptions**
Oilfield equipment survey	We conduct ad-hoc surveys (upon request from customers) of existing oilfield equipment at our customers' sites where we identify damaged parts and components as well as defective oilfield equipment.
Repair and refurbishment	We repair and refurbish oilfield equipment if the damages are able to be repaired or refurbished. These include equipment such as fire rated doors, hinges, door handle, panic bar and perimeter gaskets.
Procurement of oilfield equipment as well as parts and components	If the oilfield equipment can be repaired or refurbished, we procure the necessary parts and components from our list of pre-approved suppliers for repair or refurbishment. If the oilfield equipment is unable to be repaired or refurbished, we source and procure replacement oilfield equipment, either as complete assembled or as separate parts and components for in-house assembly, from our suppliers, based on the required technical specifications, to be installed at our customers' sites.
Replacement of parts, components and oilfield equipment	We remove the damaged parts, components and oilfield equipment, and install with the repaired / refurbished / new parts, components, and oilfield equipment.

7. BUSINESS OVERVIEW (CONT'D)

The illustrations below are samples of pig trap system and fire rated doors before and after we undertake installation and maintenance services:

Before	After
Pig Trap System	
 Corroded pig trap receiver door	 Replaced receiver door
 Damaged pig trap launcher barrel	 Replaced entire pig trap launcher barrel
Fire Rated Doors	
 Malfunctioning door	 Upgraded new door with frame
 Door with damaged panic bar	 Door with new panic bar

(iii) Supply of oilfield equipment

We are involved in standalone supply of oilfield equipment services to our customer which we undertake through purchase orders on an ad-hoc basis. For clarification, unlike our installation and maintenance of oilfield equipment, the 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 our customers, without any installation or maintenance provided at our customers' facilities. The oilfield equipment and their parts and components are procured for our list of pre-approved suppliers as complete assembled oilfield equipment, or as separate parts and components for in-house assembly prior to delivery.

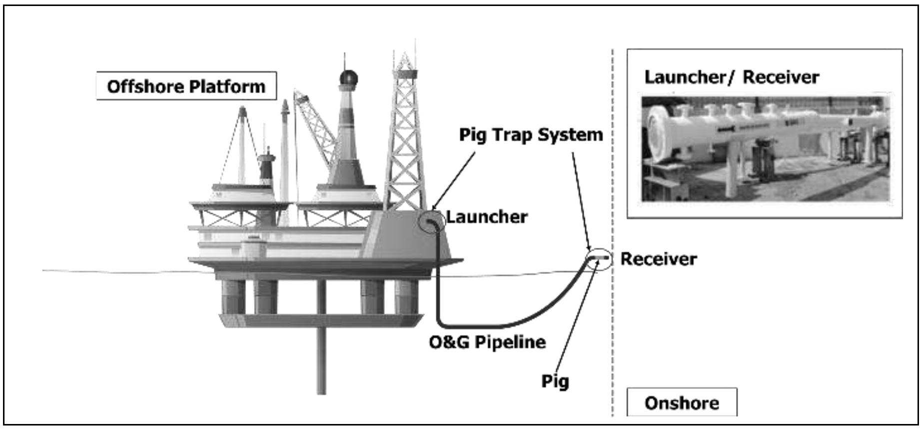
The types of oilfield equipment that we offer include the following:

(a) Pig trap system

A pig trap system is used in the maintenance of pipelines and comprises a launcher and receiver enclosure door with associated equipment. It is typically installed at onshore or offshore facilities and connected to pipelines to enable the execution of pigging activity, which is an essential pipeline maintenance activity that serves to maximise production flow and mitigate internal corrosions of pipelines without interrupting production flow.

Pig trap system comprises launcher and receiver enclosure doors, major barrel, reducer, minor barrel and its associated equipment such as isolation valves, drain line piping, vent line piping, kicker plate / bypass line piping, equalizer, pig signaller, pressure gauge, double block and bleed system and temperature gauge.

The pig trap system is assembled by our Group's engineers at our customers' facility, where the barrels are fabricated by our subcontractors while the other parts and components are sourced from our suppliers.



Pigging activity – a pipeline maintenance service involving the use of pipeline inspection gauges or 'pigs', which are pushed along down the pipeline from the launcher enclosure door until it reaches the receiver enclosure door, cleaning the pipeline along the way.

The illustrations below are types of pig signaller (part of the pig trap system equipment) that we offer:

Non-intrusive pig signaller	Non-intrusive pig signaller
	
Used on pipes measuring above 18 inches in diameter	Used on pipes measuring 18 inches and below in diameter

(b) Fire rated doors

Fire rated doors are fittings that provide protection by slowing the transfer of heat and flames when in contact with fire.

We offer single leaf, double leaf, sliding and customised onshore fire rated doors with 15 minutes, 1-hour and 2-hour fire ratings, as well as offshore fire rated doors with 2-hour fire rating. All our fire rated doors are in compliance to requirements by the Standards and Industrial Research Institute of Malaysia (SIRIM) and Fire and Rescue Department of Malaysia (BOMBA), Universal Building By-Law 1984, International Maritime Organisation and Safety of Lift at Sea (SOLAS) & PETRONAS Technical Standard (PTS) 11.22.04: Design of Offshore Living Quarters.

We procure complete assembled fire rated doors as well as their parts and components from our suppliers, which are then assembled at our yard and subsequently to be installed at our customers' sites.

The illustrations below are the fire rated door or parts and components of fire rated doors that we offer:

Single leaf door	Double leaf door
	

(c) Oil spill recovery equipment

The oil spill recovery equipment provided by our Group includes oil booms, skimmers and absorbents that are used to clean up and control ocean oil spills. We procure complete assembled oil spill recovery equipment, as well as parts and components from our suppliers to be installed and/ or replaced at our customers' sites.

The illustrations below are types of oil spill recovery equipment that we offer:

Oil skimmers	Oil booms
	
An oil skimmer is a device used to recover spilled oil from the water’s surface.	An oil boom is a temporary floating barrier used to contain oil spills on water.

(d) Other oilfield equipment

We also offer other oilfield equipment such as subsea mechanical connectors and welding safety habitats as illustrated below:

Subsea mechanical connectors	Welding safety habitat
	
Specialised devices used in underwater applications in joining various components and equipment together	A protective structure or enclosure used in welding and other hot work operations to ensure safety of workers

7.2.1 Our Contracts

Price Agreements (call out contracts)

We provide our abovementioned O&G support services to customers through Price Agreements (call out contracts) with tenures ranging from 1 to 5 years, which include options for extension of up to 2 years. Notwithstanding the foregoing, the parties may agree for further extensions, where applicable. Under a Price Agreement (call out contract) (which does not have a fixed contract value), we are engaged by our customer through work orders to provide specified services for the duration of the contract, as and when such services are required. As at the LPD, our ongoing Price Agreements (call out contracts) are as follows:

Description of contracts	Business activities involved(1)	Customer(s)	Contract validity period
Provision of onshore facilities maintenance, construction, and modification services (Package B – Peninsular Malaysia Asset, Terengganu Gas Terminal and Onshore Slug Catcher)	(i)	PETRONAS Carigali	12 December 2018 – 31 December 2024(2)
Provision of living quarters and modularised offshore buildings maintenance and fire rated doors (Package B1 – Peninsular Malaysia Asset)	(ii), (iii)	PETRONAS Carigali	28 October 2020 – 27 October 2025
Provision of living quarters and modularised offshore buildings maintenance and fire rated doors (Package B3 – Sarawak Oil)	(ii), (iii)	PETRONAS Carigali	28 October 2020 – 27 October 2025
Provision of living quarters and modularised offshore buildings maintenance and fire rated doors (Package B4 – Sarawak Gas)	(ii), (iii)	PETRONAS Carigali	28 October 2020 – 27 October 2025
Provision of oil spill recovery equipment maintenance	(ii), (iii)	PETRONAS Carigali	21 March 2021 – 20 March 2024
Provision of scaffolding services	(ii)	Customer E	8 February 2022 – 9 February 2025(3)
Provision of rental of gas detector, walkie talkie and leak detection equipment at Petronas NGV stations	(iii)	PETRONAS NGV Sdn Bhd	1 December 2022 – 30 November 2025
Provision of pig trap system maintenance (Package A – Sarawak Asset)	(ii), (iii)	PETRONAS Carigali	27 February 2023 – 26 February 2025(4)
Provision of pig trap system maintenance (Package C – Peninsular Malaysia Asset)	(ii), (iii)	PETRONAS Carigali	27 February 2023 – 26 February 2025(4)
Provision of manpower, equipment, tools, services and consumables for bagging machines maintenance services	(ii), (iii)	PETRONAS Chemical LDPE Sdn Bhd	18 June 2023 – 17 June 2025

Description of contracts	Business activities involved[(1)]	Customer(s)	Contract validity period
Provision of rental of industrial hygiene equipment	(ii), (iii)	PETRONAS Refinery and Petrochemical Corporation Sdn Bhd	8 August 2023 – 7 August 2026
Provision of engineering, procurement, fabrication, construction, and delivery of integrated chemical injection skid for all Dulang platforms	(i)	PETRONAS Carigali	26 December 2023 – 2 December 2024

Notes:

(1) (i) refers to EPCC services and facilities improvement / maintenance; (ii) refers to installation and maintenance of oilfield equipment; and (iii) refers to supply of oilfield equipment.

(2) The initial contract period was 3 years including a 2-year extension which was exercised by PETRONAS Carigali. Subsequently on 5 December 2023, PETRONAS Carigali has granted a further extension of 1 year and 20 days from 12 December 2023.

(3) The initial contract period is for 2 years and has a 1-year extension option subsequent to completion of the initial contract period.

(4) The initial contract period is for 1 year and has a 1-year extension option subsequent to completion of the initial contract period.

Based on the table above, as at the LPD, our Group has 11 ongoing Price Agreements (call out contracts) with PETRONAS group with expiration date of up to August 2026.

The key salient terms of our Price Agreements (call out contracts) with PETRONAS group are, among others, as follows:

*Note: For the purpose of disclosing the salient terms of the Price Agreements (call out contracts), Steel Hawk Engineering shall be referred to as the "**Contractor**" and PETRONAS group shall be referred to as the "**Customer**".*

Duration	The tenure of the Price Agreements (call out contracts) ranging from 1 to 5 years, which include options for extensions of up to 2 years. Notwithstanding the foregoing, the parties may agree for further extensions, where applicable.
Work order	The contract does not constitute or imply any commitment or guarantee by the Customer on any volume (including any minimum order) and / or call-outs on the works. Requisition of the works to be performed will be based on any purchase order, release order, service order or work order issued by the Customer and any payment pertaining thereof will be subject to the terms and completion of the relevant order.

Invoicing and payment	(i) Payments shall be made by the 30th day after receipt date of the payment request complete with the invoice by the Customer (date of receipt excluded). If the 30th day falls on Saturday, Sunday or a gazetted public holiday, the next working day shall be deemed to be the due date of payment. (ii) Payments due to the Contractor may be withheld by the Customer on account of the following: (a) Breach and / or unsatisfactory performance of work under the contract; (b) The filing of claims against the Customer cause by acts or omission of the Contractor or failure of the Contractor; (c) Failure to submit or maintain the bank guarantee (including renewals) and / or the parental / principal guarantee if required under the contract; (d) Failure to submit or maintain valid insurance policies; or (e) Failure of the Contractor in performing the works or amount due to the Contractor's sub-contractor on the works. (iii) If and when cause(s) for withholding any such payment has / have been remedied by the Contractor and satisfactory evidence of such remedy has been presented to the Customer, the payments withheld shall be released by the Customer. (iv) If and when cause(s) for withholding any such payment are not remedied by the Contractor, the Customer shall then have the right to deduct any monies due to the Contractor.
Performance Guarantees	(i) If required, the Contractor shall furnish to the Customer within 30 days from the effect date of the contract the following performance guarantee: (a) An irrevocable and unconditional first call bank guarantee issued by a commercial bank operating and licensed in Malaysia and acceptable to the Customer by way of guarantee for the due performance by the Contractor of its obligations under the contract. The value of the bank guarantee, shall throughout the contract period be maintained at the value as specified in the contract and shall be binding on the Contractor notwithstanding any alterations, or extensions of time as may be made, given, conceded, or agreed under the contract; and / or (b) A parental / principal guarantee duly executed by the Contractor's ultimate holding company or principal / technical partner(s) in the form and substance in the contract. (ii) The performance guarantee shall remain valid and effective throughout the contract period and until the following: (a) 90 days after the expiry of the contract period; or

Performance Guarantees (cont'd)	(b) 90 days after the expiry of the defect liability period of works; whichever is late. For the avoidance of doubt, in the event that the performance guarantee provided do not fulfill the requirement abovementioned, or insufficient, the Contractor shall, furnish additional performance guarantee to cover the shortfall between the existing performance guarantee and the value as required under the contract. In the event the Contractor fails to provide the additional performance guarantee as required, the Customer shall, without prejudice to all its other rights under the contract, invoke the performance guarantee and / or withhold any payments due or that may become due to the Contractor upon occurrence of such failure.
Insurance	The Contractor shall at its own cost and expense carry and maintain in full force throughout the contract period the relevant insurances as specified in the contract with insurance companies satisfactory to the Customer.
Liquidated ascertained damages	If the Contractor fails to deliver the works on or before the scheduled delivery date, then it is agreed that the Contractor shall pay the Customer an amount consists of 0.50% to 1.00% of the value of the relevant order with a maximum 10.00% of the value of the relevant order, where applicable, by way of liquidated damages for late delivery. The parties agree that the liquidated damages for late delivery shall be deemed a genuine pre-estimate of losses likely to be suffered by the Customer.
Default	The occurrence of any of the following events shall be deemed a default by the Contractor under the contract: (i) The Contractor commits a breach under the contract and / or applicable law; or (ii) Any attempted transfer, novation or assignment by the Contractor of the contract without the prior written approval of the Customer; or (iii) The making by the Contractor of an assignment for the benefits of creditors, the filing by or against the Contractor of a petition in bankruptcy or for corporate re-organization, or the appointment of a receiver or trustee for the Contractor or the properties of the Contractor or the Contractor becomes insolvent or suspends payment of its debts generally or is unable to pay its debt as and when the debts fall due or an order is made or a resolution is passed for the winding-up, liquidation and / or dissolution of the Contractor; or (iv) The failure of the Contractor to satisfy within 30 days of its entry any judgment upon which execution is possible or the attachment of any general liens against the real or personal property of the Contractor; or

Default (cont'd)	(v) If the Contractor is incompetent or has acted in a manner prejudicial to the Customer's best interest or has engaged in graft or any malpractices for doing or forbearing to do or for having done or forborne to do any act in relation to the obtaining or executing of the contract or any other contract with the Customer; or (vi) If the Contractor has failed to perform the works or part thereof, in a diligent, skillful and professional manner as required, failed to comply with the Customer's safety or other rules or regulations, has produced sub-standard works, the works delivered or to be delivered are not in conformance with the requirement of the contract or Contractor has failed to adhere to any of its duties and obligations under the contract; or (vii) If the Contractor fails, neglects, omits or refuses to carry out its obligations under the contract; or The failure by the Contractor to deliver the works by the due date or failure to rectify or replace defective works to the Customer's satisfaction within the time period; or (viii) The failure by the Contractor to maintain a valid PETRONAS' license and / or registration; or (ix) If the Contractor has breached the representations and warranties; or (x) If the Contractor has failed to comply with the Customer's applicable Health, Safety and Environmental (HSE) laws, rules and regulations; or (xi) If the Contractor has failed to submit the requisite performance guarantee, if applicable under the contract; or (xii) If the Contractor has failed to comply with the insurance requirement; or (xiii) If the Contractor has breached its confidentiality obligations; or The change in the financial position of the Contractor which materially affects the Contractor's business, operations and Contractor's performance of the contract.
Termination	(i) Termination without cause (a) The Customer may, at any time, terminate the contract without cause by giving 30 days prior written notice to the Contractor that the Customer intends to terminate the Contract, specifying the contract to be terminated and the effective date of termination. (b) The Contractor shall, within 30 days from the effective date of termination, submit its final invoice for the following: (aa) all amounts incurred for the works performed up to the date of termination; and (bb) all auditable expenses resulting directly from the termination to the extent it is authorized in advance by the Customer.

Termination (cont'd)	(c) The Contractor shall: (aa) waive all claims against the Customer; and (bb) release, protect, indemnify and hold harmless the Customer, from and against any claims, demands, causes of action, liabilities or losses arising from or connected with termination by the Customer. (ii) Termination with cause (a) Subject to the provision for default as stated above: (aa) the Customer shall forthwith terminate the contract in the event that a default is not capable of remedy; or (bb) in the event the Contractor fails to remedy a default (or overcome its effects) within the period specified by the Customer in the notice, the Customer shall give 30 days written notice to the Contractor specifying the contract to be terminated and the effective date of termination. (b) The Contractor shall be responsible for all claims, losses, costs and liabilities howsoever incurred as the result of the termination.
Dispute resolution	(i) Any dispute or difference arising out of or in connection with the contract or the implementation of any of the provisions of the contract shall be referred to the respective parties' senior management for resolution. (ii) Where such dispute or difference cannot be settled amicably within 30 days from being referred to the parties' senior management, such dispute or difference shall be submitted to arbitration by a panel of 3 arbitrators, 1 to be appointed by the claimant, 1 to be appointed by the respondent (or if there is more than 1 claimant or respondent, the 1 arbitrator in question shall be appointed jointly by such claimants or respondents) and the third, who shall be the chairman, to be jointly appointed by the arbitrators appointed by the claimant and respondent.

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Fixed contract

We provide our abovementioned O&G support services to customers through one-off fixed contracts with a fixed contract value with milestone payments, to be delivered within the stipulated delivery date. As at the LPD, our ongoing fixed contracts are as follows:

Description of contracts	Business activities involved[(1)]	Contract value RM'000	Customer(s)	Contract date / delivery date
Provision of supply and delivery of slug catcher skid (BMHT)	(i)	7,200	Customer F	16 June 2023 / 10 April 2024[(2)]
EPC of NC1 fire water piping replacement	(i)	4,250	Customer A	5 June 2021 / 13 June 2024
Supply, fabrication, installation and testing of new propylene oxide ("PO") storage tank, PO piping including of PO (jetty & feeding), vapor return, nitrogen, plant air, chilled water and service water line and provision of engineering, supply, non-destructive testing ("NDT"), factory acceptance test (FAT), installation and testing of equipment (mechanical), blasting and painting and installation of civil and structural work, equipment and electrical work, equipment and instrumentation work, fire fighting system and instrumentation signal cable	(i)	54,978	PBH Engineering Sdn Bhd	30 May 2022 / 12 April 2024[(3)]
Provision of the design, supply, manufacture and delivery of chemical injection skid	(i)	2,000	Sigma Water Engineering (M) Sdn Bhd	17 June 2022 / 30 April 2024[(4)]
Provision of the design, supply, manufacture and delivery of ladder and handrail chemical tank	(i)	73	Sigma Water Engineering (M) Sdn Bhd	27 July 2022 / 30 April 2024[(4)]
Provision of design, supply, manufacture and delivery of ACC controller for 9 units of pump in chemical injection skid	(i)	180	Sigma Water Engineering (M) Sdn Bhd	29 July 2022 / 30 April 2024[(4)]
Provision of delivery of 10 units of kenco magnetic level gauge	(i)	310	Sigma Water Engineering (M) Sdn Bhd	17 August 2022 / 30 April 2024[(4)]
Provision to design, supply, manufacture and delivery of the chemical injection skid	(i)	480	Sigma Water Engineering (M) Sdn Bhd	17 August 2022 / 30 April 2024[(4)]

Description of contracts	Business activities involved[(1)]	Contract value RM'000	Customer(s)	Contract date / delivery date
Provision of supply and delivery of portable methanol injection skid	(i)	1,500	Customer F	16 June 2023 / 19 March 2024[(5)]
Provision of supply and delivery of booster pump injection skid	(i)	450	Customer G	5 December 2023 / 18 April 2024

Note:

(1) (i) refers to EPCC services and facilities improvement / maintenance; (ii) refers to installation and maintenance of oilfield equipment; and (iii) refers to supply of oilfield equipment.

(2) Based on the delivery date stated in the variation order dated 2 October 2023 from Customer F to Steel Hawk Engineering.

(3) Based on the extended delivery date acknowledged by PBH Engineering Sdn Bhd on 23 February 2024.

(4) Based on the extended delivery date acknowledged by Sigma Water Engineering (M) Sdn Bhd on 4 March 2024.

(5) Based on the extended delivery date acknowledged by Customer F on 24 February 2024.

7.2.2 Our SWEC

We are required to register SWEC with PETRONAS in order to participate in tender activities and supply the registered services and products to the O&G industry in Malaysia. As at the LPD, we have 168 SWEC under our PETRONAS licence.

7.2.3 Warranty

Our contracts generally stipulate a warranty period of between 12 to 36 months to cover any defects, and if our customers report defects, our technical personnel will investigate and rectify the defects.

The parts and components that we source from our suppliers are provided with warranty period of typically 12 months from our suppliers. Thus, we practice back-to-back warranty where we obtain warranty claims from our suppliers if there are defects in any of the parts and components in the oilfield equipment installed at our customer's site.

7.3 COMPETITIVE STRENGTHS

7.3.1 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. Please refer to **Section 7.9** of this Prospectus for information on our ISO 9001: 2015 and ISO 45001: 2018 certificates.

Over the years of our business operations, we received several certifications and focus recognitions from PETRONAS which attest to our performance and HSE management, as follows:

- Recorded zero lost time injury for the supply and delivery of chemical injection packages and sump and drain packages for pipeline replacement projects in 2014 and 2015.
- Awarded with Outstanding Vendor Award in 2015 and 2016.
- Recorded an overall supplier tracking assessment rating (STAR) of 4 rating (i.e., excellent) for our contracts between 2017 and 2020, which indicates that our overall performance is above acceptable standard.
- Received 8 focus recognitions from PETRONAS in 2018 and 2019 for our contribution towards zero HSE incidents and safe man-hours.

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:

Contracts	Initial contract period	Extended contract period
Provision to supply and maintenance of chemical injection skid	15 December 2015 – 14 December 2017	15 December 2017 – 14 December 2018
Provision of manpower, equipment and material supply for vessel receiving and bunkering operations	14 July 2016 – 13 July 2018	14 July 2018 – 13 July 2019
Provision of pig supply and refurbishment services	2 April 2017 – 1 April 2018	2 April 2018 – 1 April 2019
Provision of supply, delivery, installation maintenance and services of fire rated doors (Package A – Sarawak Operations)	24 July 2017 – 23 July 2019	24 July 2019 – 23 July 2020
Provision of supply, delivery, installation maintenance and services of fire rated doors (Package C – Peninsular Malaysia Operations)	24 July 2017 – 23 July 2019	24 July 2019 – 23 July 2020
Provision of oil spill response equipment maintenance	11 December 2017 – 10 December 2019	11 December 2019 – 10 December 2020
Provision of onshore facilities maintenance, construction and modification services (Package B – Peninsular Malaysia Asset, Terengganu Gas Terminal and Onshore Slug Catcher Terminal)	12 December 2018 – 11 December 2021	12 December 2021 – 11 December 2023
Provision of engineering, procurement, fabrication, installation, commissioning, inspection and maintenance works of pig trap system (Package A – Sarawak Oil Assets)	23 July 2018 – 22 July 2021	23 July 2021 – 22 July 2022
Provision of engineering, procurement, fabrication, installation, commissioning, inspection and maintenance works of pig trap system (Package B – Sarawak Gas Assets)	23 July 2018 – 22 July 2021	23 July 2021 – 22 July 2022

Contracts	Initial contract period	Extended contract period
Provision of engineering, procurement, fabrication, installation, commissioning, inspection and maintenance works of pig trap system (Package D – Peninsular Malaysia Assets)	23 July 2018 – 22 July 2021	23 July 2021 – 22 July 2022

Since the commencement of our business operations in 2013 up to the LPD, we have secured a total of 44 contracts (comprising fixed / Price Agreements (call out contracts)) with PETRONAS group.

7.3.2 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.

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.

As at the LPD, we have 48 technical personnel, which accounted for 70.59% of our total 68 employees. Further details of our Group's technical personnel categorised by department/ division and working experience are as follows:

Department/ Division	Number of employees	Years of experience		
		0-5	5-10	>10
Mechanical, Mechatronics and Civil	25	10	12	3
Electric and electronics and instrumentation engineering	5	4	-	1
Onshore- welders, construction superintendents, fitter foremen and riggers	18	6	3	9
Total	**48**	**20**	**15**	**13**

By leveraging on the combined knowledge and experience of our technical staff, we have been able to develop customised engineering solutions to satisfy our customers' requirements and specifications. The adaptability and resilience of our engineering and technical abilities have been fundamental to the growth of our business and will continue to ensure that we remain sustainable over the long term.

Please refer to **Section 7.19** of this Prospectus for information on our employees.

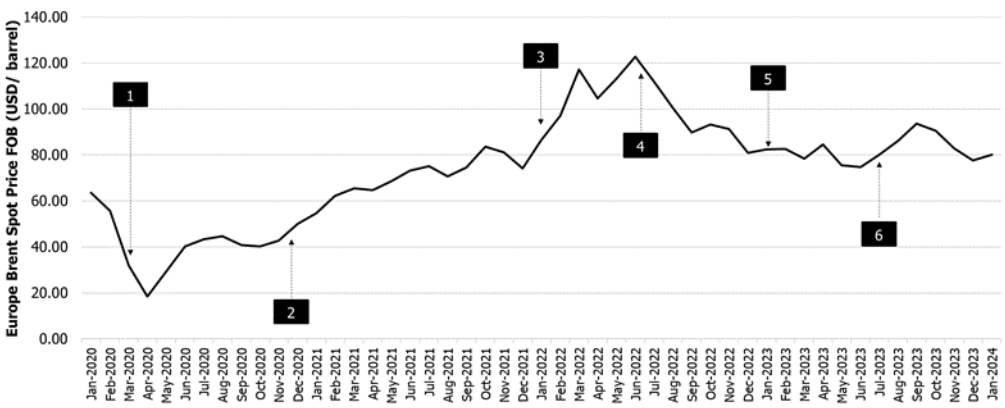
7.3.3 The nature of our business, where our business operations are not materially affected by crude oil and gas production and price fluctuations, coupled with our long-term contracts, enable us to generate sustainable revenue

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.

Nevertheless, our Group's EPCC services and facilities improvement / maintenance segment may still be affected by the capital expenditure of our customers in the O&G industry as their capital expenditure is based on market conditions of the O&G industry. For example, during period of high crude oil prices, our O&G customers are more inclined to conduct expansion and upgrading of facilities and vice versa.

Notwithstanding the above, the insulation derived for mandatory upkeep and maintenance enables us to generate sustainable revenue streams throughout the duration of our contracts. The following diagram provides the historical crude oil prices since 2020 up to January 2024:



Notes:

(1) On 11 March 2020, the WHO declared COVID-19 as a global pandemic

(2) In December 2022, WHO rolled-out the COVID-19 vaccination. Global economic activities continue to pick up

(3) On 24 February 2022, Russia invaded parts of Ukraine, prompting the Russia-Ukraine war

(4) Fears of global recession as inflation soared in major economies particularly in the US coupled with China economic slowdown

(5) In December 2022, China began to its zero-COVID policy, prompting revitalisation in the global supply chain

(6) Tightening of oil supply as the Organisation of the Petroleum Exporting Countries members plus other oil-producing countries known as the nations announced extension of oil output cuts

A summary of our Group's revenue by business activities for the Financial Years Under Review is as follows:

Revenue	Audited		
	FYE 2021	FYE 2022	FYE 2023
	RM'000	RM'000	RM'000
EPCC services and facilities improvement / maintenance	18,240	57,788	64,927
Installation and maintenance of oilfield equipment	5,235	7,310	5,782
Supply of oilfield equipment	1,370	1,228	1,828
Total	**24,845**	**66,326**	**72,537**

Our Group had experience steady growth in our EPCC services and facilities improvement / maintenance segment from RM18.24 million in the FYE 2021 to RM64.93 million in the FYE 2023. This growth can be seen to be in tandem with increases in crude oil prices. However, in May 2022, oil prices began to drop as shown in the graph above. Notwithstanding this, our Group continued to experience growth in the FYE 2023 as we recorded revenue of RM64.93 million for our EPCC services and facilities improvement / maintenance segment as compared RM57.79 million in the FYE 2022.

Nevertheless, the business of our Group is subject to PETRONAS group's expenditure cycle and yearly pre-planned maintenance programs such as preventive maintenances, periodic maintenance, turnarounds and / or shutdown maintenances. Further, the duration of contracts we secured ranges from 1 to 5 years including options for extension of up to 3 years. Notwithstanding the foregoing, the parties may agree for further extensions, where applicable. As at the LPD, we have 11 ongoing contracts with PETRONAS group with expiration dates of up to August 2026. We have also signed Price Agreements (call out contracts) which allows us to charge our customers for our services and products at fixed rates as stipulated in the Price Agreements (call out contracts).

7.3.4 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 Group's key management team is as follows:

Name	Designation	Years of relevant working experience
Dato' Sharman	Deputy Chairman / Executive Director	20
Salimi Bin Khairuddin	Executive Director / Chief Executive Officer	14
Khairul Nazri Bin Kamarudin	Chief Operating Officer	10
Datin Annie A/P V Sinniah	Human Resource and Administration Director	17
Vinthra A/P Vijayakumar	Chief Financial Officer	12

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 5.4.2** of this Prospectus for the profiles of our Key Senior Management.

7.4 BUSINESS STRATEGIES AND FUTURE PLANS

7.4.1 We plan to establish our own fabrication yard at Teluk Kalung, Kemaman, Terengganu

As at the LPD, our business operations are mainly carried out at the Existing Teluk Kalung Facility 1 located at Teluk Kalung, Kemaman, Terengganu, which has a total land area and gross built-up area of approximately 23,508 sq. ft. and 7,609 sq. ft., respectively. The works undertaken at the Existing Teluk Kalung Facility 1 include fabrication of chemical injection skids (save for the large structures exceeding 6 metres, e.g. I-beam and metal plates), pipes, tubing and fittings in-house to support our main business segment, namely the EPCC services and facilities improvement / maintenance operations. We also undertake assembly of fire rated doors at the Existing Teluk Kalung Facility 1 which are then installed at our customers' sites.

We anticipate that our fabrication activities will further increase in tandem with the anticipated increase in spending on EPCC services in the O&G industry as highlighted in **Section 8** of this Prospectus. Accordingly, 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.

For information purposes, our Group had on 1 October 2023 entered into a leasing agreement with PMINT to lease part of the Teluk Kalung Land measuring approximately 124,629 sq. ft. for a period of up to 30 years with an option to apply for an extension of another 30 years. Pursuant to the Lease Agreement, our Group shall pay to PMINT a total lease payment of RM1.53 million, of which RM0.31 million deposit payment (i.e., 20% of the total lease payment) has been paid by our Group on 11 October 2023, and the balance lease payment of RM1.22 million (i.e., 80% of the total lease payment) shall be paid by our Group through its internally generated funds by way of 3 equal instalments of RM0.41 million in half-yearly intervals (i.e., on or before 30 April 2024, 31 October 2024 and 30 April 2025), respectively.

For the avoidance of doubt, we will only be able to register the lease upon making full payment of the balance lease payment of RM1.22 million. As such, there can be no assurance that the aforementioned lease can be registered in favour of our Group or can be registered in a timely manner pursuant to the Lease Agreement due to reasons beyond the control of our Group. Notwithstanding the foregoing, our Board will endeavour to complete the payment of the balance lease consideration to facilitate the registration of the lease in favour of our Group thereafter.

The Proposed Teluk Kalung Facility 2 is estimated to have a gross built-up area of approximately 55,780 sq. ft. A floor space of approximately 44,024 sq. ft. will be allocated for production space consisting of 2 fabrication yards (i.e., carbon steel fabrication and stainless steel fabrication), a blasting and painting chamber, a NDT space and a chemical storage space. A floor space of approximately 11,756 sq. ft. will be allocated for office space and warehouse. The production space will be utilised for our EPCC services and facilities improvement/ maintenance operations whereas the office space will be used for the new headquarters of Steel Hawk Engineering as well as to accommodate any future increases in workforce. The warehouse will be used to store raw materials, machinery and equipment.

The larger space of the Proposed Teluk Kalung Facility 2 will enable us to carry out more steelwork fabrication as well as undertaking blasting and painting activities internally as opposed to subcontracting such specialised works to third-party subcontractors. Being able to undertake the blasting and painting works in-house is critical to optimise the turnaround time of our EPCC services while minimising the possible delays caused by external subcontractors' delivery schedule. In addition, undertaking an active role in blasting and painting activities allows us to precisely meet our customer's requirement as we will have better control over the quality of such specialised works instead of relying on third-party service providers. This can lead to more cost savings and higher operational efficiency in the long run.

The total estimated costs for the construction of the Proposed Teluk Kalung Facility 2 is approximately RM13.64 million, which will be funded via a combination of internally generated funds and proceeds raised from our Public Issue. The construction of the Proposed Teluk Kalung Facility 2 is expected to be completed by the first quarter of 2026 and fully operational by the third quarter of 2026. Further details on the cost and construction timeline are highlighted in **Section 4.5.1** of this Prospectus.

Upon completion of the construction of the Proposed Teluk Kalung Facility 2, we will purchase new machinery and equipment in anticipation of increasing the fabrication capacity of our existing services. Purchase of the machinery and equipment will be funded through internally generated funds. The new machinery to be purchases consists of the following:

Machinery and Equipment	Description	Number of Units	Total Estimated Cost (RM'000)
Diesel driven generator	Used as an emergency power supply for the fabrication yard	2	60
Air compressor	Used to provide a continuous source of compressed air, primarily powering air-driven hand tools	5	75
Welding machine	Used to assemble or remove metal parts using thermal energy	10	200
Hydraulic jack	Used to lift heavy loads by applying force via a hydraulic cylinder	8	180
Manual thread machine	Used to thread and cut pipe or bolt	3	100

Machinery and Equipment	Description	Number of Units	Total Estimated Cost (RM'000)
Jaw adjustable girder clamp	Used to allow for safe guiding of steel lifting, pulling, or as an anchor point	20	40
Manual torque wrench	Used to tighten nuts and bolts to a predetermined torque value	15	45
Total		**63**	**700**

The required regulatory approvals for the construction of the Proposed Teluk Kalung Facility 2 is set out in **Section 4.5.1** of this Prospectus.

Moving forward, our Group plans to recruit the additional technical personnel in various engineering disciplines such as mechanical, quality assurance, electrical, instrumentation, civil and tender proposal management to cope and attend to the growing demand and orders. Notwithstanding the above, our Group plans to adopt a prudent approach in increasing our manpower and will only do so when justified by increases in orders and overall growth in our business segments. Accordingly, we are not able to ascertain the headcount and cost required for the employment of additional manpower at this juncture.

7.4.2 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.

For information purposes, since incorporation up to the LPD, we had only secured one contract to provide EPCC services for the renewable energy industry whereby we secured a purchase order from PETRONAS Carigali to provide engineering, procurement, installation, and commissioning of a solar photovoltaic ("**PV**") system for its Terengganu Gas Terminal in Kerteh, Terengganu. For the avoidance of doubt, this work order was undertaken as part of our current on-going Price Agreement (call out contract) with PETRONAS Carigali for the provision of onshore maintenance, construction and modification services under our EPCC services and facilities improvement / maintenance segment. Moving forward, we intend to bid for additional contracts that involves the provision of EPCC services in the renewable energy industry in view that our expertise and knowledge in providing EPCC services and solutions to our customers in the O&G industry will enable us to transfer our expertise and knowledge to the renewable energy industry.

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. Some of the technical and administrative services provided by us are as follows:

(a) Design work on the facility;

(b) Procure the necessary materials and machines required for the facility and construction of the facility;

(c) Appointment of the necessary suppliers and subcontractors; and

(d) Testing and commissioning of the facility, equipment and machines installed.

As we do not undertake construction works, we appoint subcontractors to undertake the construction or renovation works whilst we will undertake project management services and supervise the construction works to ensure that the construction works adheres to the specified specifications and regulatory compliances. Our venture into providing EPCC services and solutions to the renewable energy industry will be spearheaded by our Chief Operating Officer, Khairul Nazri Bin Kamarudin, who will be supported by our technical personnels.

7.4.3 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. The hook-up process consists of conducting the necessary connections and function tests for the systems of an asset. Commissioning involves carrying out systems tests to ensure all systems are in good operating condition, or to determine faults in the system to be corrected and / or potential improvements in the system to be implemented prior to the handover process. HUC services can be carried out on both greenfield (new O&G field where O&G recovery has just begun) and brownfield (existing O&G field where O&G recovery has already occurred) locations. 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. Project management services include provision of competent personnel to execute the works, manage coordination of the works including with other parties involved in the project, and supervise the site. Procurement services include procurement of materials and services as required by the customer, managing coordination of supply of materials and consumables, as well as subcontracting services. Onshore fabrication involves fabrication activities at our yard or subcontractors' yards and may include activities such as NDT, inspection, and storage of the required fabricated components. Meanwhile, offshore fabrication involves undertaking works at our customers' offshore sites and includes erection of the required components and systems, installing and testing to ensure they are working well, as well as commissioning once the components and systems are in order.

As our Group is involved in the installation and maintenance of oilfield equipment including gas pipelines, we process the requisite technical knowledge and expertise in relation to the provision of integrated HUC of gas pipelines. Our venture into the integrated HUC of gas pipeline will be spearheaded by our Deputy Chairman / Executive Director, namely Dato' Sharman, who will be supported by our technical personnel. Currently, we are of the opinion that we have sufficient technical personnel to facilitate this venture. Nevertheless, in the event that we require to hire additional personnel, the cost associated with the new hires will be funded via internally generated funds. The number of additional hired will be subject to the number of new contracts secured. Furthermore, our Group have obtained the necessary Department of Occupational Safety and Health approval to carry out the integrated HUC of crude oil and gas pipelines for onshore and offshore.

As at the LPD, our Group has yet to secure any contracts for HUC works. However, our Group is currently in the process of tendering for 3 HUC work projects. For avoidance of doubt, the HUC work projects that we are currently tendering for are Price Agreements (call out contracts) with no fixed contract value.

7.5 PRINCIPAL BUSINESS SEGMENTS AND MARKET

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

	Audited					
	FYE 2021		FYE 2022		FYE 2023	
Business activity	**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
Total revenue	**24,845**	**100.00**	**66,326**	**100.00**	**72,537**	**100.00**

For the avoidance of doubt, as at the LPD, our Group solely operates in Malaysia. Save for one-off contract from SAHID Sendirian Berhad (Brunei Darussalam) who contributed RM0.43 million to our Group's revenue in FYE 2021 amounting to 1.73% of total revenue, our Group's revenue is solely derived from customers' operations in Malaysia throughout the Financial Years Under Review.

7.6 MAJOR CUSTOMERS

Our top 5 major customers and their respective revenue contribution for the Financial Years Under Review are as follows:

FYE 2021

No.	**Customer**	**Services provided**	**Length of relationship (years) as at the LPD**	**Revenue RM'000**	**%**
1.	PETRONAS group	EPCC services and oilfield equipment	11	21,326	85.84
2.	Customer A	EPCC services	3	2,550	10.26
3.	SAHID Sendirian Berhad	Oilfield equipment	8	430	1.73
4.	Customer B	Oilfield equipment	3	229	0.92
5.	Customer C	Oilfield equipment	8	150	0.60
			Sub-total	**24,685**	**99.35**
			Total revenue	**24,845**	**100.00**

FYE 2022

No.	Customer	Services provided	Length of relationship (years) as at the LPD	Revenue	
				RM'000	%
1.	PETRONAS group	EPCC services and oilfield equipment	11	36,125	54.47
2.	PBH Engineering Sdn Bhd	EPCC services, installation and maintenance and oilfield equipment	2	25,068	37.80
3.	Sigma Water Engineering (M) Sdn Bhd	EPCC services	2	1,717	2.59
4.	Customer A	EPCC services	3	919	1.39
5.	Customer D	Installation and maintenance	3	614	0.93
			Sub-total	**64,443**	**97.18**
			Total revenue	**66,326**	**100.00**

FYE 2023

No.	Customer	Services provided	Length of relationship (years) as at the LPD	Revenue	
				RM'000	%
1.	PETRONAS group	EPCC services, installation and maintenance and oilfield equipment	11	33,103	45.64
2.	PBH Engineering Sdn Bhd	EPCC services	2	31,210	43.03
3.	Customer F	EPCC services	1	4,343	5.99
4.	Customer E	Installation and maintenance	2	1,542	2.12
5.	Sigma Water Engineering (M) Sdn Bhd	EPCC services	2	1,084	1.49
			Sub-total	**71,282**	**98.27**
			Total revenue	**72,537**	**100.00**

Our largest customer, namely PETRONAS group, contributed 85.84%, 54.47% and 45.64% to our Group's total revenue for the Financial Years Under Review. Hence, we are dependent on PETRONAS group as our major customer.

Furthermore, our Group has established a long term and strong business relationship with PETRONAS group since 2013. We have also entered into long term contracts and Price Agreements (call out contracts) with durations that ranges from 1 to 5 years with options for extension of up to 3 years. Notwithstanding the foregoing, the parties may agree for further extensions, where applicable.

Nevertheless, we have reduced our dependency on PETRONAS group over the Financial Years Under Review as we have expanded our customer base by securing orders from other customers. Moving forward, we intend to continue to secure additional contracts from PETRONAS group as well as from our other existing customers and continue to secure contracts from new customers.

7.7 MAJOR SUPPLIERS

Our top 5 major suppliers for the purchase of materials and services for the Financial Years Under Review are as follows:

FYE 2021

No.	Supplier	Products / services sourced	Length of relationship (years) as at the LPD	Purchases/ services RM'000	Purchases/ services %
1.	Supplier A	Specialised automation system (i.e., remote solution, system hardware and software) for offshore facilities	3	2,116	15.08
2.	Kinetic Chemicals (M) Sdn Bhd	Gas and associated supply services	3	1,258	8.97
3.	Supplier B	Non-metallic piping supplier	3	566	4.03
4.	MF Welding Enterprise	Subcontractor for mechanical, civil and fabrication services	5	488	3.48
5.	Supplier C	Metal structure, piping and fitting supplier	3	426	3.04
			Sub-total	**4,854**	**34.60**
			Total cost of sales	**14,029**	**100.00**

FYE 2022

No.	Supplier	Products / services sourced	Length of relationship (years) as at the LPD	Purchases/ services RM'000	Purchases/ services %
1.	Supplier A	Specialised automation system (i.e., remote solution, system hardware and software) for offshore facilities	3	10,118	20.12
2.	PBH Engineering Sdn Bhd	Detailed engineering services and site verification for EPCC downstream works	2	3,311	6.58
3.	MF Welding Enterprise	Subcontractor for mechanical, civil and fabrication services	5	3,197	6.36
4.	Bestrich Star Sdn Bhd	Scaffold erection services and cold Insulation works	5	3,158	6.28

7. BUSINESS OVERVIEW (CONT'D)

No.	Supplier	Products / services sourced	Length of relationship (years) as at the LPD	Purchases/ services RM'000	%
5.	Emnes Metal Sdn Bhd	Piping & Tank Fabrication & Erection services	2	3,136	6.24
			Sub-total	**22,920**	**45.58**
			Total cost of sales	**50,296**	**100.00**

FYE 2023

No.	Supplier	Services and products sourced	Length of relationship (years) as at the LPD	Purchases/ services RM'000	%
1.	MF Welding Enterprise	Subcontractor for mechanical, civil and fabrication services	5	4,503	8.71
2.	Esstar Vision Sdn Bhd	Subcontractor for laying of piping and erection of tanks	3	4,057	7.85
3.	PETRO Sep Engineering Sdn Bhd	Fabrication of vessel, structural, piping and certification.	3	3,542	6.85
4.	Bestrich Star Sdn Bhd	Scaffold erection services and cold Insulation works	5	2,507	4.85
5.	Sanggul Emas Sdn Bhd	Supply of chemical injection pumps and associated flow instruments	10	1,311	2.54
			Sub-total	**15,920**	**30.80**
			Total cost of sales	**51,704**	**100.00**

None of the abovementioned suppliers contributed more than 10% of our total cost of sales throughout all the Financial Years Under Review. We are not dependent on any of our top 5 major suppliers as we are able to source the same supplies from alternative suppliers at similar prices. The products supplied by our top 5 major suppliers are commonly available products such as flanges, piping, scaffolding and coatings that can be sourced locally or overseas, as well as fabrication works readily available in Malaysia.

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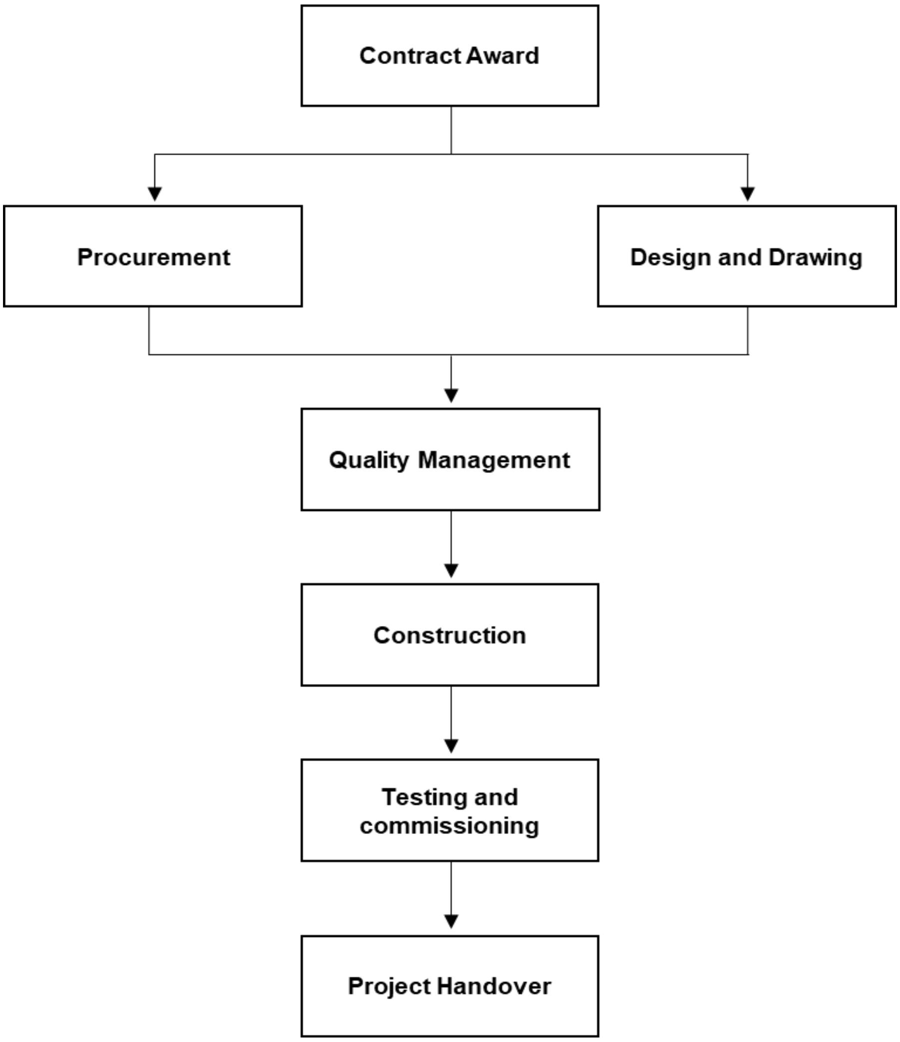
7.8 OPERATIONAL PROCESSES

The typical process flows for our Group is as follows:



(a) Contract award

Our Group secures O&G projects via tenders. Once a tender has been issued, we will conduct a preliminary assessment of the project scope, complexity, project timeline, appoximate value of the project and the engineering resources required. We will then form a project management team which is headed by a project director and assisted by a project manager, who are supported by engineers who are specialised in the scope of work of the specific project. During the evaluation stage of our submitted tender, we may be contacted to provide further technical clarifications with the potential customer and we may be required to submit revised tender documents or quotations if there are changes made or additional requirements in the project that needs to be complied and / or fulfilled.

If we are a shortlisted bidder, we may be contacted for a commercial negotiation to further provide a better pricing and payment terms to enhance our chances of being awarded said tender and / or contract. If our proposal is successful, we will receive a letter of award from our customer which sets out the scope of work, contract period, and other terms and conditions we are required to abide by.

Upon acceptance of an award, we will then initiate a kickoff meeting with the client.

(b) Design and drawings

We will then design and engineer the oilfield equipment based on the information and requirement provided by the customer, as well as the customer's drawing ideas and inputs. Subsequently, we will develop an initial drawing based on the customer's requested design and requirements for further discussions, as well as their comments for improvements.

If we are requested to design for the customer, our construction manager and specialist consultants will assist in developing the design based on the customers' requirements and operational site. This process is repeated until the customer is satisfied with the design and drawing, and no further comments are provided by the customer. Once the design and drawing is approved, the oilfield equipment drawing will be issued for construction.

(c) Procurement

Concurrently during the design and drawing process, our Group will begin the procurement process whereby we will formalise the procurement schedule which includes, amongst others:

(i) Prepare technical submissions;

(ii) Prepare contract documents;

(iii) Identify lead times;

(iv) Programme milestone requirements;

(v) Installation requirements;

(vi) Personnel training or start up procedures; and

(vii) Maintenance support requirements.

The project team will prepare the proposal documents consisting of amongst others, technical submission documents, contract documents, administrative information, financial standing, curiculum vitae, experience list, QA / QC and HSE documents for the project tender or quotation. Once the required documents have been prepared and finalised, we will submit them to the potential customer via hardcopy and / or online submissions. Subsequently, we will initiate all statutory and contract requirements such as bank guarantee, contract insurance and levy payments prior to contract activation.

Upon finalisation of the design and drawings, as well as the commercial matters, we will procure the necessary materials. We will monitor and report on the progress of the procurement and conduct the necessary testing and inspection once receiving the materials. The materials with defects will be returned to the supplier whilst the approved materials will be delivered to the respective operational site. Once the materials are delivered to the operational site, the materials will be assessed by our QA personnel and a receipt of approval will be issued.

(d) Quality management

To maintain the quality of our deliverables, as well as to comply with the relevant regulatory requirements, the materials delivered to the operational site will be assessed by our QA personnel and a receipt of approval will be issued once the quality management inspection is conducted and approved.

(e) Fabrication and construction

Upon obtaining the oilfield equipment drawing, we will prepare the safety quality plans and method statements for fabrication and construction, as well as appoint subcontractors, if required. We will then prepare the operational site pre-fabrication details prior to conducting the manufacturing of pre-fabrication activities. For activities or processes in which we appoint subcontractors, we will oversee the activities and progress of the subcontractors to ensure that their services and products provided are in accordance with the prescribed requirements of the oilfield equipment, and that their deliverables are delivered within the stipulated timeline. Upon manufacturing the oilfield equipment and receiving the deliverables from the subcontractors, we will proceed with the installation of the oilfield equipment.

(f) Testing and commissioning

Upon completion of the fabrication and construction works, we will conduct testing and commissioning to ensure that all the oilfield equipment and systems are installed and operating as its intended usage. We will conduct rectification works in the event that there are any defects on the oilfield equipment or systems, as well as conduct additional works for improvements.

(g) Project handover

Upon completion of the testing and commissioning phase whereby the oilfield equipment is operating optimally as its intended usage, the oilfield equipment will be deemed ready for operational usage and our Group will handover the oilfield equipment to the customer.

7.9 QUALITY CONTROL PROCEDURES AND CERTIFICATIONS

Our Group places strong emphasis on quality management to ensure that the quality of our deliverables comply with the relevant regulations and to maintain our reputation. As a testament of our ongoing commitment to quality, Steel Hawk Engineering has been certified compliant to ISO 9001: 2015 and ISO 45001: 2018, as follows:

Certification/ standard	Certification body	Current validity period	Scope of certification
ISO 9001: 2015	Intertek Certification Limited	1 November 2021 – 19 November 2024	Engineering design, manufacture, installation and maintenance support services for the O&G and energy industries
ISO 45001: 2018	Intertek Certification Limited	9 January 2023 – 8 January 2026	Provision of office support activities (management, human resources and purchasing support services) to the site offices for fabrication, modification & maintenance service for chemical injection skids, pig trap maintenance service, and supply, installation and maintenance of fire rated doors

7.10 TECHNOLOGY

Our Group adopts the following technologies for our business:

Technology	Description
Autodesk AutoCad Design	Computed aided design software that is used to design, engineer and construct 3D virtual models of O&G facilities such as platforms, rigs or terminals.
Primavera P6 Professional Project Management	Comprehensive project management software tool that is used for project planning and scheduling, resource management, cost management, risk management, and reporting and analytics.
SolidWork Simulation Professional	Computer-aided engineering software that is used simulate and analyse the behaviour of parts and assemblies under conditions such as loads, forces and vibrations.
STAAD Pro	Structural analysis and design software that is used for designing steel and concrete structures, and to analyse and ensure that the structures withstand loads and conditions such as seismic events, high winds and heavy equipment.

7.11 TYPES, SOURCES AND AVAILABILITY OF SUPPLIES

The services and supplies that we source are readily available from local and foreign subcontractors and suppliers. We generally take into subcontractors and suppliers lead time to prevent potential disruption to our business operations. All subcontractors and suppliers are evaluated in terms of pricing, production capabilities, range and technical specifications of supplies, ability to meet our quality requirements and delivery in a timely manner.

We also carry out qualification process on our subcontractors and suppliers where we require them to submit their company profiles, quotations and prototypes (if product qualification test is required) to evaluate their quality of services and products and pricing. Furthermore, we ensure that our suppliers are part of our approved vendor list. The criteria used to evaluate our suppliers include their past performance and track record, payment terms, as well as any historical legal cases. Our subcontractors and suppliers are also subject to annual performance assessment and rating. This is to ensure the quality of services and supplies used in our business operations.

We did not experience any major interruption from the sourcing of services and supplies in the Financial Years Under Review.

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7. BUSINESS OVERVIEW (CONT'D)

The details of the main supplies that we purchased for the Financial Years Under Review are as follows:

	FYE 2021		FYE 2022		FYE 2023	
	RM'000	%	RM'000	%	RM'000	%
Explosion proof materials	-	-	-	-	-	-
Pig trap quick opening closure and accessories	-	-	-	-	-	-
Solar panel with electrical accessories	-	-	-	-	-	-
Coating and blasting materials	-	-	3,158	6.28	2,506	4.85
Civil engineering hardware material	485	3.46	3,197	6.36	9,355	18.09
Electronic remote control plant systems	2,116	15.08	10,118	20.12	-	-
Gases	1,258	8.97	-	-	-	-
Non-metallic pipes and fittings	566	4.03	-	-	-	-
Metallic pipes and fittings	426	3.04	4,615	9.18	4,057	7.85
Electrical lighting system and video wall control systems	259	1.85	-	-	-	-
Sub-total	**5,110**	**36.43**	**21,088**	**41.94**	**15,918**	**30.79**
Total cost of sales	**14,029**	**100.00**	**50,296**	**100.00**	**51,704**	**100.00**

7.12 OPERATING CAPACITY AND UTILISATION

As we are solely involved in the provision of onshore and offshore support services for the O&G industry, whereby we provide EPCC services and facility improvement / maintenance, installation and maintenance of oilfield equipment and supply of oilfield equipment, the calculations of operating capacity and output are not applicable to us.

7.13 SALES AND MARKETING ACTIVITIES

The contracts secured by our Group are predominately awarded by PETRONAS. Due to the nature of PETRONAS's contract tender and award procedures, all our business development activities are through participation and securing contracts through tender activities. As such, we actively participate in tender activities which we are invited by PETRONAS and qualified for based on the SWEC in our existing licensed / registered scopes, as well as other considerations such as the availability of resources and contract duration. We also proactively identify and apply to add new SWEC to our existing licensed / registered scopes.

Our Group also undertakes direct and indirect sales and marketing activities to prospective customers other than PETRONAS. Our direct approach comprises of engaging directly with the prospective customer, as well as submission of tenders when available. The direct approach is undertaken through our key management team’s professional network and relationship with prospective customers. Our indirect approach comprises of obtaining referrals from business associates, existing customers and suppliers.

Our business development and tender activities are led by our Deputy Chairman/ Executive Director, Dato' Sharman, as well as supported by our tender committee which is formed when we participate in the respective tenders. Further, Dato' Sharman and our tender committee are supported by our project director and 2 project managers for the tender activities for the project planning and costing. As part of our succession planning initiative, our Group promotes and groom the lower and middle management staff to gradually assume the responsibilities undertaken by our project director and project managers.

Further, we have a corporate website at https://www.steelhawk.com.my/ which provides immediate searchable information on our Group.

7.14 SEASONALITY AND CYCLICALITY

Our business is not materially affected by seasonal or cyclical effects as our customers generally operate throughout the year.

Nevertheless, the business of our Group is subject to PETRONAS group's expenditure cycle and yearly pre-planned maintenance programs such as preventive maintenances, periodic maintenance, turnarounds and/ or shutdown maintenances, as disclosed in **Section 7.3.3**.

7.15 MATERIAL DEPENDENCY ON COMMERCIAL CONTRACTS, AGREEMENTS AND OTHER ARRANGEMENTS

As at the LPD, our Group is not materially dependent on commercial contracts, agreements and other arrangements

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7. BUSINESS OVERVIEW (CONT'D)

7.16 MATERIAL LICENCES, PERMITS AND APPROVALS

As at the LPD, save as disclosed below, there are no other major approvals, licences and permits issued to our Group for us to carry out our business operations. All our Group's licenses are registered with the Group.

No.	Company	Description of certificate / licence / permit	Approving authority	Certificate No. / Registration No. / Licence No. / Permit No. / Reference No.	Issuance date / Validity period	Major conditions imposed	Status of compliance
1.	Steel Hawk	BCPLC conditional approval	MITI	MITI.S.700-20/3/55(6)	Issuance Date 26 June 2023 Validity Period 26 June 2023 to 25 June 2024	(i) Steel Hawk is directly controlled by the Bumiputera institutions / groups / company / individual which is known as the only major owner with at least 35% of the company's voting power or aggregately the owner consists of 2 or 3 Bumiputera institutions / groups / companies / individuals known having at least 35% of the company's voting power. In addition, there is no non-Bumiputera institutions / groups / companies / individuals holding more than 10% of the company's voting power or aggregately non-Bumiputera institutions / groups / companies / individuals known as substantial shareholders having not more than 24% of the company's voting power.	To be complied

7. BUSINESS OVERVIEW (CONT'D)

No.	Company	Description of certificate / licence / permit	Approving authority	Certificate No. / Registration No. / Licence No. / Permit No. / Reference No.	Issuance date / Validity period	Major conditions imposed	Status of compliance
						(ii) The equity holding of Bumiputera institutions / groups / companies / individuals are not affiliated either directly or indirectly with any non-Bumiputera institutions / groups / companies / individuals.	Complied
						(iii) The Bumiputera institutions / groups / companies / individuals are the rightful owner and has the ability to exercise the voting power as an equity holder and able to make decision without being affected by any other party.	Complied
						(iv) At least 51% of the members of the Board of Directors including the Chairman / Chairperson of Steel Hawk is Bumiputera.	Complied
						(v) The Managing Director and / or Chief Executive Officer is a Bumiputera.	Complied
						(vi) At least 51% of the management team / personnel, professional and the supervisory staff are Bumiputera.	Complied

7. BUSINESS OVERVIEW (CONT'D)

No.	Company	Description of certificate / licence / permit	Approving authority	Certificate No. / Registration No. / Licence No. / Permit No. / Reference No.	Issuance date / Validity period	Major conditions imposed	Status of compliance
						(vii) The involved Bumiputera institutions / groups / companies / individuals will push maximum effort to surge the participation of Bumiputera in its activities.	Complied
2.	Steel Hawk Engineering	License with Standardised Work and Equipment Categories (SWEC) codes to supply product / service to exploration and oil / gas companies in Malaysia	PETRONAS	201201034856	Issuance Date 17 January 2024 Validity Period 21 October 2021 to 17 December 2024	(i) Steel Hawk Engineering is required to register, obtain a license, permit or authorisation from the relevant authority to carry out the services or supply of product or material used in Steel Hawk Engineering's operation and activities.	Complied
						(ii) The license is not transferable to any company / other party.	Complied
						(iii) This license will be revoked if Steel Hawk Engineering is found to be in the process of liquidation, winding-up or dissolution.	Noted
						(iv) Steel Hawk Engineering shall inform PETRONAS on any changes related to Steel Hawk Engineering's position such as equity ownership, board of directors and management staff within 14 days. Failure to do so can result in revocation of the license.	Noted

7. BUSINESS OVERVIEW (CONT'D)

No.	Company	Description of certificate / licence / permit	Approving authority	Certificate No. / Registration No. / Licence No. / Permit No. / Reference No.	Issuance date / Validity period	Major conditions imposed	Status of compliance
						(v) Steel Hawk Engineering should take immediate action to adhere to the special conditions imposed as stated in the appendix of the PETRONAS license certificate and to inform PETRONAS on the progress of the action.	Complied
						(vi) Steel Hawk Engineering is not allowed to take another company as principal, agent, sub-contractor or otherwise to provide any service or supply of any facility, fittings or equipment on its behalf without prior written consent from PETRONAS.	Complied
						(vii) This license is only valid for services and supply of products as stated in the appendix of the PETRONAS license certificate.	Complied

7. BUSINESS OVERVIEW (CONT'D)

No.	Company	Description of certificate / licence / permit	Approving authority	Certificate No. / Registration No. / Licence No. / Permit No. / Reference No.	Issuance date / Validity period	Major conditions imposed	Status of compliance
						(viii) Steel Hawk Engineering shall allow PETRONAS representatives for inspection visit / site / company audit and review / copy of documents and interviewing employees and related parties.	Complied
						(ix) The license must be shown to PETRONAS' officers when it is required for inspection.	Complied
						(x) Steel Hawk Engineering can be penalised if in PETRONAS' opinion, it has conducted one or more of the following: (a) Failed to execute the award job until completion; (b) Failed to perform a contractual obligation or any other obligation under the law to partners, principals, agents, sub-contractors and others; (c) Received garnishee order; (d) Facing bankruptcy action; (e) Cannot be traced through the last address;	Noted

7. BUSINESS OVERVIEW (CONT'D)

No.	Company	Description of certificate / licence / permit	Approving authority	Certificate No. / Registration No. / Licence No. / Permit No. / Reference No.	Issuance date / Validity period	Major conditions imposed	Status of compliance
						(f) Sub-contract work to another contractor without written permission from PETRONAS; (g) Reject any contract or tender awarded; (h) Entering or accepting contract or tender during the license suspension period; (i) Provide false; inaccurate or misleading information; (j) Does not follow tender's regulations and ethics including but not only limited to sending poison-pen letters, bribing or lobbying; (k) Engaged in any impropriate activities with this licence.	

7. BUSINESS OVERVIEW (CONT'D)

No.	Company	Description of certificate / licence / permit	Approving authority	Certificate No. / Registration No. / Licence No. / Permit No. / Reference No.	Issuance date / Validity period	Major conditions imposed	Status of compliance
						(xi) According to Act 9, Petroleum Acts 1974, a person who initiate or continue any business or continue providing services as mentioned in Act 3 without a licence or do not comply with any condition of the license is committing a crime and can be fined not exceeding RM50,000.00 or imprisonment for a period not more than 2 years or both and in respect of each continuous crime, it is subject to further fine of RM1,000.00 for every one day or any part of one day which this offence continues after the first conviction is recorded.	Noted
						(xii) The approval is not an agreement / guarantee that Steel Hawk Engineering will be called to participate in a tender or quotation of PETRONAS or its subsidiaries.	Noted

7. BUSINESS OVERVIEW (CONT'D)

No.	Company	Description of certificate / licence / permit	Approving authority	Certificate No. / Registration No. / Licence No. / Permit No. / Reference No.	Issuance date / Validity period	Major conditions imposed	Status of compliance
						(xiii) Steel Hawk Engineering either by itself, through its employees, directors, agents or its employees: (a) Not allowed to use the logo of the Petronas' oil drop or the word "PETRONAS" or use any mark, logo or words or wearing typeface, font, which resembles the appearance or colour trademarks owned or used by Petronas or its subsidiaries ("**the Petronas trademarks**") in any form whether in printing materials, websites or hand board; and	Complied

No.	Company	Description of certificate / licence / permit	Approving authority	Certificate No. / Registration No. / Licence No. / Permit No. / Reference No.	Issuance date / Validity period	Major conditions imposed	Status of compliance
						(b) Not allowed to perform any act or in any way either directly or indirectly admits that it is a partner or have any connection / relationship with PETRONAS and / or its subsidiaries, unless and except Steel Hawk Engineering is allowed to use reference Steel Hawk Engineering is licensed by PETRONAS, under Act 3 Petroleum Act 1974. (xiv) The license may be revoked, suspended or blacklisted at any time if any of the above conditions, general conditions of PETRONAS license and registration and any other conditions set out in PETRONAS License and Registration General Guidelines are not fulfilled.	Noted

7. BUSINESS OVERVIEW (CONT'D)

No.	Company	Description of certificate / licence / permit	Approving authority	Certificate No. / Registration No. / Licence No. / Permit No. / Reference No.	Issuance date / Validity period	Major conditions imposed	Status of compliance
3.	Steel Hawk Engineering	Certificate of Registration pursuant to Part VI of the Construction Industry Development Board Malaysia Act 1994("**CIDB Act**") in respect of: Grade G7: (i) Category B (Building Construction), registration specialisation B04 and B27; (ii) Category CE (Civil Engineering), registration specialisation CE15, CE21 and CE 39; and (iii) Category ME (Mechanical and Electrical), registration specialisation M12, M15 and M20. This certificate allows Steel Hawk Engineering to carry out the following work scope:	CIDB	0120140603-SL 157185	<u>Issuance Date</u> 10 February 2022 <u>Validity Period</u> 10 February 2022 to 21 May 2024	(i) The certificate is non-transferable. (ii) CIDB reserves the right to review the registration grade of Steel Hawk Engineering from time to time. (iii) Steel Hawk Engineering shall comply with the provisions of the CIDB Act, the rules and regulations made thereunder and any terms, conditions or restrictions imposed by CIDB from time to time. (iv) Steel Hawk Engineering shall not undertake to carry out any construction project exceeding the value of construction works stated for the grade it is registered under and any construction projects beyond its registered category. (v) Steel Hawk Engineering shall submit information regarding any construction works or contracts within 14 days of the award or before the commencement of work, whichever is earlier.	Complied Noted Complied Complied Complied

7. BUSINESS OVERVIEW (CONT'D)

No.	Company	Description of certificate / licence / permit	Approving authority	Certificate No. / Registration No. / Licence No. / Permit No. / Reference No.	Issuance date / Validity period	Major conditions imposed	Status of compliance
		B04: general building construction works B27: water supply and sewerage system maintenance services CE15: offshore works CE21: general civil engineering works CE39: water supply system maintenance M12: special plant M15: miscellaneous mechanical system M20: general mechanical maintenance				(vi) Steel Hawk Engineering shall submit any information required by CIDB from time to time.	Complied
						(vii) Steel Hawk Engineering shall display the registration certificate issued by CIDB or a copy duly certified as true copy by CIDB at the place of business.	Complied
						(viii) Steel Hawk Engineering must display its registration number on the signboard at each of its construction site.	Complied
						(ix) Steel Hawk Engineering must apply for renewal of registration at any time within 60 days before the expiry date specified in this certificate.	To be complied
						(x) Steel Hawk Engineering must comply with all the requirements and principles stated in CIDB contractor code of ethics handbook.	Complied

No.	Company	Description of certificate / licence / permit	Approving authority	Certificate No. / Registration No. / Licence No. / Permit No. / Reference No.	Issuance date / Validity period	Major conditions imposed	Status of compliance
						(xi) Steel Hawk Engineering must employ skilled construction workers and a site supervisor who is accredited and certified by CIDB.	Complied
						(xii) All workers at the construction site must have a valid construction personnel card.	Complied
						(xiii) The registration of the company shall be cancelled or suspended if: (a) Steel Hawk Engineering fails to comply with the requirement of any other written law. (b) Steel Hawk Engineering has been declared a bankrupt. (c) A winding up petition connected with Steel Hawk Engineering has been made. (d) Steel Hawk Engineering contravenes or fails to comply with any provision of the CIDB Act.	Noted

7. BUSINESS OVERVIEW (CONT'D)

No.	Company	Description of certificate / licence / permit	Approving authority	Certificate No. / Registration No. / Licence No. / Permit No. / Reference No.	Issuance date / Validity period	Major conditions imposed	Status of compliance
						(e) Steel Hawk Engineering has obtained the certificate by making or causing to be made any false or fraudulent declaration, certification or representation either in writing or otherwise. (f) Steel Hawk Engineering abandons any construction work undertaken without any good reason. (g) Steel Hawk Engineering is found guilty by the court or any other investigative body established under any written law for negligence in any construction work performed. (h) Steel Hawk Engineering contravenes any of the terms and conditions of the contractor's responsibilities and obligations as specified in item (ii) above.	

No.	Company	Description of certificate / licence / permit	Approving authority	Certificate No. / Registration No. / Licence No. / Permit No. / Reference No.	Issuance date / Validity period	Major conditions imposed	Status of compliance
4.	Steel Hawk Engineering	Certificate of Government Procurement Works (*Sijil Perolehan Kerja Kerajaan*) in respect of: Grade G7: (i) Category B (Building Construction); (ii) Category CE (Civil Engineering); and (iii) Category ME (Mechanical and Electrical).	CIDB	0120140603-SL 157185	<u>Issuance Date</u> 17 February 2022 <u>Validity Period</u> 17 February 2022 to 21 May 2024	(i) The certificate is issued based on the information provided by Steel Hawk Engineering.	Complied
						(ii) The certificate may not be used as a certification to start or undertake any construction work. The certificate may only be used to participate in work procurement for the Government or Government agencies.	Complied
						(iii) The certificate will automatically be terminated if the Certificate of Registration issued by CIDB has expired or has been cancelled, withdrawn, suspended pursuant to Regulation 15 of the Registration of Contractors (Construction Industry) Regulations 1995.	Noted
						(iv) The certificate must be submitted together with the Certificate of Registration issued by CIDB to participate in work tender for the Government or Government agencies.	Complied

No.	Company	Description of certificate / licence / permit	Approving authority	Certificate No. / Registration No. / Licence No. / Permit No. / Reference No.	Issuance date / Validity period	Major conditions imposed	Status of compliance
						(v) The certificate must be renewed together with the Certificate of Registration issued by CIDB.	Complied
						(vi) Steel Hawk Engineering shall not lend, lease, transfer, permit or cause the certificate to be used by someone who has not been named to use the certificate for the procurement of Government work purposes.	Complied
						(vii) Steel Hawk Engineering shall not participate in any tender or carry out any construction work after the certificate expires unless it is renewed.	Complied
						(viii) Only officers of Steel Hawk Engineering who are named in the certificate are authorised to sign Steel Hawk Engineering's contract documents and to obtain the offer documents and to attend site visits for polling, quoting and tender work. Steel Hawk Engineering may not authorise other officers for the above purposes.	Complied

No.	Company	Description of certificate / licence / permit	Approving authority	Certificate No. / Registration No. / Licence No. / Permit No. / Reference No.	Issuance date / Validity period	Major conditions imposed	Status of compliance
						(ix) Steel Hawk Engineering must ensure that all terms and conditions to obtain the certificate are complied with at all times throughout the validity period of the certificate.	Complied
						(x) Steel Hawk Engineering must inform CIDB of any changes of information within 30 days of such changes.	Noted
						(xi) Steel Hawk Engineering must comply with all the instructions and principles issued by the Government via treasury instructions and circulars issued by CIDB from time to time.	Complied
						(xii) Steel Hawk Engineering will be subject to the disciplinary action as set out in Regulation 15 of the Registration of Contractors (Construction Industry) Regulations 1995 for failure to comply with any of the responsibilities and obligations above.	Noted

7. BUSINESS OVERVIEW (CONT'D)

No.	Company	Description of certificate / licence / permit	Approving authority	Certificate No. / Registration No. / Licence No. / Permit No. / Reference No.	Issuance date / Validity period	Major conditions imposed	Status of compliance
						(xiii) CIDB has the right to take disciplinary action and impose any appropriate punishment on the registered contractor.	Noted
						(xiv) The company / holder of the certificate, who has been blacklisted or suspended, revoked or where this certificate has been withdrawn through disciplinary proceedings shall not participate in any tender or involve in the Government procurement work within the prescribed period.	Noted
						(xv) The company / holder of the certificate whose certificate has been revoked or withdrawn will be removed from the register of CIDB. Such company who wishes to obtain the certificate is required to comply with the terms of issuance of a new application. Blacklisted key management personnel are prohibited from obtaining the certificate for a period of 3 years.	Noted

7. BUSINESS OVERVIEW (CONT'D)

No.	Company	Description of certificate / licence / permit	Approving authority	Certificate No. / Registration No. / Licence No. / Permit No. / Reference No.	Issuance date / Validity period	Major conditions imposed	Status of compliance
						(xvi) The company / holder of the certificate who has been blacklisted / suspended through disciplinary proceedings will not be removed from the CIDB checklist. Such company will only be allowed to participate in tender or Government procurement work after the expiry of the blacklist or suspension period.	Noted
5.	Steel Hawk Engineering	Certificate of Bumiputera Status	*Pusat Khidmat Kontraktor* ("**PKK**"), Ministry of Entrepreneur Development and Cooperatives	0120140603-SL157185	Issuance Date 17 June 2022 Validity Period 17 June 2022 to 21 May 2024	(i) The Certificate of Bumiputera Status will be issued by PKK after Steel Hawk Engineering successfully renewed the Certificate of Government Procurement Works and the Certificate of Registration at the CIDB. (ii) The Bumiputera status is issued based on the information provided by Steel Hawk Engineering.	To be complied Complied

No.	Company	Description of certificate / licence / permit	Approving authority	Certificate No. / Registration No. / Licence No. / Permit No. / Reference No.	Issuance date / Validity period	Major conditions imposed	Status of compliance
						(iii) Steel Hawk Engineering must submit changes of information to PKK immediately after the change of information in CIDB has been made subject to the method and medium used by PKK from time to time.	Noted
						(iv) Steel Hawk Engineering is advised to complete the documents in relation to the renewal / new application / appeal within the period specified in the letter of inquiry sent to Steel Hawk Engineering.	Complied
						(v) Steel Hawk Engineering shall ensure at all times to meet the requirements for the recognition of Bumiputera status as follows: (a) at least 51.00% of the shares in Steel Hawk Engineering is owned by Bumiputera.	

No.	Company	Description of certificate / licence / permit	Approving authority	Certificate No. / Registration No. / Licence No. / Permit No. / Reference No.	Issuance date / Validity period	Major conditions imposed	Status of compliance
						(b) the ownership of the shares held byBumiputera individual owners must be more thann non-Bumiputera owners.	
						(c) at least 51.00% of the members of the Board of Directors of Steel Hawk Engineering are Bumiputera.	Complied
						(d) the chief executive officer, managing director or general manager and any other key positions within Steel Hawk Engineering must be held by a Bumiputera.	Complied
						(e) at least 51.00% of Steel Hawk Engineering's employees must be Bumiputera.	Complied
						(f) the financial management position in Steel Hawk Engineering shall be held by a Bumiputera.	Complied

No.	Company	Description of certificate / licence / permit	Approving authority	Certificate No. / Registration No. / Licence No. / Permit No. / Reference No.	Issuance date / Validity period	Major conditions imposed	Status of compliance
						(g) the organisational chart and the function of Steel Hawk Engineering shall demonstrate the position held by Bumiputera.	Complied
						(h) to ensure the participation by the Bumiputera is an active partnership and has an active role in corporate transactions of Steel Hawk Engineering as described in items (a) to (g) above.	Complied
						(vi) PKK has the right to revoke, terminate or suspend the Certificate of Bumiputera Status held by Steel Hawk Engineering if: (a) The information provided is not true or false. (b) Steel Hawk Engineering refuses and fails to provide information when requested.	Noted

7. BUSINESS OVERVIEW (CONT'D)

No.	Company	Description of certificate / licence / permit	Approving authority	Certificate No. / Registration No. / Licence No. / Permit No. / Reference No.	Issuance date / Validity period	Major conditions imposed	Status of compliance
						(c) Steel Hawk Engineering is obliged to comply with the conditions of the approval that has been given within the specified period such as attending courses organised by PKK or premise visit session. (d) Steel Hawk Engineering violates any of the general / absolute conditions issued by PKK and subject to the decision of the Director of PKK from time to time.	
6.	Steel Hawk Engineering	Certificate of Registration of company for: (i) Code 060102: Chemical, chemicals and laboratory equipment/ chemistry/ industrial chemistry; (ii) Code 080101: Civil engineering, construction and public facility equipment/ facility equipment/ public facilities	Ministry of Finance ("**MOF**")	K10113642593 710771	<u>Issuance Date</u> 4 December 2023 <u>Validity Period</u> 4 December 2023 to 13 February 2027	(i) Approval is given based on the information provided by Steel Hawk Engineering. (ii) Any changes to the information submitted to the MOF shall be updated on the online system through www.eperolehan.gov.my within 21 days from the date of occurrence of such changes and failure to do so may result in action taken as specified in item (vii) below.	Complied Noted

No.	Company	Description of certificate / licence / permit	Approving authority	Certificate No. / Registration No. / Licence No. / Permit No. / Reference No.	Issuance date / Validity period	Major conditions imposed	Status of compliance
		(iii) Code 090102: Building materials and road safety equipment/building materials/ pipes and fittings; (iv) Code 130101: Engineering equipment and production machinery/ workshop machines and equipment (v) Code 130102: Engineering equipment and production machines/ special machines and equipment (vi) Code 130202: Engineering equipment and production machinery/ electrical power and generator equipment/ spare parts and batteries/special machinery and equipment				(iii) Steel Hawk Engineering shall ensure that the field as registered in the certificate of registration is not overlapped with the approved field given to any of the companies as follows: (a) having the same shareholder or board of directors / director, management and employee; or (b) operating in the same premises.	Complied
						(iv) The MOF has the right to conduct visit or audit examination at any time without prior notice. Non-compliance of the conditions of registration, the field code and/ or the registration of the company may be suspended/ revoked and disciplinary action including blacklisting may be taken against the shareholder and board of directors/ director without any notice if it is found that the information given is not true.	Noted

No.	Company	Description of certificate / licence / permit	Approving authority	Certificate No. / Registration No. / Licence No. / Permit No. / Reference No.	Issuance date / Validity period	Major conditions imposed	Status of compliance
		(vii) Code 130401: Engineering equipment and production machinery/ oil industy equipment and upstream industrial equipment (viii) Code 130402: Engineering equipment and production machines/oil industry equipment/ downstream industrial equipment (ix) Code 220502: Services, maintenance, repair services for engineering and communication/ containers/tanks (x) Code 220505: Service, maintenance, repair services for engineering repairs and communication, mechanisation system (conveyor, lift etc)				(v) Registration of Steel Hawk Engineering will be suspended / revoked if: (a) the company / its shareholder / partner / director / any managing member has committed crime and is found guilty by the court in Malaysia or outside of Malaysia or is liable for civil liability. (b) the company withdraws the offer before the tender is considered or reject after the offer is made. (c) the company failed to fulfill its contractual obligations signed with the Government. (d) the company was found to amend the certificate of registration for fraudulent or other purposes.	Noted

7. BUSINESS OVERVIEW (CONT'D)

No.	Company	Description of certificate / licence / permit	Approving authority	Certificate No. / Registration No. / Licence No. / Permit No. / Reference No.	Issuance date / Validity period	Major conditions imposed	Status of compliance
		(xi) Code 220506: Service, maintenance, repair services for engineering repairs and communication/ repairing buft fuel tank (xii) Code 220507: Service, maintenance, repair services for engineering repairs and communication /pump/water pipe and components (xiii) Code 221010: Services, cleaning and maintenance services / sewage ponds/treatment systems/pipelines/drains (xiv) Code 221011: Services, cleaning and maintenance services / oil spill cleaning				(e) the company allows the certificate of registration to be misused by other individual / company. (f) the company has a price-fixing conspiracy with other companies when the company has entered into government tender or subcontract without prior consent from the government agencies involved. (vi) Steel Hawk Engineering shall submit the application of renewal 3 months before the date of expiry. (vii) The virtual certificate of registration shall belong to the Government. The Government has the right to withdraw / suspend / revoke the registration if disciplinary action is taken against Steel Hawk Engineering pursuant to 1PP/PK8 (*Pekeliling Perbendaharaan/ Perolehan Kerajaan 8*).	 Noted Noted

7. BUSINESS OVERVIEW (CONT'D)

No.	Company	Description of certificate / licence / permit	Approving authority	Certificate No. / Registration No. / Licence No. / Permit No. / Reference No.	Issuance date / Validity period	Major conditions imposed	Status of compliance
						(viii) Steel Hawk Engineering shall ensure that the registration with MOF is valid throughout the contract period.	Complied
7.	Steel Hawk Engineering	Vendor Registration Declaration for the category of Grade 7 mechanical engineering	FGV Holdings Berhad	B-21022022 00228-02	Issuance Date 21 February 2022 Validity Period 21 February 2022 to 21 February 2025	Application for renewal of certificate shall be made at least 30 days before the expiry date of the certificate.	Noted
8.	Steel Hawk Engineering	MISC Vendor Registration for the scope of work / services: (i) PM1: Mechanical 02: chemical injection skid (ii) PM1: Mechanical 26: pigging accessories 03: scraper launcher & receiver (iii) SM6: Maintenance services	MISC Berhad	VRS-20211201-0004	Issuance Date 21 January 2022 Validity Period 21 January 2022 to 20 January 2025	(i) The approval by MISC Berhad as a MISC Group Registered vendor is given / issued based on the information provided by Steel Hawk Engineering. (ii) Steel Hawk Engineering is reminded to notify MISC Berhad of any changes (within 14 days from date of change) to the following items:	Complied Noted

No.	Company	Description of certificate / licence / permit	Approving authority	Certificate No. / Registration No. / Licence No. / Permit No. / Reference No.	Issuance date / Validity period	Major conditions imposed	Status of compliance
		01: mechanical maintenance 01: hydraulic bolt tensioning services (iv) SO2: Offshore facilities construction 01: offshore construction 02: maintenance & repairs of offshore facilities				(a) company address; (b) contact numbers; (c) equity ownership; (d) scope or type of business activities; (e) directorship; (f) management staff; (g) licences (PETRONAS, MOF etc.); and (h) letters of appointment by principals with validity date.	
		(v) SO2: Offshore facilities construction 01: offshore construction 03: hook-up & commissioning of offshore facilities (vi) SO2: Offshore facilities construction 02: onshore fabrication 01: major fabrication 02: onshore facilities (vii) SO2: Offshore facilities construction 02: onshore fabrication 02: minor onshore fabrication				(iii) Steel Hawk Engineering shall submit Audited Accounts on annual basis (between 3 to 6 months after the respective year end closing). (iv) Steel Hawk Engineering shall promptly provide all information requested by MISC Berhad within specified period. (v) Steel Hawk Engineering is under an obligation to ensure that the work category that has been registered for and specified in the letter of registration shall not be approved for a similar SWEC, for another company, of the same shareholder / Board of Director.	Complied Complied Complied

No.	Company	Description of certificate / licence / permit	Approving authority	Certificate No. / Registration No. / Licence No. / Permit No. / Reference No.	Issuance date / Validity period	Major conditions imposed	Status of compliance
		03: minor onshore fabrication – mechanical (viii) SP1: Pipeline & associated services 04: pipeline maintenance 02: pig trap maintenance				(vi) MISC Berhad reserves the right to revoke / suspend / blacklist the registration of Steel Hawk Engineering as MISC Group Registered vendor without any prior notice if it is found that Steel Hawk Engineering does not comply to any of the following statements: (a) The information provided by Steel Hawk Engineering is incorrect / untrue / false; (b) Steel Hawk Engineering is in breach of any contracts with MISC Group; (c) any other incidences / actions or inactions which affect the operations or causes detrimental impact on MISC Group of Companies.	Noted

No.	Company	Description of certificate / licence / permit	Approving authority	Certificate No. / Registration No. / Licence No. / Permit No. / Reference No.	Issuance date / Validity period	Major conditions imposed	Status of compliance
						(vii) Steel Hawk Engineering shall adhere to MISC Berhad's policy on Health, Safety and Environment (HSE) at all times.	Complied
						(viii) Steel Hawk Engineering shall uphold highest possible standard of business ethics in dealing with MISC Berhad's staff or representatives. MISC Berhad has adopted zero tolerance policy against all forms of bribery and corruption. The MISC Code of Conduct and Business Ethics (CoBE) and MISC Anti-bribery and Corruption Policy (ABC) will be applicable to MISC Berhad's vendors, contractors, sub-contractors, consultants, agents, representatives and others performing work and services for or on behalf of MISC Group of companies. In this regard, MISC Berhad expects that such persons will comply with the CoBE and ABC in the relevant parts when performing such work and services.	Complied

7. BUSINESS OVERVIEW (CONT'D)

No.	Company	Description of certificate / licence / permit	Approving authority	Certificate No. / Registration No. / Licence No. / Permit No. / Reference No.	Issuance date / Validity period	Major conditions imposed	Status of compliance
						(ix) Steel Hawk Engineering shall ensure compliance to all other terms and conditions as stipulated in the respective awards that may be given to Steel Hawk Engineering. (x) Steel Hawk Engineering shall submit the renewal application 2 months prior to expiry of the current registration.	Complied
9.	Steel Hawk Engineering	Registration of business premise / factory	Department of Occupational Safety and Health ("**DOSH**") of Selangor	JKKP B BP 127/439/2(96)	Issuance Date 20 April 2015 Validity Period Nil	(i) DOSH had carried out inspection on 1 April 2015 and is satisfied with the inspection, hence the premise is to be registered as a non-factory workplace with reference to SL/15/22/92814. (ii) In the event Steel Hawk Engineering wishes to change the nature of the work carried out, which is different from the nature of work inspected by DOSH, Steel Hawk Engineering has the responsibility to report to DOSH.	Noted Noted

No.	Company	Description of certificate / licence / permit	Approving authority	Certificate No. / Registration No. / Licence No. / Permit No. / Reference No.	Issuance date / Validity period	Major conditions imposed	Status of compliance
						(iii) Pursuant to Section 34 and Section 36 of the Factories and Machinery Act 1967, a written consent must be obtained when a premise is to be used as a factory and installation of machinery. Failure to do so, the person shall be guilty of an offence and shall, on conviction, be liable to a fine not exceeding one thousand ringgit or to imprisonment for a term not exceeding 2 years or to both.	Complied
10.	Steel Hawk Engineering	Vendor Registration Certificate for the scope of services: (i) SO2: offshore & onshore facilities construction & installation (ii) SM4: mechanical engineering & maintenance (iii) S12: integrated maintenance services (iv) SC2: civil, structural, scaffolding & building maintenance (v) SP1: pipeline & associated services	Petroleum Sarawak Berhad	P230329	<u>Issuance date</u> 27 June 2023 <u>Validity period</u> 26 June 2023 to 25 June 2026	Application for renewal of Vendor Registration shall be made at least 30 days before the expiry date of the certificate.	Noted

No.	Company	Description of certificate / licence / permit	Approving authority	Certificate No. / Registration No. / Licence No. / Permit No. / Reference No.	Issuance date / Validity period	Major conditions imposed	Status of compliance
11.	Steel Hawk Engineering	Registration Certificate for Competent Firm (Petroleum Contractor). Scope of code: KPD 01 (Land-based Petroleum Contractor (Pipeline)) and KPL 01 (Marine Petroleum Contractor (Pipeline))	DOSH	JKKP/2023/26/139	Issuance date 3 July 2023 Validity period 3 July 2023 to 2 July 2026	(i) Steel Hawk Engineering shall use the MySKUD system submodule for updating information in the event of any changes in information, such as the exchange or addition of technical personnel, branches or supporting documents.	Noted
						(ii) Steel Hawk Engineering is required to inform DOSH (Design Verification, Recognition, and Certification Section) in writing regarding the first project that will be undertaken.	Complied
						(iii) Before the commencement of installation works, Steel Hawk Engineering must obtain Permission to Install (PTI) from DOSH.	Complied
						(iv) After obtaining the PTI, the installation work must be carried out by Steel Hawk Engineering exclusively.	Complied

No.	Company	Description of certificate / licence / permit	Approving authority	Certificate No. / Registration No. / Licence No. / Permit No. / Reference No.	Issuance date / Validity period	Major conditions imposed	Status of compliance
						(v) All welding works must be performed by welders approved by DOSH or the inspection authority recognised by DOSH in accordance with the approved Welding Procedure Specification. All welding works shall be carried out under the strict supervision of Steel Hawk Engineering's quality control officer.	Complied
						(vi) Steel Hawk Engineering is required to ensure that all records of Welding Procedure Specification (WPS), Welder Qualification Test / Welder Performance Qualification (WQT / WPQ) and the Welder Records (Form BP1) are kept securely for inspection. All these records must be submitted to DOSH when applying for renewal of company registration.	Complied
						(vii) Steel Hawk Engineering should provide adequate training to the employees on occupational safety and health to ensure that employees can work in a safe and healthy environment.	Complied

7. BUSINESS OVERVIEW (CONT'D)

No.	Company	Description of certificate / licence / permit	Approving authority	Certificate No. / Registration No. / Licence No. / Permit No. / Reference No.	Issuance date / Validity period	Major conditions imposed	Status of compliance
						(viii) Steel Hawk Engineering must ensure that the petroleum equipment, such as valves, regulator and so on, that are installed have been verified.	Complied
						(ix) Steel Hawk Engineering shall comply with DOSH's regulations that are enforced from time to time.	Complied
						(x) Steel Hawk Engineering must apply for renewal of registration with DOSH at least 3 months before the expiration date.	Noted
						(xi) Steel Hawk Engineering is required to refer to the latest requirements stipulated in the Guidelines for Registration of Competent Firm (Petroleum Contractor) which can be downloaded from MySKUD for the purpose of the renewal application.	Noted
						(xii) Monitoring audits will be conducted on Steel Hawk Engineering's premises throughout the approval period to assess compliance with the established requirements.	Complied

No.	Company	Description of certificate / licence / permit	Approving authority	Certificate No. / Registration No. / Licence No. / Permit No. / Reference No.	Issuance date / Validity period	Major conditions imposed	Status of compliance
						(xiii) If Steel Hawk Engineering agrees to comply with the abovementioned conditions, Steel Hawk Engineering shall notify DOSH in writing within 14 days from 3 July 2023. (xiv) It should be noted that the approval can be revoked at any time if the abovementioned conditions and other DOSH's requirements are not met.	Complied Noted
12.	Steel Hawk Engineering	Registration Certificate as a Supplier / Contractor under the category of: (i) A02: general – civil &structural (ii) A05: general – vessel cleaning (iii) A15: steel construction / fabricator (iv) B50: other mechanical equipment (v) C27: gas facilities maintenance	Gas Malaysia Distribution Sdn Bhd	VDR2023-00032	Issuance date 9 August 2023 Validity period 9 August 2023 to 9 August 2028	Gas Malaysia Distribution Sdn Bhd has the right to revoke Steel Hawk Engineering's registration at any time in view of the following conditions: (i) Failure to provide the information within specific time. (ii) Giving false information to validate Steel Hawk Engineering's registration. (iii) Non fulfilment of conditions as set out in the Vendor Declaration Form.	Noted

No.	Company	Description of certificate / licence / permit	Approving authority	Certificate No. / Registration No. / Licence No. / Permit No. / Reference No.	Issuance date / Validity period	Major conditions imposed	Status of compliance
13.	Steel Hawk Engineering	Certificate of Registration of Bumiputera Company	MOF	BP1011364259 3729631	Issuance Date 4 December 2023 Validity Period 29 January 2024 to 13 February 2027	(i) The company should always strive to maintain and enhance its position so that: (a) The majority Bumiputera position shall always constitute more than 51.00% in equity ownership, membership on the Board of Directors, the position of Chief Executive, Managing Director or General Manager, other key positions, employees of the company at the management level as well as employees. (b) The majority of Bumiputera plays an important role in the company’s transactions, the oversight of the company’s travel, financial management of the company, decision-making processes and representation of the company in meetings and other official matters of the kind.	

7. BUSINESS OVERVIEW (CONT'D)

No.	Company	Description of certificate / licence / permit	Approving authority	Certificate No. / Registration No. / Licence No. / Permit No. / Reference No.	Issuance date / Validity period	Major conditions imposed	Status of compliance
						(ii) In the event of any changes in the conditions stated in the certificate, the MOF should be notified immediately so that the amendments can be made in the Registration Record. The updated information must be submitted online through the Profile Update Module at www.eperolehan.gov.my within 21 days from the date the changes take effect. Failure to provide the information may raise doubts at the MOF regarding the authenticity of Steel Hawk Engineering's Bumiputera status.	Noted
						(iii) If the MOF discovers that Steel Hawk Engineering has breached the conditions specified in the certificate, or has transferred the management of the company and the obtained contract to other parties, the recognition as a Bumiputera company will be revoked and the status will be removed from the ePerolehan system.	Complied

No.	Company	Description of certificate / licence / permit	Approving authority	Certificate No. / Registration No. / Licence No. / Permit No. / Reference No.	Issuance date / Validity period	Major conditions imposed	Status of compliance
						(iv) Steel Hawk Engineering undertakes that the supporting documents / letters / pictures and any other materials submitted are authentic and accurate.	Complied
						(v) The Government has the right to conduct investigations and physical visits upon the issuance of the conditional approval of the Bumiputera Status Certificate.	Noted
						(vi) The Government has the right to initiate action against Steel Hawk Engineering if found to be in breach of terms and conditions of compliance including fraud / falsification of information after the investigation and visitation by Contractor and Entrepreneur Development Division (BPKU) is completed. Among the actions that can be taken by the Government are set out below: (a) Immediate withdrawal or cancellation of an approved Bumiputera Status Certificate;	Noted

No.	Company	Description of certificate / licence / permit	Approving authority	Certificate No. / Registration No. / Licence No. / Permit No. / Reference No.	Issuance date / Validity period	Major conditions imposed	Status of compliance
						(b) The Government reserves the right to terminate the current contract in force as a result of the ownership of the Bumiputera Status Certificate. The Government shall not be liable to bear any costs and losses incurred by Steel Hawk Engineering as a result of the termination of the contract in accordance with the terms and conditions of the contract signed by the Government with Steel Hawk Engineering; (c) Steel Hawk Engineering, its owners and the Board of Directors will be blacklisted from participating in any Government procurement / project for 3 to 5 years, subject to the decision of the Disciplinary Action Committee of MOF; and	

No.	Company	Description of certificate / licence / permit	Approving authority	Certificate No. / Registration No. / Licence No. / Permit No. / Reference No.	Issuance date / Validity period	Major conditions imposed	Status of compliance
						(d) The provisions of compliance with the laws in force include the Contracts Act 1950 (Act 136), Penal Code and so on, where applicable.	
						(vii) The MOF reserves the right to impose disciplinary action on Steel Hawk Engineering and cancel the information related to Steel Hawk Engineering's registration if: (a) Steel Hawk Engineering's Bumiputera status is stripped or revoked in the ePerolehan system. (b) The registration of company is suspended or cancelled in the ePerolehan system. (c) Other breaches of the conditions that allow the MOF to determine that the Bumiputera status is withdrawn and revoked in the ePerolehan system.	Noted

7. BUSINESS OVERVIEW (CONT'D)

No.	Company	Description of certificate / licence / permit	Approving authority	Certificate No. / Registration No. / Licence No. / Permit No. / Reference No.	Issuance date / Validity period	Major conditions imposed	Status of compliance
						(viii) The Certificate of Registration of the Bumiputera Company, whether issued manually or virtually, and all information in the ePerolehan system are final.	Complied
						(ix) Steel Hawk Engineering shall ensure that the registration with the MOF is valid throughout the contract period.	Complied
						(x) Any act or attempt at bribery to offer or give, solicit or receive any bribe to and from any person in connection with government procurement is a criminal offence under the Malaysian Anti-Corruption Commission Act 2009 (Act 694).	Noted

7. BUSINESS OVERVIEW (CONT'D)

Note:

(1) As at the LPD, Steel Hawk Engineering has 168 SWEC registered under our PETRONAS license but we currently rely on 16 SWECs in the performance of our ongoing contracts. The categories of products and services authorised by these 16 SWECs are set out in the table below:

No.	SWEC	Description of service	Minimum Bumiputera Requirement (%)	Status of compliance	Ongoing contracts (type of services)
(i)	15161500S	Onshore Pipeline	30	Complied	Onshore facilities maintenance, construction and modification services
(ii)	27101300S	Topside Piping & Structural	51	Complied	Onshore facilities maintenance, construction and modification services
(iii)	15161400S	Onshore Facilities	30	Complied	Onshore facilities maintenance, construction and modification services
(iv)	27111000S	Minor Onshore Fabrication	51	Complied	Onshore facilities maintenance, construction and modification services
(v)	18181000S	Fixed Fire Protection Systems	51	Complied	Oilfield equipment – fire rated doors
(vi)	18191400P	Other Safety/Firefighting Equipment	51	Complied	Oilfield equipment – fire rated doors
(vii)	18151000P	A60/AO Windows	51	Complied	Oilfield equipment – fire rated doors
(viii)	11121000P	Hardware	51	Complied	Oilfield equipment – fire rated doors
(ix)	18171100P	Oil/Chemical Spill Response Equipment & Accessories	51	Complied	Oilfield equipment – oil spill recovery equipment
(x)	18161100S	Spill Control Support & Clean-up Services	51	Complied	Oilfield equipment – oil spill recovery equipment

No.	SWEC	Description of service	Minimum Bumiputera Requirement (%)	Status of compliance	Ongoing contracts (type of services)
(xi)	24171600P	Lifting & Rigging Equipment & Accessories	30	Complied	Oilfield equipment – oil spill recovery equipment
(xii)	27131000S	Offshore Pipeline Inspection & Repair	51	Complied	Oilfield equipment – pig trap system
(xiii)	16261800P	Pigging Accessories	51	Complied	Oilfield equipment – pig trap system
(xiv)	27131200S	Pig Trap Maintenance	51	Complied	Oilfield equipment – pig trap system
(xv)	27101200S	Maintenance & Repairs of Offshore Facilities	30	Complied	Oilfield equipment – pig trap system
(xvi)	30103113S	Drilling mud cooler equipment	51	Complied	Oilfield equipment – mud cooler system

7. BUSINESS OVERVIEW (CONT'D)

7.17 TRADEMARKS

As at the LPD, save as disclosed below, our Group had not registered any and names, patents, trademarks or other intellectual properties.

(i) Trademarks

Trademark	Registered owner / Applicant	Trademark no. / Application no.	Issuing authority	Class	Description	Status / Application date / Registration date / Validity period
	Steel Hawk	TM2021005354 TM2021005355 TM2021005356	Intellectual Property Corporation of Malaysia	35, 36, 42	Class 35 – Brand management; business management; inventory management; business management of companies; supply chain management services; import-export agency services in the field of energy; assistance and consultancy services in the field of business management of companies in the energy sector; advertising services to promote public awareness on energy issues; procurement of contracts for others; advertising; business administration; online advertising; online advertising on a computer network; marketing; on-line marketing; commercial administration of the licensing of the goods and services of others; assisting others in preparing and filing applications for obtaining a business license; database management.	**Status** Registered **Registration date** 26 February 2021 **Validity period** 26 February 2021 to 26 February 2031

Trademark	Registered owner / Applicant	Trademark no. / Application no.	Issuing authority	Class	Description	Status / Application date / Registration date / Validity period
					Class 36 – Holding securities, funds and other assets in escrow; capital investment; financial investment; portfolio management and investment services; property investment; securities trading; commodity trading; stock trading; asset management; investment management; financial evaluation of development costs relating to the oil, gas and mining industries; intellectual property venture capital fund management services; financial management; financial management and planning; financial management of development capital; financial management of investment capital; financial management of shares in other companies. Class 42 – Engineering; engineering design; engineering drawing; engineering consultancy; engineering feasibility studies; construction project management services construction drafting, design and planning; oil, gas and mining exploration services; analysis and testing services in the field of oil exploitation; oil prospecting; product development consultancy for inventors in the field	

Trademark	Registered owner / Applicant	Trademark no. / Application no.	Issuing authority	Class	Description	Status / Application date / Registration date / Validity period
					of chemical engineering; engineering services relating to gas transport and supply systems; technical design and planning of pipelines for gas, water and waste water; plant engineering; leasing of laboratory instruments; software engineering; research in the field of engineering; engineering services in the field of energy technology; quality control; quality checking and testing.	
STEEL HAWK	Steel Hawk Engineering	TM2020027954	Intellectual Property Corporation of Malaysia	6, 35, 37	Class 6 – Fabricated metal components for building foundations construction materials prefabricated metal bridges; prefabricated metal platforms; branching pipes of metal including those from alloy steel and titanium; couplings and joints of metal for pipes; metal pipes and fittings therefor; metal pipes and tubes; metal pipes for liquid and gas transfer; metal valves for controlling the flow of gases in pipelines; pipework of metal, including those made from alloy steel and titanium; containers of metal for chemicals, compressed gases and liquids; scaffolding of metal; scaffolding towers, not of metal; offshore	**<u>Status</u>** Registered **<u>Registration date</u>** 23 November 2020 **<u>Validity period</u>** 23 November 2020 to 23 November 2030

Trademark	Registered owner / Applicant	Trademark no. / Application no.	Issuing authority	Class	Description	Status / Application date / Registration date / Validity period
					drilling platforms of metal; slabs of metal, including those made from alloy steel and titanium; stainless steel pipes; fuel oil hoses of metal; prefabricated metal buildings; steel frames for building; metallic connections for metal pipes, tubes and casings in the oil and gas industry; metal cylinders for compressed gas or liquids, sold empty. Class 35 – Procurement of contracts for others; outsourcing services in the nature of arranging procurement of goods for others; import-export agency services in the field of energy; assistance and consultancy services in the field of business management of companies in the energy sector; business administration; advertising; assistance and consultancy relating to business management and organisation; procurement of contracts for the purchase and sale of goods and services; office functions; business consultancy; online advertising on a computer network.	

Trademark	Registered owner / Applicant	Trademark no. / Application no.	Issuing authority	Class	Description	Status / Application date / Registration date / Validity period
					Class 37 – Building and construction services; construction of decks; construction of piers; construction of pipelines; construction and maintenance services relating to civil engineering; construction engineering services construction consultancy; construction engineering services construction supervision; marine engineering construction services; construction of oil pipelines; construction of structures for the production of crude oil; construction of structures for the storage of crude oil; construction of structures for the transportation of crude oil; installation of apparatus for the production of oil; pumping crude oil; rental of oil well drilling tools; installation of oil well casings, tubing and drill pipes; installation, maintenance and repair of compressors, air pumps, vacuum pumps, air blowers, air filters, alternators, pressure regulators and oil separators; laying, repair, maintenance, replacement and refurbishment of oil pipelines; construction of structures for the production of natural gas; construction of structures for the	

Trademark	Registered owner / Applicant	Trademark no. / Application no.	Issuing authority	Class	Description	Status / Application date / Registration date / Validity period
					storage of natural gas; construction of structures for the transportation of natural gas; installation of gas and water pipelines; installation of gas supply and distribution apparatus; installation, maintenance and repair of gas, electricity and water supply apparatus; laying, repair, maintenance, replacement and refurbishment of gas pipelines; oil and gas drilling; repair of biogas plants and machines; repair or maintenance of gasoline station equipment and providing information relating thereto; offshore drilling services; installation of work and building platforms; rental of scaffolding, platforms, molds and machinery for use in construction; repair and maintenance of building scaffolds, working and building platforms; rental of construction and building equipment; rental of construction machines and apparatus; construction, maintenance and repair of transportable and prefabricated buildings.	

Trademark	Registered owner / Applicant	Trademark no. / Application no.	Issuing authority	Class	Description	Status / Application date / Registration date / Validity period
					Class 42 – Engineering; engineering design; engineering drawing; engineering consultancy; engineering feasibility studies; construction project management services construction drafting, design and planning; oil, gas and mining exploration services; analysis and testing services in the field of oil exploitation; oil prospecting; product development consultancy for inventors in the field of chemical engineering; engineering services relating to gas transport and supply systems; technical design and planning of pipelines for gas, water and waste water; plant engineering; software engineering; research in the field of engineering; engineering services in the field of energy technology; quality control; quality checking and testing.	

7. BUSINESS OVERVIEW (CONT'D)

Trademark	Registered owner / Applicant	Trademark no. / Application no.	Issuing authority	Class	Description	Status / Application date / Registration date / Validity period
	Steel Hawk Engineering	TM2020027947	Intellectual Property Corporation of Malaysia	6, 35, 37	Class 6 – Fabricated metal components for building foundations construction materials; prefabricated metal bridges; prefabricated metal buildings; prefabricated metal platforms; branching pipes of metal including those from alloy steel and titanium; couplings and joints of metal for pipes; metal pipes and fittings therefor; metal pipes and tubes; metal pipes for liquid and gas transfer; metal valves for controlling the flow of gases in pipelines; pipework of metal, including those made from alloy steel and titanium; containers of metal for chemicals, compressed gases and liquids; metal cylinders for compressed gas or liquids, sold empty; scaffolding of metal; scaffolding towers, not of metal; offshore drilling platforms of metal; slabs of metal, including those made from alloy steel and titanium; stainless steel pipes; steel frames for building; metallic connections for metal pipes, tubes and casings in the oil and gas industry; fuel oil hoses of metal.	**Status** Registered **Registration date** 23 November 2020 **Validity period** 23 November 2020 to 23 November 2030

7. BUSINESS OVERVIEW (CONT'D)

Trademark	Registered owner / Applicant	Trademark no. / Application no.	Issuing authority	Class	Description	Status / Application date / Registration date / Validity period
					Class 35 – Procurement of contracts for others; outsourcing services in the nature of arranging procurement of goods for others; import-export agency services in the field of energy; assistance and consultancy services in the field of business management of companies in the energy sector; business administration; advertising; assistance and consultancy relating to business management and organisation; procurement of contracts for the purchase and sale of goods and services; office functions; business consultancy; online advertising on a computer network. Class 37 – Building and construction services; construction of decks; construction of piers; construction and maintenance services relating to civil engineering; construction of pipelines; construction engineering services construction consultancy; construction engineering services construction supervision; marine engineering construction services; construction of oil pipelines; construction of structures for the production of crude oil; construction	

7. BUSINESS OVERVIEW (CONT'D)

Trademark	Registered owner / Applicant	Trademark no. / Application no.	Issuing authority	Class	Description	Status / Application date / Registration date / Validity period
					of structures for the storage of crude oil; construction of structures for the transportation of crude oil; installation of apparatus for the production of oil; pumping crude oil; rental of oil well drilling tools; installation of oil well casings, tubing and drill pipes; installation, maintenance and repair of compressors, air pumps, vacuum pumps, air blowers, air filters, alternators, pressure regulators and oil separators; laying, repair, maintenance, replacement and refurbishment of oil pipelines; construction of structures for the production of natural gas; construction of structures for the storage of natural gas; construction of structures for the transportation of natural gas; installation of gas and water pipelines; installation of gas supply and distribution apparatus; installation, maintenance and repair of gas, electricity and water supply apparatus; laying, repair, maintenance, replacement and refurbishment of gas pipelines; oil and gas drilling; repair of biogas plants and machines; repair or maintenance of gasoline station equipment and providing	

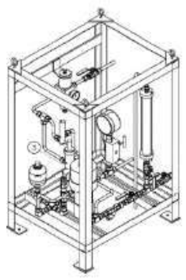
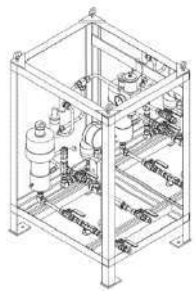
Trademark	Registered owner / Applicant	Trademark no. / Application no.	Issuing authority	Class	Description	Status / Application date / Registration date / Validity period
					information relating thereto; offshore drilling services; installation of work and building platforms; rental of scaffolding, platforms, molds and machinery for use in construction; repair and maintenance of building scaffolds, working and building platforms; rental of construction and building equipment; rental of construction machines and apparatus; construction, maintenance and repair of transportable and prefabricated buildings. Class 42 – Engineering; engineering design; engineering drawing; engineering consultancy; engineering feasibility studies; oil, gas and mining exploration services; analysis and testing services in the field of oil exploitation; oil prospecting; product development consultancy for inventors in the field of chemical engineering; engineering services relating to gas transport and supply systems; technical design and planning of pipelines for gas, water and waste water; plant engineering; software engineering; research in the field of engineering; engineering services in the field of	

7. BUSINESS OVERVIEW (CONT'D)

Trademark	Registered owner / Applicant	Trademark no. / Application no.	Issuing authority	Class	Description	Status / Application date / Registration date / Validity period
					energy technology; construction project management services construction drafting, design and planning; quality control; quality checking and testing.	
	Steel Hawk Defence	TM2023015245	Intellectual Property Corporation of Malaysia	42	Engineering; engineering consultancy; engineering design; engineering drawing; engineering feasibility studies; design of engineering products; development of engineering products; engineering research; engineering services in the field of building technology; technical project planning in the field of engineering; software engineering; quality control testing services; installation, maintenance and updating of software; technical consultancy relating to the application and use of computer software; quality control and authentication services; quality testing of products; research, development, analysis and consultancy services in the field of engineering.	**Status** Registered **Registration date** 30 May 2023 **Validity period** 30 May 2023 to 30 May 2033

7. BUSINESS OVERVIEW (CONT'D)

(ii) Industrial design

Industrial design	Registered owner / Applicant	Industrial Design no. / Application no.	Issuing authority	Class / Classification	Description	Status / Application date / Registration date / Validity period
	Steel Hawk Engineering	21-E0051-0101	Intellectual Property Corporation of Malaysia	23-01	Fluid distribution equipment: adapters for pipe joints, apparatus for supply of gas, coiled pipes, connecting devices for gas bottles, drainpipes, extensible connections for flexible piping, flexible pipes, fluid distribution equipment, hydraulic output regulators, joints for pipes, packing rings for tubes and pipes, joint or packing rings for tubes and pipes, joint rings for tubes and pipes, pipe and plate packed joints, pipes of concrete or cement, pressure reducers for gas, rigid piping, safety valves for cisterns, safety devices for drain gratings, siphons for decanting fluids, slurry tanks, suction roses, tanks for gaseous or liquid substances, taps, faucets, valves, pressure reducers for gas, pressure reducers (pipe fittings, and safety valves for cistern.	**Status** Registered **Registration date** 27 January 2021 **Validity period** 27 January 2021 to 27 January 2026
	Steel Hawk Engineering	21-E0052-0101	Intellectual Property Corporation of Malaysia	23-01		**Status** Registered **Registration date** 27 January 2021 **Validity period** 27 January 2021 to 27 January 2026

The trademarks and patents above are pending registration. The trademarks are for branding purposes whilst the patents are to commercialise Steel Hawk's proprietary inventions which have yet to be commercialised. Hence, Steel Hawk's business and profitability is not materially dependent on the abovementioned intellectual property rights and there is no material impact on Steel Hawk's business.

7.18 MATERIAL PROPERTY, PLANT AND EQUIPMENT

7.18.1 Properties owned by our Group

The details of the material properties owned by our Group as at the LPD are as follows:

No.	Registered owner / Beneficial owner	Title details / Property address	Description / Existing use	Category of land use / Express condition of land use / Tenure of property	Restriction in interest / Material encumbrances	Land area* / Gross built-up area* (sq.ft.)	Date of issuance of CF / CCC	Net book value as at 31 December 2023 RM'000
1.	Steel Hawk Engineering	**Title Details** Geran 46495/M2/2/63 and Geran 46495/M2/2/64, Lot 42441, Pekan Cempaka, District of Petaling, State of Selangor **Property Address** No. 23-2 & No. 25-2, Block H, Jalan PJU 1/37, Dataran Prima, 47301 Petaling Jaya, Selangor Darul Ehsan	**Description** Two (2) individual unit of office suites both located on the first floor of a five-storey building **Existing Use** Headquarter office	**Category of Land Use** Building **Express Condition of Land Use** Commercial building **Tenure of Property** Freehold	**Restriction in Interest** Nil **Material Encumbrances** Charged to Public Islamic Bank Berhad on 20 January 2022	**Land Area** 1,475/unit **Gross Built-up Area** 1,475/unit	10 December 1998	1,239

No.	Registered owner / Beneficial owner	Title details / Property address	Description / Existing use	Category of land use / Express condition of land use / Tenure of property	Restriction in interest / Material encumbrances	Land area* / Gross built-up area* (sq.ft.)	Date of issuance of CF / CCC	Net book value as at 31 December 2023 RM'000
2.	Steel Hawk Engineering	**Title Details** Pajakan Negeri 4084, Lot No. 3695, Mukim Teluk Kalung, District of Kemaman, State of Terengganu **Property Address** Lot 3695, Jalan MIEL TK 3, Kawasan Perindustrian MIEL, 24000 Chukai, Terengganu ("**Existing Teluk Kalung Facility 1**")	**Description** A semi-detached double storey office annexed with a single storey warehouse **Existing use** Office, warehouse and yard facility	**Category of Land Use** Industrial **Express Condition of Land Use** (a) The land shall be used for medium industry and constructing buildings related thereto only (b) Within 2 years from the date of possession, the land shall be used for medium industry and constructing buildings related thereto only in accordance with the plan approved by the local authority **Tenure of Property** Leasehold 60 years expiring on 22 August 2057 (remaining tenure of approximately 33 years as at the LPD)	**Restriction in Interest** (i) This land shall not be transferred, charged or leased unless consent from the state authority is obtained (ii) Restriction in interest (i) above is not subject to the first owner **Material Encumbrances** Charged to AmBank Islamic Berhad on 23 August 2023	**Land Area** 23,508 **Gross Built-up Area** 7,609	19 September 2018	2,462

Note:

* Conversion of original measurement for properties in square meter to square foot at 1 square meter = 10.7639 square feet.

7.18.2 Properties leased / rented by our Group from third parties

(a) Property leased by our Group from third party

The details of the property leased by our Group from third party as at the LPD is as follows:

No.	Landlord / Lessor	Lessee	Master title details	Description / Existing use	Land area* / Gross built-up area (sq. ft.)	Lease tenure	Consideration for the lease	Date of issuance of CF / CCC
1.	PMINT	Steel Hawk Engineering[(1)]	Pajakan Negeri 9684, Lot 60004, Mukim Teluk Kalung, District of Kemaman, State of Terengganu[(1)]	**Description** N/A[(2)] **Existing use** Vacant[(2)]	**Land area** 429,803[#] **Gross built-up area** N/A[(2)]	Lease from 1 October 2023 to 30 September 2053 with an option to renew for a further 30 years	RM1,528,351[(1)]	N/A[(2)]

Notes:

* Conversion of original measurement for land in square meter to square foot at 1 square meter = 10.7639 square feet.

[#] Represents the land area of the master title.

(1) Pursuant to the Lease Agreement, Steel Hawk Engineering shall pay to PMINT a total lease payment of RM1,528,351.31, of which RM305,670.26 deposit payment (i.e. 20% of the total lease payment) has been paid by the Group on 11 October 2023, and the balance lease payment of RM1,222,681.05 (i.e. 80% of the total lease payment) shall be paid by Steel Hawk Engineering by way of 3 equal instalments of RM407,560.35 in half-yearly intervals (i.e. on or before 30 April 2024, 31 October 2024 and 30 April 2025), respectively.

(2) The Group intends to construct Proposed Teluk Kalung Facility 2 to which the Proposed Teluk Kalung Facility 2 is intended to be used as office, warehouse and yard facility. Please refer to **Section 7.4.1** of this Prospectus for further details on the Proposed Teluk Kalung Facility 2.

(b) Property rented by our Group from third party

A summary of the property rented by Steel Hawk Engineering from third party as at the LPD is as follows:

No.	Landlord	Tenant	Property Address	Description / Existing Use	Land area* / Gross built-up area* (sq. ft)	Tenure of the tenancy	Rental per annum	Date of issuance of CF / CCC
1.	Sinarland Indah Sdn Bhd	Steel Hawk Engineering	Survey Lot 1269 of Parent Lot 980, Block 1, Miri Concession Land District, Jalan Lutong-Kuala Baram, 98000 Miri, Sarawak	**Description** Double storey semi-detached industrial building **Existing use** Office and warehouse	**Land area** 5,651 **Gross built-up area** 4,962	15 October 2023 to 14 October 2026	RM42,000 (based on a monthly rental of RM3,500)	20 October 2017

Note:

* Conversion of original measurement for properties in square meter to square foot at 1 square meter = 10.7639 square feet.

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7.19 EMPLOYEES

As at the LPD, we have a total workforce of 68 permanent employees. All our employees are Malaysians and we do not have any contractual employees. The following depicts the number of employees in our Group by categories:

Department	No. of employees	
	As at 31 December 2023	As at the LPD
Management	5	5
Technical	47	48
Procurement	4	4
Finance	4	4
Administration and Human Resources	6	7
Total workforce	**66**	**68**

None of our employees are members of any union, nor have there been any major industrial disputes in the past.

7.20 DESIGN AND DEVELOPMENT ("D&D")

Our Group undertakes D&D activities on skid designs to increase efficiency and cost optimisation for our EPCC services for chemical injection skids activities. Our D&D activities are spearheaded by our Chief Operations Officer, Khairul Nazri Bin Kamarudin, who has more than 10 years of experience in the O&G industry. The benefits of our patented skid designs are as follows:

(i) the patented skid design allows our Group to achieve cost sand delivery optimisation as the skids take up less space, and require less fabrication as we replaced piping spools with high-pressure tubings.

(ii) the patented skid design is designed for the skids to be mobile, enabling the skids to be utilised at different locations of the production facilities;

(iii) the patented skid design is designed for the skids to be removable and not a permanent structure, enabling us to uninstall and retrieve the skid from our customers once the contract terms are completed. This in turn provides our Group with cost saving measures as the skids will be services to ensure operational readiness prior to being reused for the next customer; and

(iv) the patented skid design is designed to be module, allowing us to customise the initial design to best fit our customers' production facility and space constraints.

Please refer to **Section 7.17 (ii)** of this Prospectus for further details on our patented skid designs.

7.21 ENVIRONMENTAL, SOCIAL AND GOVERNANCE PRACTICES

Our Group has developed a sustainability policy which outlines our commitment to do our part in ensuring a sustainable future. In our sustainability policy, we have highlighted the environmental, social, and governance ("**ESG**") related strategies. The focus of our ESG practices is as follows:

7.21.1 Environmental

We aim to maintain a clean environment by reducing any adverse environmental impacts arising from our Group’s operations. To do so, we will comply with relevant statutory and regulatory requirements related to our business activities, incorporate environmental and climate change impacts and concerns into our decision-making and actions, and improve the efficiency of our operations to minimise emissions.

In managing environmental matters, we currently focus on:

- Disposing the scheduled waste generated during our offshore operations via a waste disposal contractor licenced by the Department of Environment Malaysia to collect, transport, and dispose of scheduled waste;

- Formalising a recording system to track waste generated in our Group’s operations;

- Decreasing greenhouse gas emissions by providing our employees in Miri and Kerteh with bicycles and encouraging them to use the bicycles instead of driving vehicles when moving around within our facilities; and

- Decreasing consumption of water by installing water-efficient taps with built-in flow restrictors that reduce water flow and decrease wastage in our washrooms.

7.21.2 Social

We aim to provide our employees with a safe and healthy workplace and encourage them to develop and grow in our network. We also aim to support the local community in the areas where our Group operates. To do so, we comply with Malaysian labour laws, promote inclusivity in the workplace, provide equal opportunities for training, and provide financial assistance to underprivileged students.

In managing social matters, we currently focus on:

- Ensuring the health and safety of our workforce through the establishment of a health, safety, and environment policy, developing an emergency preparedness and response procedure, and providing our workforce with operational health and safety training;

- Prioritising the acquisition of goods and services from local suppliers;

- Promoting inclusivity and diversity in the workforce by providing equal opportunities for all regardless of age, gender, and ethnicity;

- Providing employee benefits such as medical benefits, travel allowances, personal assistance scheme, and training opportunities to develop additional skills on top of statutory contributions to the employee provident fund.

7.21.3 Governance

We aim to uphold good corporate governance through emphasis on transparency and accountability, fostering a culture of ethical business conduct throughout our operations, and ensuring that we comply with the laws and regulations relevant to our operations.

In managing governance matters, we currently focus on:

- Ensuring regulatory compliance by communicating with relevant authorities and keeping abreast with any updates to regulatory requirements;

- Maintaining a compliance obligation register to keep track of our compliance with regulatory requirements;

- Upholding the charter for our Board of Directors based on the MCCG that outlines the standards of behaviour expected of our Board of Directors;

- Upholding a code of behaviour and ethics with guidelines on how our employees are expected to behave; and

- Upholding our anti-bribery and corruption policy which is in line with the Malaysian Anti-Corruption Commission's Corporate Integrity System.

7.22 INTERRUPTIONS TO OUR BUSINESS

The COVID-19 virus outbreak was declared a pandemic by the World Health Organisation ("**WHO**") on 11 March 2020. The COVID-19 pandemic had negatively impacted Malaysia and hence, the Government implemented several measures to contain the spread of COVID-19 in the country. The Government implemented the first phase of the MCO on 18 March 2020 which was implemented until 3 May 2020. This caused the closure of all businesses, with the exception for businesses which were classified as "essential services" during that period, as well as companies which had obtained approval from the MITI to resume operations under specified guidelines.

As our business activities were categorised under essential services, we were allowed to continue our business operations during these periods, subject to the SOPS implemented by the Government. Adhering to the SOPs implemented, our office operations operated at 60% workforce whilst the remaining 40% of our workforce worked from home on a rotational basis. As for our employees stationed at our customers' sites, or are regularly deployed to our customers' sites, they operated at full capacity whilst adhering to the stringent SOPs. Hence, we were not adversely impacted by the various MCOs implemented by the Government.

7.22.1 Impact on sales, delivery and receipt of supplies

We had experienced minor disruptions in our supply chain due to disruptions to the global supply chain, whereby the delivery of parts and components to our intended customers' production facility was delayed. This was due to the delay in shipments of our supplies from overseas, specifically USA and India. However, we managed to address these delays by sourcing from alternative suppliers and no penalties were imposed by our customers as our services were delivered within the designated timeframe. COVID-19 had also led to an increase in logistics rates. Nevertheless, our financial performance was minimally affected as we managed to pass the increase in cost of some of our customers, and majority of our parts and components are locally sourced as set out below:

Raw Material Suppliers	FYE 2021		FYE 2022		FYE 2023	
	RM'000	%	RM'000	%	RM'000	%
Local suppliers	6,642	90.09	37,448	95.93	33,192	95.27
Foreign suppliers	731	9.91	1,590	4.07	1,648	4.73
Total	**7,373**	**100.00**	**39,038**	**100.00**	**34,840**	**100.00**

Delivery of our parts and components for the installation, fabrication, construction and commissioning of our oilfield equipment were minimally affected as our business operations were categorised under essential services and we were allowed to deliver the parts and components.

7.22.2 Impact on our business cash flows, liquidity, financial position and financial performance

We did not experience any major impact on our financial performance due to the COVID-19 pandemic. Nevertheless, moving forward, we do not envisage any further impact on our financial performance due to the COVID-19 pandemic as Malaysia had officially entered into the endemic phase of COVID-19 effective 1 April 2022, allowing all industries and businesses to operate with relaxed standard operating procedures. Our revenue for the Financial Years under Review is as depicted below:

	FYE 2021	FYE 2022	FYE 2023
Revenue (RM'000)	24,845	66,326	72,537
Year-on-year change (%)	25.07	166.96	9.36

7.22.3 Steps taken to address the impact of COVID-19

During the COVID-19 pandemic, we had issued and implemented certain internal standard safety protocol to reduce and mitigate potential disruption in our Group's operations as well as to minimise workplace infection risks. The WHO declared an end to the pandemic as it had been on a downward trend due to the increasing population immunity facilitated by vaccination along with a reduction in strain on healthcare systems. The Malaysian Government then further relaxed the nation's COVID-19 SOPs such as lifting mask requirements and reduced the quarantine period. As such, we have also ceased implementing various COVID-19 SOPs. Nevertheless, some of the internal guidelines issued and are still currently implemented by our Group are as follows:

(i) Frequent sanitising and washing of hands prior to entering workplaces;

(ii) Frequent sanitising and washing of hands prior to entering workplaces;

(iii) Sanitising all common areas of our workplaces 3 times a week; and

(iv) Any infected employee will be quarantined, and we will close our workplaces for disinfection and for all employees to undergo health screening test.

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The Board of Directors
Steel Hawk Berhad,
23-2 & 25-2, Block H
Dataran Prima, Jalan PJU 1/37
47301 Petaling Jaya
Selangor

11 March 2024

Dear Sirs/Madams,

Independent Market Research Report on the Oil and Gas Services and Equipment Industry in Malaysia and the Overview and Outlook of the Renewable Energy Industry in Malaysia ("IMR Report")

Protégé Associates Sdn Bhd ("**Protégé Associates**") has prepared this IMR Report for inclusion in the Prospectus of Steel Hawk Berhad ("**Steel Hawk**" or the "**Company**") in connection with the initial public offering of 134,700,000 ordinary shares in the Company in conjunction with the transfer listing of Steel Hawk from the LEAP Market of Bursa Malaysia Securities Berhad ("**Bursa Securities**") to the ACE Market of Bursa Securities.

We have been engaged to provide an independent market research of the abovementioned industry in which Steel Hawk and its subsidiaries ("**Steel Hawk Group**", or the "**Group**") operate in. The market research process undertaken involved secondary research as well as detailed primary research when required, which involves interviews with the relevant stakeholders of the industry to discuss the state of the industry. Quantitative market information could be sourced from such interviews and therefore, the information is subject to fluctuations due to changes in business, industry and economic conditions.

We have prepared this IMR Report in an independent and objective manner and have taken adequate care to ensure the accuracy and completeness of the report. We believe that this IMR Report presents a balanced view of the industry within the boundaries and limitations of secondary statistics, primary research and continued industry movements. Our research has been conducted to present an overall view of the industry and may not necessarily reflect the performance of individual companies in this industry. Protégé Associates is not responsible for the decisions and/ or actions of the readers of this report. This report should also not be considered as a recommendation to buy or not to buy the shares of any company or companies as mentioned in this report.

Yours sincerely,

SEOW CHEOW SENG
Managing Director

About Protégé Associates Sdn Bhd

Protégé Associates is an independent market research and business consulting company. Our market research reports provide an in-depth industry and business assessment for companies raising capital and funding in the financial markets; covering their respective market dynamics such as market size, key competitive landscape, demand and supply conditions, government regulations, industry trends and the outlook of the industry.

Profile of signing partner, Seow Cheow Seng

Seow Cheow Seng is the Managing Director of Protégé Associates. He has 23 years of experience in market research, having started his career at Frost & Sullivan where he spent 7 years. He has a Master in Business Administration from Charles Sturt University, Australia and Bachelor of Business majoring in Marketing from RMIT University, Australia.

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The research for this IMR Report was completed on March 2024.

For further information, please contact:

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1.0 Introduction to Oil and Gas Services and Equipment ("OGSE")

The oil and gas industry revolves around the exploration, extraction and processing of crude oil and natural gas, and is segmented into upstream, midstream and downstream sectors. The upstream sector involves the exploration, development and extraction of crude oil or gas from onshore or offshore oil or gas fields. The midstream sector involves transporting of crude and refined petroleum products to refinery, processing and storage facilities. Lastly, the downstream sector involves refining of crude oil, processing of natural gas, manufacturing of petroleum and petrochemical products, and marketing and retailing of petroleum and petrochemical products to end-users.

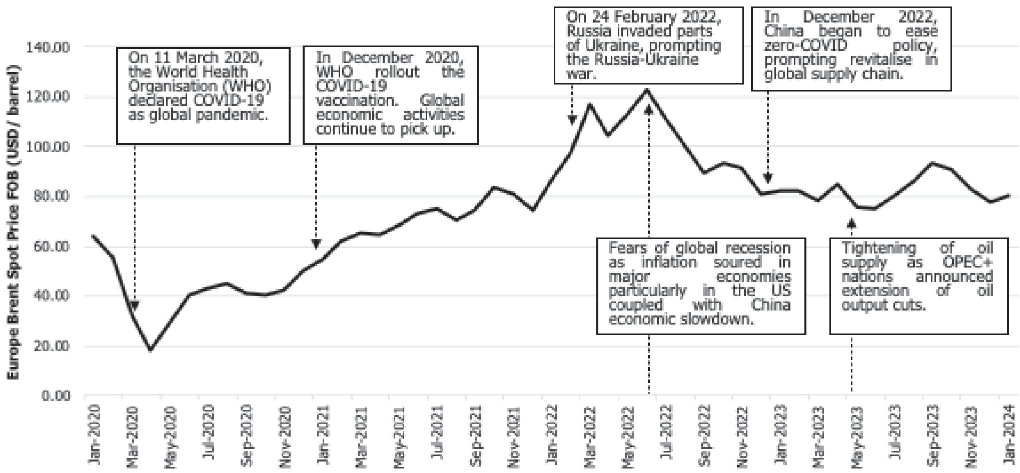
OGSE refers to broad categories of products and services that support the needs of the oil and gas value chain from upstream to downstream sectors. In Malaysia, the OGSE can be divided into 2 types, namely standardized work and equipment categories ("SWECs") for services and SWECs for products as classified by Petroliam Nasional Berhad ("PETRONAS"). Some examples of SWECs for services include provision of geophysical services, electrical engineering and maintenance, engineering design, production/drilling/workover associated services, marine transportation and support services, onshore and offshore facilities construction as well as pipeline and associated services. On the other hand, some examples of SWECs for products include chemicals, drilling equipment and materials, electrical, instrumentation, insulation, pipes, mechanical, rotating equipment, civil and structural, subsea and valves.

1.1 Overview of the Global Oil and Gas Industry

The world crude oil production increased by 4.98% from 69.35 million barrels per day in 2021 to 72.80 million barrels per day in 2022. The Middle East region remained as the largest crude oil producing region, contributing 25.09 million barrels per day while the Asia-Pacific region contributed 6.24 million barrels per day in 2022. On a closer look, the top 5 crude oil producing countries in the world in 2022 were the United States of America, Saudi Arabia, Russia, Iraq and China while in the Asia-Pacific region, major crude oil producing countries are China, India, Indonesia and Malaysia. Major crude oil producing countries in the Middle East region include Iran, Iraq, Kuwait, Oman, Saudi Arabia and United Arab Emirates.

As prices of crude oil have been cyclical, Protégé Associates has used the historical price movements of the Europe Brent Spot Price free on board ("FOB") as a proxy for the overall price trend of crude oil in the world. The diagram below depicts the movement of monthly crude oil prices since 2020 up to January 2024. Prior to 2020, the crude oil price hovered between USD60.00 to USD75.00 per barrel notably influenced by trade dispute between the United States of America ("US") and China as well as slowing global economic growth.

Figure 1: Historical Monthly Crude Oil Price, January 2020 to January 2024



Source: Protégé Associates

In 2020, the crude oil prices have been under heavy downward pressures due to 2 major shocks to the world economy; the price war sparked by Saudi Arabia and the fuel demand destruction caused by the Coronavirus Disease 2019 ("COVID-19") pandemic. The crude oil prices had plummet from USD63.65 per barrel in January 2020 to USD18.38 per barrel in April 2020, caused by contraction in global oil demand and massive selloffs amid a significant global oversupply. Nonetheless, oil demand had picked up in the second half of the year and global oversupply of oil has gradually alleviated as movement and travel restrictions eased and economic activities resumed in many countries. Furthermore, news of the roll-out of COVID-19 vaccines raised optimism on oil demand recovery. By December 2020, the crude oil rose to USD49.99 per barrel.

In 2021, the crude oil prices continued to recover despite a resurgence in COVID-19 cases. The rise in demand for oil following a recovery in economic activities quickly eliminated the oil glut situation, and with oil producers unable to promptly resume production which led to demand outpaced supply. The Organization of Petroleum Exporting Countries ("**OPEC**") and its allies (collectively known as OPEC+) agreed to production cut in late 2020 as well as limit production increases throughout 2021 to support higher crude oil prices. The crude oil prices increased from USD54.77 per barrel in January 2021 to USD74.17 per barrel in December 2021 (the average price was USD70.86 per barrel for 2021).

In 2022, the crude oil prices continued to climb higher. The global supply chain experienced disruptions as a result to the war between Russia and Ukraine. Russia's involvement in the war has raised concerns about the country's oil supply given its position as one of the largest exporters of oil globally. Crude oil prices have hovered between USD100.45 and USD122.71 per barrel from March to August 2022. Subsequently, due to recession fears in some major economies as well as the economic slowdown in China, the crude oil prices dipped below USD100.00 per barrel in September 2022. With the OPEC+ production cuts in place, crude oil prices stabilise at USD80.92 by the end of December 2022. On top of that, China's decision to ease its' COVID-19 Zero Policy in December 2022 also served to further support the oil prices (the average price was USD100.78 per barrel in 2022).

On 2 April 2023, OPEC+ announced a further production cut of 1.16 million barrels per day. Following this, Saudi Arabia pledged an additional voluntary reduction in output by 1 million barrels for July. In November, OPEC+ agreed to extend the production cuts into the first quarter of 2024. Further, China's economic recovery has continued to keep crude oil prices stable. By December 2023, the crude prices stood at USD77.63 (the average price was USD82.47 per barrel for 2023).

The world marketed production of natural gas was consistent for 2021 and 2022, with production amounting to 4.172 trillion standard cubic meters and 4.167 trillion standard cubic meters respectively. After the Americas (1.25 billion standard cubic metres) and Eurasia (838,674.00 million standard cubic metres), the Middle East region was the 3rd largest regional source of marketed production of natural gas, contributing 736,470.00 million standard cubic metres of the world marketed production of natural gas in 2022 while the Asia-Pacific region stood at 704,660.00 million standard cubic metres in 2022. On a closer look, the 5 countries with the highest marketed production of natural gas in the world in 2022 were the United States of America, Russia, Iran, China and Qatar while in the Asia-Pacific region, major countries for marketed production of natural gas include China, Australia, Indonesia and Malaysia.

In terms of the world refinery capacity, it has increased slightly from 101.26 million barrels per calendar day in 2021 to 101.77 million barrels per calendar in 2022. In 2022, the Asia-Pacific region had the highest refinery capacity at 36.49 million barrels per calendar day while the refinery capacity in the Middle East region stood at 10.04 million barrels per calendar day. Countries in the Asia-Pacific and the Middle East regions with refinery capacity of more than 2.00 million barrels per calendar day in 2022 were China, India, Japan, South Korea, Iran and Saudi Arabia. Similarly, the world output of petroleum products has also increased from 89.19 million barrels per day in 2021 to 91.12 million barrels per day in 2022. The Asia-Pacific region has remained as the largest petroleum products producing region with 32.90 million barrels per day produced in 2022 while the output of petroleum products in the Middle East region stood at 7.88 million barrels per day. Countries in the Asia-Pacific and the Middle East regions with output of petroleum products of more than 2.00 million barrels per day in 2022 were China, India, Japan, South Korea and Saudi Arabia.

1.2 Overview of the Malaysian Oil and Gas Industry

The Malaysian oil and gas industry is part of the broader mining and quarrying sector where the mining and quarrying sector accounted for RM96.20 billion or 6.37% of the Malaysian's real gross domestic product in 2022. Out of the mining and quarrying sector, the crude oil and condensate, and natural gas related activities contributed RM87.47 billion or 5.79% of the Malaysian's real gross domestic product in 2022. The crude oil and condensate, and natural gas related activities are projected to register a modest decline of 1.63% to RM86.04 billion in 2023, followed by a growth of 7.65% to reach RM92.62 billion in 2024, in terms of the Malaysia's real GDP.

In 2022, Malaysia is a net importer of crude petroleum (by value) with a trade deficit of RM21.39 billion. The export value of crude petroleum amounted to RM31.55 billion while the import value of crude petroleum amounted to RM52.94 billion. On another note, Malaysia is a net exporter of refined petroleum products (by value) in 2022. The export value of refined petroleum products amounted to RM151.66 billion while the import value of refined petroleum product amounted to RM139.83 billion during the year. Heavy investments made in recent years such as the Pengerang Integrated Complex and Integrated Aroma Ingredients Complex started to bear fruit and bolster the downstream capabilities of the country. PETRONAS has successfully ventured into specialty chemicals and has higher refining capacity to balance Malaysia's gasoline supply and demand. Furthermore, PETRONAS is now better positioned to undertake a lot more blending of oil to meet demand for low-sulphur oil from shippers following the new fuel regulations by the International Maritime Organization.

Malaysia is also a prominent exporter of natural gas in the Asia and Pacific region and has been exporting more than RM40.00 billion worth of liquefied natural gas ("LNG") per annum. Nonetheless, Malaysia's exports of LNG fell to RM38.19 billion in 2021 due to the impact of COVID-19. Exports of LNG rebounded strongly in 2022, with exports value reaching RM67.99 billion. Therefore, with key LNG assets such as PETRONAS Floating LNG Facilities (PFLNG-1 and PFLNG-2) and the PETRONAS LNG Complex in Bintulu, Sarawak, being one of the world's largest LNG production facilities at a single location, Malaysia is well positioned to gain further traction towards the monetisation of gas and strengthen its position as a reliable LNG supplier.

1.3 Historical Market Performance and Growth Forecast

The potential size of the OGSE industry in Malaysia is heavily dependent on the capital expenditure ("CAPEX") committed by PETRONAS. As the custodian of Malaysia's petroleum resources, PETRONAS allocates budgets and determines upstream and downstream oil and gas projects that will be undertaken in Malaysia which have a positive impact on the participation rate and revenue stream of OGSE industry players. Protégé Associates has used the annual domestic CAPEX programme of PETRONAS as a proxy to gauge the historical performance and growth of the OGSE industry in Malaysia.

Figure 2: Historical and Growth Forecast of the Domestic CAPEX of PETRONAS, 2021-2028

Year	Domestic CAPEX (RM billion)	Growth Rate (%)
2021	15.00	-
2022	18.60	24.00
2023 ^{e}	22.00	18.28
2024 ^{f}	23.00	4.55
2025 ^{f}	24.00	4.35
2026 ^{f}	24.50	2.08
2027 ^{f}	25.00	2.04
2028 ^{f}	25.00	-

Notes:

1) *e denotes estimate; f denotes forecast*
2) *compound annual growth rate ("CAGR")(2024-2028)(base year of 2023): 2.59%*

Sources: PETRONAS and Protégé Associates

The domestic CAPEX of PETRONAS increased by 24.0% from RM15.00 billion in 2021 to RM18.60 billion in 2022 driven by the growth of the Malaysian oil and gas industry. Amidst the continued disruption in global oil supply chain due to the Russia-Ukraine war as well as the economic recovery in a post-pandemic environment, PETRONAS has continued to strengthen our business and pursue CAPEX on exploration, development and production activities to sustain and grow production in Malaysia.

In 2023, the domestic CAPEX of PETRONAS increased by 18.28% from RM18.69 billion in 2022 to RM22.00 billion. The increase is mainly attributed to PETRONAS's investments in key projects including its Nearshore Floating LNG project in Sabah, the Kasawari Gas Field development, and the carbon sequestration (process of capturing and storing atmospheric carbon dioxide) facilities in Sarawak. Furthermore, the high average crude oil prices environment throughout the year facilitated PETRONAS robust spending endeavours. The increase in PETRONAS' capital expenditure would benefits the OGSE players due to increased demand for their services.

PETRONAS's commitment to sustaining and growing Malaysia's oil and gas productions as demonstrated by its 2024-2026 Activity Outlook and recent discovery of potential hydrocarbon reserves in the Langkasuka Basin, aligns with its ongoing efforts to ensure the industry's long-term viability. To enhance production efficiency and sustainability in the oil and gas industry, approximately 300 Facilities Improvement Plans (FIPs) are planned annually for the next three years. These include rejuvenation projects, gas turbine and generator replacements, and other major maintenance works. Moreover, decommissioning activities will be carried out for about 150 matured assets while disused assets will be assessed for potential reuse or repurposing. The downstream business is increasingly expanding into cleaner energy initiatives such as the ongoing development of a greenfield biorefinery and co-processing plant that is set to begin in 2026, alongside the expansion of LNG bunkering and PETRONAS automotive fluid solutions for electric vehicles (EVs) and other thermal management applications. These aforesaid developments are anticipated to provide opportunities for the OGSE players across exploration, development, production and decommissioning activities.

According to PETRONAS, its capital investment allocation over the next five years between 2023 to 2027 is expected to be 43.0% higher than the last five years i.e. between 2018 to 2022, mainly as a result of scaling up investments in the core business, lowering its emissions as well as investing in new business to future-proof PETRONAS' portfolio. As such, the annual domestic CAPEX of PETRONAS is projected to increase by 4.55% to reach RM23.00 billion in 2024. The annual domestic CAPEX of PETRONAS is projected to grow from RM23.00 billion in 2024 to RM25.00 billion in 2028, registering a CAGR of 2.59% during the forecast period. PETRONAS will continue to invest in core business activities and growth projects in continuing their effort to support and contribute towards the resiliency of the OGSE industry.

1.4 Competitive Analysis

The OGSE industry in Malaysia can be described as competitive and fragmented due to the presence of established players, high barriers to entry, PETRONAS licensing requirements, the availability of SWECs, participation of foreign players and the existence of a considerable number of industry players offering a wide range of services across the oil and gas value chain.

According to the Malaysian Petroleum Resources Corporation (an agency under the Ministry of Economy that provides recommendations and implements initiatives to advance Malaysia's OGSE industry and drive the sector's development towards cleaner and sustainable energy), 665 companies were recognised as OGSE companies in 2022, whom are companies registered with the Companies Commission of Malaysia and have revenue generated from the oil and gas activities.

In fact, there are several OGSE industry players that have already tapped into the equity market in Malaysia. For example, Ocean Vantage Holdings Berhad which is listed on the ACE Market of Bursa Securities, and Petra Energy Berhad, Carimin Petroleum Berhad, Propel Global Berhad, T7 Global Berhad, Handal Energy Berhad and Deleum Berhad which are listed on the Main Market of Bursa Securities. In addition, some of these OGSE industry players including the abovementioned industry players already have track record in executing or securing project(s) overseas.

1.5 Comparison between Steel Hawk and Selected Industry Players

Steel Hawk Group is principally involved in the energy sector where the Group is primarily involved in engineering, procurement, construction and commissioning ("EPCC") services and facilities improvement/maintenance, installation and maintenance of oilfield equipment, as well as supply of oilfield equipment. For the financial year ended ("FYE") ended 31 December 2023, Steel Hawk Group Registered revenue of RM72.54 million.

Protégé Associates has identified several key industry players that are comparable based on the following criteria:

- Listed on Bursa Malaysia Securities Berhad;
- Primarily involved in the provision of EPCC services;
- Involved in provision of other related OGSE services such as supply of oilfield equipment; and

After taking into consideration about the above criteria, Protégé Associates has selected the following industry players as comparable companies with Steel Hawk Group.

Please note that the list of industry provided is not exhaustive. The comparable industry players may also be involved in other sectors and/or in provision of other products and services.

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Figure 3: Financial Information of Steel Hawk Group and Selected Industry Players

Company	Product Offering		Financial Year Ended	Revenue (RM'000)	Gross Profit/ (Loss) ("GP/(LP)") (RM'000)	Profit/ (Loss) Before Tax ("PBT/ (LBT)") (RM'000)	Profit/ (Loss) After Tax ("PAT/ (LAT)") (RM'000)	GP/(LP) Margin (%)	PBT/ (LBT) Margin (%)	PAT/ (LAT) Margin (%)
	EPCC	Other related OGSE activities[1]								
Steel Hawk Group	√	√	31 December 2023	72,537	20,833	10,344	7,220	28.72	14.26	9.95
Dialog Group Berhad	√	√	30 June 2023	3,001,534	257,478	553,888[2]	520,623	8.58	18.45	17.35
Muhibbah Engineering (M) Berhad	√	√	31 December 2022	896,809	184,210	24,310	5,720	20.54	2.71	0.64
Dayang Enterprise Holdings Berhad		√	31 December 2022	984,183	330,759	196,324	125,337	33.61	19.95	12.74
Deleum Berhad	√	√	31 December 2022	698,049	143,717	67,891	50,958	20.59	9.73	7.30
Petra Energy Berhad	√	√	31 December 2022	370,724	34,824	10,019	13,076	9.39	2.70	3.53
Carimin Petroleum Berhad		√	30 June 2023	254,736	47,646	27,228	22,869	18.70	10.69	8.98
Propel Global Berhad	√	√	30 June 2023	112,257	28,407	10,054	8,010	25.31	8.96	7.14
T7 Global Berhad	√	√	31 December 2022	362,970	90,755	33,698	20,239	25.00	9.28	5.58
Handal Energy Berhad		√	31 December 2022	52,837	9,173	(40,416)	(39,163)	17.36	(76.49)	(74.12)
Ocean Vantage Holdings Berhad	√	√	31 December 2022	155,104	33,548	4,251	(1,110)	21.63	2.74	(0.72)

Notes:

1) *Other related OGSE activities include providing services such as hook-up and commissioning, well engineering and design, well intervention and decommissioning, installation, repair and maintenance, offshore marines support services, structural/piping fabrication, drilling and well abandonment, production enhancement, geophysical services, crane services and materials, tools, equipment and manpower supply.*
2) *The companies registered higher PBT compared to its GP, due to higher other income recorded during the financial year.*

Sources: Steel Hawk and annual reports of listed comparable industry players

1.5.1 Steel Hawk Group's Market Share

For the FYE 31 December 2023, Steel Hawk generated revenue of RM72.54 million, representing 0.33% share of the OGSE industry in Malaysia.

1.6 Demand and Supply Conditions

Figure 4: Demand Conditions Affecting the OGSE Industry in Malaysia, 2024-2028

Impact	Demand Conditions	Short-Term	Medium-Term	Long-Term
		2024-2025	2026-2027	2028
+	The Presence of Strategic Petroleum Reserves	High	High	High
+	Petrochemical Industry as a Long-Term Source of Incremental Demand	Medium	Medium	Medium
+	Continuing Investments Driving Upstream and Downstream Oil and Gas Activities	Low	Low	Medium
-	Fluctuation in Crude Oil Prices May Lead to Uncertain Earnings	High	Medium	Medium
-	The Implementation of Further Efficiency Improvements in Road Transportation	Medium	Medium	Medium
-	Increasing Threat of Substitutability from Greener and Renewable Sources of Energy	Low	Low	Medium

Source: Protégé Associates

In order to maintain national fuel security and protect the economy during an energy crisis, crude oil is often stockpiled into what is known as strategic petroleum reserves. The drawdown and replenishment or addition of strategic petroleum reserves can also act as a stabilising force against any sharp movements in the prices of crude oil. As of January 2020, Malaysia held proved oil reserve of 3.6 billion barrels. Additionally, PETRONAS' recent study of the Langkasuka Basin located in the northern Straits of Melaka has indicated the presence of hydrocarbon potential in the previously untested deeper rock layers. Therefore, the presence of strategic petroleum reserves brings a positive impact to the overall development of the oil and gas industry including the OGSE industry.

The global oil demand from the petrochemical industry is expected to increase from 20.5 million barrels per day in 2021 to 23.7 million barrels per day in 2023 and 25.5 million barrels per day in 2050, respectively. The increase in demand is largely supported by the continued need for a wide range of products that includes plastics, synthetic fibres, detergents, paints, adhesives, aerosols, insecticides, and pharmaceuticals. Around 70.0% (10.0 million barrels per day) of oil demand is used as petrochemical feedstock to produce plastics. Despite the implementation of policies by various countries to ban or reduce single-use plastics, improve recycling rates, and promote alternative feedstocks, these measures alone may not be sufficient to adequately offset the increasing demand for plastics. The demand for petrochemical feedstock used in plastics production is expected to rise by an estimated 3.0 million barrels per day between 2021 and 2050. Sustained dependence on petrochemicals to produce these products is sparked by the rising population and the continuing industrialisation taking place globally. This development is expected to provide the impetus for further growth in the oil and gas industry, which in turn further drive growth in the local OGSE industry as well.

Due to the normal maturation of the traditional shelf basins with mostly economically attractive fields, we can expect more future offshore exploration activities to be conducted in deep and ultra-deep water. Meanwhile, the development of the downstream sector of the local oil and gas industry is expected to gain further traction with the continuing investments in the petroleum products (including petrochemicals) industry. In 2022, there are 18 approved oil and gas projects with investments worth RM23.90 billion compared to 16 approved oil and gas projects with investments worth RM17.09 billion in 2021. These projects can help to spur further activities in the local OGSE industry. It is also worth noting that the commercial viability of OGSE projects is heavily influenced by the crude oil prices. During the COVID-19 pandemic, global oil demand contracted due to lockdown measures causing a decline in crude oil prices. The rollout of vaccines subsequently led to the recovery of oil demand and higher crude oil prices in 2021. However, in 2022, the crude oil prices become volatile due to Russia-Ukraine war which disrupted oil supply and caused a spike in crude oil prices. Furthermore, recession fears in some major economies as well as the economic slowdown in China further dampened crude oil prices. The fluctuation in the crude oil prices has made it increasingly challenging for OGSE companies to forecast their earnings and plan ahead due to rapid market changes and increasing uncertainty.

Given that a sizeable demand for oil comes from road transportation sector, technological developments, tightening of energy policies as well as the faster adoption of electric and alternative-fuelled vehicles have inevitably led to further efficiency improvements. According to the International Energy Agency ("IEA"), electric car sales exceeded 10 million in 2022, a 55.0% increase from 6.6 million sales in 2021, despite supply chain disruptions, macro-economic and geopolitical uncertainty and high commodity and energy prices. The global electric car sales are expected to continue strongly with 14.0 million sales projected by the end of 2023, aligning with the growing concern about climate change and the reduction of greenhouse gas emissions as countries establish their green energy transition goals. The adoption of electric cars is expected to dampen the demand for oil which does not augur well for the growth in the oil and gas industry including the OGSE industry.

As environmental and cost concerns become more prominent around the world, greener and RE resources such as solar, wind, hydro and biomass are increasingly being explored as replacements for fossil fuels. In its pursuit of achieving net zero carbon emissions by 2050, PETRONAS has made efforts to diversify its operations beyond its core business of oil and gas into the green and renewable energy through the establishment of Gentari Sdn. Bhd. The subsidiary aims to provide integrated sustainable energy solutions such as RE, hydrogen, and green mobility. However, green and renewable sources of energy are not expected to make a marked dent in the demand for fossil fuels during the forecast period because fossil fuels remain the familiar and more cost-efficient choice for the majority of major energy users. Despite efforts to diversify and promote cleaner energy alternatives, the infrastructure and scale for renewable energy sources has yet to reach a level to significantly replace the demand for fossil fuels in the near term.

Figure 5: Supply Conditions Affecting the OGSE Industry in Malaysia, 2024-2028

Impact	Supply Conditions	Short-Term	Medium-Term	Long-Term
		2024-2025	2026-2027	2028
+	Strong Leadership by PETRONAS	High	High	High
+	Continuing Close Attention and Support from the Malaysian Government	High	High	High
-	Relatively High Regulatory Barriers to Entry	High	High	High
-	Underinvestment in Oil and Gas amid a Shift to Cleaner Fuels	Low	Low	Medium

Source: Protégé Associates

PETRONAS acts as a custodian of Malaysia's petroleum resources and has been actively involved in spearheading efforts to stimulate the growth in the local oil and gas industry including its stakeholders such as the local OGSE industry. In Malaysia, PETRONAS fosters collaborations and partnerships in the oil and gas industry by working with operators in petroleum activities across the value chain and throughout the entire asset life. Oil and gas industry players in Malaysia, including the local OGSE industry players can also look forward to a transformed PETRONAS Technical Standards with the expected full adoption of the International Standards which can create mutually beneficial outcome in terms of cost, quality, reliability, safety and schedule. Further traction in standardisation can help to reduce cost and open up opportunities to create greater value for manufacturers, suppliers and principals. In addition, digitalisation, permanent reservoir modelling and enhanced oil recovery methods are expected to continue improving oil recovery rate from mature oil fields and drive the advent of tight oil and shale gas. The local oil and gas industry including the local OGSE industry can also look forward to the continuing close attention and support from the Government in the form of national strategic policies or masterplans, due to its strategic importance as key source of revenue and economy driver. In particular, the Malaysian Investment Development Authority MIDA remains focused on the continued strategic integration in the country's downstream operations to meet demands and capture value across the oil and gas value chain. MIDA also encourages more joint ventures or collaborations between local and foreign players with expertise to enhance local capabilities via knowledge transfer.

On the flipside, the OGSE industry has relatively high barriers to entry as potential entrants are required to obtain licenses, registrations and/or approvals to provide OGSE, thus restraining the number of entrants into the industry. In addition, the local OGSE industry is also witnessing a lack of investment in new oil and gas supplies amid a shift in focus towards cleaner energy sources. According to the IEA, the global energy investment experienced a decline of approximately 20% in 2020, primarily driven by the effects of the COVID-19 pandemic which dampened oil demand. On top of that, the IEA is also calling for investors to stop funding new fossil fuel projects to achieve net zero emission by 2050, which is likely to cause further decrease in oil and gas supplies as major oil and gas players increasingly diversify towards green and renewable energy. Nevertheless, it is important to note that oil and gas continue to play a pivotal role in the energy sector, in terms of fuel consumption and power generation. Therefore, the underinvestment in the global oil and gas sector could lead to tighter supplies at a time when oil demand normalised post pandemic, particularly due to growing needs of sectors such as road transportation, aviation and shipping. While the transition to green and renewable energy is slowly picking up, it is nonetheless expected to fall short of meeting the rising demand for energy in a sustainable manner.

1.7 Outlook and Prospects of the OGSE Industry in Malaysia

The outlook for the local OGSE industry is dependent to a large extent on the annual domestic CAPEX of PETRONAS. The domestic CAPEX of PETRONAS stood at RM18.60 billion in 2022, which is an increase from the RM15.00 billion recorded in the previous year, driven by the growth of the Malaysian oil and gas industry. In recent years, the crude oil prices have been volatile due to the impact of COVID-19 pandemic. Moreover, the Russia-Ukraine war has further disrupted the global oil supply chain, causing the crude oil prices to rise above USD100 per barrel during period of March to August 2022. Furthermore, concerns over potential recession in major economies and the economic slowdown in China has contributed to the pressure on the crude oil prices. Despite these challenges, PETRONAS has continued to strengthen its business and pursue CAPEX on exploration, development and production activities to sustain and grow production in Malaysia.

Moving forward, growth is expected to be supported by PETRONAS's commitment to its long-term target to sustaining and growing Malaysia's oil and gas production, coupled with expected high average crude oil prices environment that will facilitate PETRONAS' spending endeavours. As such, the annual domestic CAPEX of PETRONAS is projected to increase by 4.55% to reach RM23.00 billion in 2024. The annual domestic CAPEX of PETRONAS is projected to grow from RM23.00 billion in 2024 to RM25.00 billion in 2028, registering a CAGR of 2.59% during the forecast period. PETRONAS will continue to invest in core business activities and growth projects in continuing their effort to support and contribute towards the resiliency of the OGSE industry. Additionally, the recent discovery of potential hydrocarbon reserves in the Langkasuka Basin presents further opportunities for future exploration and development, potentially contributing to the long-term sustainability of the industry.

Factors boosting growth within the local OGSE industry is likely to come from the presence of strategic petroleum reserves as well as continuing influx of investments that can stimulate more upstream and downstream oil and gas activities. In addition, the local OGSE industry can rely on the petrochemical industry as a long-term source of incremental demand for oil. However, fluctuations in crude oil prices can lead to fluctuations in the earnings of OGSE companies, which may affect the expansion of the industry. While the implementation of further efficiency improvements in the road transportation and increasing threat of substitutability from greener and renewable sources of energy may pose a threat to the growth of the local OGSE industry, they are not expected to markedly impact the demand for oil and gas during the forecast period.

The green energy transition process is expected to progress gradually, with fossil fuels projected to account for 78.0% of the global energy mix by 2032, compared with 81.0% recorded in 2022. Therefore, fossil fuels are expected to remain relevant as the familiar and cost-efficient choice for majority of the major energy users. On the supply side, a strong leadership by PETRONAS along with the close attention and support from the Government means that local oil and gas industry including the OGSE industry is being guided by steady hands in navigating its future direction. On the flip side, the level of participation in the local OGSE industry is hindered by the relatively high regulatory barriers to entry. Furthermore, the lack of investment into the oil and gas sector will also likely impact the development of the domestic oil and gas industry, including the OGSE industry.

2.0 Overview and Outlook of the Renewable Energy ("RE") Industry in Malaysia

Driven by the need to address climate change, enhance energy security, and build a sustainable energy infrastructure, countries worldwide are transitioning from traditional energy generation methods to embrace the deployment of RE into their energy portfolio. In line with this global trend, the Malaysian Government has also identified RE as a vital fifth energy source to supplement the four main existing ones – natural gas, oil, coal and hydroelectricity. RE refers to any form of primary energy from recurring and non-depleting natural resources, which includes biomass, hydroelectric ("hydro"), geothermal, solar, wind, ocean thermal, wave action and tidal action. According to the National Energy Transition Roadmap ("NETR"), Malaysia's energy system is primarily dominated by non-renewable sources of energy namely, natural gas, oil and coal. Together they contributed around 96% of Malaysia's total primary energy supply ("TPES") in 2023. Under the NETR's responsible transition scenario, Malaysia is expected to shift from traditional, fossil fuel-based energy systems to a greener, low carbon energy framework. Recognising the significance of energy in sustaining economic growth and socioeconomic development, the NETR aims to ensure progressive scaling up of RE in the power mix by 2050. Under this transition, coal will be phased-out, while RE will increase from 4% of Malaysia's TPES in 2023 to 23% by 2050. Meanwhile, natural gas is expected to play a major role, constituting 56% of TPES by 2050. The transition will be driven by an increased in use of RE in the power generation mix, the phasing out of coal from the power generation mix, implementation of broad-based energy efficient initiatives and the shift to electrification and biofuels being expedited in the transport sector.

Malaysia possesses abundant RE resources, with an estimated technical potential of nearly 290 gigawatts ("GW") nationwide. Notably, the technical potential for solar photovoltaic ("PV") alone is projected to reach 269 GW. Currently, only a small fraction of this RE potential has been tapped, with just over 9 GW of installed capacity realised, indicating vast amount of untapped potential within the RE industry. According to the NETR, the total RE installed capacity in Malaysia is projected to expand to approximately 12.4 GW by 2025, with hydro, solar PV and bioenergy expanding to approximately 6.4 GW, 5.5 GW and 0.5 GW respectively. By 2050, RE is projected to make up the majority share of installed capacity with solar PV taking lead at around 56 GW, followed by hydro (~10.7 GW) and bioenergy (~1 GW). Given Malaysia's geographical location near the equator, the abundance of sunlight makes it an optimal location for harnessing solar energy. Going forward, solar PV installation is expected to be the main contributor to the growth of RE share of installed capacity.

Malaysia stands at the forefront of a transformative energy landscape, where the focus on RE has sparked a positive and promising outlook for the industry. Looking ahead, the RE industry in Malaysia will continue to be driven by factors such as population growth and increased urbanisation. Malaysia's population is projected to increase from 33.4 million in 2023 to an estimated 40 million by 2050 and, the urbanisation rate is expected to increase from 75% in 2020 to reach 85% by 2040. Economic and population growth, along with rapid urbanisation, will drive a 2% annual increase in energy demand until 2050. As the demand for electricity increases, there is a growing focus on RE as a viable solution for power generation. The RE industry is well-positioned to address Malaysia's escalating electricity demands, supporting economic growth and population expansion while ensuring energy security and diversifying the nation's energy mix. Furthermore, with the adoption of electric vehicles gaining momentum in Malaysia, an opportunity emerges for the RE industry as the increased penetration of electric vehicles will lead to a rise in electricity demand, as these vehicles require charging from the grid.

On the supply side, the growth in the RE industry is mainly shaped by the Government's commitment towards low-carbon development and sustainable economic restructuring. The NETR aim to accelerate energy transition and improve climate resilience by establishing pathways for the national energy mix, greenhouse gas emission reduction and energy transition initiatives. The NETR goal of increasing RE's contribution of TPES from 4% in 2023 to 23% of TPES by 2050 is expected to drive expansion in the RE industry. Going forward, Malaysia's focus on transitioning from a traditional fossil fuel-based economy to a high-value green economy is anticipated to significantly benefit the RE industry.

9. RISK FACTORS

NOTWITHSTANDING THE PROSPECTS OF OUR GROUP AS OUTLINED IN THIS PROSPECTUS, YOU SHOULD CAREFULLY CONSIDER, THE FOLLOWING RISK FACTORS THAT MAY HAVE A SIGNIFICANT IMPACT ON THE FUTURE PERFORMANCE OF OUR GROUP, IN ADDITION TO THE OTHER INFORMATION CONTAINED ELSEWHERE IN THIS PROSPECTUS, BEFORE INVESTING IN OUR SHARES.

9.1 RISKS RELATING TO OUR BUSINESS AND OPERATIONS

9.1.1 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. Further breakdown on revenue contribution from PETRONAS group for the Financial Years Under Review is as follows:

Name	Services provided	FYE 2021		FYE 2022		FYE 2023	
		RM'000	% of total revenue	RM'000	% of total revenue	RM'000	% of total revenue
PETRONAS group	EPCC services and facilities improvement / maintenance, installation and maintenance of oilfield equipment, supply of oilfield equipment	21,326	85.84	36,125	54.47	33,103	45.64

Our working relationship with PETRONAS group commenced in 2013 through our first contract with PETRONAS Carigali involving the supply of chemical injection skids, which had a contract duration of 3 years from May 2013 to May 2016. Between 2013 up to the LPD, we have secured a total of 44 contracts (comprising fixed / Price Agreements (call out contracts)) with PETRONAS group for the provision of the following services:

(i) EPCC services and facilities improvement / maintenance – the provision of EPCC services for chemical injection skids and improvement / maintenance of topside O&G facilities (i.e. onshore O&G terminal and / or offshore production platform);

(ii) Installation and maintenance of oilfield equipment – the installation, repair, refurbishment and replacement of oilfield equipment (e.g. pig trap system, fire rated doors or oil spill recovery equipment) in topside O&G facilities (i.e. onshore O&G terminals and / or offshore production platform); and / or

(iii) Supply of oilfield equipment – the supply of oilfield equipment (e.g. pig trap system, fire rated doors or oil spill recovery equipment), as well as their parts and components, undertaken through purchase orders on an ad-hoc basis (involves the standalone supply of oilfield equipment to our customers without any installation or maintenance provided).

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. As at the LPD, we have 11 ongoing contracts with PETRONAS group with expiration date of up to August 2026. For clarification purposes, under a Price Agreement (call out contract) (which does not have a fixed contract value), we are engaged by the customer through work orders to provide specified services for the duration of the contract, as and when such services are required. Should there be a need for our services during the contract period of our Price Agreements (call out contracts) with PETRONAS group, they will issue a work order to our Group and we have to provide these services within a stipulated timeframe prescribed within the Price Agreements (call out contracts). Nevertheless, there is no guarantee that PETRONAS group will issue work orders to us during the contract period as we are only called to provide our services as and when such services are required by PETRONAS group.

Given the past and on-going contracts with PETRONAS group, they may continue to account for similar proportion of our Group's total revenue in the near future in view of our established working relationships with PETRONAS group which started since 2013. As such, we have been reliant upon PETRONAS group for our projects and there is no assurance that PETRONAS group may continue to account for similar proportion of our Group's revenue in the near future.

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. PETRONAS group is subject to inherent risks in the O&G industry, particularly on the level of capital spending and activity in the exploration, development as well as production of crude O&G which are influenced by the fluctuation of crude O&G price. In a situation of diminishing level of the aforesaid exploration, development and production activities, PETRONAS group operations may be affected which may lead to the possible decline in the number of contracts to be awarded to us. Given the above, there is no assurance that our financial performance and business operations will not be adversely affected by our reliance on PETRONAS group.

9.1.2 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 December 2012, via Steel Hawk Engineering, we obtained our PETRONAS license which enables us to supply products and services to the upstream, midstream and downstream segments of the O&G industry in accordance with the Petroleum Development Act 1974 and Petroleum Regulations 1974. As at the LPD, our PETRONAS license has a validity period of 3 years up to 17 December 2024 and it is subject to renewal every 3 years. As such, we are dependent on the PETRONAS license for the continuity of our core business operations.

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 SWECs, we are subject to continuous review under PETRONAS' conditions, general guidelines and minimum technical requirements which are subject to change from time to time. Please refer to **Section 7.16** of this Prospectus for further details of our PETRONAS license and SWECs that we require for our operations.

Some of the conditions or requirements as stated in PETRONAS' conditions, general guidelines and SWEC requirements relevant to our business which may lead to the revocation, suspension, blacklisting or non-renewal of our PETRONAS license are as follows:

(i) Commercial / financial conditions, such as if our Group is found to be in the process of liquidation, winding-up or dissolution;

(ii) Operational conditions, such as failure to execute the award job until completion, failure to perform a contractual obligation or any other obligation under the law to partners, principals, agents, sub-contractors and others, received garnishee order, facing bankruptcy action, sub-contract work to another contractor without written permission from PETRONAS, reject any contract or tender awarded, entering or accepting contract or tender during the license suspension period, provide false, inaccurate or misleading information, does not follow tender’s regulations and ethics including but not only limited to sending poison-pen letters, bribing or lobbying, and engaged in any impropriate activities with this license; and

(iii) SWEC requirements, such as failure to meet the "Minimum Technical Requirements" including the following, among others:

   (a) availability of key personnel and their minimum qualifications and years of relevant experience;

   (b) availability of relevant facilities and equipment;

   (c) company's minimum years of relevant experience;

   (d) relevant quality and / or standard accreditations; and

   (e) registrations and / or licenses from external bodies / authorities.

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.

As at the LPD, our Group has not encountered any revocation, suspension, blacklisting or non-renewal of our license issued by PETRONAS prior to expiration. Nevertheless, while we constantly ensure that we meet PETRONAS' requirements, there can be no assurance that in the future, our Group will be able to secure renewals of our license issued by PETRONAS, continue to be qualified for our existing SWEC or qualify for new SWEC, especially if there are changes to the present rules, guidelines, regulations and / or policies.

9.1.3 We are required to comply with the minimum Bumiputera requirements for SWEC

The minimum Bumiputera requirements for SWEC are 30.00%, 51.00% and 100.00%. There are also SWECs with no requirement on Bumiputera participation.

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. Hence, given that we are a public listed company, it is our obligation to fulfil the 35.00% Bumiputera Requirement and ensure full compliance to the terms stated in the PETRONAS license / Registration General Guidelines.

As at the LPD, Radiant Capital being the Bumiputera shareholder of our Group ("**Bumiputera Promoter**") holds 45.90% equity interest in our Company. Upon our Listing, Radiant Capital's shareholdings will be diluted from 45.90% to approximately 36.40%. Based on the 35.00% Bumiputera Requirement, our Group will continue to meet the minimum Bumiputera requirements for SWEC after the Listing. This is in line with the flexibility given for public listed company specified under the PETRONAS license / Registration General Guidelines.

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. As highlighted in **Section 9.1.2** above, in the event we fail to meet the Bumiputera requirements for SWEC, PETRONAS may take action against our Group, such as the revocation, suspension, blacklisting and non-renewal of our PETRONAS license. Should PETRONAS take any such action against our Group, our business and financial performance could be adversely affected as we are dependent on PETRONAS group as our major customer.

9.1.4 We are required to comply with the conditions for Bumiputera contractor status

As part of PETRONAS' continuous effort to enhance and further strengthen PETRONAS Licensing & Registration process, all vendors (contractors / suppliers) who are interested in doing business with PETRONAS are required to procure a MEDC License. For information purposes, it was a pre-requisite requirement for our Company to procure an approval for the Bumiputera Controlled Public Listed Company ("**BCPLC**") status by the MITI prior to the application or issuance of the MEDC License. Our Company is currently a holder of the BCPLC status approval with a validity period of 1 year up to 25 May 2023 ("**BCPLC Approval**"). The BCPLC Approval is subject to our Company reducing the shareholdings of non-Bumiputera substantial shareholder(s) such that it is not more than 10% (individually) or 24% on an aggregated basis ("**BCPLC Condition**"). On 26 June 2023, our Company was granted an extension of 1 year up to 25 June 2024 to comply with the BCPLC Condition.

9. RISK FACTORS (CONT'D)

Upon our Listing, our Company will be able to comply with the BCPLC Condition (i.e. the shareholdings of non-Bumiputera substantial shareholder(s) are not more than 10.00% (individually) or 24.00% on an aggregated basis).

In view of the procurement of the BCPLC Approval by our Company, our wholly-owned subsidiary, namely Steel Hawk Engineering is currently a holder of the MEDC License. As at the LPD, our MEDC License has a validity period of approximately 2 years up to 21 May 2024. Steel Hawk Engineering shall ensure that the following conditions as specified under the MEDC License are complied with at all times, in which these conditions are complied with as at the LPD:

(i) at least 51.00% of the shares in the company is owned by Bumiputera (G2-G7) ("**MEDC Bumiputera Equity Requirement**");

(ii) the ownership of the shares held by Bumiputera individual owners has to be more than non-Bumiputera owners;

(iii) at least 51.00% of the members of the board of directors of the company are Bumiputera (G2-G7);

(iv) the chief executive officer, managing director or general manager and any other key positions within the company must be held by a Bumiputera;

(v) at least 51.00% of the employees of the company must be Bumiputera (G2-G7);

(vi) the financial management position in the company has to be held by a Bumiputera;

(vii) the organisational chart and the function of the company management demonstrates the positions held by Bumiputera; and

(viii) to ensure participation by the Bumiputera is an active partnership and has an active role in corporate transactions of the company as mentioned under sub-paragraphs (i) to (vii) above.

Upon our Listing, our Group's Bumiputera Promoters' shareholdings will be diluted from 45.90% to approximately 36.40%, which is below the 51.00% of the MEDC Bumiputera Equity Requirement. Nevertheless, we have sought consultation with MEDC and pursuant to the reply from MEDC to our letter dated 3 August 2023, MEDC has indicated that Steel Hawk Engineering will continue to be allowed to maintain its MEDC License after our Transfer, provided that Steel Hawk Engineering complies with the following requirements:

(a) our Company must maintain at least 35.00% Bumiputera shareholdings as specified under MITI's criteria for BCPLC after our Transfer; and

(b) Steel Hawk Engineering must fulfil the other criteria specified under the MEDC License (save for the MEDC Bumiputera Equity Requirement and that the ownership of shares by Bumiputera individual owners must be more than the non-Bumiputera owners) at all times.

With the existing rules imposed on us, there is no risk to our Group as we have strictly complied and will continue to comply with the aforesaid conditions imposed by MEDC at all times. Nonetheless, there can be no assurance that changes to the present conditions or the introduction of new rules (if any) will not affect the renewal of the MEDC License upon its expiry in May 2024.

As at the LPD, our Group has not encountered any revocation, suspension, blacklisting or non-renewal of our MEDC License prior to expiration. Nevertheless, in the event Steel Hawk Engineering is not able to maintain the MEDC Bumiputera contractor status and / or our MEDC License is suspended and / or our Group is not able to renew the MEDC License, this may result in the revocation of the PETRONAS license issued to our Group to which such revocation tantamount to an event of default in respect of our on-going contracts with PETRONAS. Consequently, PETRONAS shall have the right to suspend all or part of the work under the contract with our Group and / or to terminate the contracts if we fail to rectify the default. In addition, we may not be able to participate in any new tenders of PETRONAS that requires MEDC License and within our SWEC.

9.1.5 We may be adversely affected by changes in PETRONAS' policies

PETRONAS' current policies in Malaysia towards the O&G industry include the imposition of licensing requirements. Under these policies, only companies with valid licenses may supply goods, products and services to upstream segment of the O&G industry in Malaysia and the PETRONAS group of companies in the downstream segment. In addition, these PETRONAS policies also restrict the ability of suppliers of goods, products and services to operate in Malaysia. These restrictions can require, for instance, foreign suppliers to use Malaysian content in their operations and to operate with a Malaysian partner or company either by forming a joint venture with the Malaysian partner or company or by designating the Malaysian partner or company as an executive agent representing the said foreign entity.

A fundamental change in PETRONAS' policy with regards to regulating the O&G industry in Malaysia may come about through the liberalisation of the O&G industry. PETRONAS may liberalise the O&G industry in Malaysia by, among others:

(a) removing licensing requirements for the provision of supporting products and services;

(b) loosening licensing requirements such that it becomes easier to obtain a license; and

(c) allowing foreign suppliers to operate in Malaysia without having to operate with a local partner and reducing other restrictions on their operations.

Currently, operators that meet the PETRONAS licensing and registration requirements compete with other operators based on commercial, technical and other factors. Any fundamental change in PETRONAS' policies, such as a relaxation or liberalisation of licensing requirements for the provision of goods, products and services related to the O&G industry or permitting foreign suppliers to operate in Malaysia without restrictions (including without local content or local partner or company) would have an adverse effect on our business and financial performance. Furthermore, there can be no assurance that any changes in PETRONAS' policies will not materially increase the level of competition in the industry and that we will be able to successfully adapt to any changes in policy.

9.1.6 Our business operations rely on our certificates of registration issued by CIDB

We are principally involved in the provision of onshore and offshore support services for the O&G industry. Pursuant to the CIDB Act, it is a mandatory requirement for all contractors who carry out or complete any civil engineering construction and / or mechanical and electrical construction works to hold a valid certificate of registration issued by CIDB.

Our subsidiary, Steel Hawk Engineering is currently registered as a Grade G7 contractor with CIDB. The Grade G7 certification allows us to tender for building, civil, mechanical and electrical engineering projects without restriction in the value of the projects. Our certificate of registration issued by CIDB is key to the continuity of our business operations.

We have not experienced any past instances where our certificate of registration issued by CIDB have been revoked or suspended prior to its expiration, or where renewal of our certificate of registration issued by CIDB was not successful which had a material adverse impact on our Group's operations. However, any revocation of our certificate of registration or failure by us to obtain other new approvals, licenses and permits, for our certificate of registration issued by CIDB, will have a material impact on our ability to continue our business operations and hence will affect our profitability.

9.1.7 We are required to comply with HSE laws and regulations that govern the O&G Industry

The O&G industry is subject to various HSE laws and regulations. HSE laws and regulations address, among others, occupational safety and health of employees when they perform their jobs and the effect that performing those jobs may have on the environment. Failure to comply with any relevant laws and regulations, as well as injuries or other harm caused by such failure, may result in financial penalties, administrative or legal proceedings against us including the termination or suspension of our business activities.

Our failure to comply with any or all the applicable HSE laws and regulations or a change in any or all such regulations may disrupt our operations and could have a material adverse effect on our business operations. As at the LPD, there have been no incidences of non-compliance of the applicable HSE laws and regulations by our Group.

There can be no assurance that we will continue to remain in compliance with the applicable HSE laws and regulations as we carry out our business. In addition, there can be no assurance that we will not be involved in future litigations or proceedings relating to regulatory matters, of which the cost could be material.

9.1.8 We are dependent on our key management team and technical personnel for continued success and the loss of their continued service may affect our business operations

Our continuous success, future business growth and expansion will depend upon our ability to identify, engage and retain suitable, skilled and experienced employees, including our key management team with the essential industry experience, knowledge and expertise. Our key management personnel are vital in driving the future growth of our Group as they contribute in aspects of strategic direction, leadership, business planning and development as well as the management of our Group.

Our Group's key management personnel that lead and oversee our projects, namely Dato' Sharman, Salimi Bin Khairuddin and Khairul Nazri Bin Kamarudin, have approximately 20 years, 14 years and 10 years of experience in the O&G industry respectively as at the LPD. They have been actively involved in our Group's daily business operations as well as formulating and implementing strategies to drive the growth and expansion of our Group. Accordingly, their extensive knowledge and experience in the O&G industry is invaluable to our Group.

Apart from the above individuals, our other key management personnel, namely Datin Annie A/P V Sinniah and Vinthra A/P Vijayakumar, also play a pivotal role in our daily business operations based on their experience in their respective fields and in-depth knowledge on our business. Further information on the profiles of our key management team are set out in **Section 5.1.2** and **Section 5.4.2** of this Prospectus.

Further, as at the LPD, we have a total workforce of 68 employees in which we have 48 technical personnel, which accounted for 70.59% of our total employees. As the O&G industry is technical and specialised, our technical personnel are essential to carry out various engineering and technical works in our business operations.

There can be no assurance that we will be successful in retaining our existing key management team or there will be a smooth transition should changes occur, which may bring about an adverse impact on our Group. The loss of any personnel in our key management team without suitable replacement in a timely manner and inability to hire new qualified technical personnel may adversely affect our business operations. This will delay our project completions and may eventually affect our ability to maintain and / or improve our business performance.

9.1.9 We are exposed to the risks of possible delays in completing our projects

The timeframe to complete our projects is in accordance with the terms in our contracts. However, the completion of our projects may be affected by many external factors such as the availability of parts and components, the quality of work delivered by our subcontractors and any unforeseen external factors, which are beyond our control.

Project delays may affect our profitability and result in a delay in recognition of revenue. In addition, in the event that there is a delay in any of our projects and we are unable to procure an extension of time for the project, we will be subject to liquidated and ascertained damages ("**LAD**") penalties imposed by our customer, which will then lead to project cost overrun, attract adverse feedback and legal uncertainties. As at the LPD, we have not encountered any failure in obtaining extension of time(s) for our projects which had resulted in LAD penalties enforced against us and we have not encountered project cost overrun that led to an adverse impact on our business operations and financial results.

Notwithstanding the above, there can be no assurance that our future projects can be completed in a timely manner with no delay, in which the delay may result in legal suits, liabilities and lower profitability that would adversely impact our Group's future earnings and reputation.

9.1.10 We are subject to credit risk and default payment by our customers

Our Group is dependent on the ability of our customers to make timely or full payments to us as any payment delays from them will result in a negative impact on our Group's cash flow position. Under such circumstances, we may provide impairment loss on trade receivables or write off trade receivables as bad debts, which will adversely affect our financial performance.

We generally grant our customers 30 days credit period. Our trade receivables turnover period for the Financial Years Under Review were 6 days, 29 days and 35 days, respectively. For the FYE 2021 and FYE 2022, our Group's trade receivables turnover period were within the normal credit terms. However, for the FYE 2023, our Group's trade receivables turnover period exceeded our normal credit terms, mainly attributed to slower collection of receivables from a customer within the EPCC services and facilities improvement / maintenance segment which had subsequently been collected after the FYE 2023. For information purposes, we did not make any impairment on trade receivables during the Financial Years Under Review up to the LPD. Please refer to **Section 12.4** of this Prospectus for details on our trade receivables turnover and our outstanding trade receivables which yet to be collected.

Notwithstanding the above, there can be no assurance that payments from any of our customers will be received in full or on time in the future. In the event of a delay, missed or reduced in payments to us, our Group's operating cash flow and liquidity will be materially and adversely affected.

9.1.11 We are subject to warranty claims for defects in our deliverance

We typically provide warranty against defects for a period of between 12 months and 36 months pursuant to the contracts. In the event of any defects during the warranty period, our customer may require us to replace the defective works and bear the reinstallation costs.

For the Financial Years Under Review, save for the FYE 2021 where we have encountered warranty claims amounting to RM5,771 which accounted for 0.03% of our total revenue, we have not incurred any warranty claims for defects in our deliverance. While these warranty claims were not significant, any substantial increase in warranty claims may adversely affect our financial performance.

9.1.12 Our future growth depends on our ability to execute our business strategies and future plans

Our business strategies and future plans are as follows:

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

(ii) We intend to expand our EPCC services to the renewable energy industry; and

(iii) We intend venture into integrated HUC services within the O&G industry.

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

The implementation of these business strategies and future plans involves capital expenditure as well as other operating expenses such as depreciation charges, maintenance costs of systems and equipment and staff costs. The feasibility and implementation of such business strategies and future plans will also depend on, among others, favourable economic conditions and the timing of execution.

There is no assurance that the execution of our business strategies and future plans will be successful, nor will we be able to anticipate all the risks and uncertainties that may arise during the implementation of these business strategies and future plans, which may materially affect the business operations and financial performance of our Group.

9.2 RISKS RELATING TO OUR INDUSTRY

9.2.1 We face competition within the O&G services and equipment industry

We operate in the O&G services and equipment industry in Malaysia and we are subject to competition from existing O&G services and equipment providers as well as potential new entrants in the industry in terms of range of services and equipment, technical expertise, ability to meet technical, quality and safety requirements, and reliability and efficiency of deliverance, among others. Increasing competition in the O&G services and equipment industry has, and is expected to continue to have an impact on our Group's operational results and financial performance.

The competition we face from existing industry players and potential new market entrants may impact our revenue and profitability as we are required to participate in tender activities with more competitive bid prices in order to secure new contracts. Therefore, we are exposed to the risk that we may be unable to compete effectively against our existing or potential competitors, which will have material and adverse effects on our business operations and financial performance.

9.2.2 We may be affected if PETRONAS group and other O&G players reduce their capital investment and / or operating expenditure in the event of a sustained fall in the market price of crude oil and / or natural gas

As crude oil and natural gas are internationally traded commodities whose prices are subject to fluctuation. Global economic conditions and outlook, geopolitical factors, unexpected supply disruptions, increase and reduction in demand, and other factors may influence the market price of these commodities.

The level of O&G industry activity, including operating expenses and capital expenditure are, to some degree, affected by fluctuation in the market price of crude oil and natural gas. For example, the level of activity tends to increase when prices are sustained at a high level, as producers tend to increase exploration and development activities to identify new reservoirs and bring them into production and they have more financial resources to do so. This increase in activity generally results in increases in operating expenses and capital expenditure by operators.

Conversely, the O&G industry tends to decline when prices are sustained at a low level as producers may temporarily scale down development and production activities. Exploration activity may continue, although at a reduced level. This generally results in a decrease in capital expenditure as operators reduce investment in exploration and development activities hence reducing operating expenses too.

There is a risk that PETRONAS group and other O&G players may reduce their activities in, among others, O&G production, processing and transportation or delay, suspend and / or terminate some of their projects due to, among others, the COVID-19 pandemic and / or a sustained low crude oil price environment, as highlighted in **Section 7.3.3** of this Prospectus.

Should PETRONAS group and other O&G players reduce their O&G activities or delay, suspend and / or terminate some of their projects, there may be a reduction in their spending on capital investment and / or operating expenditure which could reduce the demand for our Group's services. Consequently, this may have an adverse effect on our business operation and financial performance.

9.2.3 We are subject to political, economic, social, market and regulatory considerations and occurrence of force majeure events

Any adverse developments in the political, economic, social, market and regulatory conditions in Malaysia or our export markets could adversely affect our business operations and financial performance. Such developments include, but are not limited to, changes in political leadership, geopolitical events, general economic and business conditions, fluctuations in foreign exchange rates and interest rates, acts of terrorism, riots, wars and / or sanctions, prolonged COVID-19 pandemic or emergence of new epidemics or pandemics, expropriation or nationalisation, fiscal and monetary policies of the Government such as inflation, deflation, methods of taxation, tax policies, foreign worker levy and exchange control measures, unemployment trends, deterioration of international bilateral relationships, and other matters that may influence consumer and business confidence and spending.

Increasing volatility in financial markets may also cause these factors to change with a greater degree of frequency and magnitude. Unfavourable developments in the socio-political environment in Malaysia may materially and adversely affect our business operations, financial performance and prospects.

9.2.4 Our business may be affected if crude oil and natural gas reservoirs in Malaysia become depleted

All crude oil and natural gas reservoirs are non-renewable as it is not possible to regenerate them within a reasonable timeframe once they have been extracted. As such, all crude oil and natural gas reservoirs, including those in Malaysia, will eventually be depleted. Depletion of these reservoirs is likely to have a negative impact on production activity, which will in turn affect the demand for O&G supporting services, including crude oil and natural gas well services.

PETRONAS has implemented various measures and initiatives to increase Malaysia's crude oil and natural gas reserves, with new discoveries contributing to the hydrocarbon reserves in the country. In addition, current reserve estimates generally do not take into account factors such as the existence of crude oil and natural gas that have not been discovered, developments that can increase the amount of crude oil and natural gas that can be extracted from existing reserves and technological advances that enable production from previously inaccessible reserves.

However, there can be no assurance that O&G industry operators in Malaysia will continue to discover recoverable reserves quickly enough to replace reserves that are produced. There is no assurance that technological and other advances can materially increase the amount of crude oil and natural gas that can be extracted from reserves and enable production from inaccessible reserves.

9.3 RISKS RELATING TO INVESTMENT IN OUR SHARES

9.3.1 There is no prior active market for our Shares and it is uncertain whether an active or sustainable market will ever develop after the Transfer

As at the LPD, we are listed on the LEAP Market and upon completion of our Transfer, the entire issued share capital of our Company will be transferred from the LEAP Market to the ACE Market. Currently, the trading of our Shares is only restricted to sophisticated investors (i.e. any person who is specified as a sophisticated investor in the SC's Guidelines on Categories of Sophisticated Investors).

The listing of and quotation for our Shares on the ACE Market does not guarantee that an active market for the trading of our Shares will develop, or if developed, such market can be sustained. There is also no assurance as to the liquidity of any market that may develop for our Shares, the ability of holders to sell our Shares or the prices at which holders would be able to sell our Shares.

In addition, there can be no assurance that our IPO Price will correspond to the price at which our Shares will trade on the ACE Market upon Listing. There is also no assurance that the market price of our Shares will not decline below our IPO Price.

9.3.2 Our Share price and trading volume may be volatile

The performance of the ACE Market is dependent on external factors such as the performance of the regional and global stock exchanges and the flows of foreign funds. The sentiment is also induced by factors such as economic and political conditions and the growth potential of the various sectors of the economy. These factors constantly contribute to the volatility of share prices witnessed on the ACE Market and this adds risks to the market price of our Shares. Nevertheless, our profitability is not dependent on the performance of Bursa Securities as our business activities have no direct correlation with the performance of securities listed on the ACE Market.

In addition, the market price of our Shares may fluctuate significantly and rapidly in response to, among others, the following factors, some of which are beyond our control:

(i) variations in our financial results and operations;

(ii) success or failure of our management team in implementing business and growth strategies;

(iii) gain or loss of an important business relationship;

(iv) changes in securities analysts' recommendations, perceptions or estimates of our financial performance;

(v) changes in conditions affecting the industry, the general economic conditions or stock market sentiments or other related events or factors;

(vi) changes in market valuations and share prices of companies with similar businesses to our Group that may be listed on Bursa Securities;

(vii) additions or departures of our Key Senior Management;

(viii) fluctuation in stock market prices and volume;

(ix) involvement in litigation; or

(x) natural disasters, health epidemics and outbreaks of contagious diseases.

There is no assurance that the market price of our Shares will not be subject to volatility due to market sentiments.

9.3.3 Failure or delay in our Transfer

Our Transfer could be delayed or terminated due to the possible occurrences of certain events, which include the following:

(i) our Underwriter exercising its rights pursuant to the Underwriting Agreement to discharge itself from its obligations thereunder;

(ii) we are unable to meet the public shareholding spread requirement of the Listing Requirements of at least 25.00% of our enlarged number of issued Shares to be held by a minimum of 200 public shareholders holding not less than 100 Shares each, at the point of our Listing; and

(iii) the revocation of approvals from relevant authorities prior to our Transfer or admission to the Official List of ACE Market for whatever reason.

Where prior to the issuance and allotment or transfer of our IPO Shares:

(i) if the SC issues a stop order pursuant to Section 245(1) of the CMSA, the applications shall be deemed to be withdrawn and cancelled, and we or such other person who received the monies shall repay all monies paid in respect of the applications for our IPO Shares within 14 days of the stop order, failing which we shall be liable to return such monies with interest at the rate of 10.00% per annum or at such rate as may be specified by the SC pursuant to Section 245(7)(a) of the CMSA; or

(ii) if our Listing is aborted, investors will not receive any of our IPO Shares and all monies paid in respect of all applications for our IPO shares will be refunded free of interest.

Where subsequent to the issuance and allotment of our IPO Shares:

(i) if the SC issues a stop order pursuant to Section 245(1) of the CMSA, any issue of our IPO Shares shall be deemed to be void and all monies received from the applicants shall forthwith be repaid without interest, and if any such money is not repaid within 14 days of the date of service of the stop order, we shall be liable to return such monies with interest at the rate of 10.00% per annum or at such other rate as may be specified by the SC from the expiry of that period pursuant to Section 245(7)(b) of the CMSA; or

(ii) if our Listing is aborted other than pursuant to a stop order by the SC, a return of monies to our shareholders could only be achieved by way of a cancellation of our share capital as provided under the Act and its related rules. Such cancellation can be implemented by either:

    (a) the sanction of our shareholders by special resolution in a general meeting, consent by our creditors (unless dispensation with such consent has been granted by the High Court of Malaya) and the confirmation of the High Court of Malaya, in which case there can be no assurance that such monies can be returned within a short period of time or at all under such circumstances; or

    (b) the sanction of our shareholders by special resolution in a general meeting supported by a solvency statement from our Directors.

9.3.4 Uncertainty of dividend payments

We are a holding company and we conduct all our operations through our Subsidiaries. Accordingly, our main source of income, which is an important factor in our ability to pay dividends to our shareholders, is the receipt of dividends and other distributions to us from our Subsidiaries. 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 AGM.

Our ability to declare dividends or make other distributions to our shareholders may also be subject to restrictions contained in our existing and / or future loan agreements, the future financial performance and cash flow position of our Group and subject to us having profits and sufficient funds which are in excess to our requirements to fund our operations, other obligations or business plans. Deterioration of these factors could have a material adverse effect on our business and inability to declare dividends to our shareholders.

There is no assurance that our Company will be able to distribute dividends to our shareholders as a result of the above-mentioned factors. There is also no assurance that we will be able to record profits and have sufficient funds for our operations, other obligations and business plans to declare dividends to our shareholders in the future.

9.3.5 Our Promoters may have continued control

Upon our Listing, our Promoters will collectively hold 276,251,000 Shares, representing approximately 56.38% of our enlarged issued shares. Accordingly, our Promoters will be able to exercise significant influence over the outcome of certain matters requiring the voting of our shareholders, including voting on appointment of Directors, and consequently may be able to influence the composition of our Board. Hence, there can be no assurance that the interests of our Promoters will always be aligned with those of our other shareholders.

Our Promoters could also have a significant influence in determining the outcome of corporate transactions or other matters submitted to our shareholders for approval, including mergers, consolidations and the sale of all or substantially all of our assets and other significant corporate actions to the extent that they are not required to abstain from voting (and procuring persons connected to them to abstain from voting) in respect of such transactions and corporate actions. Our substantial shareholders are also able to prevent or cause a change in control in our Company.

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10. RELATED PARTY TRANSACTIONS

Pursuant to the Listing Requirements, subject to certain exemptions, a "related party transaction" is a transaction entered into by a listed corporation or its subsidiaries, which involves the interest, direct or indirect, of a related party. A "related party" is defined as a director, major shareholder or person connected with such director or major shareholder (including a director or major shareholder within the preceding 6 months before the transaction was entered into). "Major shareholder" means a shareholder with a shareholding of 10.00% or more (or 5.00% or more where such person is the largest shareholder in the corporation) of all the voting shares in the corporation.

After our Transfer, we will be required to seek our shareholders' approval each time we enter into material related party transactions in accordance with the Listing Requirements. However, if the related party transactions can be deemed as recurrent related party transactions, we may seek a general mandate from our shareholders to enter into these transactions without having to seek separate shareholders' approval each time we wish to enter into such related party transactions during the validity period of the mandate. The interested person shall abstain from voting on resolution(s) pertaining to each respective transaction. Under the Listing Requirements, related party transactions may be aggregated to determine its materiality if the transactions occurred within a 12-month period, are entered into with the same party or with parties connected with one another or if the transactions involved the acquisition or disposal of securities or interests in one corporation / asset or of various parcels of land contiguous to each other.

10.1 RELATED PARTY TRANSACTIONS

Save as disclosed below, our Board has confirmed that there are no other material related party transactions, existing or proposed, that we have entered or to be entered into with the related parties for the Financial Years Under Review and up to the LPD:

No.	Transacting parties	Nature of transaction	Nature of relationship	Transaction value			
				FYE 2021	FYE 2022	FYE 2023	1 January 2024 up to the LPD
				RM	RM	RM	RM
1.	(i) Steel Hawk Engineering (ii) SS Innovations Sdn Bhd	Acquisition of PJ Office from SS Innovations Sdn Bhd[(1)]	Dato' Sharman is our Promoter, substantial shareholder and Deputy Chairman / Executive Director. He was also a director and shareholder of SS Innovations Sdn Bhd. Datin Annie A/P V Sinniah is our Promoter and substantial shareholder. She was also a director and shareholder of SS Innovations Sdn Bhd.	700,000 (represents 4.33% of our Group's total assets)	-	-	-

10. RELATED PARTY TRANSACTIONS (CONT'D)

Note:

(1) On 2 December 2020, we entered into 2 sale and purchase agreements with SS Innovations Sdn Bhd for the acquisition of our PJ Office, comprising 2 office lots located at No. 23-2 & 25-2, Block H, Jalan PJU 1/37, Dataran Prima, 47301 Petaling Jaya, Selangor Darul Ehsan, for a total consideration of RM1.30 million to be satisfied entirely via cash. The acquisition was completed and the issue documents of title of the PJ Office have been registered in favour of Steel Hawk Engineering on 4 October 2021 and 10 September 2021, respectively.

Based on the 2 valuation reports dated 26 November 2020 prepared by an independent registered valuer engaged by Steel Hawk Engineering, the total market value of our PJ Office was appraised by the independent registered valuer at RM1.30 million (being RM0.65 million for each lot) using the comparison method. The date of valuation was 18 November 2020.

For information purposes, SS Innovations Sdn Bhd was dissolved on 21 September 2023, following which, Dato' Sharman and Datin Annie A/P V Sinniah had ceased to be the directors and shareholders of SS Innovations Sdn Bhd.

Our Directors are of the opinion that the related party transactions were carried out on an arm's length basis and on normal commercial terms which are not unfavourable to our Group but comparable to those generally available to third parties.

Our Directors also confirm that there are no other related party transactions that have been entered by our Group that involves the interest, direct or indirect, of our Directors, major shareholders and / or persons connected with them but not yet effected up to the date of this Prospectus.

In addition, to safeguard the interest of our Group and our minority shareholders, and to mitigate any potential conflict of interest situation, our Audit and Risk Management Committee will, amongst others, supervise and monitor any related party transactions and the terms thereof and report to our Board for any further action, as set out in **Section 10.4** of this Prospectus. When necessary, our Board will make appropriate disclosures in our annual report with regard to any related party transaction entered into by us.

In the event that there are any proposed related party transactions that require the prior approval of our shareholders, our Directors and major shareholders, and / or persons connected with them which have any interest, direct or indirect, in the proposed related party transaction will abstain from voting in respect of his direct and / or indirect shareholdings. Such interested Director and / or major shareholders will also undertake to ensure that the person connected with him will abstain from voting on the resolution approving the proposed related party transaction at the general meeting.

10.2 TRANSACTIONS THAT ARE UNUSUAL IN NATURE OR CONDITION

Our Board has confirmed that there are no related party transactions that are unusual in its nature or conditions, involving goods, services, tangible or intangible assets, to which our Company and / or our Subsidiaries was a party for the Financial Years Under Review and up to the LPD.

10.3 OUTSTANDING LOANS AND / OR FINANCIAL ASSISTANCE MADE TO OR FOR THE BENEFIT OF RELATED PARTIES

10.3.1 Outstanding loans (including guarantees of any kind) and / or financial assistance made to or for the benefit of related parties

Our Board has confirmed that there are no outstanding loans (including guarantees of any kind) or financial assistance that have been granted by our Group to or for the benefits of the related parties during the Financial Years Under Review and as at the LPD.

10.3.2 Provision of guarantees by our related parties for the banking facilities granted to our Group

For the Financial Years Under Review, Salimi Bin Khairuddin, Dato' Sharman and Khairul Nazri Bin Kamarudin have rendered personal guarantees for banking facilities extended by Bank Islam Malaysia Berhad, AmBank (M) Berhad, Small Medium Enterprise Development Bank Malaysia Berhad, AmBank Islamic Berhad, Affin Bank Berhad, Maybank Islamic Berhad, Koperasi Angkatan Tentera Malaysia, Public Islamic Bank Berhad and CIMB Islamic Bank Berhad ("**Financiers**") to our Group. The aggregate guaranteed amount rendered by Salimi Bin Khairuddin, Dato' Sharman and Khairul Nazri Bin Kamarudin as at the LPD is approximately RM82.20 million.

Our Group has applied to the Financiers to discharge and / or release the guarantees rendered by Salimi Bin Khairuddin, Dato' Sharman and Khairul Nazri Bin Kamarudin by substituting the same with a corporate guarantee to be rendered by our Company and / or other securities from our Group acceptable to the Financiers. Until such discharge and substitution of guarantees have been implemented by the Financiers, our relevant substantial shareholders will continue to guarantee the banking facilities extended to our Group.

In conjunction with our Transfer, save for Small Medium Enterprise Development Bank Malaysia Berhad, our Group has received conditional approvals from all the Financiers to discharge the above guarantees upon the successful Transfer by substituting the same with a corporate guarantee from our Company or such other securities acceptable to the Financiers. For the avoidance of doubt, the Group intends to fully settle the loans and borrowings granted by AmBank (M) Berhad and Small Medium Enterprise Development Bank Malaysia Berhad to the Group by March 2024.

10. RELATED PARTY TRANSACTIONS (CONT'D)

10.4 MONITORING AND OVERSIGHT OF RELATED PARTY TRANSACTIONS

10.4.1 Audit and Risk Management Committee review

One of the main functions of our Audit and Risk Management Committee is to assess the matters relating to related party transaction and conflict of interest that may arise. In carrying out this task, our Audit and Risk Management Committee maintains and reviews the adequacy of the procedures and processes set by our Company to monitor all related party transactions and conflict of interest situations.

The review also includes having in place the procedures and processes to ensure that the transactions are carried out in the best interest of our Company on normal commercial terms and not more favourable to the related party than those generally available to third parties dealing at arm's length and are not detrimental to the interest of our Company's minority shareholders.

In the event that there are any proposed related party transactions that require the prior approval of our shareholders, our Directors, major shareholders and / or persons connected with our Directors or major shareholders, which have any interest, direct or indirect, in the proposed related party transactions will be required to abstain from deliberations and voting on the transaction.

The reviews conducted by our Audit and Risk Management Committee are reported to our Board.

10.4.2 Our Group's policy on related party transactions

It is our Group's policy that all related party transactions and conflict of interest or potential conflict of interest situations must be immediately and fully disclosed by the interested Directors or major shareholders to the management for reporting to the Audit and Risk Management Committee. Such transactions must be reviewed by the Audit and Risk Management Committee to ensure that they are negotiated and agreed upon in the best interest of our Company on an arm's length basis, and are based on normal commercial terms and not more favourable to the related party than those generally available to third parties and are not detrimental to the interest of our Company's minority shareholders.

When necessary, our Board will make appropriate disclosures in our annual report of any related party transaction and conflicts of interest with our Group.

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11. CONFLICT OF INTEREST

11.1 CONFLICT OF INTEREST

11.1.1 Interest in the businesses or corporations which are our customers or suppliers

As at the LPD, save as disclosed below, none of our Directors and / or substantial shareholders have any other interest, whether direct or indirect, in any businesses or corporations which are carrying on similar trade as our Group or which are customers or suppliers of our Group:

Director	Company	Principal activities	Designation	As at the LPD			
				Direct		Indirect	
				No. of shares	%	No. of shares	%
Tan Sri Acryl Sani Bin Abdullah Sani	Dagang NeXchange Berhad ("**DNeX**")	A public company listed on the Main Market of Bursa Securities, through its subsidiaries, operates in the business divisions of technology, energy and information technology	Independent Non-Executive Deputy Chairman	375,000	-[(1)]	-	-

Note:

(1) Negligible.

In July 2022, our Group had made payment to DNeX's wholly-owned subsidiary, namely OGPC Sdn Bhd (a company involved in sale of O&G related equipment and provision of engineering and technical support services for the O&G industry), for engineering services in relation to repair works for pig trap enclosure doors supplied to PETRONAS Carigali. These services amounted to approximately RM0.06 million (representing 0.12% of our Group's cost of sales for the FYE 2022). Subsequent to our Transfer, such transaction may recur as related party transaction(s). Under such event, Tan Sri Acryl Sani Bin Abdullah Sani will abstain from voting on the relevant resolution in respect of such proposed related party transaction(s) at our general meetings.

Notwithstanding the above, this is not expected to give rise to a conflict of interest situation on the following basis:

- Tan Sri Acryl Sani Bin Abdullah Sani was appointed to our Board on 5 October 2023 and the board of directors of DNeX on 1 August 2023, where he was not involved in the deliberation in respect of the provision of the abovementioned services by OGPC Sdn Bhd to the Group. Accordingly, the abovementioned transaction had been entered into prior to Tan Sri Acryl Sani Bin Abdullah Sani's appointment to the board of directors of DNeX;

- Tan Sri Acryl Sani Bin Abdullah Sani's involvement in our Group and DNeX and its subsidiaries ("**DNeX Group**") is limited to discharging his duty as an independent and non-executive director and he is not involved in the management (such as business-development matters and tendering process) as well as operational matters (such as project execution) of both our Group and DNeX Group. His involvement in both our Group and DNeX Group is limited to the extent of attending board meetings, in which he serves and discharges his principal role and duty as an independent and non-executive director as well as providing advice from a governance perspective; and

- Moving forward, Tan Sri Acryl Sani Bin Abdullah Sani will voluntarily abstain from all deliberations and voting at the relevant Board meetings pertaining to any transactions between our Group and DNeX Group that may possibly give rise to a conflict of interest situation.

11.1.2 Interest in similar businesses or corporations

As at the LPD, save as disclosed in **Section 11.1.1** of this Prospectus, none of our Directors and / or substantial shareholders has any other interest, whether direct or indirect, in any businesses or corporations which are carrying on a similar trade as our Group.

11.2 DECLARATION BY ADVISERS ON CONFLICT OF INTEREST

11.2.1 Principal Adviser, Sponsor, Underwriter and Placement Agent

UOBKH has confirmed that there is no existing or potential conflict of interest in its capacity as the Principal Adviser, Sponsor, Underwriter and Placement Agent for our Transfer.

11.2.2 Solicitors for our Transfer

Christopher & Lee Ong has confirmed that there is no existing or potential conflict of interest in its capacity as the Solicitors to our Group in relation to our Transfer.

11.2.3 Auditors and Reporting Accountants

KPMG PLT has confirmed that there is no existing or potential conflict of interest in its capacity as the Auditors and Reporting Accountants to our Group in relation to our Transfer.

11.2.4 Independent Market Researcher

Protégé has confirmed that there is no existing or potential conflict of interest in its capacity as the IMR to our Group in relation to our Transfer.

12. FINANCIAL INFORMATION

12.1 HISTORICAL FINANCIAL INFORMATION

Our historical financial information throughout the Financial Years Under Review has been prepared in accordance with MFRS and IFRS. The selected financial information included in this Prospectus is not intended to predict our Group's financial position, results and cash flows.

Our Company was incorporated under the Act on 29 December 2020 as a private limited company under the name of Steel Hawk Sdn Bhd. Subsequently, on 8 July 2021, our Company was converted into a public limited company under our present name and was listed on the LEAP Market on 29 October 2021.

The historical financial information of our Group for the Financial Years Under Review was prepared on a consolidated basis and presented based on the audited consolidated financial statements of our Group.

The following historical financial information for the Financial Years Under Review have been extracted from the Accountants' Report and it should be read with the 'Management's Discussion and Analysis of Financial Condition and Results of Operations' and the Accountants' Report set out in **Section 12.3 and Section 13** of this Prospectus, respectively.

Historical consolidated statements of profit or loss of our Group

	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)
GP	**10,816**	**16,030**	**20,833**
Other income	172	76	153
Administrative expenses	(7,586)	(7,397)	(9,375)
Net loss on impairment of financial instrument	-	(69)	-
Operating profit	**3,402**	**8,640**	**11,611**
Finance income	12	25	88
Finance costs	(270)	(470)	(1,355)
PBT	**3,144**	**8,195**	**10,344**
Tax expense	(1,064)	(2,384)	(3,124)
PAT	**2,080**	**5,811**	**7,220**

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

12. FINANCIAL INFORMATION (CONT'D)

Notes:

(1) EBIT and EBITDA are calculated as follows:

	FYE 2021 RM'000	FYE 2022 RM'000	FYE 2023 RM'000
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
EBIT	**3,402**	**8,640**	**11,611**
Add:			
Depreciation	728	787	789
EBITDA	**4,130**	**9,427**	**12,400**

(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.

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Historical consolidated statements of financial position of our Group

	Audited		
	FYE 2021	**FYE 2022**	**FYE 2023**
	RM'000	**RM'000**	**RM'000**
ASSETS			
Non-current assets			
Property, plant and equipment	3,082	3,320	6,387
Right-of-use assets	220	104	1,500
Total non-current assets	**3,302**	**3,424**	**7,887**
Current assets			
Inventories	369	158	568
Contract assets	5,689	11,410	21,539
Trade and other receivables	767	11,025	4,301
Pledged deposit	129	4,214	6,705
Cash and cash equivalents	5,910	12,091	10,687
Total current assets	**12,864**	**38,898**	**43,800**
TOTAL ASSETS	**16,166**	**42,322**	**51,687**
EQUITY AND LIABILITIES			
Share capital	7,808	7,808	7,808
Restructuring reserve	(3,108)	(3,108)	(3,108)
Retained profits	5,056	10,243	16,583
Total equity	**9,756**	**14,943**	**21,283**
Non-current liabilities			
Loans and borrowings	1,164	3,144	4,089
Lease liabilities	46	34	465
Deferred tax liabilities	132	168	430
Total non-current liabilities	**1,342**	**3,346**	**4,984**
Current liabilities			
Loans and borrowings	719	7,915	13,632
Lease liabilities	183	77	770
Trade and other payables	3,248	13,893	10,764
Current tax liabilities	918	2,148	254
Total current liabilities	**5,068**	**24,033**	**25,420**
TOTAL LIABILITIES	**6,410**	**27,379**	**30,404**
TOTAL EQUITY AND LIABILITIES	**16,166**	**42,322**	**51,687**

12.2 CAPITALISATION AND INDEBTEDNESS

	Unaudited	I	II
	As at 31 January 2024	After our IPO	After I and utilisation of proceeds
	RM'000	RM'000	RM'000
Capitalisation			
Shareholders' equity	21,932	[●]	[●]
Total capitalisation	**21,932**	[●]	[●]
Indebtedness(1)			
Current			
Term loans	1,388	[●]	[●]
Hire purchase liabilities	175	[●]	[●]
Trade financing	6,276	[●]	[●]
Bank overdraft	7,255	[●]	[●]
Lease liabilities	776	[●]	[●]
Non-current			
Term loans	3,443	[●]	[●]
Hire purchase liabilities	607	[●]	[●]
Lease liabilities	465	[●]	[●]
Total indebtedness	**20,385**	[●]	[●]
Total capitalisation and indebtedness	42,317	[●]	[●]
Gearing ratio (times)(2)	0.87	[●]	[●]

Notes:

(1) All of our indebtedness are secured and / or guaranteed except for hire purchase which are secured but not guaranteed. The lease liabilities arose from our Group's recognition of right-of-use assets in accordance with *MFRS 16 – Leases*.

(2) Calculated based on total indebtedness (excluding lease liabilities) divided by total capitalisation.

12.3 MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following management's discussion and analysis of our financial condition and results of operations for the Financial Years Under Review should be read in conjunction with the Accountants' Report together with the accompanying notes as set out in **Section 13** of this Prospectus.

This discussion and analysis contain data derived from our audited consolidated financial statements as well as forward-looking statements that involve risks, uncertainties and assumptions. Our actual results may differ significantly from those projected in the forward-looking statements. The factors that might cause future results to differ significantly from those included in the forward-looking statements include, but are not limited to, those discussed below or elsewhere in this Prospectus, particularly the risk factors as set out in **Section 9** of this Prospectus.

12.3.1 Overview and results of our operations

We are currently an investment holding company and through our Subsidiaires, 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[(1)];

(ii) Installation and maintenance of oilfield equipment[(2)]; 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.

(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.

Please refer to **Section 7.2** of this Prospectus for our Group's detailed business overview.

Revenue recognition

Revenue is measured based on the consideration specified in a contract with a customer in exchange for transferring goods or services to a customer, excluding amounts collected on behalf of third parties. Our Group recognises revenue when (or as) it transfer control over a product or services to a customer. An asset is transferred when (or as) the customer obtains control of the asset.

Our Group transfers control of a good or services at a point in time unless one of the following over time criteria is met:

(i) The customer simultaneously receives and consumes the benefits provided as our Group performs;

(ii) Our Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or

(iii) Our Group's performance does not create an asset with an alternative use and the our Group has an enforceable right to payment for performance completed to date.

EPCC services and facilities improvement / maintenance

Revenue from the provision of EPCC services and facilities improvement / maintenance is recognised over the period when services are rendered or recognised over time and estimated using the input method which is based on the proportion of total cost incurred at the reporting date compared to the management's estimation of total cost of contract.

Installation and maintenance of oilfield equipment

Revenue is recognised over the period in which our services are rendered.

Supply oilfield equipment

Revenue is recognised at a point in time when or as the control of goods is transferred to our customers (i.e. generally when our customer has acknowledged delivery of products). There are no variable elements in considerations, obligation for return or refunds in the provision of services by our Group.

12.3.2 Revenue

Revenue by business segments

	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
Total	**24,845**	**100.00**	**66,326**	**100.00**	**72,537**	**100.00**

Revenue by geographical markets

Save for a one-off contract from SAHID Sdn Bhd (a customer located in Brunei Darussalam) who contributed RM0.43 million to our Group's revenue in the FYE 2021 (representing 1.73% of our total revenue for the FYE 2021), our Group's revenue was solely derived from our customers' operations in Malaysia throughout the Financial Years Under Review.

Comparison between FYE 2021 and FYE 2022

Our revenue increased by RM41.48 million or 166.92% to RM66.33 million in the FYE 2022 (FYE 2021: RM24.85 million). Such increase was contributed mainly by the increase in revenue from the EPCC services and facilities improvement / maintenance segment, which increased by RM39.55 million or 216.83% to RM57.79 million in the FYE 2022 (FYE 2021: RM18.24 million). The installation and maintenance of oilfield equipment segment has also contributed to our improved revenue for the FYE 2022, which contributed to an increase of RM2.07 million or 39.50% of our total revenue to RM7.31 million in the FYE 2022 (FYE 2021: RM5.24 million).

The EPCC services and facilities improvement / maintenance segment has remained our Group's largest revenue contributor, contributing to RM57.79 million or 87.13% of our Group's total revenue for the FYE 2022 (FYE 2021: RM18.24 million or 73.42%), followed by the installation and maintenance of oilfield equipment segment and the supply of oilfield equipment segment, contributing to RM7.31 million or 11.02% of our Group's total revenue for the FYE 2022 (FYE 2021: RM5.24 million or 21.07%) and RM1.23 million or 1.85% of our Group's total revenue for the FYE 2022 (FYE 2021: RM1.37 million or 5.51%), respectively.

EPCC services and facilities improvement / maintenance

Our revenue from the EPCC services and facilities improvement / maintenance segment increased by RM39.55 million or 216.83% to RM57.79 million in the FYE 2022 (FYE 2021: RM18.24 million), mainly due to an increase in revenue recognition from our Group's on-going Price Agreement (call out contract) with PETRONAS Carigali of RM13.72 million to RM29.31 million in the FYE 2022 (FYE 2021: RM15.59 million), and 5 contracts secured from 2 new customers, namely PBH Engineering Sdn Bhd (an integrated technical service provider to the upstream, midstream and downstream sectors in the O&G and petrochemical industry) and Sigma Water Engineering (M) Sdn Bhd (a company involved in wastewater treatment process engineering) with a total revenue contribution of RM25.07 million and RM1.72 million, respectively for the FYE 2022. Further details of these contracts are as follows:

Customer / Scope of services	Contract duration	Contract value	Revenue contribution in FYE 2021	Revenue contribution in FYE 2022
		RM'000	RM'000	RM'000
PETRONAS Carigali				
Provision of onshore facilities maintenance, construction and modification services	12 December 2018 – 31 December 2024[(1)]	N/A[(2)]	15,585	29,314
PBH Engineering Sdn Bhd				
Supply, fabrication, installation, and testing of propylene oxide storage tank and piping, along with various engineering, mechanical, civil, structural, electrical, and instrumentation work	30 May 2022 – 12 April 2024[(3)]	54,980	-	25,068
Sigma Water Engineering (M) Sdn Bhd				
(i) Provision of design, supply, manufacture and delivery of chemical injection skid;	17 June 2022 – 30 April 2024[(4)]	2,000	-	1,486
(ii) Provision of delivery of 2 units of magnetic level gauge (a type of level measurement instrument used to monitor and display the level of a liquid inside a tank or vessel);	17 August 2022 – 30 April 2024[(4)]	310	-	155
(iii) Provision of design, supply, manufacture and delivery of Automatic Control and Communication (ACC) controller for 9 units of pump-in chemical injection skids; and	29 July 2022 – 30 April 2024[(4)]	180	-	54
(iv) Provision of design, supply, manufacture and delivery of ladder and handrail chemical tank	27 July 2022 – 30 April 2024[(4)]	73	-	22

Notes:

(1) The initial contract period was 3 years including a 2-year extension which was exercised by PETRONAS Carigali. Subsequently, on 5 December 2023, PETRONAS Carigali has granted a further extension of 1 year and 20 days from 12 December 2023.

(2) Under a Price Agreement (call out contract), our Group is engaged by customers through work orders to provide specified services for the duration of the contract, as and when such services are required by our customers. As such, our Price Agreements (call out contracts) do not have any fixed contract value.

(3) Based on the extended delivery date acknowledged by PBH Engineering Sdn Bhd on 23 February 2024.

(4) Based on the extended delivery date acknowledged by Sigma Water Engineering (M) Sdn Bhd on 4 March 2024.

Installation and maintenance of oilfield equipment

Our revenue from the installation and maintenance of oilfield equipment segment increased by RM2.07 million or 39.50% to RM7.31 million for the FYE 2022 (FYE 2021: RM5.24 million), mainly due to the following:

(i) Increase in work orders from PETRONAS Carigali for the replacement and maintenance of fire rated doors for modularised offshore buildings and maintenance for the following offshore facilities:

   (a) Duyong Central Processing Platform of RM0.77 million to RM1.71 million in the FYE 2022 (FYE 2021: RM0.94 million); and

   (b) Bintulu Integrated Facility and Bintulu Crude Oil Terminal of RM0.31 million to RM1.00 million in the FYE 2022 (FYE 2021: RM0.69 million);

(ii) Increase in work orders from Customer D for the installation and maintenance of oil spill recovery equipment of RM0.58 million to RM0.61 million in the FYE 2022 (FYE 2021: RM0.03 million); and

(iii) Revenue contribution of RM0.54 million from 1 new customer, namely Customer E for the erection and dismantling of scaffolding (i.e. temporary structures built to allow access for replacement, testing and commissioning activities) for the said customer's well plugging and abandonment operations (i.e. a process of preparing a well that is no longer in use to be closed permanently).

Supply of oilfield equipment

Our revenue from the supply of oilfield equipment segment decreased by RM0.14 million or 10.22% to RM1.23 million for the FYE 2022 (FYE 2021: RM1.37 million), mainly due to the completion of work for 3 customers in the prior financial year that were related to the supply of parts and components for among others, subsea mechanical connector (i.e. specialised devices used in underwater applications, particularly in the O&G industry, in joining various components and equipment together, ensuring reliable and secure connections in harsh underwater environments) and a welding safety habitat (i.e. a protective structure or enclosure used in welding and other hot work operations to ensure safety of workers and the surrounding environment) , with a total contract revenue of RM0.81 million in the FYE 2021. Pursuant thereto, our Group did not recognise any revenue from the said contracts in the FYE 2022.

Comparison between FYE 2022 to FYE 2023

Our revenue increased by RM6.21 million or 9.36% to RM72.54 million in the FYE 2023 (FYE 2022: RM66.33 million). Such increase was mainly contributed by the increase in revenue from the EPCC services and facilities improvement / maintenance segment and the supply of oilfield segment, which collectively increased by RM7.74 million or 13.11% to RM66.76 million in the FYE 2023 (FYE 2022: RM59.02 million). The increase in revenue was partially offset by lower revenue from the installation and maintenance of oilfield equipment segment which decreased by RM1.53 million or 20.93% to RM5.78 million in the FYE 2023 (FYE 2022: RM7.31 million).

The EPCC services and facilities improvement / maintenance segment has remained our Group's largest revenue contributor, contributing to RM64.93 million or 89.51% of our Group's total revenue for FYE 2023 (FYE 2022: RM57.79 million or 87.13%), followed by the installation and maintenance of oilfield equipment segment and the supply of oilfield equipment segment, contributing to RM5.78 million or 7.97% of our Group's total revenue for the FYE 2023 (FYE 2022: RM7.31 million or 11.02%) and RM1.83 million or 2.52% of our Group's total revenue for the FYE 2023 (FYE 2022: RM1.23 million or 1.85%), respectively.

EPCC services and facilities improvement / maintenance

Our revenue from the EPCC services and facilities improvement / maintenance segment increased by RM7.14 million or 12.36% to RM64.93 million in the FYE 2023 (FYE 2022: RM57.79 million), mainly due to the increase in revenue recognition from our Group’s on-going fixed contract with PBH Engineering Sdn Bhd of RM6.14 million to RM31.21 million in the FYE 2023 (FYE 2022: RM25.07 million), and 2 new contracts secured from a new customer, namely Customer F with a total revenue contribution of RM4.34 milllion in the FYE 2023. Further details of these contracts are as follows:

Customer / Scope of services	**Contract duration**	**Contract value**	**Revenue contribution in FYE 2022**	**Revenue contribution in FYE 2023**
		RM'000	**RM'000**	**RM'000**
PBH Engineering Sdn Bhd				
Supply, fabrication, installation, and testing of propylene oxide storage tank and piping, along with various engineering, mechanical, civil, structural, electrical, and instrumentation work	30 May 2022 – 12 April 2024[(1)]	54,980	25,068	31,210
Customer F				
(i) Provision of supply and delivery of slug catcher skid; and	16 June 2023 – 10 April 2024[(2)]	7,200	-	3,825
(ii) Provision of supply and delivery of portable methanol injection skid	16 June 2023 – 19 March 2024[(3)]	518	-	518

Notes:

(1) Based on the extended delivery date acknowledged by PBH Engineering Sdn Bhd on 23 February 2024.

(2) Based on the delivery date stated in the variation order dated 2 October 2023 from Customer F to Steel Hawk Engineering.

(3) Based on the extended delivery date acknowledged by Customer F on 24 February 2024.

Installation and maintenance of oilfield equipment

Our revenue from the installation and maintenance of oilfield equipment segment decreased by RM1.53 million or 20.93% to RM5.78 million in the FYE 2023 (FYE 2022: RM7.31 million), mainly due to lower work orders received from PETRONAS Carigali for the replacement and maintenance of fire rated doors for modularised offshore buildings on offshore facilities for Peninsular Malaysia Asset, Sarawak Oil and Sarawak Gas (under our existing Price Agreements (call out contracts) with PETRONAS Carigali) in the FYE 2023.

Supply of oilfield equipment

Our revenue from the supply of oilfield equipment segment increased by RM0.60 million or 48.78% to RM1.83 million in the FYE 2023 (FYE 2022: RM1.23 million), mainly due to additional work orders received from PETRONAS Carigali for the supply of pig trap systems for Sarawak Asset (under our existing Price Agreement (call out contract) with PETRONAS Carigali) in the FYE 2023.

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12.3.3 Cost of sales, GP and GP margin

Analysis of cost of sales by business segments

	FYE 2021		FYE 2022		FYE 2023	
	RM'000	%	RM'000	%	RM'000	%
EPCC services and facilities improvement / maintenance	11,580	82.54	43,266	86.02	46,771	90.46
Installation and maintenance of oilfield equipment	1,856	13.23	6,478	12.88	4,050	7.83
Supply of oilfield equipment	593	4.23	552	1.10	883	1.71
Total	**14,029**	**100.00**	**50,296**	**100.00**	**51,704**	**100.00**

Analysis of cost of sales by cost component

	FYE 2021		FYE 2022		FYE 2023	
	RM'000	%	RM'000	%	RM'000	%
Raw materials costs(1)	7,330	52.25	39,195	77.93	35,150	67.98
Staff costs(2)	470	3.35	679	1.35	1,202	2.33
Subcontractor costs(3)	3,980	28.37	9,025	17.94	12,725	24.61
Rental of equipment(4)	2,047	14.59	803	1.60	2,125	4.11
Transportation costs(5)	202	1.44	594	1.18	502	0.97
Total	**14,029**	**100.00**	**50,296**	**100.00**	**51,704**	**100.00**

Notes:

(1) Comprise purchase costs of raw materials (e.g. metal structures, steel plates, steel pipes, metal flanges, non-metal piping and structures, high pressure tubing and high pressure metal fittings, etc.), complete assembled oilfield equipment such as fire-rated doors and oil spill recovery equipment as well as the parts, components and accessories of oilfield equipment (e.g. chemical injection skids, pig trap system, fire rated doors and oil spill recovery equipment, etc.).

(2) Comprise salaries and wages of our employees who are directly involved in the provision of our Group's services as well as, among others, their living expenses, mobilization and demobilization costs, overtime, travelling and other allowances, medical insurance and competency training costs in compliance with PETRONAS requirements.

(3) Comprise amounts paid to third-party subcontractors for the provision of specialised services including, among others, the fabrication of large structures (e.g. I-beam and metal plates) and blasting and painting of materials (i.e. structures, pipes, tubing and fittings), and costs paid to technicians who are directly involved in the provision of EPCC services and facilities improvement / maintenance and installation and maintenance of oilfield equipment (e.g. foreman, welder, blaster painter, rigger, materials coordinator, etc). For information purposes, these technicians are engaged by our Group under contract for services agreements.

(4) Comprise rental costs for O&G related equipment, such as offshore containers (which are similar to shipping containers in appearance but typically differ in being designed for harsher weather conditions and non-standard dimensions), lifting equipment, safety monitoring devices and personal protective detectors (which detect the presence of gases, chemicals and / or particles) as well as short-term rental of general equipment (i.e. for rental period of less than 12 months) such as forklifts, generator sets and welding sets on an ad hoc basis based on the prevailing rate at that particular point in time.

(5) Comprise sea freight costs, air freight costs and other transportation costs for delivering complete assembled oilfield equipment as well as the parts, components and accessories of oilfield equipment to our customers' designated embarkation points (e.g. Kemaman Supply Base, Miri Port, Bintulu Port and Labuan Port, etc.). Transportation costs also involve other importation costs of equipment from overseas, particularly the United States of America, India, Europe and China.

Analysis of GP and GP margin by business segment

	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
GP	10,816	16,030	20,833
GP margin (%)	43.53	24.17	28.72
By business segment			
EPCC services and facilities improvement / maintenance			
Revenue	18,240	57,788	64,927
Cost of sales	11,580	43,266	46,771
GP	6,660	14,522	18,156
GP margin (%)	36.51	25.13	27.96
Installation and maintenance of oilfield equipment			
Revenue	5,235	7,310	5,782
Cost of sales	1,856	6,478	4,050
GP	3,379	832	1,732
GP margin (%)	64.55	11.38	29.96
Supply of oilfield equipment			
Revenue	1,370	1,228	1,828
Cost of sales	593	552	883
GP	777	676	945
GP margin (%)	56.72	55.05	51.70

Comparison between FYE 2021 and FYE 2022

Our cost of sales increased by RM36.27 million or 258.52% to RM50.30 million for the FYE 2022 (FYE 2021: RM14.03 million), which was in tandem with our revenue growth for the FYE 2022. The increase in cost of sales for the FYE 2022 was mainly attributable to the increase in raw material costs of RM31.87 million and subcontractor costs of RM5.05 million during the FYE 2022, further details of which are elaborated as follows:

(i) Raw materials costs remain as the largest portion of our cost of sales, representing 52.25% and 77.93% of our total cost of sales for the FYE 2021 and FYE 2022, respectively. Our raw material costs increased by RM31.87 million or 434.79% to RM39.20 million for the FYE 2022 (FYE 2021: RM7.33 million), mainly due to the following:

(a) Increase in raw material costs from our EPCC services and facilities improvement / maintenance segment of RM28.66 million or 493.29% to RM34.47 million in the FYE 2022 (FYE 2021: RM5.81 million) mainly due to our Group procuring more raw materials (i.e. piping and fittings, feeding pump, elbows, flanges and lamination kits) to fulfil additional work orders carried out under our on-going call contract with PETRONAS Carigali for the onshore facilities maintenance, construction and modification services in the FYE 2022. In addition, we had to procure specialised automation systems, including remote solutions and system hardware and software amounting to RM10.11 million in the FYE 2022 for a work order from PETRONAS Carigali involving the conversion of its platforms located in offshore Kerteh, Terengganu, to enable remote operations via the implementation of automation, robotics, and artificial intelligence (AI) measures, which allows the transition of the platform from full board offshore manning to fully unmanned operations ("**Integrated Remote Work Order**");

(b) Increase in raw material costs from our installation and maintenance of oilfield equipment segment of RM3.23 million or 340.00% to RM4.18 million in the FYE 2022 (FYE 2021: RM0.95 million) mainly due to higher volume of raw materials (e.g. panic bar, hinges and locksets) required for the replacement and maintenance of fire rated doors for modularised offshore buildings in the Duyong Central Processing Platform, Bintulu Integrated Facility and Bintulu Crude Oil Terminal, which is in line with the increase in revenue from our installation and maintenance of fire rated doors in the FYE 2022; and

The increase in raw material costs was partially off-set by the following:

(c) Decrease in raw material costs from our supply of oilfield equipment segment of RM0.04 million or 6.90% to RM0.54 million in the FYE 2022 (FYE 2021: RM0.58 million), mainly due to lower volume of raw materials required for our supply of parts and components for oilfield equipment (i.e. gaskets, pipe fittings and accessories), which was in line with the decrease in revenue from the supply of parts and components for oilfield equipment in the FYE 2022; and

(ii) Our subcontractor costs increased by RM5.05 million or 126.88% to RM9.03 million for the FYE 2022 (FYE 2021: RM3.98 million), mainly attributable to additional work orders carried out in the FYE 2022 under our on-going Price Agreement (call out contract) with PETRONAS Carigali for the onshore maintenance, construction and modification services, where we had outscourced the fabrication of large structures, blasting and painting of materials (i.e structures, pipes, tubing and fittings) to third party subcontractors under this contract. For information purposes, the total subcontractor costs incurred for the work orders from PETRONAS Carigali amounted to RM4.14 million, representing 45.85% of our total subcontractor costs for the FYE 2022.

Our Group's GP increased by RM5.21 million or 48.15% to RM16.03 million for the FYE 2022 (FYE 2021: RM10.82 million), mainly due to the increase in GP for the EPCC services and facilities improvement / maintenance segment of RM7.86 million for the FYE 2022. The increase in GP was partially offset by the decrease in GP for the installation and maintenance of oilfield equipment segment and supply of oilfield equipment segment of RM2.55 million and RM0.10 million, respectively, for the FYE 2022. However, our Group's GP margin decreased from 43.53% for the FYE 2021 to 24.17% for the FYE 2022, mainly due to lower profitability derived from our EPCC services and facilities improvement / maintenance segment and installation and maintenance of oilfield equipment segment. Further details of our Group's GP and GP margin by business segment are elaborated as follows:

(i) GP derived from the EPCC services and facilities improvement / maintenance segment increased by RM7.86 million or 118.02% to RM14.52 million for the FYE 2022 (FYE 2021: RM6.66 million), in line with the increase in revenue from this business segment. Nevertheless, GP margin for the EPCC services and facilities improvement / maintenance segment decreased by 11.38% to 25.13% for the FYE 2022 (FYE 2021: 36.51%), mainly due to the following:

(a) As part of our continuing competitive pricing strategy to gain a competitive edge in securing a broader range of projects and to diversify our customer base, we had bid for and secured 2 new projects from 1 existing customer and 7 new projects from 4 new customers (including among others, PBH Engineering Sdn Bhd, Sigma Water Engineering (M) Sdn Bhd and Emnes Metal Sdn Bhd) under our EPCC services and facilities improvement / maintenance segment at a competitive pricing, which had affected our GP margin for the EPCC services and facilities improvement / maintenance segment in the FYE 2022; and

(b) We had undertaken the Integrated Remote Work Order in the FYE 2021, which marks our maiden project involving automation works for O&G facilities. Due to the specialised scope of work required for the aforesaid Integrated Remote Work Order, we had to procure specialised automation systems, including remote solutions and system hardware and software from a third-party supplier which is approved by PETRONAS Carigali, to fulfil the requirements of the Integrated Remote Work Order amounting to RM10.11 million during the FYE 2022 (FYE 2021: RM2.11 million), resulting in the margin for this project being relatively lower in comparison to other projects within the EPCC services and facilities improvement / maintenance segment. Despite low margin recognised from the Integrated Remote Work Order, we had decided to undertake the said work order as the experience gained from such activities allows us to undertake potential future automation works as part of our scope of work for facilities improvement / maintenance services.

(ii) Despite an increase in revenue generated from the installation and maintenance segment, GP derived from this business segment decreased by RM2.55 million or 75.44% to RM0.83 million for the FYE 2022 (FYE 2021: RM3.38 million) and GP margin for this business segment decreased by 53.17% to 11.38% in the FYE 2022 (FYE 2021: 64.55%), mainly due a shift in the nature of work orders undertaken for our on-going Price Agreement (call out contract) with PETRONAS Carigali for the installation and maintenance of fire rated doors for living quarters and modularised offshore buildings across the Peninsular Malaysia Assets, Sarawak Oil Assets, and Sarawak Gas Assets. In the FYE 2021, our work orders under this said contract were mainly related to the installation of new complete assembled fire rated doors across PETRONAS Carigali's offshore platforms, whereas during the FYE 2022, we mainly undertook work orders for the replacement and modification of existing fire rated door accessories, which yielded lower margins compared to installing complete assembled fire rated doors, as installing complete fire rated doors allows us to have better control over the assembly costs; and

(iii) GP derived from our supply of oilfield equipment segment decreased by RM0.10 million or 12.82% to RM0.68 million for the FYE 2022 (FYE 2021: RM0.78 million), in line with the decrease in revenue from this business segment. Nevertheless, GP margin for our supply of oilfield equipment segment remained relatively consistent at 55.05% in the FYE 2022 (FYE 2021: 56.72%).

Comparison between FYE 2022 to FYE 2023

Our cost of sales increased by RM1.40 million or 2.78% to RM51.70 million for the FYE 2023 (FYE 2022: RM50.30 million), which was in tandem with our revenue growth for the FYE 2023. The increase in cost of sales for the FYE 2023 was mainly attributable to the increase in subcontractor costs of RM3.70 million or 40.97% to RM12.73 million for the FYE 2023 (FYE 2022: RM9.03 million), as a result of additional work orders carried out in the FYE 2023 for PETRONAS Carigali and PBH Engineering Sdn Bhd, where we had outscourced the fabrication of large structures, blasting and painting of materials (i.e structures, pipes, tubing and fittings) to third party subcontractors under these said contracts. For information purposes, the total subcontractor costs incurred for the work orders from PETRONAS Carigali and PBH Engineering Sdn Bhd amounted to RM6.95 million and RM2.21 million, respectively, representing 54.60% and 17.36% of our total subcontractor costs for the FYE 2023.

Our Group's GP increased by RM4.80 million or 29.94% to RM20.83 million for the FYE 2023 (FYE 2022: RM16.03 million), mainly due to increase in GP from all our business segments during the FYE 2023. Our Group’s GP margin increased from 24.17% for the FYE 2022 to 28.72% in the FYE 2023, mainly due to the increase in profitability for our Group’s EPCC services and facilities improvement / maintenance segment and installation of oilfield equipment segments. Further details of our Group's GP and GP margin by business segment are elaborated as follows:

(i) GP derived from our EPCC services and facilities improvement / maintenance segment increased by RM3.64 million or 25.07% to RM18.16 million for the FYE 2023 (FYE 2022: RM14.52 million), in line with the increase in revenue from this business segment. GP margin from our EPCC services and facilities improvement / maintenance segment increased by 2.83% to 27.96% for the FYE 2023 (FYE 2022: 25.13%), mainly due to our Group securing 2 new contracts from Customer F with a total contract value of RM7.72 million during the FYE 2023, which involved EPCC services for slug catcher skid and portable methanol injection skid that contributed higher margins to this business segment in FYE 2023;

(ii) Despite a decrease in revenue generated from the installation and maintenance segment, GP derived from this business segment increased by RM0.90 million or 108.43% to RM1.73 million in the FYE 2023 (FYE 2022: RM0.83 million), due to high margin recorded from our on-going Price Agreement (call out contract) with Customer E for the erection and dismantling of scaffolding (i.e. temporary structures built to allow access for replacement, testing and commissioning activities) for the said customer's well plugging and abandonment operations (i.e. a process of preparing a well that are no longer in use to be closed permanently); and

(iii) GP derived from our supply of oilfield equipment segment increased by RM0.27 million or 39.71% to RM0.95 million for the FYE 2023 (FYE 2022: RM0.68 million), in line with the increase in revenue from this business segment. GP margin from our supply of oilfield equipment segment increased by 3.35% to 51.70% in the FYE 2023 (FYE 2022: 55.05%), mainly due to higher margin from the supply of pig trap systems and fire rated doors.

12.3.3 Other income

	FYE 2021		FYE 2022		FYE 2023	
	RM'000	%	RM'000	%	RM'000	%
Wage subsidy	109	63.37	-	-	-	-
Gain on disposal of plant and equipment	9	5.23	10	13.16	59	38.56
Gain on derecognition of right-of-use assets	3	1.74	-	-	11	7.19
Gain on remeasurement of lease liabilities	-	-	6	7.89	-	-
Others(1)	51	29.66	60	78.95	83	54.25
Total	**172**	**100.00**	**76**	**100.00**	**153**	**100.00**

Note:

(1) Comprises proceeds from the disposal of scrap metal and training claims from the Human Resources Development Fund (HRDF) under the Ministry of Human Resources.

Comparison between FYE 2021 and FYE 2022

Our other income decreased by RM0.09 million or 52.94% to RM0.08 million for the FYE 2022 (FYE 2021: RM0.17 million) mainly due to the cessation of the SOCSO Wage Subsidy Programme by the government of Malaysia in the FYE 2021.

Comparison between FYE 2022 and FYE 2023

Our other income increased by RM0.07 million or 87.50% to RM0.15 million for the FYE 2023 (FYE 2022: RM0.08 million) mainly due to an increase in gain on disposal of plant and equipment (i.e. 2 motor vehicles used for work purposes) of RM0.05 million in the FYE 2023.

12.3.4 Administrative expenses

	FYE 2021		FYE 2022		FYE 2023	
	RM'000	%	RM'000	%	RM'000	%
Administrative staff costs	3,603	47.50	4,288	57.97	5,054	53.91
Fixed assets upkeep	1,007	13.27	1,107	14.97	1,232	13.14
Professional fees	1,618	21.33	575	7.77	1,672	17.83
Office supplies and expenses	725	9.56	681	9.20	703	7.50
Others(1)	633	8.34	746	10.09	714	7.62
Total	**7,586**	**100.00**	**7,397**	**100.00**	**9,375**	**100.00**

Note:

(1) Comprises among others, insurance expenses, foreign exchange losses, stamp duty, and facility fees.

Comparison between FYE 2021 to FYE 2022

Our administrative expenses decreased by RM0.19 million or 2.50% to RM7.40 million for the FYE 2022 (FYE 2021: RM7.59 million), mainly due to the decrease in professional fees of RM1.04 million or 64.20% to RM0.58 million for the FYE 2022 (FYE 2021: RM1.62 million) that was mainly attributable to one-off professional fees incurred for our listing on the LEAP Market in the FYE 2021 of RM0.99 million, comprising listing expense, accounting, audit and secretarial fees; and

Comparison between FYE 2022 and FYE 2023

Our administrative expenses increased by RM1.98 million or 26.76% to RM9.38 million for the FYE 2023 (FYE 2022: RM7.40 million), mainly due to the increase in professional fees of RM1.09 million or 187.93% to RM1.67 million for the FYE 2023 (FYE 2022: RM0.58 million) mainly attributable to the expenses incurred for our Transfer in the FYE 2023.

12.3.5 Finance income

Comparison between FYE 2021 to FYE 2022

Our finance income increased by RM0.02 million or 200.00% to RM0.03 million (FYE 2021: RM0.01 million), mainly due to increase in fixed deposits pledged with license banks of RM4.09 million which led to higher interest income received from fixed deposits in the FYE 2022.

Comparison between FYE 2022 and FYE 2023

Our finance income increased by RM0.06 million or 200.00% to RM0.09 million for the FYE 2023 (FYE 2022: RM0.03 million), mainly due to increase in fixed deposits pledged with license banks of RM2.49 million which led to higher interest income received from fixed deposits in the FYE 2023.

12.3.6 Finance costs

	FYE 2021		FYE 2022		FYE 2023	
	RM'000	%	RM'000	%	RM'000	%
Term loan interest	142	52.59	131	27.87	346	25.54
Trade financing interest	10	3.70	67	14.26	288	21.25
Hire purchase interest	26	9.63	24	5.11	36	2.66
Bank overdraft interest	10	3.70	41	8.72	463	34.17
Accretion of interest on lease liabilities	20	7.41	12	2.55	35	2.58
Bank guarantee interest	62	22.97	173	36.81	146	10.77
Others[(1)]	-	-	22	4.68	41	3.03
Total	**270**	**100.00**	**470**	**100.00**	**1,355**	**100.00**

Note:

(1) Comprises bank charges.

Comparison between FYE 2021 to FYE 2022

Our finance cost increased by RM0.20 million or 74.07% to RM0.47 million for the FYE 2022 (FYE 2021: RM0.27 million), mainly due to the increase in interest expenses for the following facilities to finance our Group’s working capital:

(i) Increase in interest expenses arising from trade financing of RM0.06 million or 600.00% to RM0.07 million in the FYE 2022 (FYE 2021: RM0.01 million) due to the drawdown of additional trade financing facility of RM0.36 million to finance our Group's additional work orders under the EPCC services and facilities improvement / maintenance segment in the FYE 2022;

(ii) Increase in interest expenses arising from bank overdraft of RM0.03 million or 300.00% to RM0.04 million in the FYE 2022 (FYE 2021: RM0.01 million) due to the drawdown of bank overdraft facility of RM5.67 million to finance our working capital in the FYE 2022; and

(iii) Increase in interest expenses arising from bank guarantee of RM0.11 million or 183.33% to RM0.17 million in the FYE 2022 (FYE 2021: RM0.06 million) due to the higher number of projects undertaken in the FYE 2022 which resulted in an increase in bank guarantee for contract of customers in the FYE 2022.

Comparison between FYE 2022 to FYE 2023

Our finance cost increased by RM0.89 million or 189.36% to RM1.36 million for the FYE 2023 (FYE 2022: RM0.47 million), mainly due to the increase in interest expenses for the following facilities to finance our Group’s working capital:

(i) Increase in interest expenses arising from term loans of RM0.22 million or 169.23% to RM0.35 million in the FYE 2023 (FYE 2022: RM0.13 million) due to the drawdown of a new term loan in the FYE 2023 of RM2.11 million to part-finance the acquisition of our Group's Existing Teluk Kalung Facility 1. For information purposes, the acquisition of our Group's Existing Teluk Kalung Facility 1 was completed on 23 August 2023;

(ii) Increase in interest expenses arising from bank overdraft of RM0.42 million or 1,050.00% to RM0.46 million in the FYE 2023 (FYE 2022: RM0.04 million) due to the drawdown of bank overdraft facility of RM0.55 million to finance our working capital in the FYE 2023; and

(iii) Increase in interest expenses arising from trade financing of RM0.22 million or 314.29% to RM0.29 million in the FYE 2023 (FYE 2022: RM0.07 million) due to the drawdown of additional trade financing facility of RM5.30 million to finance our Group's additional work orders under the EPCC services and facilities improvement / maintenance segment in the FYE 2023.

12.3.7 Taxation

	FYE 2021	FYE 2022	FYE 2023
	RM'000	RM'000	RM'000
Current tax expense			
Current year	1,101	2,297	2,911
Under / (Over) provision in prior year	36	51	(49)
Deferred tax expense			
Origination of temporary differences	51	46	168
(Over) / Under provision in prior year	(124)	(10)	94
Tax expenses	**1,064**	**2,384**	**3,124**
Statutory tax rate (%)	24.00	24.00	24.00
Effective tax rate (%)	33.84	29.09	30.20

Comparison between FYE 2021 to FYE 2022

Our tax expenses increased by RM1.32 million or 124.53% to RM2.38 million in the FYE 2022 (FYE 2021: RM1.06 million), mainly attributable to higher PBT recorded for the FYE 2022, as explained in **Section 12.3.10** of this Prospectus.

Our Group recorded an effective tax rate of 29.09% for the FYE 2022, which was higher than the statutory tax rate of 24.00%, mainly due to the non-deductible expenses of RM0.38 million which were attributable to, among others, depreciation of property, plant and equipment and stamp duty in the FYE 2022.

Comparison between FYE 2022 to FYE 2023

Our tax expenses increased by RM0.74 million or 31.09% to RM3.12 million for the FYE 2023 (FYE 2022: RM2.38 million), mainly attributable to higher PBT recorded for the FYE 2023, as explained in **Section 12.3.10** of this Prospectus.

Our Group recorded an effective tax rate of 30.20% for the FYE 2023, which was higher than the statutory tax rate of 24.00%, mainly due to the non-deductible expenses of RM0.60 million which were attributable to among others, depreciation of property, plant and equipment in the FYE 2023.

12.3.8 PBT, PBT Margin, PAT and PAT Margin

	FYE 2021	FYE 2022	FYE 2023
PBT (RM'000)	3,144	8,195	10,344
PBT margin (%)	12.65	12.36	14.26
PAT (RM'000)	2,080	5,811	7,220
PAT margin (%)	8.37	8.76	9.95

Comparison between FYE 2021 to FYE 2022

We recorded an increase in PBT and PAT of RM5.06 million or 161.15% and RM3.73 million or 179.33% to RM8.20 million and RM5.81 million, respectively, for the FYE 2022 (FYE 2021: RM3.14 million and RM2.08 million, respectively), mainly contributed by our revenue and GP growth as explained in **Sections 12.3.2** and **12.3.3** of this Prospectus, respectively. In addition, the increase in PBT and PAT for the FYE 2022 was also attributable to the decrease in our administrative expenses, as explained in Section 12.3.4 of this Prospectus. Our PBT margin and PAT margin remained relatively consistent at 12.36% and 8.76%, respectively, in the FYE 2022 (FYE 2021: 12.65% and 8.37%, respectively).

Comparison between FYE 2022 to FYE 2023

We recorded an increase in PBT and PAT of RM2.14 million or 26.10% and RM1.41 million or 24.27% to RM10.34 million and RM7.22 million, respectively, for the FYE 2023 (FYE 2022: RM8.20 million and RM5.81 million, respectively), mainly contributed by our revenue and GP growth as explained in **Sections 12.3.2** and **12.3.3** of this Prospectus, respectively. Thus, our PBT margin and PAT margin increased from 12.36% and 8.76%, respectively, for the FYE 2022, to 14.26% and 9.95%, respectively, for the FYE 2023.

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12.3.9 Significant factors affecting our business and results of operations

Our financial condition and results of operations have been, and are expected to be affected by, among others, the following factors:

(i) Dependency 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 the Financial Years Under Review, respectively. Further breakdown on revenue contribution from PETRONAS group for the Financial Years Under Review is as follows:

		FYE 2021		FYE 2022		FYE 2023	
Name	**Services provided**	**RM'000**	**% of total revenue**	**RM'000**	**% of total revenue**	**RM'000**	**% of total revenue**
PETRONAS group	EPCC services and facilities improvement / maintenance, installation and maintenance of oilfield equipment, supply of oilfield equipment	21,326	85.84	36,125	54.47	33,103	45.64

Our working relationship with PETRONAS group commenced in 2013 through our first contract with PETRONAS Carigali involving the supply of chemical injection skids, which had a contract duration of 3 years from May 2013 to May 2016. Between 2013 up to the LPD, we have secured a total of 44 contracts (comprising fixed / Price Agreements (call out contracts)) directly with PETRONAS group.

Given the past and on-going contracts with the PETRONAS group, they may continue to account for similar proportion of our Group's total revenue in the near future in view of our established working relationships with PETRONAS group which started since 2013. As such, we have been reliant upon PETRONAS group for our projects and there is no assurance that PETRONAS group may continue to account for similar proportion of our Group's revenue in the near future.

(ii) Dependency on PETRONAS license and requirement 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 December 2012, via Steel Hawk Engineering, we obtained our PETRONAS license which enables us to supply products and services to the upstream, midstream and downstream segments of the O&G industry in accordance with the Petroleum Development Act 1974 and Petroleum Regulations 1974. As at the LPD, our PETRONAS license has a validity period of 3 years up to 17 December 2024 and it is subject to renewal every 3 years. As such, we are dependent on the PETRONAS license for the continuity of our core business operations.

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 SWECs, we are subject to continuous review under PETRONAS' conditions, general guidelines and minimum technical requirements which are subject to change from time to time.

(iii) Reduction of capital investment and / or operating expenditure by PETRONAS group and other O&G players

There is a risk that PETRONAS group as our major customer and other O&G players may reduce their activities in, among others, O&G production, processing and transportation or delay, suspend and / or terminate some of their projects due to, among others, the COVID-19 pandemic and / or a sustained low crude oil price environment.

Should PETRONAS group and other O&G players reduce their O&G activities or delay, suspend and / or terminate some of their projects, there may be a reduction in their spending on capital investment and / or operating expenditure which could reduce the demand for our Group's services. Consequently, this may have an adverse effect on our business operation and financial performance.

(iv) Dependency on our key management team and technical personnel for continued success

Our continuous success, future business growth and expansion will depend upon our ability to identify, engage and retain suitable, skilled and experienced employees, including our key management team with the essential industry experience, knowledge and expertise. Our key management are vital in driving the future growth of our Group as they contribute in aspects such as strategic direction, leadership, business planning and development as well as the management of our Group.

There can be no assurance that we will be successful in retaining our existing key management team or there will be a smooth transition should changes occur, which may bring about an adverse impact on our Group. The loss of any personnel in our key management team without suitable replacement in a timely manner and inability to hire new qualified technical personnel may adversely affect our business operations. This will delay our project completions and may eventually affect our ability to maintain and / or improve our business performance.

(v) Competition within the O&G services and equipment industry

We operate in the O&G services and equipment industry in Malaysia and we are subject to competition from existing O&G services and equipment providers as well as potential new entrants in the industry in terms of range of services and equipment, technical expertise, ability to meet technical, quality and safety requirements, and reliability and efficiency of deliverance, among others. Increasing competition in the O&G services and equipment industry has, and is expected to continue to have an impact on our Group's operational results and financial performance.

The competition we face from existing industry players and potential new market entrants may impact our revenue and profitability as we are required to participate in tender activities with a more competitive bid prices in order to secure new contracts. Therefore, we are exposed to the risk that we may be unable to compete effectively against our existing or potential competitors, which will have material and adverse effects on our business operations and financial performance.

(vi) Dependency on our ability to execute business strategies and future plans for future growth

The implementation of our business strategies and future plans involves capital expenditure as well as other operating expenses such as depreciation charges, maintenance costs of systems and equipment and staff costs. The feasibility and implementation of such business strategies and future plans will also depend on, among others, favourable economic conditions and the timing of execution.

There is no assurance that the execution of our business strategies and future plans will be successful, nor will we be able to anticipate all the risks and uncertainties that may arise during the implementation of these business strategies and future plans, which may materially affect the business operations and financial performance of our Group.

(vii) Subject to warranty claims for defects in our deliverance

We typically provide warranty against defects for a period of between 12 months and 36 months pursuant to the contracts. In the event of any defects during the warranty period, our customer may require us to replace the defective works and bear the reinstallation costs.

We do not have any warranty claims for the Financial Years Under Review, save for the FYE 2021 where we have encountered warranty claims amounting to RM5,771 which accounted for 0.03% of our revenue. While this warranty claims was not significant, any substantial increase in warranty claims may adversely affect our financial performance.

(viii) Subject to credit risk and default payment by our customers

Our Group is dependent on the ability of our customers to make timely or full payments to us as any payment delays from them will result in a negative impact on our Group's cash flow position. Under such circumstances, we may provide impairment loss on trade receivables or write off trade receivables as bad debts, which will adversely affect our financial performance.

We generally grant our customers 30 days credit period. Our trade receivables turnover period for the Financial Years Under Review were 6, 29 and 35 days, respectively. The turnover period was within the normal credit period granted by us to our customers.

Notwithstanding the above, there can be no assurance that payments from any of our customers will be received in full or on time in the future. In the event of a delay, missed or reduced in payments to us, our Group's operating cash flow and liquidity will be materially and adversely affected.

(ix) Subject to political, economic, social, market and regulatory considerations and occurrence of force majeure events

Any adverse developments in the political, economic, social, market and regulatory conditions in Malaysia or our export markets could adversely affect our business operations and financial performance. Such developments include, but are not limited to, changes in political leadership, geopolitical events, general economic and business conditions, fluctuations in foreign exchange rates and interest rates, acts of terrorism, riots, wars and / or sanctions, prolonged COVID-19 pandemic or emergence of new epidemics or pandemics, expropriation or nationalisation, fiscal and monetary policies of the Government such as inflation, deflation, methods of taxation, tax policies, foreign worker levy and exchange control measures, unemployment trends, deterioration of international bilateral relationships, and other matters that may influence consumer and business confidence and spending.

Increasing volatility in financial markets may also cause these factors to change with a greater degree of frequency and magnitude. Unfavourable developments in the socio-political environment in Malaysia may materially and adversely affect our business operations, financial performance and prospects.

Further details on the risk factors relating to our business and the industry which we operate in can be found in **Section 9** of this Prospectus entitled "Risk Factors". You should carefully consider the risk factors set out therein before making a decision on whether an investment in our Shares is suitable for you in light of your circumstances and financial resources.

12.3.10 Liquidity and capital resources

(i) Working capital

We finance our operations with both internal and external sources of funds. Our internal sources of funds comprise cash generated from our business operations and shareholders' equity, while our external sources are mainly credit facilities from financial institutions. Our facilities from financial institutions comprise trade financing, bank overdrafts, term loans and hire purchase.

Our Board confirms that we have sufficient funds for our existing and foreseeable requirements for a period of 12 months from the date of this Prospectus, taking into consideration the following:

(a) Our cash and cash equivalent of RM10.69 million as at 31 December 2023;

(b) Our expected future cash flow from operations;

(c) Our total banking facilities as at 31 December 2023 of RM72.20 million (excluding hire purchases), of which RM55.35 million has yet to be utilised; and

(d) Our pro forma gearing level of [●] times, computed based on the pro forma consolidated statement of financial position as at 31 December 2023 after our IPO and utilisation of proceeds.

At this juncture, we do not foresee any circumstances which may materially affect our liquidity. Our Group has not encountered any major disputes with our debtors. This measure has been proven to be effective while maintaining a cordial relationship with our debtors.

(ii) Cash flows

A summary of our Group's historical audited statements of cash flow for the Financial Years Under Review is set out below:

	Audited		
	FYE 2021	FYE 2022	FYE 2023
	RM'000	RM'000	RM'000
Net cash from operating activities	672	3,170	390
Net cash from / (used in) investing activities	238	(4,721)	(5,207)
Net cash from financing activities	1,735	2,058	2,865
Net increase / (decrease) in cash and cash equivalents	**2,645**	**507**	**(1,952)**
Cash and cash equivalents at the beginning of the financial year	3,265	5,910	6,417
Cash and cash equivalents at the end of the financial year	**5,910**	**6,417**	**4,465**

FYE 2021

Net cash from operating activities

For the FYE 2021, our Group's operating cash flow before changes in working capital amounting to RM4.12 million. After adjusting for the working capital changes below, our Group's net cash from operating activities amounted to RM0.67 million. The main changes in working capital during the FYE 2021 are as follows:

(i) Decrease in trade and other receivables of RM0.21 million mainly due to cash receipts from PETRONAS Carigali for the provision of onshore facilities maintenance, construction and modification services;

(ii) Increase in trade and other payables of RM1.92 million mainly due to procurement of specialised automation systems, including remote solutions and system hardware and software for the Integrated Remote Work Order (as elaborated in **Section 12.3.3** of this Prospectus); and

(iii) Increase in contract assets of RM4.50 million mainly due to additional work orders from PETRONAS Carigali (as elaborated in **Section 12.3.2** of this Prospectus) that were completed and recognised as revenue but not yet billed during the FYE 2021.

Net cash used in investing activities

For the FYE 2021, our Group's net cash from investing activities amounted to RM0.24 million, mainly due to the following:

(i) Acquisition of property, plant and equipment of RM0.95 million in relation to the acquisition of the PJ Office; and

(ii) Additional pledged deposits placed with licensed banks amounting to RM1.16 million.

Net cash used in financing activities

For the FYE 2021, our net cash from financing activities amounted to RM1.74 million, mainly due to the following:

(i) Gross proceeds of RM3.20 million received from the issuance of 16,000,000 new Shares at the issue price of RM0.20 per Share, by way of private placement to selected sophisticated investors which was undertaken pursuant to our Group's listing on the LEAP Market on 29 October 2021;

(ii) Net repayment of trade financing facilities of RM0.48 million; and

(iii) Net repayment of term loans of RM0.33 million.

FYE 2022

Net cash from operating activities

For the FYE 2022, our Group's operating cash flow before changes in working capital amounting to RM9.48 million. After adjusting for the working capital changes below, our Group's net cash from operating activities amounted to RM3.17 million. The main changes in working capital during the FYE 2022 are as follows:

(i) Increase in trade and other receivables of RM10.33 million mainly due to additional invoices billed in relation to the new contracts undertaken during the financial year (as elaborated in **Section 12.3.2** of this Prospectus);

(ii) Increase in trade and other payables of RM10.65 million mainly due to procurement of specialised automation systems, including remote solutions and system hardware and software for the Integrated Remote Work Order (as elaborated in **Section 12.3.3** of this Prospectus); and

(iii) Increase in contract assets of RM5.72 million mainly due to additional work orders from PBH Engineering Sdn Bhd (as elaborated in **Section 12.3.2** of this Prospectus) that were completed and recognised as revenue but not yet billed during the FYE 2022.

Net cash used in investing activities

For the FYE 2022, our Group's net cash used in investing activities amounted to RM4.72 million, mainly due to the following:

(i) Acquisition of property, plant and equipment of RM0.67 million consisting the addition of 2 fire rated door assembly lines and the acquisition of computer hardware and software during the FYE 2022; and

(ii) Additional pledged deposits placed with licensed banks amounting to RM4.09 million as a result of our Group securing more credit facilities during the FYE 2022.

Net cash used in financing activities

For the FYE 2022, our Group's net cash from financing activities amounted to RM2.06 million, mainly due to the following:

(i) Net drawdown of term loans of RM3.20 million;

(ii) Net drawdown of trade facilities of RM0.36 million;

(iii) Dividends paid of RM0.62 million; and

(iv) Interest paid for our Group's financing facilities of RM0.47 million.

FYE 2023

Net cash from operating activities

For the FYE 2023, our Group's operating cash flow before changes in working capital amounted to RM12.33 million. After adjusting for the working capital changes below, our Group's net cash from operating activities amounted to RM0.39 million. The main changes in working capital during the FYE 2023 are as follows:

(i) Increase in inventories of RM0.41 million mainly due to purchase of raw materials for pig trap system and (e.g. quick opening closures, locking mechanism, metal flanges, and pipes, etc.) for our installation and maintenance of oilfield equipment segment;

(ii) Decrease in trade and other receivables of RM6.48 million mainly due to cash receipts from our major customer, namely PBH Engineering Sdn Bhd for the supply, fabrication, installation, and testing of propylene oxide storage tank and piping, along with various engineering, mechanical, civil, structural, electrical, and instrumentation work; and

(iii) Increase in contract assets of RM10.13 million mainly due to additional work orders from PBH Engineering Sdn Bhd and Customer F (as elaborated in **Section 12.3.2** of this Prospectus) that were completed and recognised as revenue but not yet billed during the FYE 2023.

Net cash used in investing activities

For the FYE 2023, our Group's net cash used in investing activities amounted to RM5.21 million, mainly due to the following:

(i) Acquisition of property, plant and equipment of RM3.00 million, consisting the acquisition of our Existing Teluk Kalung Facility 1 of RM2.48 million in the FYE 2023. For information purposes, the acquisition of our Existing Teluk Kalung Facility 1 was completed on 23 August 2023;

(ii) Proceeds from the disposal of plant and equipment of RM0.20 million in relation to the disposal of 2 motor vehicles used for work purposes; and

(iii) Additional pledged deposits placed with licensed banks amounting to RM2.49 million as a result of our Group securing more credit facilities during the FYE 2023.

Net cash used in financing activities

For the FYE 2023, our Group's net cash from financing activities amounted to RM2.87 million, mainly due to the following:

(i) Net drawdown of trade financing facilities of RM5.30 million;

(ii) Interest paid of RM1.36 million;

(iii) Dividends paid of RM0.88 million; and

(iv) Net drawdown of term loans of RM0.47 million.

12.3.11 Borrowings and financial instruments

All our borrowings are secured, interest-bearing and denominated in RM. Our total outstanding borrowings as at 31 December 2023 stood at RM17.72 million, details of which are set out below:

Borrowings	Purpose	Security	Tenure of the facility	Interest rate	As at 31 December 2023		
					Payable within 12 months RM'000	Payable after 12 months RM'000	Total RM'000
Term loan I	Financing of working capital	(i) Credit Guarantee Corporation (M) Bhd under the SMEBiz Solutions Portfolio Guarantee Scheme of 70% of the facility limit. (ii) Joint and several guarantees by all directors of Steel Hawk Engineering.	84 months	BLR + 5.00%	116	-	116
Term loan II	Financing of working capital	(i) Guarantee by the government through Syarikat Jaminan Pembiayaan Perniagaan Berhad will cover 80% of the total facility limit. (ii) Joint and several guarantees by all directors of Steel Hawk Engineering. (iii) Pledged deposits of RM19,000.	66 months	3.50%	205	250	455
Term loan III	Financing of working capital	(i) Pledged deposits of RM1,200,000 (ii) Joint and several guarantees by all directors of Steel Hawk Engineering	37 months	9.00%	1,096	1,221	2,317
Term loan IV	Financing of Existing Teluk Kalung Facility 1	(i) Leasehold building with carrying amount of RM2,462,000 (ii) Joint and several guarantees by all directors of Steel Hawk Engineering	168 months	BFR + 2.20%	112	1,966	2,078
Hire purchase liabilities	For purchase of motor vehicles	Motor vehicles	Up to 60 months	2.49% – 5.51%	215	652	867

Borrowings	Purpose	Security	Tenure of the facility	Interest rate	As at 31 December 2023		
					Payable within 12 months RM'000	Payable after 12 months RM'000	Total RM'000
Trade financing I	Financing of working capital	Joint and several guarantees by all directors of Steel Hawk Engineering.	120 days	BFR + 1.25%	4,852	-	4,852
Trade finaning II	Financing of working capital	Joint and several guarantees by all directors of Steel Hawk Engineering.	120 days	COF + 0.75%	814	-	814
Bank Overdraft I	Financing of working capital	(i) Joint and several guarantees by all directors of Steel Hawk Engineering. (ii) Pledged deposits of RM1,200,000	-	BFR + 1.25%	2,959	-	2,959
Bank Overdraft II	Financing of working capital	Joint and several guarantees by all directors of Steel Hawk Engineering.	-	BFR + 4.00%	400	-	400
Bank Overdraft III	Financing of working capital	Joint and several guarantees by all directors of Steel Hawk Engineering.	-	BFR + 1.00%	2,424	-	2,424
Bank Overdraft IV	Financing of working capital	Joint and several guarantees by all directors of Steel Hawk Engineering.	-	BFR + 1.25%	439	-	439
Total					**13,632**	**4,089**	**17,721**
Gearing (times)							
Before our IPO and utilisation of proceeds(1)							[●]
After our IPO and utilisation of proceeds(2)							[●]

Notes:

(1) Computed based on the pro forma consolidated statements of financial position as at 31 December 2023 before our IPO and utilisation of proceeds.

(2) Computed based on the pro forma consolidated statements of financial position as at 31 December 2023 after our IPO and utilisation of proceeds which includes repayment of bank borrowings of RM[●] million.

As at the LPD, we do not have any borrowings which are non-interest bearing and / or in foreign currency.

There has been no default or any known events that could give rise to a default situation, in respect of payments of either interest and / or principal sums in relation to any borrowings of our Group throughout the Financial Years Under Review and up to LPD.

As at the LPD, our Group is not in breach of any terms and conditions or covenants associated with the credit arrangement or bank loan, which can materially affect our financial position and results or business operations or the investments by holders of our securities. During the Financial Years Under Review, we did not experience any clawback or reduction in the facilities limit granted to us by our lenders.

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12.3.12 Type of financial instruments used

As at the LPD, save as disclosed in **Section 12.3.11** of this Prospectus, our Group does not have or utilise any other financial instruments or have any other treasury policies.

12.3.13 Treasury policies and objectives

The main objective of our capital management is to maintain sustainable shareholder's equity to ensure our ability to support and grow our business in order to maximise shareholder's value. We review and manage our capital structure to maintain our debt-to-equity ratio at an optimal level based on our business requirements and prevailing economic conditions.

12.3.14 Material commitment

As at the LPD, our Group has committed to construct the Proposed Teluk Kalung Facility 2, costing RM13.64 million (as disclosed in **Section 4.5** of this Prospectus), which will be financed by our internally generated funds and the proceeds from our IPO.

Save as disclosed above, we do not have any other material capital commitments as at the LPD.

12.3.15 Material contingent liabilities

As at the LPD, there are no material contingent liabilities incurred by our Group, which upon becoming enforceable may have a material effect on our business, financial results or position.

12.3.16 Material litigation

We are not engaged in any material litigation, claim or arbitration either as plaintiff or defendant. There is no proceeding pending or threatened or any fact likely to give rise to any proceeding which might materially or adversely affect our position or business as at the LPD.

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12.3.17 Impact of foreign exchange rates, interest rates and / or commodity prices on our operations

(i) Impact of foreign exchange rates

For the Financial Years Under Review, our proportion of sales and purchases transactions denominated in local and foreign currencies are as follows:

	FYE2021		FYE 2022		FYE 2023	
	RM'000	%	RM'000	%	RM'000	%
Sales denominated in:						
- RM	24,845	100.00	66,326	100.00	72,537	100.00
Total sales	**24,845**	**100.00**	**66,326**	**100.00**	**72,537**	**100.00**
Purchases denominated in:						
- RM	6,642	90.09	37,448	95.93	33,192	95.27
- USD	620	8.41	1,215	3.11	1,292	3.71
- SGD	105	1.42	147	0.38	205	0.59
- EUR	6	0.08	228	0.58	151	0.43
Total purchases	**7,373**	**100.00**	**39,038**	**100.00**	**34,840**	**100.00**

We are exposed to transactional currency exposure as 9.91%, 4.07% and 4.73% of our purchases were denominated in currencies other than RM for the Financial Years Under Review, respectively. The purchases denominated in foreign currencies are mainly in USD.

For the Financial Years Under Review, our gains and losses from foreign exchange fluctuations are as follows:

	FYE 2021	FYE 2022	FYE 2023
	RM'000	RM'000	RM'000
Net foreign exchange loss	17	71	27

We currently do not have a formal policy with respect to our foreign exchange transactions. Exposure on foreign exchange is monitored on an ongoing basis, and our Group endeavours to keep the net exposure at an acceptable level.

Our Group does not hedge our exposure to fluctuation in foreign currency exchange rates. As at the LPD, we have not entered into any foreign exchange contracts. As such, we are subject to foreign exchange fluctuation risk for the purchases from our foreign suppliers. Notwithstanding this, our financial results for the Financial Years Under Review were not materially affected by fluctuations in foreign exchange rates. However, a significant depreciation of RM against USD will lead to higher costs of supplies for our Group. In the event that we are unable to pass the increase in costs to our customers in a timely manner, our financial performance may be adversely affected due to the reduced GP margin from higher cost of supplies.

(ii) Impact of interest rates

	FYE 2021	FYE 2022	FYE 2023
	RM'000	RM'000	RM'000
Interest coverage ratio (times)[(1)]	12.60	18.38	8.57

Note:

(1) Computed based on EBIT over finance costs for the Financial Years Under Review

Our interest coverage ratios have range from 8.57 times to 18.38 times during the Financial Years Under Review, indicating that our Group has been able to generate sufficient profits from operations to meet our interest serving obligations.

Our financial results for the Financial Years Under Review were not materially affected by fluctuations in interest rates. However, any major increase in interest rates would raise the cost of our borrowings and our finance costs, which may have an adverse effect on the performance of our Group.

(iii) Impact of commodity prices

As at the LPD, our Group is not affected by fluctuations in commodity prices, as highlighted in **Section 7.3.3** of this Prospectus.

12.3.18 Impact of government, economic, fiscal or monetary policies

There were no government, economic, fiscal or monetary policies or factors which had materially affected our operations during the Financial Years Under Review. There is no assurance that our financial performance will not be adversely affected by the impact of further changes in government, economic, fiscal or monetary policies or factors moving forward.

Risks relating to government, economic, fiscal or monetary policies or factors which may materially affect our operations are set out in **Section 9** of this Prospectus.

12.3.19 Exceptional and extraordinary items and audit qualifications

There were no exceptional or extraordinary items during the Financial Years Under Review. In addition, our audited financial statements for the Financial Years Under Review were not subject to any audit qualifications.

12.3.20 Impact of inflation

During the Financial Years Under Review, our financial performance was not materially by inflation. However, there is no assurance that our financial performance will not be adversely affected by inflation moving forward. Any significant increase in our costs of sales in the future may adversely affect our operations and performance if we are unable to pass on the higher costs to our customers through an increase in selling prices.

12.4 KEY FINANCIAL RATIOS

The key financial ratios of our Group are as set out below:

	FYE 2021	FYE 2022	FYE 2023
Trade receivables turnover (days)(1)	6	29	35
Trade payables turnover (days)(2)	48	54	77
Inventory turnover (days)(3)	9	2	3
Current ratio (times)(4)	2.54	1.62	1.72
Gearing ratio (times)(5)	0.19	0.74	0.83

Notes:

(1) $\dfrac{\text{(Trade receivables at beginning + trade receivables at end) / 2}}{\text{Revenue}}$ x 365 days

(2) $\dfrac{\text{(Trade payables at beginning + trade payables at end) / 2}}{\text{Cost of sales}}$ x 365 days

(3) $\dfrac{\text{(Inventories at beginning + inventories at end) / 2}}{\text{Cost of sales}}$ x 365 days

(4) Computed based on the total current assets over total current liabilities as at the end of each financial year.

(5) Computed based on total interest-bearing borrowings (excluding lease liabilities) over total equity as at the end of each financial year.

(i) Trade receivables turnover period

	FYE 2021	FYE 2022	FYE 2023
	RM'000	RM'000	RM'000
Opening trade receivables	524	283	10,404
Closing trade receivables	283	10,404	3,488
Average trade receivables	404	5,344	6,946
Revenue	24,845	66,326	72,537
Trade receivables turnover period (days)	**6**	**29**	**35**

Our normal credit period given to our trade debtors is 30 days, but this may be extended in certain cases and assessed and approved on a case-by-case basis after taking into consideration, among others, the background and credit worthiness of the customer, payment history of the customer, our relationship with the customer and the scope of the project.

Our trade receivables turnover period for the Financial Years Under Review were 6 days, 29 days and 35 days, respectively. For the FYE 2021 and FYE 2022, our Group's trade receivables turnover period were within the normal credit terms. However, for the FYE 2023, our Group's trade receivables turnover period exceeded our normal credit terms, mainly attributed to slower collection of receivables from a customer within the EPCC services and facilities improvement / maintenance segment which had subsequently been collected after the FYE 2023.

The ageing analysis of our trade receivables as at 31 December 2023 and the subsequent collections and balance of trade receivables as at the LPD are set out as follows:

	Trade receivables as at 31 December 2023		**Collections from 1 January 2024 up to the LPD**	**Balance trade receivables as at the LPD**
	RM'000	**% of trade receivables**	**RM'000**	**RM'000**
	(a)	**(a) / total of (a)**	**(b)**	**(c) = (a) – (b)**
Neither past due nor impaired	2,456	70.41	1,133	1,323
Past due 1-90 days	168	4.82	156	12
Past due more than 90 days	864	24.77	455	409
Total	**3,488**	**100.00**	**1,744**	**1,744**

As at 31 December 2023, our total trade receivables stood at RM3.49 million, with RM1.03 million or 29.59% of our trade receivables exceeding the normal credit period.

As at the LPD, RM1.74 million or 50.00% of our trade receivables as at 31 December 2023 have been collected. The remaining balance of RM1.74 million or 50.00% of our total trade receivables have yet to be collected as at the LPD. Our Group has not encountered any major disputes with our trade receivables and hence, our Board is of the opinion that the remaining outstanding trade receivables are recoverable, after taking into consideration these customers' historical payment trend.

We assess the recoverable amount for trade receivables that has been past due for more than 90 days. If the trade receivables that our Group expects to receive are less than the total trade receivables that are due to our Group, our management would consider the need for impairment based on objective evidence, i.e. we would write off trade receivables when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. Nevertheless, in managing credit risk of trade receivables, we will continuously manage and monitor our trade debtors and take appropriate actions (including but not limited to legal actions) to recover long overdue balances. We did not make any impairment on trade receivables during the Financial Years Under Review up to the LPD.

(ii) Trade payables turnover period

	FYE 2021	FYE 2022	FYE 2023
	RM'000	RM'000	RM'000
Opening trade payables	969	2,753	12,192
Closing trade payables	2,753	12,192	9,485
Average trade payables	1,861	7,473	10,839
Cost of sales	14,029	50,296	51,704
Trade payables turnover period (days)	**48**	**54**	**77**

Trade payables comprise amounts outstanding for trade purchases. the normal credit terms granted to us by our trade suppliers range from 30 to 90 days. To maintain a good relationship with our suppliers, we will pay the suppliers as they fall due. During the Financial Years Under Review, our Group's trade payables turnover period were within the normal credit terms granted by our trade suppliers.

The ageing analysis of our trade payables as at 31 December 2023 and the subsequent payments and balance of trade payables as at the LPD are set out as follows:

	Trade payables as at 31 December 2023		Payments from 1 January 2024 up to the LPD	Balance trade payables as at the LPD
	RM'000	Percentage of trade payables	RM'000	RM'000
	(a)	(a) / total of (a)	(b)	(c) = (a) – (b)
Not past due	3,733	39.36	2,121	1,612
Past due 1-90 days	4,002	42.19	2,395	1,607
Past due more than 90 days	1,750	18.45	338	1,412
Total	**9,485**	**100.00**	**4,854**	**4,631**

As at 31 December 2023, our total trade payables stood at RM9.49 million, with RM5.75 million or 60.64% of our trade payables exceeding the normal credit period.

As at the LPD, we have settled outstanding trade payables of RM4.85 million, representing 51.18% of our outstanding trade payables as at 31 December 2023.

As at the LPD, we do not have any material disputes in respect of our trade payables and no material legal proceedings to demand for payment have been initiated by our suppliers against us. There are also no disputes regarding trade payables. There are also no disputes regarding trade payables, and our suppliers have not initiated any legal action against us to demand for payment.

(iii) Inventories turnover period

	FYE 2021 RM'000	FYE 2022 RM'000	FYE 2023 RM'000
Opening inventories	338	369	158
Closing inventories	369	158	568
Average inventories	354	264	363
Cost of sales	14,029	50,296	51,704
Inventory turnover period (days)	**9**	**2**	**3**

Our Group's inventories mainly consist of raw materials (such as metal structures, steel plates, and non-metal piping and structures), complete assembled oilfield equipment (such as chemical injection skids, pig trap system, fire rated doors and oil spill recovery equipment) as well as parts, components and accessories of the oilfield equipment. Our inventories turnover period for the Financial Years Under Review were 9 days, 2 days and 3 days, respectively.

Our inventories turnover period decreased to 2 days for the FYE 2022 (FYE 2021: 9 days), mainly due to the decrease in average inventory for pig trap system as a result of higher volume of installation and maintenance for pig trap system and more work orders undertaken under our EPCC services and facilities improvement / maintenance segment during the FYE 2022.

Our inventories turnover period increased to 3 days for the FYE 2023 (FYE 2022: 2 days), mainly due to higher purchases of handle bar, door closure and door leaf made during the FYE 2023 for work orders in relation to the installation and maintenance of fire rated doors that is anticipated to be undertaken in the first half of 2024.

(iv) Current ratio

	FYE 2021 RM'000	FYE 2022 RM'000	FYE 2023 RM'000
Current assets	12,864	38,898	43,800
Current liabilities	5,068	24,033	25,420
Net current assets	**7,796**	**14,865**	**18,380**
Current ratio (times)(1)	**2.54**	**1.62**	**1.72**

Note:

(1) Computed based on total current assets over total current liabilities as at the end of each financial year.

Our current ratio ranges from 1.62 times to 2.54 times during the Financial Years Under Review. This indicates that our Group can meet our current obligations as our current assets, such as inventories and trade receivables, which can be readily converted into cash, together with our cash and bank balances, are enough to meet immediate current liabilities.

(v) Gearing ratio

	FYE 2021	FYE 2022	FYE 2023
	RM'000	RM'000	RM'000
Total borrowings	1,883	11,059	17,721
Total equity	9,756	14,943	21,283
Gearing ratio (times)[(1)]	**0.19**	**0.74**	**0.83**

Note:

(1) Computed based on total interest-bearing borrowings (excluding lease liabilities) over total equity as at the end of each financial year.

Our gearing ratio ranges from 0.19 times 0.83 times throughout the Financial Years Under Review.

Our gearing ratio increased to 0.74 times as at 31 December 2021 mainly due to an increase in our loans and borrowings of RM9.18 million in the FYE 2022 (i.e. RM3.20 million in term loan and RM5.67 million in bank overdraft) to meet the Group's working capital requirements for the EPCC services and facilities improvement / maintenance segment (in line with revenue growth of this business segment in the FYE 2022), and our gearing ratio increased to 0.83 times as at 31 December 2023 due to an increase in our loans and borrowings of RM6.66 million in the FYE 2023 (i.e. mainly attributable to an increase in RM5.30 million in trade financing to meet the Group's working capital requirements for the EPCC services and facilities improvement / maintenance segment, in line with revenue growth of this business segment in the FYE 2023).

12.5 TREND INFORMATION

As at the LPD, our financial performance, position and operations are not affected by any of the following:

(i) Known trends, demands, commitments, events or uncertainties that have had or that we reasonably expect to have, a material favourable or unfavourable impact on our financial performance, position and operations, save as disclosed in **Sections 12.2, 7, 8 and 9** of this Prospectus;

(ii) Material commitments for capital expenditure disclosed in **Section 12.3.14** of this Prospectus;

(iii) Unusual, infrequent events or transactions or any significant economic changes that have materially affected the financial performance, position and operations of our Group save as discussed in **Sections 12.2 and 9** of this Prospectus;

(iv) Known trends, demands, commitments, events or uncertainties that have resulted in a substantial increase in our revenue and / or profit as disclosed in **Section 12.2** of this Prospectus, business and industry overview, as set out in **Sections 7 and 8** of this Prospectus, and business strategies and future plans as set out in **Section 7.4** of this Prospectus;

(v) Known trends, demands, commitments, events or uncertainties that are reasonably likely to make our historical financial statements not indicative of the future financial performance and position, save as disclosed in **Sections 12, 7 and 9** of this Prospectus; and

(vi) Known trends, demands, commitments, events or uncertainties that have had or that we reasonably expect to have, a material favourable or unfavourable impact on our liquidity and capital resources, save as disclosed in **Sections 12, 7 and 9** of this Prospectus.

12.6 ORDER BOOK

We provide O&G support services to our customers through the following:

(i) Price Agreements (call out contracts) (with tenures ranging from 1 to 5 years, which include options for extensions of up to 2 years. The parties may agree for further extensions, where applicable); and

(ii) fixed contracts (which are usually one-off in nature).

Under a Price Agreement (call out contract) (which does not have a fixed contract value), we are engaged by our customer through work orders to provide specified services for the duration of the contract, as and when such services are required.

Under a fixed contract, our products and services are delivered to our customers within the stipulated delivery date with a fixed contract value. The fixed contracts secured by the Group are generally one-off in nature with fixed tenures ranging from 1 to 3 years.

Our order book as at the LPD stood at RM18.83 million (i.e. RM14.61 million was contributed by 11 on-going Price Agreements (call out contracts) with purchase orders that are yet to be billed and recognised as revenue and the balance RM4.22 million was contributed by 6 on-going fixed contracts with remaining contract value which are yet to be recognised as revenue). The aforesaid order book is expected to be fulfilled during the financial year ending 31 December 2024.

For the avoidance of doubt, our Price Agreements (call out contracts) do not have a fixed contract value and we are engaged through work orders to provide specified services for the duration of the contract, as and when such services are required. As such, the order book for Price Agreements (call out contracts) are purely based on purchase orders that have been issued by our customers but are yet to be billed as at the LPD, and does not represent the remaining contract value of our Price Agreements (call out contracts), which cannot be determined due to the nature of such contracts.

12.7 SIGNIFICANT CHANGES

Save as disclosed in this Prospectus, there are no significant changes that have occurred which may have a material effect on the financial position and results of our Group subsequent to our audited consolidated financial statements for 31 December 2023 and up to the LPD.

12.8 DIVIDEND POLICY

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

	FYE 2021	**FYE 2022**	**FYE 2023**
	RM'000	**RM'000**	**RM'000**
PAT attributable to owners of the Company	2,080	5,811	7,220
Dividends declared	624	880	-
Dividends paid	-	624	880
Dividend payout rate (%)[(1)]	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.

The dividends above were funded by internal funds sourced from the cash and bank balances of the respective subsidiaries. The dividends will not affect the execution and implementation of our future plans or business strategies. Together with the IPO proceeds, we believe that we have sufficient funding of cash from operations and bank borrowings for the funding requirement for our operations and our expansion plans.

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.

Our ability to pay dividends or make other distributions to our shareholders is subject to various factors such as having profits and excess funds not required to be retained to fund our working capital requirements. Our Board will also take into consideration, among others, the following factors when recommending dividends:

(i) the availability of adequate distributable reserves and cash flow;

(ii) our operating cash flow requirements and financing commitment;

(iii) our anticipated future operating conditions, as well as future expansion, capital expenditure and investment plans;

(iv) any material impact of tax laws and other regulatory requirements; and

(v) the prior approval from our bankers, if any.

Steel Hawk Berhad

(Registration No. 202001043293 (1399614-A))
(Incorporated in Malaysia)

and its subsidiaries

Accountants' Report on the Consolidated Financial Statements

Steel Hawk Berhad

(Registration No. 202001043293 (1399614-A))
(Incorporated in Malaysia)

and its subsidiaries

Consolidated statements of financial position

	Note	2023 RM'000	2022 RM'000	2021 RM'000
Assets				
Property, plant and equipment	3	6,387	3,320	3,082
Right-of-use assets	4	1,500	104	220
Total non-current assets		7,887	3,424	3,302
Inventories	6	568	158	369
Contract assets	7	21,539	11,410	5,689
Trade and other receivables	8	4,301	11,025	767
Pledged deposits	9	6,705	4,214	129
Cash and cash equivalents	10	10,687	12,091	5,910
Total current assets		43,800	38,898	12,864
Total assets		51,687	42,322	16,166
Equity				
Share capital	11	7,808	7,808	7,808
Restructuring reserve	11	(3,108)	(3,108)	(3,108)
Retained earnings		16,583	10,243	5,056
Total equity attributable to owners of the Company		21,283	14,943	9,756
Liabilities				
Loans and borrowings	12	4,089	3,144	1,164
Lease liabilities		465	34	46
Deferred tax liabilities	13	430	168	132
Total non-current liabilities		4,984	3,346	1,342
Loans and borrowings	12	13,632	7,915	719
Lease liabilities		770	77	183
Trade and other payables	14	10,764	13,893	3,248
Current tax liabilities		254	2,148	918
Total current liabilities		25,420	24,033	5,068
Total liabilities		30,404	27,379	6,410
Total equity and liabilities		51,687	42,322	16,166

The notes on pages 9 to 59 are an integral part of these financial statements.

Steel Hawk Berhad
(Registration No. 202001043293 (1399614-A))
(Incorporated in Malaysia)
and its subsidiaries

Consolidated statements of profit or loss and other comprehensive income

	Note	2023 RM'000	2022 RM'000	2021 RM'000
Revenue	15	72,537	66,326	24,845
Cost of sales		(51,704)	(50,296)	(14,029)
Gross profit		20,833	16,030	10,816
Other income		153	76	172
Administrative expenses		(9,375)	(7,397)	(7,586)
Net loss on impairment of financial instrument		-	(69)	-
Results from operating activities		11,611	8,640	3,402
Finance income		88	25	12
Finance costs	16	(1,355)	(470)	(270)
Profit before tax	17	10,344	8,195	3,144
Tax expense	18	(3,124)	(2,384)	(1,064)
Net profit and total comprehensive income for the year attributable to owners of the Company		7,220	5,811	2,080
Basic earnings per ordinary share (sen)	19	4.51	3.63	2.47

The notes on pages 9 to 59 are an integral part of these financial statements.

Steel Hawk Berhad
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Consolidated statements of changes in equity

		Attributable to owners of the Company				
		Non-distributable			*Distributable*	
	Note	**Share capital RM'000**	**Invested equity[1] RM'000**	**Restructuring reserve RM'000**	**Retained earnings RM'000**	**Total RM'000**
At 1 January 2021[2]		*	1,500	-	2,976	4,476
Net profit and total comprehensive income for the financial year		-	-	-	2,080	2,080
Contributions by owners of the Company						
Issuance of new shares	11	3,200	-	-	-	3,200
Effect of restructuring[3]	26	4,608	(1,500)	(3,108)	-	-
At 31 December 2021/ 1 January 2022		7,808	-	(3,108)	5,056	9,756
Net profit and total comprehensive income for the financial year		-	-	-	5,811	5,811
Distribution to owners of the Company						
Dividends to owners of the Company	20	-	-	-	(624)	(624)
At 31 December 2022		7,808	-	(3,108)	10,243	14,943
		Note 11				

Consolidated statements of changes in equity (continued)

		← *Attributable to owners of the Company*				→
		← *Non-distributable*		→	*Distributable*	
	Note	**Share capital RM'000**	**Invested equity[1] RM'000**	**Restructuring reserve RM'000**	**Retained earnings RM'000**	**Total RM'000**
At 1 January 2023		7,808	-	(3,108)	10,243	14,943
Net profit and total comprehensive income for the financial year		-	-	-	7,220	7,220
Distribution to owners of the Company						
Dividends to owners of the Company	20	-	-	-	(880)	(880)
At 31 December 2023		7,808	-	(3,108)	16,583	21,283

* *Denotes RM2*

(1) *This invested equity represents the Company's investment in SHESB.*

(2) *The Group's financial statements are presented as if the restructuring had occurred before the start of the earliest period presented.*

(3) *The effect of restructuring arose from the restructuring exercise as explained in Note 26 Restructuring exercise.*

The notes on pages 9 to 59 are an integral part of these financial statements.

Steel Hawk Berhad
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Consolidated statements of cash flows

	Note	2023 RM'000	2022 RM'000	2021 RM'000
Cash flows from operating activities				
Profit before tax		10,344	8,195	3,144
Adjustments for:				
Depreciation of property, plant and equipment	3	707	593	541
Depreciation of right-of-use assets	4	82	194	187
Gain on disposal of property, plant and equipment		(59)	(10)	(9)
Gain on derecognition of right-of-use assets		(11)	-	(3)
Gain on remeasurement of lease liabilities		-	(6)	-
Interest expenses	16	1,355	470	270
Interest income		(88)	(25)	(12)
Bad debts written off		-	69	-
Operating profit before changes in working capital		12,330	9,480	4,118
Changes in working capital:				
Inventories		(410)	211	(31)
Trade and other receivables		6,484	(10,327)	214
Trade and other payables		(3,129)	10,645	1,923
Contract assets		(10,129)	(5,721)	(4,503)
Cash generated from operations		5,146	4,288	1,721
Tax paid		(4,756)	(1,118)	(1,049)
Net cash from operating activities		390	3,170	672
Cash flows from investing activities				
Acquisition of property, plant and equipment	(ii)	(3,000)	(671)	(950)
Proceeds from disposal of property, plant and equipment		196	10	12
Interest income		88	25	12
Changes in pledged deposits		(2,491)	(4,085)	1,164
Net cash (used in)/generated from investing activities		(5,207)	(4,721)	238

Consolidated statements of cash flows (continued)

	Note	2023 RM'000	2022 RM'000	2021 RM'000
Cash flows from financing activities				
Interest paid	16	(1,355)	(470)	(270)
Net drawdown/(repayment) of term loan		471	3,197	(330)
Net drawdown/(repayment) of trade financing		5,303	363	(479)
Net repayment of hire purchase		(331)	(218)	(200)
Repayment of lease liabilities		(343)	(190)	(186)
Dividend paid	20	(880)	(624)	-
Proceeds from issuance of new shares	11	-	-	3,200
Net cash from financing activities		2,865	2,058	1,735
Net (decrease)/increase in cash and cash equivalents		(1,952)	507	2,645
Cash and cash equivalents at beginning of the year		6,417	5,910	3,265
Cash and cash equivalents at end of the year	(i)	4,465	6,417	5,910

(i) Cash and cash equivalents

Cash and cash equivalents included in the consolidated statements of cash flows comprise the following consolidated statements of financial position amounts:

	Note	2023 RM'000	2022 RM'000	2021 RM'000
Cash and cash equivalents	10	10,687	12,091	5,910
Bank overdraft	12	(6,222)	(5,674)	-
		4,465	6,417	5,910

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Consolidated statements of cash flows (continued)

(ii) Acquisition of property, plant and equipment

The Group acquired property, plant and equipment with an aggregate cost of RM3,911,000 (2022: RM831,000; 2021: RM1,808,000) of which RM671,000 (2022: RM160,000; 2021: RM258,000) were acquired by means of hire purchase. The deposits of RM240,000 in 31 December 2022 for the purchase of building was subsequently reclassified as property, plant and equipment in line with the completion of the condition precedents in relation to the said acquisition in the financial year ended 31 December 2023.

(iii) Cash outflows for leases as a lessee

	Note	2023 RM'000	2022 RM'000	2021 RM'000
Included in net cash from operating activities				
Payment relating to short-term leases	17	2,239	937	2,107
Included in net cash from financing activities				
Payment of lease liabilities		343	190	186
Interest paid in relation to lease liabilities	16	35	12	20
Total cash outflows for leases		2,617	1,139	2,313

(iv) Reconciliation of movement of liabilities to cash flow arising from financing activities

	At 1 January RM'000	Acquisition of new hire purchase liabilities/ new lease RM'000	Net changes from financing cash flows RM'000	Derecog-nition of lease liabilities RM'000	At 31 December RM'000
2023					
Term loans	4,495	-	471	-	4,966
Trade financing	363	-	5,303	-	5,666
Hire purchase liabilities	527	671	(331)	-	867
Lease liabilities	111	1,518	(343)	(51)	1,235
Total liabilities from financing activities	5,496	2,189	5,100	(51)	12,734

Consolidated statements of cash flows (continued)

(iv) Reconciliation of movement of liabilities to cash flow arising from financing activities (continued)

	At 1 January RM'000	Acquisition of new hire purchase liabilities/ new lease RM'000	Net changes from financing cash flows RM'000	Remeasu-rement/ (Derecog-nition) of lease liabilities RM'000	At 31 December RM'000
2022					
Term loans	1,298	-	3,197	-	4,495
Trade financing	-	-	363	-	363
Hire purchase liabilities	585	160	(218)	-	527
Lease liabilities	229	-	(190)	72	111
Total liabilities from financing activities	2,112	160	3,152	72	5,496
2021					
Term loans	1,628	-	(330)	-	1,298
Trade financing	479	-	(479)	-	-
Hire purchase liabilities	527	258	(200)	-	585
Lease liabilities	208	268	(186)	(61)	229
Total liabilities from financing activities	2,842	526	(1,195)	(61)	2,112

The notes on pages 9 to 59 are an integral part of these financial statements.

Steel Hawk Berhad
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(Incorporated in Malaysia)
and its subsidiaries

Notes to the consolidated financial statements

Steel Hawk Berhad ("Steel Hawk" or the "Company") is a public limited liability company, incorporated and domiciled in Malaysia and is listed in the Leading Entrepreneur Accelerator Platform ("LEAP") Market of Bursa Malaysia Securities Berhad ("Bursa Securities"). The addresses of the principal place of business and registered office of the Company are as follows:

Principal place of business
No. 23-2, Block H, Dataran Prima,
Jalan PJU 1/37,
47301 Petaling Jaya,
Selangor Darul Ehsan.

Registered office
Unit 30-01, Level 30, Tower A,
Vertical Business Suite, Avenue 3,
Bangsar South, No. 8, Jalan Kerinchi,
59200, Wilayah Persekutuan,
Kuala Lumpur.

The Company is principally engaged in investment holding, whilst the principal activities of the subsidiaries are as stated in Note 5 to the consolidated financial statements.

1. Basis of preparation

The consolidated financial statements of the Company have been prepared for inclusion in the Company's draft prospectus in connection with the proposed initial public offering of 134,700,000 ordinary shares in the Company ("Shares") ("Proposed IPO") in conjunction with the proposed transfer of listing of Steel Hawk from the LEAP Market of Bursa Malaysia Securities Berhad ("Bursa Securities") to the ACE Market of Bursa Securities ("Proposed Transfer").

The consolidated financial statements of the Company for the financial years ended 31 December 2023, 31 December 2022 and 31 December 2021, comprise the Company and its subsidiaries (together referred to as the "Group" and individually referred to as "Group entities"). The consolidated financial statements of the Company for the financial year ended 31 December 2023, 31 December 2022 and 31 December 2021 do not include other entities.

1. Basis of preparation (continued)

(a) Statement of compliance

The consolidated financial statements of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs") and IFRS Accounting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards").

The following are amendments of the MFRSs that have been issued by the Malaysian Accounting Standards Board ("MASB") but have not been adopted by the Group:

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2024

- Amendment to MFRS 16*, Leases – Lease Liability in a Sale and Leaseback*
- Amendment to MFRS 101, *Presentation of Financial Statements – Non-current Liabilities with Covenants and Classification of Liabilities as Current or Non-current*
- Amendments to MFRS 107, *Statement of Cash Flows* and MFRS 7, *Financial Instruments: Disclosures – Supplier Finance Arrangements*

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2025

- Amendments to MFRS 121, *The Effects of Changes in Foreign Exchange Rates – Lack of Exchangeability*

MFRSs, interpretations and amendments effective for annual periods beginning on or after a date yet to be confirmed

- Amendments to MFRS 10, *Consolidated Financial Statements* and MFRS 128, *Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The Group plans to apply the abovementioned amendments:

- from the annual period beginning on 1 January 2024 for the amendments that are effective for annual periods beginning on or after 1 January 2024.

- from the annual period beginning on 1 January 2025 for the amendments that are effective for annual periods beginning on or after 1 January 2025.

The initial application of the abovementioned amendments are not expected to have any material financial impacts to the current period and prior period financial statements of the Group.

1. Basis of preparation (continued)

(b) Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis other than as disclosed in Note 2.

(c) Functional and presentation currency

These consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is the Group's functional currency. All financial information is presented in RM and has been rounded to the nearest thousand, unless otherwise stated.

(d) Use of estimates and judgements

The preparation of consolidated financial statements in conformity with MFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements other than those disclosed in the following notes:

- Note 15 – revenue recognition in relation to fixed-term contracts

  The Group recognised revenue by measuring the performance of work done by comparing the actual costs incurred with the estimated total costs required to complete the project. The Group applies judgement and assumptions in determining the estimated total costs required to complete the project.

2. Material accounting policies

The Group adopted amendments to MFRS 101 *Presentation of Financial Statements* and MFRS Practice Statement 2 – *Disclosures of Accounting Policies* from 1 January 2023. The amendments require the disclosure of "material", rather than "significant", accounting policies. The amendments did not result in any changes to the accounting policy information disclosed in the financial statements.

The accounting policies set out below have been applied consistently to the periods presented in these consolidated financial statements and have been applied consistently by Group entities, unless otherwise stated.

2. Material accounting policies (continued)

(a) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities, including structured entities, controlled by the Company. The financial statements of the subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Potential voting rights are considered when assessing control only when such rights are substantive. The Group also considers it has de facto power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee’s return.

Investment in subsidiaries are measured in the Company’s statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of investment includes transaction costs.

(ii) Business combinations

Business combinations are accounted for using the acquisition method from the acquisition date, which is the date on which control is transferred to the Group.

For new acquisitions, the Group measures the cost of goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

For each business combination, the Group elects whether it measures the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree’s identifiable net assets at the acquisition date.

Transaction costs, other than those associated with the issue of debt and equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

2. Material accounting policies (continued)

(a) Basis of consolidation (continued)

(iii) Acquisitions from entities under common control

There is no business combination when a restructuring is facilitated through incorporation of a new Company ("Newco") (under common control of the shareholders that controls the Group) and when there is only a business placed under the Newco. Newco is not a business and therefore cannot be the acquiree. Entities under common control are entities which are ultimately controlled by the same parties ("Controlling Shareholders") and that control is not transitory. Control exists when the same parties have, as a result of contractual agreements, ultimate collective power to govern the financial and operating policies of each of the combining entities so as to obtain the benefits from their activities, and that ultimate collective power is not transitory. Accordingly, book value accounting applies to the business transferred.

The acquisitions are accounted for as if the acquisition had occurred at the beginning of the earliest comparative period presented or, if later, at the date that common control was established. The assets and liabilities acquired are recognised at the carrying amounts recognised previously in the Group controlling shareholder's consolidated financial statements. The components of equity of the acquired entities are added to the same components within Group's equity and any resulting gain or loss is recognised directly in equity.

(iv) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

(b) Foreign currency

Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are retranslated to the functional currency at the exchange rate at that date.

Non-monetary assets and liabilities denominated in foreign currencies are not retranslated at the end of the reporting date, except for those that are measured at fair value which are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.

Foreign currency differences arising on retranslation are recognised in profit or loss.

2. Material accounting policies (continued)

(c) Financial instruments

(i) Recognition and initial measurement

A financial asset or a financial liability is recognised in the statement of financial position when, and only when, the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without significant financing component) or a financial liability is initially measured at fair value plus or minus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issuance. A trade receivable without a significant financing component is initially measured at the transaction price.

An embedded derivative is recognised separately from the host contract where the host contract is not a financial asset, and accounted for separately if, and only if, the derivative is not closely related to the economic characteristics and risks of the host contract and the host contract is not measured at fair value through profit or loss. The host contract, in the event an embedded derivative is recognised separately, is accounted for in accordance with policy applicable to the nature of the host contract.

(ii) Financial instrument categories and subsequent measurement

Financial assets

Categories of financial assets are determined on initial recognition and are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change of the business model.

Amortised cost

Amortised cost category comprises financial assets that are held within a business model whose objective is to hold assets to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The financial assets are not designated as fair value through profit or loss. Subsequent to initial recognition, these financial assets are measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Interest income is recognised by applying effective interest rate to the gross carrying amount except for credit impaired financial assets (see Note 2(i)(i)) where the effective interest rate is applied to the amortised cost.

Financial assets are subject to impairment assessment (see Note 2(i)(i)).

2. Material accounting policies (continued)

(c) Financial instruments (continued)

(ii) Financial instrument categories and subsequent measurement (continued)

Financial liabilities

Amortised cost

Financial liabilities are subsequently measured at amortised cost using the effective interest method.

Interest expense and foreign exchange gains and losses are recognised in the profit or loss. Any gains or losses on derecognition are also recognised in the profit or loss.

(iii) Derecognition

A financial asset or part of it is derecognised when, and only when, the contractual rights to the cash flows from the financial asset expire or transferred, or control of the asset is not retained or substantially all of the risks and rewards of ownership of the financial asset are transferred to another party. On derecognition of a financial asset, the difference between the carrying amount of the financial asset and the sum of consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged, cancelled or expires. A financial liability is also derecognised when its terms are modified and the cash flows of the modified liability are substantially different, in which case, a new financial liability based on modified terms is recognised at fair value. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

(iv) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and liability simultaneously.

2. Material accounting policies (continued)

(d) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less any accumulated depreciation and any accumulated impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located.

For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and is recognised net within “other income” and “other expenses” respectively in profit or loss.

(ii) Subsequent costs

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised to profit or loss. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

(iii) Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed, and if a component has a useful life that is different from the remainder of that asset, then that component is depreciated separately.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment from the date that they are available for use.

2. Material accounting policies (continued)

(d) Property, plant and equipment (continued)

(iii) Depreciation (continued)

The depreciation rates for the current and comparative periods based on their estimated useful lives are as follows:

• Freehold buildings	2%
• Computer and software	20%
• Furniture and fitting	10%
• Motor vehicle	20%
• Office equipment	10%
• Plant and machinery	10%
• Renovation	10%
• Signboard	10%

Depreciation methods and useful lives are reviewed at the end of the reporting period, and adjusted as appropriate.

(e) Leases

(i) Definition of a lease

A contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- the contract involves the use of an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;

- the customer has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and

- the customer has the right to direct the use of the asset. The customer has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the customer has the right to direct the use of the asset if either the customer has the right to operate the asset; or the customer designed the asset in a way that predetermines how and for what purpose it will be used.

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease and non-lease component on the basis of their relative stand-alone prices. However, for leases of properties in which the Group is a lessee, it has elected not to separate non-lease components and will instead account for the lease and non-lease components as a singles lease component.

2. Material accounting policies (continued)

(e) Leases (continued)

(ii) Recognition and initial measurement

As a lessee

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the respective Group entities' incremental borrowing rate. Generally, the Group entities use their incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments less any incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee;
- the exercise price under a purchase option that the Group is reasonable certain to exercise; and
- penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The Group excludes variable lease payments that linked to future performance or usage of the underlying asset from the lease liability. Instead, these payments are recognised in profit or loss in the period in which the performance or use occurs.

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less, and lesser of low-value assets. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

2. Material accounting policies (continued)

(e) Leases (continued)

(iii) Subsequent measurement

As a lessee

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a revision of in-substance fixed lease payments, or if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

(iv) Rent concession

The Group has applied the amendment to MFRS 16 Leases (COVID-19 Related Rent Concessions) whereby rent concessions received as a direct consequence of the COVID-19 pandemic are not assessed as a lease modification if all of the following conditions are met:

(i) the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
(ii) any reduction in lease payments affects only payments originally due on or before 30 June 2021; and
(iii) there is no substantial change to other terms and conditions of the lease.

If the above conditions are met, rent concessions are treated as variable lease payments and impact will be recognised in the profit or loss for the year.

2. Material accounting policies (continued)

(f) Inventories

Inventories are measured at the lower of cost and net realisable value.

The cost of inventories is calculated using the first-in, first-out method, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

(g) Contract asset/Contract liability

A contract asset is recognised when the Group's right to consideration is conditional on something other than the passage of time. A contract asset is subject to impairment in accordance to MFRS 9, *Financial Instruments* (see Note 2(i)(i)).

A contract liability is stated at cost and represents the obligation of the Group to transfer goods or services to a customer for which consideration has been received (or the amount is due) from the customers.

(h) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in fair value with original maturities of three months or less, and are used by the Group in the management of their short-term commitments. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts.

(i) Impairment

(i) Financial assets

The Group recognises loss allowances for expected credit losses on financial assets measured at amortised cost and contract assets. Expected credit losses are a probability-weighted estimate of credit losses.

The Group measures loss allowances at an amount equal to lifetime expected credit loss, except for debt securities that are determined to have low credit risk at the reporting date, cash and bank balance and other debt securities for which credit risk has not increased significantly since initial recognition, which are measured at 12-month expected credit loss. Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime expected credit loss.

2. Material accounting policies (continued)

(i) Impairment (continued)

(i) Financial assets (continued)

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit loss, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information, where available.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of the asset, while 12-month expected credit losses are the portion of expected credit losses that result from default events that are possible within the 12 months after the reporting date. The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Group are exposed to credit risk.

The Group assesses each customer individually based on their financial information and past trend of payments, where applicable. The Group also considered that the credit risk has increased significantly if it is past due.

An impairment loss in respect of financial assets measured at amortised cost is recognised in profit or loss and the carrying amount of the asset is reduced through the use of an allowance account.

At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

The gross carrying amount of a financial asset is written off (either partially or full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery amounts due.

(ii) Other assets

The carrying amounts of other assets (except for inventories and contract assets) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

2. Material accounting policies (continued)

(i) Impairment (continued)

(ii) Other assets (continued)

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit.

An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit exceeds its estimated recoverable amount.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated to reduce the carrying amounts of the other assets in the cash-generating unit (groups of cash-generating units) on a *pro rata* basis.

Impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to profit or loss in the financial year in which the reversals are recognised.

(j) Equity instruments

Instruments classified as equity are measured at cost on initial recognition and are not remeasured subsequently.

(i) Issue expenses

Costs directly attributable to the issue of instruments classified as equity are recognised as a deduction from equity.

(ii) Ordinary shares

Ordinary shares are classified as equity.

2. Material accounting policies (continued)

(k) Employee benefits

(i) Short-term employee benefits

Short-term employee benefit obligations in respect of salaries, annual bonuses, paid annual leave and sick leave are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(ii) State plans

The Group’s contributions to statutory pension funds are charged to profit or loss in the financial year to which they relate. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

(l) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

(m) Revenue and other income

(i) Revenue

Revenue is measured based on the consideration specified in a contract with a customer in exchange for transferring goods or services to a customer, excluding amounts collected on behalf of third parties. The Group recognises revenue when (or as) it transfers control over a product or service to customer. An asset is transferred when (or as) the customer obtains control of the asset.

The Group transfers control of a good or service at a point in time unless one of the following over time criteria is met:

(a) the customer simultaneously receives and consumes the benefits provided as the Group performs;

(b) the Group’s performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or

(c) the Group’s performance does not create an asset with an alternative use and the Group has an enforceable right to payment for performance completed to date.

2. Material accounting policies (continued)

(m) Revenue and other income (continued)

(ii) Interest income

Interest income is recognised as it accrues using the effective interest method in profit or loss.

(iii) Dividend income

Dividend income is recognised in profit or loss on the date that the Group's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

(n) Borrowing costs

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

(o) Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous financial years.

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and their tax bases. Deferred tax is not recognised for the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

2. Material accounting policies (continued)

(o) Income tax (continued)

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the reporting date. Deferred tax assets and liabilities are not discounted.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax assets and liabilities on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(p) Earnings per ordinary share

The Group presents basic earnings per share data for its ordinary shares (“EPS”).

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held.

(q) Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group’s other components. Operating segment results are reviewed regularly by the chief operating decision maker, which in this case is the Executive Director of the Group, to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

2. Material accounting policies (continued)

(r) Fair value measurements

Fair value of an asset or a liability, except for lease transactions, is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair value is categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.
Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
Level 3: unobservable inputs for the asset or liability.

The Group recognises transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

3. Property, plant and equipment

	Freehold buildings RM'000	Leasehold building RM'000	Computer and software RM'000	Furniture and fitting RM'000	Motor vehicle RM'000	Office equipment RM'000	Plant and machinery RM'000	Renova-tion RM'000	Sign-board RM'000	Total RM'000
Cost										
At 1 January 2021	-	-	196	81	1,708	72	696	577	3	3,333
Additions	1,300	-	86	3	340	18	32	17	12	1,808
Disposals	-	-	-	(2)	(34)	-	(1)	-	-	(37)
At 31 December 2021/ 1 January 2022	1,300	-	282	82	2,014	90	727	594	15	5,104
Additions	-	-	110	15	188	93	425	-	-	831
Disposals	-	-	-	-	(286)	-	-	-	-	(286)
At 31 December 2022/ 1 January 2023	1,300	-	392	97	1,916	183	1,152	594	15	5,649
Additions	-	2,480	128	38	936	21	244	64	-	3,911
Disposals	-	-	-	-	(644)	-	-	-	-	(644)
At 31 December 2023	1,300	2,480	520	135	2,208	204	1,396	658	15	8,916

3. Property, plant and equipment (continued)

	Freehold buildings RM'000	Leasehold building RM'000	Computer and software RM'000	Furniture and fitting RM'000	Motor vehicle RM'000	Office equipment RM'000	Plant and machinery RM'000	Renova-tion RM'000	Sign-board RM'000	Total RM'000
Accumulated depreciation										
At 1 January 2021	-	-	92	34	877	22	237	251	2	1,515
Depreciation for the year	9	-	47	8	338	8	70	59	2	541
Disposals	-	-	-	(2)	(32)	-	-	-	-	(34)
At 31 December 2021/ 1 January 2022	9	-	139	40	1,183	30	307	310	4	2,022
Depreciation for the year	26	-	61	9	322	13	102	59	1	593
Disposals	-	-	-	-	(286)	-	-	-	-	(286)
At 31 December 2022/ 1 January 2023	35	-	200	49	1,219	43	409	369	5	2,329
Depreciation for the year	26	18	83	12	367	19	129	52	1	707
Disposals	-	-	-	-	(507)	-	-	-	-	(507)
At 31 December 2023	61	18	283	61	1,079	62	538	421	6	2,529
Carrying amounts										
At 1 January 2021	-	-	104	47	831	50	459	326	1	1,818
At 31 December 2021/ 1 January 2022	1,291	-	143	42	831	60	420	284	11	3,082
At 31 December 2022/ 1 January 2023	1,265	-	192	48	697	140	743	225	10	3,320
At 31 December 2023	1,239	2,462	237	74	1,129	142	858	237	9	6,387

3. Property, plant and equipment (continued)

3.1 Assets under hire purchase

Carrying amount of property, plant and equipment held under hire purchase arrangement are as follows:

	2023 RM'000	2022 RM'000	2021 RM'000
Motor vehicle	1,112	588	631

3.2 Security

At 31 December 2023, leasehold building with a carrying amount of RM2,462,000 (2022: RM Nil; 2021: RM Nil) was pledged to a bank to secure term loan granted to the Group as disclosed in Note 12.1.

4. Right-of-use assets

	Leasehold Land RM'000	Buildings RM'000	Total RM'000
At 1 January 2021	-	197	197
Addition	-	268	268
Depreciation	-	(187)	(187)
Derecognition*	-	(58)	(58)
At 31 December 2021/1 January 2022	-	220	220
Modification of lease liability#	-	78	78
Depreciation	-	(194)	(194)
At 31 December 2022/1 January 2023	-	104	104
Addition	1,409	109	1,518
Depreciation	(12)	(70)	(82)
Derecognition*	-	(40)	(40)
At 31 December 2023	1,397	103	1,500

* *Derecognition of the right-of-use assets is as a result of early termination of lease contract.*

\# *Modification of lease liability is as a result of lease payment reduction and extension of lease contract.*

The Group leases a leasehold land and a number of buildings for its office and business operations that typically run between 2 years to 30 years. The leasehold land contains lease period of 30 years with an option to apply for an extension period for another 30 years with lease payment to be determined upon confirmation of extension which has not been recognised.

5. Investment in subsidiaries

Name of entity	Principal place of business/ Country of incorporation	Principal activities	Effective ownership interest and voting interest 2023 %	2022 %	2021 %
Steel Hawk Engineering Sdn. Bhd. ("SHESB")	Malaysia	Provision of engineering, procurement, construction and commissioning ("EPCC") services and facilities improvement/maintenance, installation and maintenance ("I&M") of oilfield equipment and supply of oilfield equipment.	100	100	100
Steel Hawk Defence Sdn. Bhd. ("SHDSB")	Malaysia	Provision of manpower, materials and equipment support services.	100	100	-

On 18 April 2022, the Company incorporated a wholly-owned subsidiary, known as Steel Hawk Defence Sdn. Bhd. with an issued share capital of RM100,000 comprising of 100,000 ordinary shares of RM1.00 each. The principal activities of the subsidiary are to supply, maintenance, design, sales, technical training for defence engineering equipment, supply and maintenance of safety gear products/devices and other support services and service provider of fire and explosion protection systems.

6. Inventories

	2023 RM'000	2022 RM'000	2021 RM'000
At cost:			
Oilfield and petrochemical equipment, engineering equipment and spare parts	568	158	369
Recognised in profit or loss:			
Inventories recognised as cost of sales	35,150	39,195	7,330

7. Contract assets

	2023 RM'000	2022 RM'000	2021 RM'000
Contract assets	21,539	11,410	5,689

The contract assets primarily relate to the Group's rights to consideration for work completed but not yet billed at the reporting date. Typically, the amount will be billed upon achieving contract milestone.

7. Contract assets (continued)

Significant changes to contract assets balances during the period are as follows:

	2023 RM'000	2022 RM'000	2021 RM'000
Contract assets at the beginning of the period not transferred to trade receivables due to change in time frame	213	309	-

8. Trade and other receivables

	Note	2023 RM'000	2022 RM'000	2021 RM'000
Trade				
Trade receivables from contracts with customers		3,488	10,404	283
Non-trade				
Other receivables		84	74	77
Deposits	8.1	203	353	114
Prepayment	8.2	526	194	293
		813	621	484
		4,301	11,025	767

8.1 Deposits

Included in deposits was an amount of RM240,000 in 31 December 2022 for the purchase of building with third party. The deposit for the purchase of building was subsequently reclassified as property, plant and equipment in line with the completion of the condition precedents in relation to the said acquisition in the financial year ended 31 December 2023.

8.2 Prepayment

Included in the Group's prepayment consists of prepayment to supplier of RM375,000 (2022: RM Nil; 2021: RM Nil) for the purchases of materials and manpower costs.

9. Pledged deposits

	Note	2023 RM'000	2022 RM'000	2021 RM'000
The pledged deposits are for:				
Term loan facility	12.1	1,219	1,219	19
Bank overdraft	12.4	1,200	1,200	-
Bank guarantee for contract with customers	22.5	4,286	1,795	110
		6,705	4,214	129

10. Cash and cash equivalents

	2023 RM'000	2022 RM'000	2021 RM'000
Cash and bank balances	10,537	11,941	5,910
Deposits placed with a licensed bank	150	150	-
	10,687	12,091	5,910

11. Share capital and restructuring reserves

(a) Share capital

	Amount 2023 RM'000	Number of shares 2023 '000	Amount 2022 RM'000	Number of shares 2022 '000	Amount 2021 RM'000	Number of shares 2021 '000
Issued and fully paid shares with no par value of the Company classified as equity instruments:						
At 1 January	7,808	160,000	7,808	160,000	*	*
Effect of restructuring	-	-	-	-	4,608	144,000
New share issued for private placement	-	-	-	-	3,200	16,000
At 31 December	7,808	160,000	7,808	160,000	7,808	160,000

** Denotes RM2, consisting of 40 ordinary shares.*

Ordinary shares

The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company.

During the financial year ended 31 December 2021, the Company issued the following shares:

a) 143,999,960 new ordinary shares for a total consideration of RM4,607,999 for the restructuring exercise as disclosed in Note 26 to the financial statements; and

b) 16,000,000 new ordinary shares at the issue price of RM0.20 per share, amounting to RM3,200,000 by way of private placement to selected Sophisticated Investors.

11. Share capital and restructuring reserves (continued)

(b) Restructuring reserve

In the event where a new company is formed to facilitate a restructuring exercise, in which the new company itself is not a business, book value accounting is applied. The assets and liabilities acquired are recognised in the consolidated financial statements at their carrying amounts as if the restructuring had occurred before the start of the earliest period presented. The other components of equity of the acquired entity is added to the same component within Group entity.

The restructuring reserve comprises the difference between cost of investment recorded by the Company and the share capital of SHESB arising from the restructuring exercise as explained in Note 26 Restructuring exercise.

12. Loans and borrowings

	Note	2023 RM'000	2022 RM'000	2021 RM'000
Non-current				
Secured:				
Term loans	12.1	3,437	2,875	935
Hire purchase liabilities	12.2	652	269	229
		4,089	3,144	1,164
Current				
Secured:				
Term loans	12.1	1,529	1,620	363
Hire purchase liabilities	12.2	215	258	356
Trade financing	12.3	5,666	363	-
Bank overdraft	12.4	6,222	5,674	-
		13,632	7,915	719
		17,721	11,059	1,883

12.1 Term loans

The term loans consisting of:

(a) The Term Loan I bears interest at rate of 11.70% (2022: 11.45%; 2021: 10.45%) per annum with 84 monthly repayment instalments. The term loan is secured and supported by:

- Credit Guarantee Corporation (M) Bhd ("CGC") under the SMEBiz Solutions Portfolio Guarantee Scheme ("PGS") of 70% of the facility limit;
- Joint and several guarantees by all directors of SHESB.

The outstanding balance of Term Loan I as at 31 December 2023 is RM116,000 (2022: RM291,000; 2021: RM453,000).

12. Loans and borrowings (continued)

12.1 Term loans (continued)

(b) The Term Loan II bears interest at rate of 3.50% (2022: 3.50%; 2021: 3.50%) per annum with 66 monthly repayment instalments. The term loan is secured and supported by:

- Guarantee by the government through Syarikat Jaminan Pembiayaan Perniagaan Berhad ("SJPP") will cover 80% of the total facility limit;
- Pledged deposits of RM19,000 (2022: RM19,000; 2021: RM19,000) as disclosed in Note 9;
- Joint and several guarantees by all directors of SHESB.

The outstanding balance of Term Loan II as at 31 December 2023 is RM455,000 (2022: RM653,000; 2021: RM845,000).

(c) The Term Loan III bears interest at rate of 9.00% (2022: 9.00%; 2021: Nil) per annum with 37 monthly repayment instalments. The term loan is secured and supported by:

- Pledged deposits of RM1,200,000 (2022: RM1,200,000; 2021: RM Nil) as disclosed in Note 9;
- Joint and several guarantees by all directors of SHESB.

The outstanding balance of Term Loan III as at 31 December 2023 is RM2,317,000 (2022: RM3,551,000; 2021: RM Nil).

(d) The Term Loan IV bears interest at rate of 4.50% (2022: Nil; 2021: Nil) per annum with 168 monthly repayment instalments. The term loan is secured and supported by:

- Leasehold building with carrying amount of RM2,462,000 (2022: RM Nil; 2021: RM Nil) as disclosed in Note 3;
- Joint and several guarantees by all directors of SHESB.

The outstanding balance of Term Loan IV as at the financial year end is RM2,078,000 (2022: RM Nil; 2021: RM Nil).

12. Loans and borrowings (continued)

12.2 Hire purchase liabilities

Hire purchase liabilities are payable as follows:

	Future minimum lease payments RM'000	Interest RM'000	Present value of minimum lease payments RM'000
31.12.2023			
Less than one year	252	37	215
Between one to five years	698	46	652
	950	83	867
31.12.2022			
Less than one year	274	16	258
Between one to five years	293	24	269
	567	40	527
31.12.2021			
Less than one year	377	21	356
Between one to five years	252	23	229
	629	44	585

The hire purchase liabilities bear interest rate at the range of 2.49% to 5.51% (2022: 2.49% to 5.70%; 2021: 2.57% to 5.70%) per annum.

12.3 Trade financing

(a) The Trade Financing I bears interest at rate of 7.95% (2022: 7.70%; 2021: Nil) per annum and is payable upon maturity. The trade financing is secured and supported by joint and several guarantees by all directors of SHESB.

The outstanding balance of Trade Financing I as at 31 December 2023 is RM4,852,000 (2022: RM363,000; 2021: RM Nil).

(b) The Trade Financing II bears interest at rate of 7.40% (2022: Nil; 2021: Nil) per annum and is payable upon maturity. The trade financing is secured and supported by joint and several guarantees by all directors of SHESB.

The outstanding balance of Trade Financing II as at the financial year end is RM814,000 (2022: RM Nil; 2021: RM Nil).

12. Loans and borrowings (continued)

12.4 Bank overdraft

(a) The Bank Overdraft I bears interest at rate of 7.95% (2022: 7.70%; 2021: Nil) per annum on daily basis. The overdraft is secured and supported by:

- Pledged deposits of RM1,200,000 (2022: RM1,200,000; 2021: RM Nil) as disclosed in Note 9;
- Joint and several guarantees by all directors of SHESB.

The outstanding balance of Bank Overdraft I as at 31 December 2023 is RM2,959,000 (2022: RM2,981,000; 2021: RM Nil).

(b) The Bank Overdraft II bears interest at rate of 10.72% (2022: 10.47%; 2021: Nil) per annum on daily basis. The overdraft is secured and supported by joint and several guarantees by all directors of SHESB.

The outstanding balance of Bank Overdraft II as at 31 December 2023 is RM400,000 (2022: RM757,000; 2021: RM Nil).

(c) The Bank Overdraft III bears interest at rate of 8.22% (2022: 7.97%; 2021: Nil) per annum on daily basis. The overdraft is secured and supported by joint and several guarantees by all directors of SHESB.

The outstanding balance of Bank Overdraft III as at 31 December 2023 is RM2,424,000 (2022: RM1,936,000; 2021: RM Nil).

(d) The Bank Overdraft IV bears interest at rate of 12.00% (2022: Nil; 2021: Nil) per annum on daily basis. The overdraft is secured and supported by joint and several guarantees by all directors of SHESB.

The outstanding balance of Bank Overdraft IV as at the financial year end is RM439,000 (2022: RM Nil; 2021: RM Nil).

13. Deferred tax liabilities

Recognised deferred tax liabilities

Deferred tax liabilities are attributable to the following:

	Assets			Liabilities			Net		
	2023 RM'000	2022 RM'000	2021 RM'000	2023 RM'000	2022 RM'000	2021 RM'000	2023 RM'000	2022 RM'000	2021 RM'000
Property, plant and equipment	-	-	-	(366)	(170)	(134)	(366)	(170)	(134)
Right-of-use assets	-	-	-	(360)	(25)	(53)	(360)	(25)	(53)
Lease liabilities	296	27	55	-	-	-	296	27	55
Tax assets/ (liabilities)	296	27	55	(726)	(195)	(187)	(430)	(168)	(132)
Set off of tax	(296)	(27)	(55)	296	27	55	-	-	-
Net tax liabilities	-	-	-	(430)	(168)	(132)	(430)	(168)	(132)

Movement in temporary differences during the financial year

	At 1.1.2021 RM'000	Recognised in profit or loss (Note 18) RM'000	At 31.12.2021/ 1.1.2022 RM'000	Recognised in profit or loss (Note 18) RM'000	At 31.12.2022/ 1.1.2023 RM'000	Recognised in profit or loss (Note 18) RM'000	At 31.12.2023 RM'000
Property, plant and equipment	(141)	7	(134)	(36)	(170)	(196)	(366)
Right-of-use assets	(47)	(6)	(53)	28	(25)	(335)	(360)
Lease liabilities	50	5	55	(28)	27	269	296
Others	(67)	67	-	-	-	-	-
Net tax liabilities	(205)	73	(132)	(36)	(168)	(262)	(430)

14. Trade and other payables

	2023 RM'000	2022 RM'000	2021 RM'000
Trade			
Trade payables	9,485	12,192	2,753
Non-trade			
Other payable	391	1,315	28
Accruals	888	386	467
	1,279	1,701	495
	10,764	13,893	3,248

15. Revenue

	2023 RM'000	2022 RM'000	2021 RM'000
Revenue from contracts with customers	72,537	66,326	24,845

15.1 Disaggregation of revenue from contracts with customers

	2023 RM'000	2022 RM'000	2021 RM'000
Engineering, procurement, construction and commissioning ("EPCC") services and facilities improvement/ maintenance	64,927	57,788	18,240
Installation and maintenance ("I&M") of oilfield equipment	5,782	7,310	5,235
Supply of oilfield equipment	1,828	1,228	1,370
Total revenue from contracts with customers	72,537	66,326	24,845
Timing and recognition			
Over time	70,709	65,098	23,475
Point in time	1,828	1,228	1,370
Total revenue from contracts with customers	72,537	66,326	24,845

15. Revenue (continued)

15.2 Nature of goods and services

The following information reflects the typical transactions of the Group:

Nature of services	Timing of recognition or method used to recognise revenue	Significant payment terms	Warranty
Short-term EPCC services and facilities improvement/ maintenance	Revenue is recognised over the period when the services are rendered.	Credit period of 30 days from invoice date.	Defect liability period of 12 months to 18 months is given to customers.
Fixed-term EPCC services and facilities improvement/ maintenance	Revenue is recognised over time and estimated using input method which is based on the proportion of total cost incurred at the reporting date compared to the management's estimation of total cost of the contract.	Credit period of 30 days from invoice date.	Defect liability period of 12 months to 18 months is given to customers.
I&M of oilfield equipment	Revenue is recognised over the period in which the services are rendered.	Credit period of 30 days from invoice date.	Defect liability period of 18 months to 36 months is given to customers.
Supply of oilfield equipment	Revenue is recognised at a point in time when or as the control of goods is transferred to the customer.	Credit period of 30 days from invoice date.	Defect liability period of 18 months is given to customers.

There were no variable elements in considerations, obligation for return or refunds in the provision of services by the Group.

Revenue of the Group is predominantly from operations in Malaysia.

15.3 Transaction price allocated to the remaining performance obligations

As at the reporting date, the Group applies practical expedient that exempts the disclosure of information on remaining performance obligation that have original expected durations of one year or less. Thus, no disclosure is made on allocation of transaction price to the remaining performance obligations.

15.4 Significant judgments and assumptions arising from revenue recognition

For fixed-term contracts, the Group measured the performance of work done by comparing the actual costs incurred with the estimated total costs required to complete the project. Significant judgments are required to estimate the total contract costs to complete. The management relied on their past experience as well as the suppliers' quote and contracts awarded to supplier to derive the estimates. A change in the estimates will directly affect the revenue to be recognised.

16. Finance costs

	2023 RM'000	2022 RM'000	2021 RM'000
Interest expenses arising from:			
- Term loans	346	131	142
- Trade financing	288	67	10
- Hire purchase liabilities	36	24	26
- Bank overdraft	463	41	10
- Lease liabilities	35	12	20
- Bank guarantee	146	173	62
- Others	41	22	-
	1,355	470	270

17. Profit before tax

	Note	2023 RM'000	2022 RM'000	2021 RM'000
Profit before tax is arriving at after charging/(crediting):				
Auditors' remuneration		115	115	75
Non-audit fees		63	-	-
Material expenses/(income)				
Finance income		(88)	(25)	(12)
Gain on disposal of property, plant and equipment		(59)	(10)	(9)
Gain on derecognition of right-of-use assets		(11)	-	(3)
Gain on remeasurement of lease liabilities		-	(6)	-
Depreciation of property, plant and equipment		707	593	541
Depreciation of right-of-use assets		82	194	187
Personnel expenses (including key management personnel)	a			
- Contributions to state plans		470	433	363
- Directors fees		313	264	172
- Wages, salaries, allowances and remuneration		5,473	4,270	3,538
Outsourced staffing expenses		12,725	9,025	3,980
Wages subsidy		-	-	(109)
Net foreign exchange loss		27	71	17
Listing expenses		754	-	990
Bad debts written off		-	69	-
Expenses arising from leases				
Expenses relating to short-term leases	b	2,239	937	2,107

17. Profit before tax (continued)

Note a

Included in personnel expenses of the Group are the following:

	2023 RM'000	2022 RM'000	2021 RM'000
Key management personnel			
Directors of the Company			
Fees	313	264	172
Remuneration	783	680	479
Other employee benefits	17	45	65
	1,113	989	716
Other officers including Directors of the subsidiaries			
Remuneration	159	149	148
	1,272	1,138	864

Key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly and entity that provides key management personnel services to the Group. The key management personnel includes all the Directors and chief officers of the Group.

Note b

The Group leases equipment with contract terms of less than one year. These leases are short-term leases. The Group has elected not to recognise right-of-use assets and lease liabilities for these leases.

18. Tax expense

	2023 RM'000	2022 RM'000	2021 RM'000
Current tax expense			
Current year	2,911	2,297	1,101
(Over)/Under provision in prior year	(49)	51	36
	2,862	2,348	1,137
Deferred tax expense			
Origination of temporary differences	168	46	51
Under/(Over) provision in prior year	94	(10)	(124)
	262	36	(73)
	3,124	2,384	1,064

18. Tax expense (continued)

Reconciliation of tax expense

	Note	2023 RM'000	2022 RM'000	2021 RM'000
Profit before tax		10,344	8,195	3,144
Income tax calculated using Malaysian statutory tax rate of 24%		2,483	1,967	755
Effect of preferential tax rate of 17%	18.1	-	-	(42)
Non-deductible expenses		596	376	439
(Over)/Under provision in prior year				
- current tax		(49)	51	36
- deferred tax		94	(10)	(124)
		3,124	2,384	1,064

18.1 A company with paid-up capital of below RM2.5 million at the beginning of the basis period for a year of assessment is subject to corporate tax at 17% on chargeable income up to RM600,000 and 24% on the remaining chargeable income.

19. Earnings per ordinary share

Basic earnings per ordinary share

The calculation of basic earnings per ordinary share was based on the profit attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding, calculated as follows:

	2023 RM'000	2022 RM'000	2021 RM'000
Profit for the year attributable to owners of the Group	7,220	5,811	2,080
Weighted average numbers of ordinary shares at period end (basic) (including invested equity) ('000)	160,000	160,000	84,283
Basic earnings per ordinary share (sen)	4.51	3.63	2.47

Diluted earnings per ordinary share

There is no dilution in earnings per share as there is no potential diluted ordinary share.

20. Dividends

Dividends recognised by the Group:

	Sen per share	Total amount RM'000	Date of payment
2023			
First and final single tier dividend for 31 December 2022	0.55	880	6 March 2023
2022			
First and final single tier dividend for 31 December 2021	0.39	624	23 June 2022

21. Operating segments

Segment information

The Group has three reportable segments, as described below, which are the Group's strategic business units. The strategic business units offer different products and services and are managed separately because they require different technology and marketing strategies. For each of the strategic business units, the Group's Executive Director reviews internal management reports at least on an bi-annual basis. The following summary describes the operations in each of the Group's reportable segments:

● EPCC services and facilities improvement/ maintenance	Includes the provision of EPCC services for chemical injection skids installed at onshore or offshore exploration and production facilities (e.g., platforms, rigs or terminals) and overall improvement and maintenance of O&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.
● I&M of oilfield equipment	Includes the supply of the oilfield equipment to be installed and maintained (i.e. repair, refurbishment, and replacement) at customers' sites.
● Supply of oilfield equipment	Includes the supply and delivery of specific oilfield equipment and/or parts and components to embarkation points.

21. Operating segments (continued)

Segment information (continued)

Due to the high integration within all these three segments, performance of individual segment is measured based on revenue and gross profit, as included in the internal management reports that are reviewed by the Group's Executive Director. Hence, no other disclosure for segment assets, segment liabilities and segment capital expenditures.

	EPCC services and facilities improvement/ maintenance RM'000	I&M of oilfield equipment RM'000	Supply of oilfield equipment RM'000	Total RM'000
2023				
Included in the measure of segment profit are:				
Revenue from external customers	64,927	5,782	1,828	72,537
Cost of sales	(46,771)	(4,050)	(883)	(51,704)
Gross profit	18,156	1,732	945	20,833
2022				
Included in the measure of segment profit are:				
Revenue from external customers	57,788	7,310	1,228	66,326
Cost of sales	(43,266)	(6,478)	(552)	(50,296)
Gross profit	14,522	832	676	16,030
2021				
Included in the measure of segment profit are:				
Revenue from external customers	18,240	5,235	1,370	24,845
Cost of sales	(11,580)	(1,856)	(593)	(14,029)
Gross profit	6,660	3,379	777	10,816

21. Operating segments (continued)

Geographical segments

The geographical location of customers predominantly operates within Malaysia.

Major customers

The following are major customers with revenue equal or more than 10% of the Group's total revenue:

	Revenue			Segment
	2023 Audited % of contribution	2022 Audited % of contribution	2021 Audited % of contribution	
Customer A	45	54	86	All segments
Customer B	43	38	-	EPCC

22. Financial instruments

22.1 Categories of financial instruments

The table below provides an analysis of financial instruments categorised as amortised cost ("AC"):

	Carrying amount RM'000	AC RM'000
2023		
Financial assets		
Trade and other receivables	3,775	3,775
Pledged deposits	6,705	6,705
Cash and cash equivalents	10,687	10,687
	21,167	21,167
Financial liabilities		
Trade and other payables	10,764	10,764
Loans and borrowings	17,721	17,721
	28,485	28,485
2022		
Financial assets		
Trade and other receivables	10,591	10,591
Pledged deposits	4,214	4,214
Cash and cash equivalents	12,091	12,091
	26,896	26,896
Financial liabilities		
Trade and other payables	13,893	13,893
Loans and borrowings	11,059	11,059
	24,952	24,952

22. Financial instruments (continued)

22.1 Categories of financial instruments (continued)

	Carrying amount RM'000	AC RM'000
2021		
Financial assets		
Trade and other receivables	474	474
Pledged deposits	129	129
Cash and cash equivalents	5,910	5,910
	6,513	6,513
Financial liabilities		
Trade and other payables	3,248	3,248
Loans and borrowings	1,883	1,883
	5,131	5,131

22.2 Net gains/(losses) arising from financial instruments

	2023 RM'000	2022 RM'000	2021 RM'000
Financial assets at amortised cost	61	(115)	12
Financial liabilities at amortised cost	(1,320)	(458)	(267)
Net losses	(1,259)	(573)	(255)

22.3 Financial risk management

The Group has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

22.4 Credit risk

Credit risk is the risk of a financial loss if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from its trade and other receivables and cash and cash equivalents.

22. Financial instruments (continued)

22.4 Credit risk (continued)

Trade receivables and contract assets

Risk management objectives, policies and processes for managing the risk

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Normally credit evaluations are performed on customers requiring credit over a certain amount.

At each reporting date, the Group assesses whether any of the trade receivables and contract assets are credit impaired.

The gross carrying amounts of credit impaired trade receivables and contract assets are written off (either partially or full) when there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. Nevertheless, trade receivables and contract assets that are written off could still be subject to enforcement activities.

There are no significant changes as compared to previous year.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk arising from trade receivables and contract assets are represented by the carrying amounts in the statements of financial position.

Concentration of credit risk

At the end of the reporting period, the Group has a concentration of credit risk from two customers, representing approximately 86% (2022: 90%; 2021: 95%) of the Group’s contract assets and trade receivables. All contract assets and trade receivables are within Malaysia.

Recognition and measurement of impairment losses

All financial assets measured at amortised cost are first assessed for credit-impaired trade receivables.

In managing credit risk of trade receivables, the Group manages its debtors and takes appropriate actions (including but not limited to legal actions) to recover long overdue balances.

As there are only a few customers, the Group assessed the risk of loss of each customer individually based on their financial information and past trend of payments, where applicable. The trade receivables were deemed to have low risk of default.

22. Financial instruments (continued)

22.4 Credit risk (continued)

Trade receivables and contract assets (continued)

Recognition and measurement of impairment losses (continued)

The following table provides information about the exposure to credit risk for trade receivables and contract assets which are grouped together as they are expected to have similar risk nature.

	Gross carrying amount RM'000	Loss allowance RM'000	Net balance RM'000
2023			
Not past due	23,995	-	23,995
Past due 1 - 90 days	168	-	168
Past due more than 90 days	864	-	864
	25,027	-	25,027
Trade receivables	3,488	-	3,488
Contract assets	21,539	-	21,539
	25,027	-	25,027
2022			
Not past due	21,268	-	21,268
Past due 1 - 90 days	534	-	534
Past due more than 90 days	12	-	12
	21,814	-	21,814
Trade receivables	10,404	-	10,404
Contract assets	11,410	-	11,410
	21,814	-	21,814
2021			
Not past due	5,360	-	5,360
Past due 1 - 90 days	601	-	601
Past due more than 90 days	11	-	11
	5,972	-	5,972
Trade receivables	283	-	283
Contract assets	5,689	-	5,689
	5,972	-	5,972

Trade receivables that are past due have not been impaired as these debtors have historically been creditworthy with good payment records with the Group.

22. Financial instruments (continued)

22.4 Credit risk (continued)

Cash and cash equivalents and pledged deposits

The cash and cash equivalents are held with banks and financial institutions. As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statements of financial position.

These banks and financial institutions have low credit risks. In addition, some of the bank balances are insured by government agencies. Consequently, the Group is of the view that the loss allowance is not material and hence, it is not provided for.

22.5 Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's exposure to liquidity risk arises principally from its various payables, loans and borrowings and lease liabilities.

The Group monitors and maintains a level of cash and cash equivalents and bank facilities deemed adequate by management to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they fall due.

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier or at significantly different amounts.

22. Financial instruments (continued)

22.5 Liquidity risk (continued)

Maturity analysis

The table below summarises the maturity profile of the Group's financial liabilities as at the end of the reporting period based on undiscounted contractual payments:

	Carrying amount RM'000	Contractual interest rate/ Discount rate %	Contractual cash flows RM'000	Under 1 year RM'000	1 – 5 years RM'000	More than 5 years RM'000
2023						
Financial liabilities						
Trade and other payables	10,764	-	10,764	10,764	-	-
Term loans	4,966	3.50 - 11.70	5,923	2,068	2,294	1,561
Hire purchase liabilities	867	2.49 - 5.51	951	252	699	-
Lease liabilities	1,235	8.47 - 9.09	1,342	450	892	-
Trade financing	5,666	7.40 - 7.95	5,796	5,796	-	-
Bank overdraft	6,222	7.95 - 12.00	6,267	6,267	-	-
Financial guarantees	-	-	4,286	4,186	100	-
	29,720		35,329	29,783	3,985	1,561

22. Financial instruments (continued)

22.5 Liquidity risk (continued)

Maturity analysis (continued)

	Carrying amount RM'000	Contractual interest rate/ Discount rate %	Contractual cash flows RM'000	Under 1 year RM'000	1 – 5 years RM'000
2022					
Financial liabilities					
Trade and other payables	13,893	-	13,893	13,893	-
Term loans	4,495	3.50 -11.45	5,346	1,958	3,388
Hire purchase liabilities	527	2.49 - 5.70	567	274	293
Lease liabilities	111	6.72 - 9.09	118	83	35
Trade financing	363	7.70	372	372	-
Bank overdraft	5,674	7.70 – 10.47	5,704	5,704	-
Financial guarantees	-	-	1,795	1,595	200
	25,063		27,795	23,879	3,916
2021					
Financial liabilities					
Trade and other payables	3,248	-	3,248	3,248	-
Term loans	1,298	3.50 - 10.45	1,439	431	1,008
Hire purchase liabilities	585	2.57 - 5.70	629	377	252
Lease liabilities	229	6.72 - 6.84	243	196	47
Financial guarantees	-	-	110	110	-
	5,360		5,669	4,362	1,307

22.6 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates that will affect the Group's financial position or cash flows.

22.6.1 Currency risk

Management has assessed that the Group is not significantly exposed to any foreign currency risks.

22. Financial instruments (continued)

22.6 Market risk (continued)

22.6.2 Interest rate risk

The Group's primary interest rate risks relate to deposit placed with licensed banks, term loans, bank overdraft, trade financing, hire purchase liabilities and lease liabilities.

The Group's deposits placed with licensed banks, fixed rate term loans, bank overdraft, trade financing, hire purchase liabilities and lease liabilities are exposed to a risk of change in their fair value due to changes in interest rates. The Group's variable rate term loans and bank overdraft are exposed to a risk of change in cash flows due to changes in interest rates. Short-term receivables and payables are not significantly exposed to interest rate risk.

Risk management objectives, policies and processes for managing the risk

The Group manages its interest rate exposure by maintaining a mix of fixed and floating rate of borrowings.

Exposure to interest rate risk

The interest rate profile of the Group's significant interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period was:

	2023 RM'000	2022 RM'000	2021 RM'000
Fixed rate instruments			
Financial asset			
Deposits with licensed banks	6,855	4,021	129
Financial liabilities			
Term loans	(2,772)	(4,204)	(845)
Hire purchase liabilities	(867)	(527)	(585)
Lease liabilities	(1,235)	(111)	(229)
	(4,874)	(4,842)	(1,659)
	1,981	(821)	(1,530)

22. Financial instruments (continued)

22.6 Market risk (continued)

22.6.2 Interest rate risk (continued)

Exposure to interest rate risk (continued)

The interest rate profile of the Group's significant interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period was:

	2023 RM'000	2022 RM'000	2021 RM'000
Floating rate instruments			
Financial liabilities			
Term loans	(2,194)	(291)	(453)
Trade financing	(5,666)	(363)	-
Bank overdraft	(6,222)	(5,674)	-
	(14,082)	(6,328)	(453)

Interest rate risk sensitivity analysis

(a) Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss, and the Group does not designate derivatives as hedging instruments under a fair value hedge accounting model. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

(b) Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points ("bp") in interest rates at the end of the reporting period would have increased/(decreased) post-tax profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

	100 bp increase RM'000	100 bp decrease RM'000
2023		
Floating rate instruments	(107)	107
2022		
Floating rate instruments	(48)	48
2021		
Floating rate instruments	(3)	3

22. Financial instruments (continued)

22.7 Fair value information

The carrying amounts of cash and cash equivalents, short term receivables and payables and short-term borrowings reasonably approximate their fair values due to the relatively short-term nature of these financial instruments.

The tables below analyses other financial instruments at fair value:

	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value				Total fair value	Carrying amount
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	RM'000	RM'000
2023										
Financial liabilities										
Term loans	-	-	-	-	-	-	(5,001)	(5,001)	(5,001)	(4,966)
Lease liabilities	-	-	-	-	-	-	(1,342)	(1,342)	(1,342)	(1,235)
Hire purchase liabilities	-	-	-	-	-	-	(951)	(951)	(951)	(867)
	-	-	-	-	-	-	(7,294)	(7,294)	(7,294)	(7,068)
2022										
Financial liabilities										
Term loans	-	-	-	-	-	-	(4,607)	(4,607)	(4,607)	(4,495)
Lease liabilities	-	-	-	-	-	-	(118)	(118)	(118)	(111)
Hire purchase liabilities	-	-	-	-	-	-	(567)	(567)	(567)	(527)
	-	-	-	-	-	-	(5,292)	(5,292)	(5,292)	(5,133)

22. Financial instruments (continued)

22.7 Fair value information (continued)

The tables below analyses other financial instruments at fair value (continued):

	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value				Total fair value	Carrying amount
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	RM'000	RM'000
2021										
Financial liabilities										
Term loans	-	-	-	-	-	-	(1,361)	(1,361)	(1,361)	(1,298)
Lease liabilities	-	-	-	-	-	-	(225)	(225)	(225)	(229)
Hire purchase liabilities	-	-	-	-	-	-	(596)	(596)	(596)	(585)
	-	-	-	-	-	-	(2,182)	(2,182)	(2,182)	(2,112)

22. Financial instruments (continued)

22.7 Fair value information (continued)

Policy on transfer between levels

The fair value of an asset to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer.

Level 1 fair value

Level 1 fair value is derived from quoted price (unadjusted) in active market for identical assets or liabilities that the entity can access at the measurement date.

Level 2 fair value

Level 2 fair value is estimated using inputs other than quoted prices included within Level 1 that are observable for the financial assets or liabilities, either directly or indirectly.

Non-derivatives financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the end of the reporting period.

Transfer between Level 1 and Level 2 fair values

There has been no transfer between Level 1 and Level 2 fair values during the financial year (2022 and 2021: no transfer in either directions).

Level 3 fair value

Level 3 fair value is estimated using unobservable inputs for the financial assets and liabilities.

The following table shows the valuation techniques used in the determination of fair values within Level 3, as well as the key unobservable inputs used in the valuation models.

Financial instruments not carried at fair value

Type	Description of valuation technique and inputs used
Term loans, lease liabilities and hire purchase liabilities	Discounted cash flows using a rate based on the current market rate of borrowing of the Group at the reporting date.

23. Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratio in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the financial years ended 31 December 2023, 31 December 2022 and 31 December 2021.

24. Capital and other commitments

	Note	2023 RM'000	2022 RM'000	2021 RM'000
Capital expenditure commitments				
Property, plant and equipment				
Authorised and contracted for	24.1	-	2,400	-

24.1 Included within the capital expenditure commitments authorised and contracted for were deposits paid amounting to RM240,000 in 31 December 2022 as disclosed in Note 8.1.

25. Related parties

Identity of related parties

For the purposes of these financial statements, parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control or jointly control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the parties are subject to common control. Related parties may be individuals or other entities.

The Group has related party relationship with a company in which a Director has financial interest.

Significant related party transactions

Significant related party transactions other than disclosed elsewhere in the financial statements are as follows:

	2023 RM'000	2022 RM'000	2021 RM'000
Transactions			
A. Company in which a Director has financial interest			
Payment in relation to acquisition of a building	-	-	700

26. Restructuring exercise

In conjunction with the listing of the Company's shares on the LEAP Market of Bursa Malaysia Securities Berhad, the Company has undertaken the following restructuring exercise:

Acquisition of shares in respect of Steel Hawk Engineering Sdn. Bhd. ("SHESB")

On 12 April 2021, the Company entered into a conditional share sale agreement ("SSA") to acquire issued share capital of SHESB of RM1,500,000 comprising 1,500,000 ordinary shares from the shareholders of SHESB for the purchase consideration of RM4,607,999. The said purchase consideration was fully satisfied by the issuance of 143,999,960 new ordinary shares at an issue price of RM0.032 per share to the shareholders of SHESB, namely Dato' Sharman Kristy A/L Michael, Salimi Bin Khairuddin and Khairul Nazri Bin Kamarudin.

The SSA was completed on 9 June 2021.

For the purpose of accounting for the restructuring exercise, the Group has applied book value accounting on the basis that the restructuring exercise does not constitute a business combination to which acquisition accounting can be applied. Under book value accounting, the difference between cost of investment recorded by the Company and the share capital of SHESB is accounted for as restructuring reserve as follows:

	RM'000
New shares issued by the Company as consideration for the acquisition of SHESB	4,608
Issued and paid-up capital of SHESB	(1,500)
Restructuring reserve	3,108

27. Subsequent events

On 22 January 2024, the shareholders of the Company have approved the following:

27.1 Proposed Transfer

(i) Proposed voluntary withdrawal of listing of the Company from the LEAP Market of Bursa Securities pursuant to Rules 8.05 and 8.06 of the LEAP Market Listing Requirements of Bursa Securities ("LEAP Market Listing Requirements") ("Proposed Withdrawal"); and

(ii) Proposed listing of the Company on the ACE Market of Bursa Securities pursuant to Rules 3A.02(1) and 3A.02(2) of the ACE Market Listing Requirements of Bursa Securities ("ACE Market Listing Requirements") ("Proposed Listing"),

collectively referred to as the ("Proposed Transfer").

27. Subsequent events (continued)

27.2 Proposed Bonus Issue

Issuance of bonus issue of 240,000,000 bonus shares (“Bonus Shares”) on the basis of 3 Bonus Shares for every 2 existing shares held on an entitlement date to be determined later (“Bonus Issue”). Upon completion of the Proposed Bonus Issue and prior to the Proposed Transfer, the issued share capital of the Company will increase from 160,000,000 shares to 400,000,000 Shares.

Upon completion of the Bonus Issue, the earnings per share will be represented as follows:

	2023 RM’000	2022 RM’000	2021 RM’000
Profit for the year attributable to owners of the Group	7,220	5,811	2,080
Weighted average numbers of ordinary shares at period end (basic) (including invested equity) (’000)	400,000	400,000	210,708
Basic earnings per ordinary share (sen)	0.02	0.01	0.01

27.3 Proposed adoption

Proposed adoption of a new constitution of the Company to facilitate the implementation of the proposed transfer.

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The Board of Directors
Steel Hawk Berhad
No. 23-2, Block H, Dataran Prima,
Jalan PJU 1/37,
47301 Petaling Jaya,
Selangor Darul Ehsan.

Date: 5 March 2024

Dear Sirs,

Reporting Accountants' opinion on the consolidated financial statements contained in the Accountants' Report of Steel Hawk Berhad

Opinion on the Consolidated Financial Statements

We have audited the consolidated financial statements of Steel Hawk Berhad (the "Company") and its subsidiaries (collectively referred to as the "Group"), which comprise the consolidated statements of financial position as at 31 December 2023, 31 December 2022 and 31 December 2021, the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and consolidated statements of cash flows for the years then ended, and notes to the financial statements, including a summary of material accounting policies, as set out on pages 1 to 59. The consolidated financial statements have been prepared for inclusion in the Company's draft prospectus in connection with the proposed initial public offering of 134,700,000 ordinary shares in the Company ("Shares") ("Proposed IPO") in conjunction with the proposed transfer of listing of Steel Hawk from the LEAP Market of Bursa Malaysia Securities Berhad ("Bursa Securities") to the ACE Market of Bursa Securities ("Proposed Transfer") and for no other purposes.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Company as at 31 December 2023, 31 December 2022 and 31 December 2021, and of its consolidated financial performance and consolidated cash flows for the years then ended in accordance with Malaysian Financial Reporting Standards and IFRS Accounting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards").

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Reporting Accountants' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of the Group in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Responsibilities of the Directors for the Consolidated Financial Statements

The Directors of the Company are responsible for the preparation of the consolidated financial statements of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards and IFRS Accounting Standards. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of the consolidated financial statements of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements of the Company, the Directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Reporting Accountants' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue a reporting accountant's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Group.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

Reporting Accountants' Responsibilities for the Audit of the Consolidated Financial Statements (continued)

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our reporting accountants' report to the related disclosures in the financial statements of the Group or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our reporting accountant's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements of the Company, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements of the Company. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in the internal controls that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

Restriction on Distribution and Use

This report has been prepared in connection with the Proposed Transfer and should not be relied upon for any other purposes. We do not assume responsibility to any other person for the content of this report.

KPMG

KPMG PLT
(LLP0010081-LCA & AF 0758)
Chartered Accountants

Petaling Jaya, Selangor

Vengadesh A/L Jogarajah
Approval Number: 03337/12/2025 J
Chartered Accountant

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The Board of Directors
Steel Hawk Berhad
No. 23-2, Block H, Dataran Prima
Jalan PJU 1/37
47301 Petaling Jaya
Selangor Darul Ehsan

Date: 5 March 2024

Dear Sirs

Steel Hawk Berhad ("Steel Hawk" or the "Company") and its subsidiaries (the "Group")

Report on the compilation of pro forma consolidated statement of financial position for inclusion in the Company's draft prospectus in connection with the proposed initial public offering of 134,700,000 ordinary shares in the Company ("Shares") ("Proposed IPO") in conjunction with the proposed transfer of listing of Steel Hawk from the LEAP Market of Bursa Malaysia Securities Berhad ("Bursa Securities") to the ACE Market of Bursa Securities ("Proposed Transfer") ("Draft Prospectus")

We have completed our assurance engagement to report on the compilation of the pro forma consolidated statement of financial position of the Company. The pro forma consolidated statement of financial position of the Company as at 31 December 2023 ("Pro Forma Financial Position") and the related notes as set out in Attachment A have been stamped by us for identification purposes. The applicable criteria on the basis on which the Board of Directors of the Company (the "Directors") has compiled the Pro Forma Financial Position is described in the notes to the Pro Forma Financial Position. The Pro Forma Financial Position is prepared in accordance with the requirements of Chapter 9, Part II Division I: Equity of the Prospectus Guidelines issued by the Securities Commission Malaysia ("Prospectus Guidelines") and the Guidance Note for Issuers of Pro Forma Financial Information issued by the Malaysian Institute of Accountants.

The Pro Forma Financial Position has been compiled by the Directors for inclusion in the Draft Prospectus solely to illustrate the impact of events or transactions as set out in the notes of Attachment A on the Group's statement of financial position as at 31 December 2023, as if the events or transactions had taken place on 31 December 2023. As part of this process, information about the Group's financial position have been extracted by the Directors from the audited consolidated financial statements of the Company for the period ended 31 December 2023, on which an audit report dated on 5 March 2024 has been issued.

Directors' Responsibility for the Pro Forma Financial Position

The Directors are responsible for compiling the Pro Forma Financial Position on the basis described in the notes of Attachment A as required by the Prospectus Guidelines.

Reporting Accountants' Quality Management and Independence

Our firm applies Malaysian Approved Standard on Quality Management, ISQM 1, *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements*, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We have complied with the independence and other ethical requirements of the *By-Laws (On Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Reporting Accountants' Responsibilities

Our responsibility is to express an opinion as required by the Prospectus Guidelines about whether the Pro Forma Financial Position has been compiled, in all material respects, by the Directors on the basis described in the notes of Attachment A.

We conducted our engagement in accordance with Malaysian Approved Standard on Assurance Engagement (ISAE) 3420, *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus*. This standard requires that we plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled, in all material respects, the Pro Forma Financial Position on the basis described in the notes of Attachment A.

For the purpose of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Pro Forma Financial Position, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Pro Forma Financial Position.

The purpose of the Pro Forma Financial Position included in the Draft Prospectus is solely to illustrate the impact of significant events or transactions on unadjusted financial information of the Group as if the events had occurred or the transactions had been undertaken at an earlier date selected for purposes of illustration. Accordingly, we do not provide any assurance that the actual outcome of the events or transactions would have been as presented.

A reasonable assurance engagement to report on whether the Pro Forma Financial Position has been compiled, in all material respects, on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the Pro Forma Financial Position provide a reasonable basis for presenting the significant effects directly attributable to the events or transactions, and to obtain sufficient appropriate evidence about whether:

- the related pro forma adjustments give appropriate effect to those criteria; and
- the Pro Forma Financial Position reflect the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on our judgement, having regard to our understanding of the nature of the Group, the events or transactions in respect of which the Pro Forma Financial Position has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Pro Forma Financial Position.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KPMG

Steel Hawk Berhad ("Steel Hawk" or the "Company")
Report on the compilation of pro forma consolidated statement of position for inclusion in the Draft Prospectus in connection with the Proposed IPO
5 March 2024

Opinion

In our opinion, the Pro Forma Financial Position has been compiled, in all material respects, on the basis described in the notes of Attachment A.

Other Matter

Our report on the Pro Forma Financial Position has been prepared for inclusion in the Draft Prospectus in connection with the Proposed IPO and should not be relied upon for any other purposes.

KPMG

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Chartered Accountants

Vengadesh A/L Jogarajah
Approval number: 03337/12/2025 J
Chartered Accountant

14. REPORTING ACCOUNTANTS' REPORT ON THE COMPILATION OF PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONT'D)

Attachment A

Steel Hawk Berhad ("Steel Hawk" or the "Company") and its subsidiaries (the "Group")
Pro Forma Financial Position and the notes thereon

Pro Forma Financial Position

The pro forma consolidated statement of financial position of the Company as at 31 December 2023 ("Pro Forma Financial Position") as set out below has been prepared for illustration purposes only to show the effects of the transactions referred to in Note 2 had these transactions been effected on 31 December 2023, and should be read in conjunction with the said notes to the Pro Forma Financial Position.

			Pro Forma I	Pro Forma II	Pro Forma III
	Notes	As at 31 December 2023* RM'000	After the Bonus Issue RM'000	After Pro Forma I and the Proposed IPO RM'000	After Pro Forma II and the utilisation of IPO proceeds RM'000
Assets					
Property, plant and equipment		6,387	6,387	6,387	6,387
Right-of-use assets		1,500	1,500	1,500	1,500
Total non-current assets		7,887	7,887	7,887	7,887
Inventories		568	568	568	568
Contract assets		21,539	21,539	21,539	21,539
Trade and other receivables		4,301	4,301	4,301	4,301
Pledged deposit		6,705	6,705	6,705	6,705
Cash and cash equivalents	3(a)	10,687	10,687	[•]	[•]
Total current assets		43,800	43,800	[•]	[•]
Total assets		51,687	51,687	[•]	[•]

** Extracted from the audited consolidated financial statements of the Company for the year ended 31 December 2023.*

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14. REPORTING ACCOUNTANTS' REPORT ON THE COMPILATION OF PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONT'D)

Attachment A

Steel Hawk Berhad ("Steel Hawk" or the "Company") and its subsidiaries (the "Group")
Pro Forma Financial Position and the notes thereon

Pro Forma Financial Position (continued)

	Notes	As at 31 December 2023* RM'000	Pro Forma I After the Bonus Issue RM'000	Pro Forma II After Pro Forma I and the Proposed IPO RM'000	Pro Forma III After Pro Forma II and the utilisation of IPO proceeds RM'000
Equity					
Share capital	3(b)	7,808	7,808	[•]	[•]
Restructuring reserve		(3,108)	(3,108)	(3,108)	(3,108)
Retained earnings	3(c)	16,583	16,583	[•]	[•]
Total equity attributable to owners of the Company		21,283	21,283	[•]	[•]
Liabilities					
Loans and borrowings		4,089	4,089	4,089	4,089
Lease liabilities		465	465	465	465
Deferred tax liabilities		430	430	430	430
Total non-current liabilities		4,984	4,984	4,984	4,984
Loans and borrowings	3(d)	13,632	13,632	13,632	[•]
Lease liabilities		770	770	770	770
Trade and other payables	3(e)	10,764	10,764	[•]	[•]
Current tax liabilities		254	254	254	254
Total current liabilities		25,420	25,420	[•]	[•]
Total liabilities		30,404	30,404	[•]	[•]
Total equity and liabilities		51,687	51,687	[•]	[•]

** Extracted from the audited consolidated financial statements of the Company for the year ended 31 December 2023.*

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14. REPORTING ACCOUNTANTS' REPORT ON THE COMPILATION OF PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONT'D)

Attachment A

Steel Hawk Berhad ("Steel Hawk" or the "Company") and its subsidiaries (the "Group")
Pro Forma Financial Position and the notes thereon

Pro Forma Financial Position (continued)

Supplementary information

		Pro Forma I	Pro Forma II	Pro Forma III
	As at 31 December 2023*	After the Bonus Issue	After Pro Forma I and the Proposed IPO	After Pro Forma II and the utilisation of IPO proceeds
No. of Shares in issue ('000)	160,000	400,000	490,000	490,000
Net asset per share ^ (RM)	0.13	0.05	[•]	[•]
Total borrowings (excluding lease liabilities)	17,721	17,721	17,721	[•]
Gearing ratio # (times)	0.83	0.83	[•]	[•]

Notes:

* *Extracted from the audited consolidated financial statements of the Company for the year ended 31 December 2023.*
^ *Net assets per share is defined as total equity attributable to owners of the Company over the number of Shares in issue.*
\# *Gearing ratio is calculated based on total borrowings (excluding lease liabilities on right-of-use assets) divided by total equity attributable to owners of the Company.*

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Notes to the Pro Forma Financial Position

The pro forma consolidated statement of financial position of the Company as at 31 December 2023 ("Pro Forma Financial Position") has been prepared for inclusion in the Company's draft prospectus in connection with the proposed initial public offering of 134,700,000 ordinary shares in the Company ("Shares") ("Proposed IPO") in conjunction with the proposed transfer of listing of Steel Hawk from the LEAP Market of Bursa Malaysia Securities Berhad ("Bursa Securities") to the ACE Market of Bursa Securities ("Proposed Transfer") ("Draft Prospectus") and should not be relied upon for any other purposes.

1. Basis of preparation

The applicable criteria on the basis of which the Board of Directors of the Company (the "Directors") has compiled the Pro Forma Financial Position are as described below. The Pro Forma Financial Position is prepared in accordance with the requirements of Chapter 9, Part II Division I: Equity of the Prospectus Guidelines issued by the Securities Commission Malaysia and the Guidance Note for Issuers of Pro Forma Financial Information issued by the Malaysian Institute of Accountants.

The Pro Forma Financial Position has been prepared based on the audited consolidated financial statements of the Company for the year ended 31 December 2023, which was prepared in accordance with the Malaysian Financial Reporting Standards ("MFRSs") and IFRS Accounting Standards, and in a manner consistent with the format of the statement of financial position and the accounting policies adopted by the Group, and adjusted for the events and transactions detailed in Note 2.

The pro forma adjustments are appropriate for the purpose of preparing the Pro Forma Financial Position.

The auditors' report dated 5 March 2024 on the audited consolidated statements of financial position of the Company for the year ended 31 December 2023 was not subject to any qualification, modification or disclaimer of opinion.

The Pro Forma Financial Position is not necessarily indicative of the financial position that would have been attained had the Proposed IPO actually occurred at the respective dates. The Pro Forma Financial Position has been prepared for illustration purposes only.

2. Pro forma adjustments to the Pro Forma Financial Position

The Pro Forma Financial Position illustrates the effects of the following events or transactions:

2.1 Pro Forma I – Bonus Issue

<u>Bonus Issue</u>

In conjunction with the Proposed Transfer, Steel Hawk had undertaken a pre-listing reorganisation exercise involving a bonus issue of 240,000,000 new Shares ("Bonus Shares") on the basis of 3 Bonus Shares for every 2 existing Shares held in the Company ("Bonus Issue"). The Company had obtained the approval of its shareholders for the Bonus Issue at the Company's extraordinary general meeting held on 22 January 2024.

The Bonus Shares will be issued as fully paid, at no consideration and without capitalisation of the Company's reserve. The Bonus Issue will increase the total number of Shares in issue but will not increase the total value of issued share capital of the Company.

Upon completion of the Bonus Issue, the Company will have 400,000,000 Shares in issue.

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2. Pro forma adjustments to the Pro Forma Financial Position (continued)

2.2 Pro Forma II – Proposed IPO

The Proposed IPO entails the proposed initial public offering of 134,700,000 Shares undertaken in conjunction with the Proposed Transfer which comprises the following:

(i) Proposed Public Issue

The proposed public issue of 90,000,000 new Shares ("Issue Shares") at an indicative price of RM[•] per Issue Share.

(ii) Proposed Offer for Sale

The proposed offer for sale by Radiant Capital and Dato' Sharman Kristy A/L Michael (the "Offerors") of 44,700,000 existing ordinary shares in the Company ("Offer Share(s)") at a price of RM[•] per Offer Share by way of private placement to selected investors.

The Company will not receive any proceeds from the Proposed Offer for Sale. The total gross proceeds of approximately RM[•] from the Proposed Offer for Sale will accrue entirely to the Offerors.

(iii) Estimated expenses for the Proposed Transfer

The estimated expenses for the Proposed Transfer comprises the following:

	RM'000
Professional fees for the Proposed Transfer	[•]
Underwriting, placement and brokerage fees	[•]
Printing, advertising fees and other incidental charges	[•]
Fees payables to authorities	[•]
Total	[•]

The total estimated expenses for the Proposed Transfer to be borne by the Group is estimated to be RM[•]. As at 31 December 2023, RM0.75 million has been charged to the profit or loss account of the Group out of which RM0.54 million of these expenses have been paid.

Upon completion of the Proposed IPO, the estimated expenses for the Proposed Transfer totaling RM[•] that is directly attributable to the Proposed Public Issue will be debited against the share capital of the Company and the remaining estimated expenses for the Proposed Transfer of RM[•] will be charged to profit or loss of the Group.

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Attachment A

Steel Hawk Berhad ("Steel Hawk" or the "Company") and its subsidiaries (the "Group")
Pro Forma Financial Position and the notes thereon

2. Pro forma adjustments to the Pro Forma Financial Position (continued)

2.3 Pro Forma III – Utilisation of IPO proceeds

The total gross proceeds from the Proposed Public Issue of RM[•] are intended to be used as follows:

	RM'000
Construction of the Proposed Teluk Kalung Facility 2*(1)*	[•]
Working capital*(2)*	[•]
Repayment of bank borrowings*(3)*	[•]
Estimated expenses for the Proposed Transfer*(4)*	[•]
Total	[•]

Notes:

(1) Construction of the Proposed Teluk Kalung Facility 2

The Group intends to expand the fabrication capacity to cater for the expected increase in demand of products and services, which require a larger production space and office space for future increase in work force. Accordingly, the Group intends to construct the Proposed Teluk Kalung Facility 2 on part of the Teluk Kalung Land.

The total estimated costs for the construction of the Proposed Teluk Kalung Facility 2 is RM13.64 million in which the Group intends to allocate RM[•] of the gross proceeds from the Proposed Public Issue to partially finance the estimated cost for the construction of the Proposed Teluk Kalung Facility 2. The remaining RM[•] will be funded via internally generated funds and/ or bank borrowings.

As at the latest practicable date of 1 March 2024, save for the Leasing Agreement (a leasing agreement entered in relation to the construction of the Proposed Teluk Kalung Facility 2), the Company has yet to enter into any contractual binding arrangements or issue any purchase orders in relation to its construction. Accordingly, the use of proceeds earmarked for the construction of the Proposed Teluk Kalung Facility 2 is not reflected in the Pro Forma Financial Position.

2) Working capital

The Group intends to allocate RM[•] of the gross proceeds from the Proposed Public Issue to finance the Group's expected future working capital requirement.

3) Repayment of bank borrowings

The use of proceeds earmarked by the Group for repayment of borrowings is in relation to term loan facilities granted from Koperasi Angkatan Tentera Malaysia Berhad for working capital requirements.

4) Estimated expenses for the Proposed Transfer

The estimated expenses for the Proposed Transfer comprises the following:

	RM'000
Professional fees	[•]
Underwriting, placement and brokerage fees	[•]
Printing, advertising fees and other incidental charges	[•]
Fees payables to authorities	[•]
Total	[•]

The total estimated expenses for the Proposed Transfer to be borne by the Group is estimated to be RM[•]. As at 31 December 2023, RM0.75 million has been charged to the profit or loss account of the Group out of which RM0.54 million of these expenses have been paid.

Attachment A

Steel Hawk Berhad ("Steel Hawk" or the "Company") and its subsidiaries (the "Group")
Pro Forma Financial Position and the notes thereon

2. Pro forma adjustments to the Pro Forma Financial Position (continued)

2.3 Pro Forma III – Utilisation of IPO proceeds (continued)

4) Estimated expenses for the Proposed Transfer (continued)

Upon completion of the Proposed IPO, the estimated expenses for the Proposed Transfer totaling RM[•] that is directly attributable to the Proposed Public Issue will be debited against the share capital of the Company and the remaining estimated expenses for the Proposed Transfer of RM[•] will be charged to profit or loss of the Group.

3. Effects on the Pro Forma Financial Position

(a) Movement in cash and cash equivalents

	RM'000
Balance as at 31 December 2023/ Pro Forma I	10,687
Effects of Pro Forma II:	
- Proceeds from the Proposed Public Issue	[•]
Pro Forma II	
Effects of Pro Forma III:	[•]
- Repayment of borrowings using proceeds from the Proposed Public Issue	[•]
- Payment of estimated expenses for the Proposed Transfer	[•]
Pro Forma III	[•]

(b) Movement in share capital

	RM'000
Balance as at 31 December 2023/ Pro Forma I	7,808
Effects of Pro Forma II:	
- Proceeds from the Proposed Public Issue	[•]
- Estimated expenses for the Proposed Transfer directly attributable to the Proposed Public Issue	[•]
Pro Forma II and III	[•]

(c) Movement in retained earnings

	RM'000
Balance as at 31 December 2023/ Pro Forma I	16,583
Effects of Pro Forma II:	
- Estimated expenses for the Proposed Transfer charged to profit or loss of the Group	[•]
Pro Forma II and III	[•]

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Attachment A

Steel Hawk Berhad ("Steel Hawk" or the "Company") and its subsidiaries (the "Group")
Pro Forma Financial Position and the notes thereon

3. Effects on the Pro Forma Financial Position (continued)

(d) Movement in loans and borrowings – current

	RM'000
Balance as at 31 December 2023/ Pro Forma I/ Pro Forma II	13,632
Effects of Pro Forma III:	
- Repayment of borrowings using proceeds from the Proposed Public Issue	[•]
Pro Forma III	[•]

(e) Movement in trade and other payables

	RM'000
Balance as at 31 December 2023/ Pro Forma I	10,764
Effects of Pro Forma II:	
- Estimated expenses for the Proposed Transfer accrued	[•]
Pro Forma II	[•]
Effects of Pro Forma III:	
- Reversal of accrued estimated expenses for the Proposed Transfer and payment of estimated expenses for the Proposed Transfer using proceeds from the Proposed Public Issue	[•]
Pro Forma III	[•]

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15. ADDITIONAL INFORMATION

15.1 SHARE CAPITAL

(i) No Shares will be allotted, issued or offered on the basis of this Prospectus later than 6 months after the date of this Prospectus.

(ii) As at the date of this Prospectus, we only have 1 class of shares, namely ordinary shares, all of which rank equally with one another.

(iii) None of our Group's capital is under any option or agreed conditionally or unconditionally to be put under any option.

(iv) Save for the Pink Form Allocation, no person has been or is entitled to be given an option to subscribe for any share, stock, debenture or other security of our Group.

(v) Save for the Pink Form Allocation, there is no scheme involving our Directors and employees in the capital of our Group.

(vi) No shares, debentures, warrants, options, convertible securities or uncalled capital of our Group have been or are proposed to be issued as fully or partly paid-up, in cash or otherwise than in cash, within the 2 years preceding the date of this Prospectus.

(vii) As at the date of this Prospectus, our Group does not have any outstanding convertible debt securities, options, warrants or uncalled capital.

15.2 EXTRACT OF OUR CONSTITUTION

The following provisions relating to the selected matters are reproduced from our Constitution which complies with the Listing Requirements, the Act and the Rules.

The words, terms and expressions appearing in the following provisions shall bear the same meanings used in our Constitution unless they are otherwise defined herein or the context otherwise requires.

15.2.1 Remuneration, voting and borrowing powers of Directors

(i) Remuneration of Directors

Clause 93 - Remuneration of Directors

(1) The Company may from time to time by an ordinary resolution passed at a General Meeting, approve the remuneration of the Directors, who hold non-executive office with the Company, for their services as non-executive Directors.

(2) Subject to Clause 84, the fees of the Directors and any benefits payable to the Directors shall be subject to annual shareholders’ approval at a General Meeting.

(3) If the fee of each such non-executive Director is not specifically fixed by the Members, then the quantum of fees to be paid to each non-executive Director within the overall limits fixed by the Members, shall be decided by resolution of the Board. In default of any decision being made in this respect by the Board, the fees payable to the non-executive Directors shall be divided equally amongst themselves and such a Director holding office for only part of a year shall be entitled to a proportionate part of a full year’s fees. The non-executive Directors shall be paid by a fixed sum and not by a commission on or percentage of profits or turnover.

(4) The following expenses shall be determined by the Directors:

(a) Traveling, hotel and other expenses properly incurred by the Directors in attending and returning from meetings of the Directors or any committee of the Directors or General Meetings of the Company or in connection with the business of the Company; and

(b) Other expenses properly incurred by the Directors arising from the requirements imposed by the authorities to enable the Directors to effectively discharge their duties.

(5) Executive Directors of the Company shall be remunerated in the manner referred to in Clause 84 but such remuneration shall not include a commission on or percentage of turnover.

(ii) Voting of Directors

Clause 105 – Directors' Interest in Contracts

(1) A Director shall not vote in regard to any contract or proposed contract or arrangement in which he has, directly or indirectly, an interest.

(2) Every Director shall observe the provisions of Sections 221 and 222 of the Act relating to the disclosure of the interest of the Directors in contracts or proposed contracts with the Company or of any office or property held by the Directors which might create duties or interest in conflict with their duties or interest as Directors and participation in discussion and voting. Such disclosure of material personal interest by the Directors shall be in the form of a notice. Such notice shall be in the form and manner prescribed under Section 221 of the Act.

Clause 118 - Voting at Board meetings

(1) Subject to this Constitution, questions arising at a Board Meeting shall be decided by a majority of votes of Directors present and voting and any such decision shall for all purposes be deemed a decision of the Directors.

(2) Each Director is entitled to cast one (1) vote on each matter for determination.

Clause 119 - Casting Vote

In the case of an equality of votes, the chairperson of the Board Meeting is entitled to a second or casting vote, except where two (2) Directors form a quorum, the chairperson of a meeting at which only such a quorum is present, or at which only two (2) Directors are competent to vote on the question at issue shall not have a casting vote.

(iii) Borrowing powers of Directors

Clause 95 - Powers of Directors

Without limiting the generality of Clause 94(1) and (2), the Directors may, subject to the Act and the Listing Requirements, exercise all the powers of the Company to do all or any of the following for any debt, liability, or obligation of the Company or of any third party:

(1) borrow money;

(2) mortgage or charge its undertaking, property, and uncalled capital, or any part of the undertaking, property and uncalled capital;

(3) issue debentures and other Securities whether outright or as security; and / or

(4) (a) lend and advance money or give credit to any person or company;

(b) guarantee and give guarantees or indemnities for the payment of money or the performance of contracts or obligations by any person or company;

(c) secure or undertake in any way the repayment of moneys lent or advanced to or the liabilities incurred by any person or company;

and otherwise to assist any person or company.

15.2.2 Changes to share capital and variation of rights

The provisions in the Constitution dealing with changes in share capital are as follows:

Clause 46 - Alteration of capital

(1) The Company may from time to time by ordinary resolution and subject to other applicable laws or requirements:

(a) consolidate and divide all or any of its share capital, the proportion between the amount paid and the amount, if any, unpaid on each subdivided share shall be the same as it was in the case of the share from which the subdivided share is derived; or

(b) subdivide its shares or any of them into shares, whichever is in the subdivision, the proportion between the amount paid and the amount, if any, unpaid on each subdivided share shall be the same as it was in the case of the share from which the subdivided share is derived.

(2) The Company may from time to time by special resolution and subject to other applicable requirements:

(a) cancel shares which, at the date of the passing of the resolution in that regard, have not been taken or agreed to be taken by any person or which have been forfeited and diminish the amount of its share capital by the amount of the shares so cancelled or in such other manner allowed by law; or

(b) reduce its share capital in such manner permitted by law, and (where applicable) subject to the relevant required approvals being obtained.

(3) The Company shall have the power, subject to and in accordance with the provisions of the Act, the Listing Requirements and any rules, regulations and guidelines in respect thereof for the time being in force, to purchase its own shares and thereafter to deal with the shares purchased in accordance with the provisions of the Act, the Listing Requirements and any rules, regulations and guidelines thereunder or issued by Bursa Securities and any other relevant authorities in respect thereof.

15.2.3 Transfer of securities

The provisions in the Constitution in respect of the arrangement for transfer of securities of our Company and restrictions on their free transferability are as follows:

Clause 14 - Transfer of securities

The transfer of any Deposited Security or class of Deposited Security of the Company, shall be by way of book entry by the Depository in accordance with the Rules and, notwithstanding Sections 105, 106 or 110 of the Act, but subject to Section 148(2) of the Act and any exemption that may be made from compliance with Section 148(1) of the Act, the Company shall be precluded from registering and effecting any transfer of the Deposited Securities.

Clause 17 - Transfer of shares or debentures

(1) Subject to this Constitution and other written laws, any Shareholder or debenture holder may transfer all or any of his shares or debentures by instrument of transfer as prescribed under the Act.

(2) The instrument of transfer must be executed by or on behalf of the transferor and the transferee.

(3) The transferor shall remain as the holder of such shares or debentures until the transfer is registered and the name of the transferee is entered in the Register of Members or register of debenture holders in respect of the shares or debentures respectively.

Clause 18 - Items for transfer of shares or debentures

(1) To enable the Company to register the name of the transferee, the following items in relation to the transfer of shares or debentures must be delivered by the transferor to the Office of the Company:

(a) the instrument of transfer duly executed and stamped;

(b) the certificate of the shares or debentures which the instrument of transfer relates; and

(c) any other evidence as the Directors may reasonably require showing the right of the transferor to make the transfer.

(2) Upon receipt of the items referred to in Clause 18(1), the Company shall, upon the approval of the Board and unless otherwise resolved, register the name of the transferee in the Register of Members or register of debenture holders (as applicable).

Clause 19 - Refusal of registration

(1) The Directors may decline or delay to register the transfer of shares within thirty (30) days from the receipt of the instrument of transfer if:

(a) the shares are not fully paid shares;

(b) the Directors passed a resolution with full justification to refuse or delay the registration of transfer;

(c) the Company has a lien on the shares; and / or

(d) the shareholder fails to pay the Company an amount due in respect of those shares, whether by way of consideration for the issue of the shares or in respect of the sums payable by the Shareholder in accordance with this Constitution.

(2) Where applicable, the Company shall send a notice of the resolution referred to in Clause 19(1)(b) to the transferor and transferee, within seven (7) days of the resolution being passed by the Directors.

Clause 20 - Closing the Register of Members or Register of Debenture Holders

On giving at least fourteen (14) days' notice to the Registrar to close the Register of Members or register of debenture holders, the Company may close the Register of Members or register for any class of members or register of debenture holders (collectively, the "**Registers**") for the purpose of updating the Registers. The registration of transfer may be suspended at such time and for such period as the Directors may from time to time determine, provided that no part of the relevant Register(s) be closed for more than thirty (30) days in aggregate in any calendar year.

15.2.4 Rights, preferences and restrictions attached to each class of securities relating to voting, dividend, liquidation and any special rights

The provisions in the Constitution in respect of the rights, preferences and restrictions attached to each class of shares relating to voting, dividend, liquidation and any special rights are as follows:

Clause 8 - Variation of Rights

(1) Subject to the provisions of Section 71 and Section 91 of the Act, if at any time the share capital is divided into different classes of shares, the rights attached to each class of shares (unless otherwise provided by the terms of issue of the shares of that class) may only, whether or not the Company is being wound up, be varied:

(a) with the consent in writing of the holders holding not less than seventy-five percent (75%) of the total voting rights of the holders of that class of shares; or

(b) by a special resolution passed by a separate meeting of the holders of that class of shares sanctioning the variation.

(2) The provisions of this Constitution relating to General Meetings apply with the necessary modifications to every separate meeting of the holders of the shares of the class referred to in Clause 8(1), except that:

(a) for a meeting other than an adjourned meeting, a quorum is constituted by two (2) persons present in person or represented by proxy holding at least one-third (1/3) of the number of issued shares of such class, excluding any shares of that class held as treasury shares;

(b) if that class of shares only has one holder, a quorum is constituted by one (1) person present in person or represented by proxy holding shares of such class; and

(c) for an adjourned meeting, a quorum is constituted by one (1) person present holding share(s) of such class.

(3) The rights attached to an existing class of preference shares shall be deemed to be varied by the issue of new preference shares that rank equally with the existing class of preference shares unless such issuance was authorised by:

(a) the terms of the issue of the existing preference shares; or

(b) this Constitution of the Company as in force at the time when the existing preference shares were issued.

Clause 12 - Issue of Securities

(1) Without prejudice to any special rights previously conferred on the holders of any existing shares or class of shares but subject always to the Act, the Listing Requirements and this Constitution, the Directors have the right to:

(a) issue and allot shares in the Company; and

(b) grant rights to subscribe for shares or options over unissued shares in the Company.

(2) Subject to the Act, the Listing Requirements, this Constitution and the relevant Shareholders' approval being obtained, the Directors may issue any shares (including rights or options over subscription of such shares):

(a) with such preferred, deferred, or other special rights or such restrictions, whether with regard to dividend, voting, return of capital, or otherwise, as the Directors may determine;

(b) to any person, whether a Member or not, in such numbers or proportions as the Directors may determine; and

(c) for such consideration as the Directors may determine.

(3) (a) Subject to the Act, the Listing Requirements and any direction to the contrary that may be given by the Company in General Meeting, all new shares or other convertible securities shall, before issue, be offered to such persons as at the date of the offer are entitled to receive notices from the Company of General Meetings in proportion as nearly as the circumstances admit, to the amount of the existing shares or securities to which they are entitled.

(b) The offer shall be made by notice specifying the number of shares or securities offered, and limiting a time within which the offer, if not accepted, will be deemed to be declined, and, after the expiration of that time, or on the receipt of an intimation from the person to whom the offer is made that he declines to accept the shares or securities offered, the Directors may dispose of those shares or securities in such manner as they think most beneficial to the Company.

(c) The Directors may likewise also dispose of any new share or security which (by reason of the ratio which the new shares or securities bear to shares or securities held by persons entitled to an offer of new shares or securities) cannot, in the opinion of the Directors, be conveniently offered under this Constitution.

(4) Subject to Rule 6.07 of the Listing Requirements and notwithstanding the existence of a resolution pursuant to Sections 75(1) and 76(1) of the Act, the Company must not issue any shares or convertible securities if the total number of those shares or convertible securities, when aggregated with the total number of any such shares or convertible securities issued during the preceding twelve (12) months, exceeds ten percent (10%) of the total number of issued shares (excluding treasury shares) of the Company except where the shares or convertible securities are issued with the prior shareholder approval in a General Meeting of the precise terms and conditions of the issue.

15.3 PUBLIC TAKE-OVERS

None of the following has occurred during the last financial year up to the LPD:

(i) public take-over offers by third parties in respect of our Shares; and

(ii) public take-over offers by us in respect of other company's shares.

15.4 EXCHANGE CONTROLS

All corporations in Malaysia are required to adopt a single-tier system. As such, all dividends distributed by Malaysian corporations under this system are not taxable. Further, the Malaysian Government does not levy withholding tax on dividends payment. Therefore, there is no withholding tax imposed on dividends paid to non-residents by Malaysian corporations. There is no Malaysian capital gains tax arising from the disposal of listed shares. However, in the event the capital gain arising from the disposal of listed shares is revenue in nature, such gain can be subject to income tax.

As at the date of this Prospectus, we do not have any foreign subsidiary or associated company which requires repatriation of capital and remittance of profits by or to our Group.

15.5 LIMITATION ON THE RIGHT TO OWN SECURITIES

Subject to **Section 15.3** above, there is no limitation on the right to own our Shares, including any limitation on the right of a non-resident or non-Malaysian shareholder to hold or exercise their voting rights on our Shares, which is imposed by Malaysian law or by our Constitution.

As our Shares are proposed for quotation on the Official List, such Shares must be prescribed as shares required to be deposited with Bursa Depository. Upon such prescription, a holder of our Shares must deposit his Shares with Bursa Depository on or before the date is fixed, failing which our Share Registrar will be required to transfer his Shares to the Minister of Finance and such Shares may not be traded on Bursa Securities.

Dealing in our Shares deposited with Bursa Depository may only be effected by a Depositor by means of entries in the securities account of that Depositor.

A Depositor whose name appears in the Record of Depositors maintained by Bursa Depository in respect of our Shares shall be deemed to be a shareholder of our Company and shall be entitled to all rights, benefits, powers and privileges and be subject to all liabilities, duties and obligations in respect of, or arising from, such Shares.

15.6 MATERIAL LITIGATION

As at the LPD, our Group is not engaged in any material litigation and / or arbitration, either as plaintiff or defendant, which has a material effect on our financial position, and our Directors are not aware of any proceedings pending or threatened, or of any fact likely to give rise to any proceedings, which might materially and adversely affect our financial position or business.

15.7 MATERIAL CONTRACTS

Save as disclosed below, our Group has not entered into any material contract which is not in the ordinary course of our Group's business during the Financial Years Under Review and up to the date of this Prospectus:

(i) Share Sale Agreement dated 12 April 2021 between Dato' Sharman, Salimi Bin Khairuddin and Khairul Nazri Bin Kamarudin (collectively, as the vendors) and Steel Hawk (as the purchaser) for the Acquisition of Steel Hawk Engineering ("**SSA**"). The SSA was completed on 9 June 2021;

(ii) Sale and Purchase Agreement dated 30 November 2022 between Advance-Parcel Services Sdn Bhd (as the vendor) and Steel Hawk Engineering (as the purchaser) for the acquisition of the Existing Teluk Kalung Facility 1 for a total cash consideration of RM2,400,000. This transaction has been completed as at the LPD and the issue document of title of the property has been registered in favour of Steel Hawk Engineering on 23 August 2023;

(iii) Lease Agreement dated 1 October 2023 between PMINT (as the lessor) and Steel Hawk Engineering (as the lessee) for the leasing of part of the Teluk Kalung Land, measuring approximately 124,629 sq. ft. for a total lease payment of RM1,528,351.31 for the initial period of 30 years from 1 October 2023 to 30 September 2053 with an option to apply for an extension of another 30 years from 1 October 2053 to 30 September 2083;

(iv) Service Agreement dated 1 March 2024 between Steel Hawk and Dato' Sharman, for the appointment of Dato' Sharman as our Deputy Chairman / Executive Director for 5 years commencing from 7 April 2022 at a monthly salary of RM50,000; and

(v) Underwriting Agreement. Further details of the Underwriting Agreement are set out in **Section 4.7** of this Prospectus.

15.8 CONSENTS

(i) The written consents of the Principal Adviser, Sponsor, Underwriter and Placement Agent, Solicitors, Share Registrar, Issuing House and Company Secretaries for the inclusion in this Prospectus of their names in the form and context in which their names appear in this Prospectus have been given before the issuance of this Prospectus, and have not subsequently been withdrawn;

(ii) The written consent of the Auditors and Reporting Accountants for the inclusion in this Prospectus of their name, the Accountants' Report on the consolidated financial statements of Steel Hawk and the Reporting Accountants' letter on the pro forma consolidated statement of financial position in the form and context in which they are contained in this Prospectus has been given before the issuance of this Prospectus, and has not subsequently been withdrawn; and

(iii) The written consent of the IMR for the inclusion in this Prospectus of its name and the IMR Report, and all references thereto in the form and context in which they are contained in this Prospectus has been given before the issuance of this Prospectus, and has not subsequently been withdrawn.

15.9 DOCUMENTS FOR INSPECTION

Copies of the following documents may be inspected at our registered office during office hours for a period of 6 months from the date of this Prospectus:

(i) our Constitution;

(ii) the IMR Report as set out in **Section 8** of this Prospectus;

(iii) the audited consolidated financial statements of our Group for the Financial Years Under Review;

(iv) the audited financial statements of Steel Hawk Engineering for the Financial Years Under Review;

(v) the audited financial statements of Steel Hawk Defence for the FYE 2022 and FYE 2023;

(vi) the Accountants' Report on the consolidated financial statements of Steel Hawk as included in **Section 13** of this Prospectus;

(vii) the Reporting Accountants' letter on the pro forma consolidated statement of financial position referred to in **Section 14** of this Prospectus;

(viii) the material contracts referred to in **Section 15.7** of this Prospectus; and

(ix) the letters of consent referred to in **Section 15.8** of this Prospectus.

15.10 RESPONSIBILITY STATEMENTS

(i) Our Directors, Promoters and the Offerors have seen and approved this Prospectus. They collectively and individually accept full responsibility for the accuracy of the information and confirm that, after having made all reasonable enquiries, and to the best of their knowledge and belief, there is no false or misleading statement or other facts which if omitted, would make any statement in this Prospectus false or misleading.

(ii) UOBKH, being our Principal Adviser, Sponsor, Underwriter and Placement Agent, acknowledges that, based on all available information and to the best of its knowledge and belief, this Prospectus constitutes a full and true disclosure of all material facts concerning the Transfer.

16. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE

THIS SUMMARY OF PROCEDURES FOR APPLICATION AND ACCEPTANCE DOES NOT CONTAIN THE DETAILED PROCEDURES AND FULL TERMS AND CONDITIONS AND YOU CANNOT RELY ON THIS SUMMARY FOR PURPOSES OF ANY APPLICATION FOR OUR IPO SHARES. YOU MUST REFER TO THE DETAILED PROCEDURES AND TERMS AND CONDITIONS AS SET OUT IN THE "DETAILED PROCEDURES FOR APPLICATION AND ACCEPTANCE" ACCOMPANYING THE ELECTRONIC COPY OF OUR PROSPECTUS ON THE WEBSITE OF BURSA SECURITIES. YOU SHOULD ALSO CONTACT THE ISSUING HOUSE FOR FURTHER ENQUIRIES.

Unless otherwise defined, all words and expressions used here shall carry the same meaning as ascribed to them in our Prospectus.

Unless the context otherwise requires, words used in the singular include the plural, and vice versa.

16.1 OPENING AND CLOSING OF APPLICATIONS

OPENING OF THE APPLICATION PERIOD: 10.00 A.M., [●]/[●]/[●]

CLOSING OF THE APPLICATION PERIOD: 5.00 P.M., [●]/[●]/[●]

Applications for the IPO Shares will open and close at the times and dates stated above.

In the event of any changes to the date or time for closing, we will advertise the notice of changes in a widely circulated daily English and Bahasa Malaysia newspaper in Malaysia, and make an announcement on Bursa Securities' website.

Late Applications will not be accepted.

16.2 METHODS OF APPLICATIONS

16.2.1 Application for our IPO Shares by the Malaysian Public and Eligible Persons

Application must accord with our Prospectus and our Constitution. The submission of an Application Form does not mean that your Application will succeed. You agree to be bound by our Constitution.

Types of application and category of investors	Application Method
(a) Applications by the Malaysian Public: (i) Individuals	• White Application form • Electronic Share Application • Internet Share Application
(ii) Corporation or institution	White Application form only
(b) Applications by Eligible Persons:	Pink Application forms only

16.2.2 Application by selected investors via private placement

Types of Application	Application Method
Applications by: Selected investors	The Placement Agent will contact the selected investors directly. They should follow the Placement Agent's instructions.

16.3 ELIGIBILITY

16.3.1 General

You must have a CDS Account and a correspondence address in Malaysia. If you do not have a CDS Account, you may open a CDS Account by contacting any of the ADAs set out in the list of ADAs set out in **Section 12** of the Detailed Procedures for Application and Acceptance accompanying the Electronic Prospectus on the website of Bursa Securities. The CDS Account must be in your own name. **Invalid, nominee or third party CDS Accounts will not be accepted** for the Applications.

Only **ONE** Application Form for each category from each applicant will be considered and **APPLICATIONS MUST BE FOR AT LEAST 100 IPO SHARES OR MULTIPLES OF 100 IPO SHARES.**

MULTIPLE APPLICATIONS WILL NOT BE ACCEPTED UNLESS EXPRESSLY ALLOWED IN THESE TERMS AND CONDITIONS. AN APPLICANT WHO SUBMITS MULTIPLE APPLICATIONS IN HIS OWN NAME OR BY USING THE NAME OF OTHERS, WITH OR WITHOUT THEIR CONSENT, COMMITS AN OFFENCE UNDER SECTION 179 OF THE CMSA AND IF CONVICTED, MAY BE PUNISHED WITH A MINIMUM FINE OF RM1,000,000 AND A JAIL TERM OF UP TO 10 YEARS UNDER SECTION 182 OF THE CMSA.

AN APPLICANT IS NOT ALLOWED TO SUBMIT MULTIPLE APPLICATIONS IN THE SAME CATEGORY OF APPLICATION.

16.3.2 Application by the Malaysian Public

You can only apply for our IPO Shares if you fulfill all of the following:

(i) You must be one of the following:

- (a) A Malaysian citizen who is at least 18 years old as at the date of the application for our IPO Shares; or
- (b) A corporation / institution incorporated in Malaysia with a majority of Malaysian citizens on your board of directors / trustees and if you have a share capital, more than half of the issued share capital, excluding preference share capital, is held by Malaysian citizens; or
- (c) A superannuation, co-operative, foundation, provident, pension fund established or operating in Malaysia.

(ii) You must not be a director or employee of the Issuing House or an immediate family member of a director or employee of the Issuing House; and

(iii) You must submit Applications by using only one of the following methods:

- (a) White Application Form; or
- (b) Electronic Share Application; or
- (c) Internet Share Application.

16.3.3 Application by Eligible Persons

Eligible Persons will be provided with Pink Application Forms and letters from us detailing their respective allocation as well as on how to subscribe to the allocated IPO Shares. The applicants must follow the notes and instructions in those documents and where relevant, of our Prospectus.

16.4 APPLICATION BY WAY OF APPLICATION FORMS

The Application Form must be completed in accordance with the notes and instructions contained in the respective category of the Application Form. Applications made on the incorrect type of Application Form or which do not conform **STRICTLY** to the terms of our Prospectus or the respective category of Application Form or notes and instructions or which are illegible will not be accepted.

The FULL amount payable based on the Issue Price of RM[●] for each IPO Share.

Payment must be made out in favour of **" TIIH SHARE ISSUE ACCOUNT NO. [●]"** and crossed **"A/C PAYEE ONLY"** and endorsed on the reverse side with your name and address.

Each completed Application Form, accompanied by the appropriate remittance and legible photocopy of the relevant documents may be submitted using one of the following methods:

(i) despatched by **ORDINARY POST** in the official envelopes provided to the following address:

Tricor Investor & Issuing House Services Sdn Bhd
(Registration No. 197101000970 (11324-H))
Unit 32-01, Level 32, Tower A, Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Malaysia

(ii) **DELIVERED BY HAND AND DEPOSITED** in the drop-in boxes provided at the following address:

Tricor Customer Service Centre
Unit G-3, Ground Floor
Vertical Podium
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur

so as to arrive not later than 5.00 p.m. on [●]/[●]/[●] or by such other time and date specified in any change to the date or time for closing. We will not accept late applications.

We, together with the Issuing House, will not issue any acknowledgement of the receipt of your Application Forms or application monies. Please direct all enquiries in respect of the White Application Form to the Issuing House.

16.5 APPLICATION BY WAY OF ELECTRONIC SHARE APPLICATIONS

Only Malaysian individuals may apply for our IPO Shares offered to the Malaysian Public by way of Electronic Share Application.

Electronic Share Applications may be made through the ATM of the following Participating Financial Institutions and their branches, namely, Affin Bank Berhad, Alliance Bank Malaysia Berhad, AmBank (M) Berhad, CIMB Bank Berhad, CGS International Securities Sdn. Bhd. (formerly known as CGS-CIMB Securities Sdn Bhd) Malayan Banking Berhad, Public Bank Berhad and RHB Bank Berhad. A processing fee will be charged by the respective Participating Financial Institutions (unless waived) for each Electronic Share Application.

The exact procedures, terms and conditions for Electronic Share Application are set out on the ATM screens of the relevant Participating Financial Institutions.

16.6 APPLICATION BY WAY OF INTERNET SHARE APPLICATIONS

Only Malaysian individuals may use the Internet Share Application to apply for our IPO Shares offered to the Malaysian Public.

Internet Share Applications may be made through an internet financial services website of the Internet Participating Financial Institutions, namely, Affin Bank Berhad, Alliance Bank Malaysia Berhad, CGS International Securities Sdn. Bhd. (formerly known as CGS-CIMB Securities Sdn Bhd.), Malayan Banking Berhad and Public Bank Berhad. A processing fee will be charged by the respective Internet Participating Financial Institutions (unless waived) for each Internet Share Application.

The exact procedures, terms and conditions for Internet Share Application are set out on the internet financial services website of the respective Internet Participating Financial Institutions.

16.7 AUTHORITY OF OUR BOARD AND THE ISSUING HOUSE

The Issuing House, on the authority of our Board reserves the right to:

(i) Reject Applications which:

   (a) Do not conform to the instructions of our Prospectus, Application Forms, Electronic Share Application and Internet Share Application (where applicable); or

   (b) Are illegible, incomplete or inaccurate; or

   (c) Are accompanied by an improperly drawn up, or improper form of, remittance; or

(ii) Reject or accept any Application, in whole or in part, on a non-discriminatory basis without the need to give any reason; and

(iii) Bank in all Application monies (including those from unsuccessful / partially successful applicants) which would subsequently be refunded, where applicable (without interest), in accordance with **Section 16.9** below.

If you are successful in your Application, our Board reserves the right to require you to appear in person at the registered office of the Issuing House at any time within 14 days of the date of the notice issued to you to ascertain that your Application is genuine and valid. Our Board shall not be responsible for any loss or non-receipt of the said notice nor will it be accountable for any expenses incurred or to be incurred by you for the purpose of complying with this provision.

16.8 OVER / UNDER-SUBSCRIPTION

In the event of over-subscription, the Issuing House will conduct a ballot in the manner approved by our Directors to determine the acceptance of Applications in a fair and equitable manner. In determining the manner of balloting, our Directors will consider the desirability of allotting and allocating our IPO Shares to a reasonable number of applicants for the purpose of broadening the shareholding base of our Company and establishing a liquid and adequate market for our Shares.

The basis of allocation of shares and the balloting results in connection therewith will be furnished by the Issuing House to the SC, Bursa Securities, all major Bahasa Malaysia and English newspapers as well as posted on the Issuing House's website at https://tiih.online within 1 market day after the balloting event.

Pursuant to the Listing Requirements, we are required to have a minimum of 25.00% of our Company's issued share capital to be held by at least 200 public shareholders holding not less than 100 Shares each upon Listing and completion of our IPO. We expect to achieve this at the point of Listing. In the event the above requirement is not met, we may not be allowed to proceed with our Listing. In the event thereof, monies paid in respect of all Applications will be returned in full (without interest).

In the event of an under-subscription of our IPO Shares by the Malaysian Public and / or Eligible Persons, subject to the underwriting arrangement and reallocation as set out in **Sections 4.1.3** and **4.1.4** of this Prospectus, any of the abovementioned IPO Shares not applied for will then be subscribed by the Underwriter based on the terms of the Underwriting Agreement.

16.9 UNSUCCESSFUL / PARTIALLY SUCCESSFUL APPLICANTS

If you are unsuccessful / partially successful in your Application, your Application monies (without interest) will be refunded to you in the following manner.

16.9.1 For applications by way of Application Forms

(i) The Application monies or the balance of it, as the case may be, will be refunded to you through the self-addressed and stamped Official "A" envelope you provided by ordinary post (for fully unsuccessful applications) or by crediting into your bank account (the same bank account you have provided to Bursa Depository for the purposes of cash dividend / distribution) or if you have not provided such bank account information to Bursa Depository, the balance of Application monies will be refunded via banker's draft sent by ordinary / registered post to your last address maintained with Bursa Depository (for partially successful applications) within 10 Market Days from the date of the final ballot at your own risk.

(ii) If your Application is rejected because you did not provide a CDS account number, your Application monies will be refunded via banker's draft sent by ordinary / registered post to your address as stated in the NRIC or any official valid temporary identity documents issued by the relevant authorities from time to time or the authority card (if you are a member of the armed forces or police) at your own risk.

(iii) A number of Applications will be reserved to replace any successfully balloted Applications that are subsequently rejected. The Application monies relating to these Applications which are subsequently rejected or unsuccessful or only partly successful will be refunded (without interest) by the Issuing House as per items (i) and (ii) above (as the case may be).

(iv) The Issuing House reserves the right to bank into its bank account all Application monies from unsuccessful applicants. These monies will be refunded (without interest) within 10 Market Days from the date of the final ballot by crediting into your bank account (the same bank account you have provided to Bursa Depository for the purposes of cash dividend / distribution) or by issuance of banker's draft sent by ordinary post / registered post to your last address maintained with Bursa Depository if you have not provided such bank account information to Bursa Depository or as per item (ii) above (as the case may be).

16.9.2 For applications by way of Electronic Share Application and Internet Share Application

(i) The Issuing House shall inform the Participating Financial Institutions or Internet Participating Financial Institutions of the unsuccessful or partially successful Applications within 2 Market Days after the balloting date. The full amount of the Application monies or the balance of it will be credited (without interest) into your account with the Participating Financial Institutions or Internet Participating Financial Institutions (or arranged with the Authorised Financial Institutions) within 2 Market Days after the receipt of confirmation from the Issuing House.

(ii) You may check your account on the 5th Market Day from the balloting date.

(iii) A number of Applications will be reserved to replace any successfully balloted Applications that are subsequently rejected. The Application monies relating to these Applications which are subsequently rejected will be refunded (without interest) by the Issuing House by crediting into your account with the Participating Financial Institution or Internet Participating Financial Institutions (or arranged with the Authorised Financial Institutions) not later than 10 Market Days from the date of the final ballot. For Applications that are held in reserve and which are subsequently unsuccessful or partially successful, the relevant Participating Financial Institutions will be informed of the unsuccessful or partially successful Applications within 2 Market Days after the final balloting date. The Participating Financial Institutions will credit the Application monies or any part thereof (without interest) within 2 Market Days after the receipt of confirmation from the Issuing House.

16.10 SUCCESSFUL APPLICANTS

If you are successful in your Application:

(i) Our IPO Shares allotted to you will be credited into your CDS account.

(ii) A notice of allotment will be despatched to you at your last address maintained with the Bursa Depository, at your own risk, before our Listing. This is your only acknowledgement of acceptance of your Application.

(iii) In accordance with Section 14(1) of the SICDA, Bursa Securities has prescribed our Shares as Prescribed Securities. As such, our IPO Shares issued / offered through our Prospectus will be deposited directly with Bursa Depository and any dealings in these Shares will be carried out in accordance with the SICDA and Rules of Bursa Depository.

(iv) In accordance with Section 29 of the SICDA, all dealings in our Shares will be by book entries through CDS accounts. No physical share certificates will be issued to you and you shall not be entitled to withdraw any deposited securities held jointly with Bursa Depository or its nominee as long as our Shares are listed on Bursa Securities.

16.11 ENQUIRIES

Enquiries in respect of the applications may be directed as follows:

Mode of application	Parties to direct the enquiries
Application Form	Issuing House Enquiry Services Telephone at telephone no. 03-2783 9299
Electronic Share Application	Participating Financial Institution
Internet Share Application	Internet Participating Financial Institution and Authorised Financial Institution

The results of the allocation of IPO Shares derived from successful balloting will be made available to the public at the Issuing House website at https://tiih.online, one Market Day after the balloting date.

You may also check the status of your Application, **5 Market Days** after the balloting date by calling your respective ADA during office hours at the telephone number as stated in the list of ADAs set out in **Section 12** of the Detailed Procedures for Application and Acceptance accompanying the Electronic Prospectus on the website of Bursa Securities.