

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

4. DETAILS OF OUR IPO (CONT'D)

- (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. DETAILS OF OUR IPO (CONT'D)

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. DETAILS OF OUR IPO (CONT'D)**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

4. DETAILS OF OUR IPO (CONT'D)

- (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. DETAILS OF OUR IPO (CONT'D)**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. DETAILS OF OUR IPO (CONT'D)

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	<p>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:</p> $\frac{\text{Price market}}{\text{EPS}}$

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:

4. DETAILS OF OUR IPO (CONT'D)

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.

4. DETAILS OF OUR IPO (CONT'D)

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)

4. DETAILS OF OUR IPO (CONT'D)

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. DETAILS OF OUR IPO (CONT'D)

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	-

4. DETAILS OF OUR IPO (CONT'D)

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.

4. DETAILS OF OUR IPO (CONT'D)

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

Section	Disclosures in the Information Memorandum	Current status
<p><u>Section 4.11(i)</u></p> <p>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</p>	<p>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.</p> <p>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.</p>	<p>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.</p> <p>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.</p>
<p><u>Section 4.11(ii)</u></p> <p>We plan to construct and own a mud cooler system to capitalise on the umbrella contract with PETRONAS Carigali</p>	<p>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.</p> <p>In order to capitalise on our existing umbrella contract, we intend to strengthen our position in closed bidding activities to secure work orders.</p>	<p>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.</p>

4. DETAILS OF OUR IPO (CONT'D)

Section	Disclosures in the Information Memorandum	Current status
	<p>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.</p> <p>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.</p>	<p>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.</p> <p>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.</p>
<p><u>Section 4.11(iii)</u></p> <p>We plan to grow our customer base by acquiring other customers in the energy sector</p>	<p>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.</p> <p>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.</p>	<p>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.</p>

4. DETAILS OF OUR IPO (CONT'D)

Section	Disclosures in the Information Memorandum	Current status										
	<p>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:-</p> <table border="0" data-bbox="506 405 1328 655"> <thead> <tr> <th data-bbox="506 405 920 437">Potential customers</th> <th data-bbox="920 405 1328 437">Validity period</th> </tr> </thead> <tbody> <tr> <td data-bbox="506 461 920 493">Federal Land Development Authority</td> <td data-bbox="920 461 1328 493">12 March 2021 – 14 March 2024</td> </tr> <tr> <td data-bbox="506 517 920 549">Tenaga Nasional Berhad</td> <td data-bbox="920 517 1328 549">25 March 2021 – 14 February 2024⁽¹⁾</td> </tr> <tr> <td data-bbox="506 572 920 604">Sime Darby Plantation Berhad</td> <td data-bbox="920 572 1328 604">20 January 2021 – 20 January 2023⁽¹⁾</td> </tr> <tr> <td data-bbox="506 628 920 660">Suruhanjaya Perkhidmatan Air Negara</td> <td data-bbox="920 628 1328 660">22 May 2021 – 21 May 2024</td> </tr> </tbody> </table> <p>Note:-</p> <p>(1) Expired and was not subsequently renewed.</p> <p>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.</p>	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	<p>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.</p> <p>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.</p>
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											
<p><u>Section 4.11(iv)</u></p> <p>We plan to expand our presence in the overseas market</p>	<p>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.</p>	<p>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.</p>										

4. DETAILS OF OUR IPO (CONT'D)

Public Issue

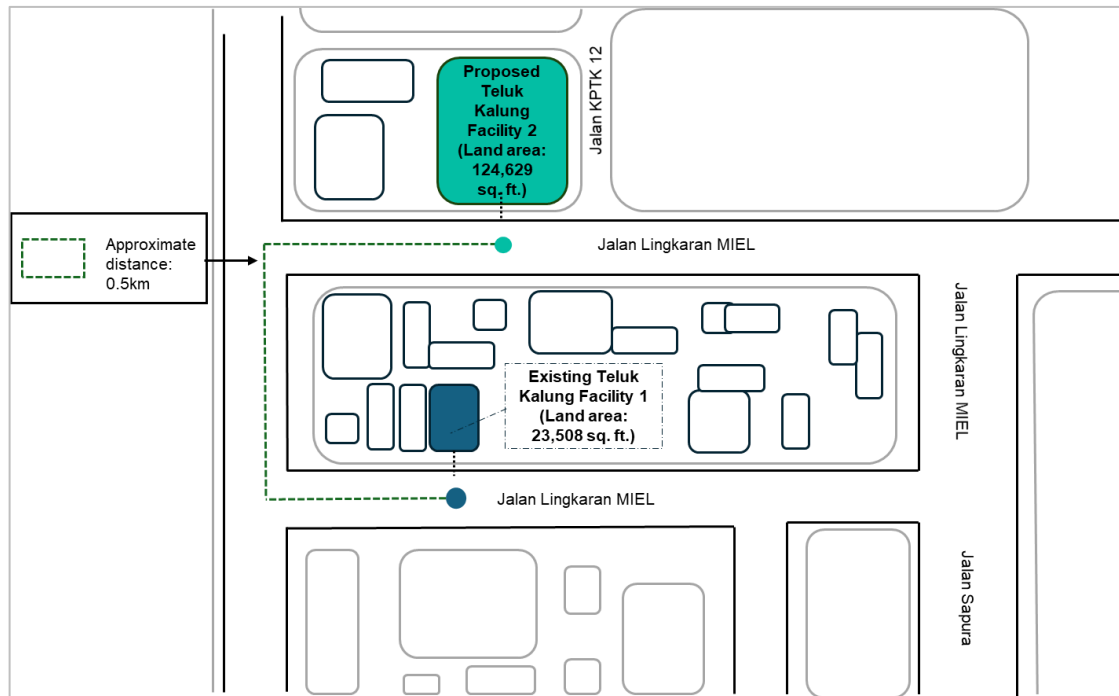
Based on the IPO Price, the gross proceeds of RM[●] million will be raised from our Public Issue. The gross proceeds raised are intended to be used in the following manner:

Details of utilisation	Section	Gross proceeds		Estimated timeframe for utilisation upon Listing
		RM'000	%	
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:



4. DETAILS OF OUR IPO (CONT'D)

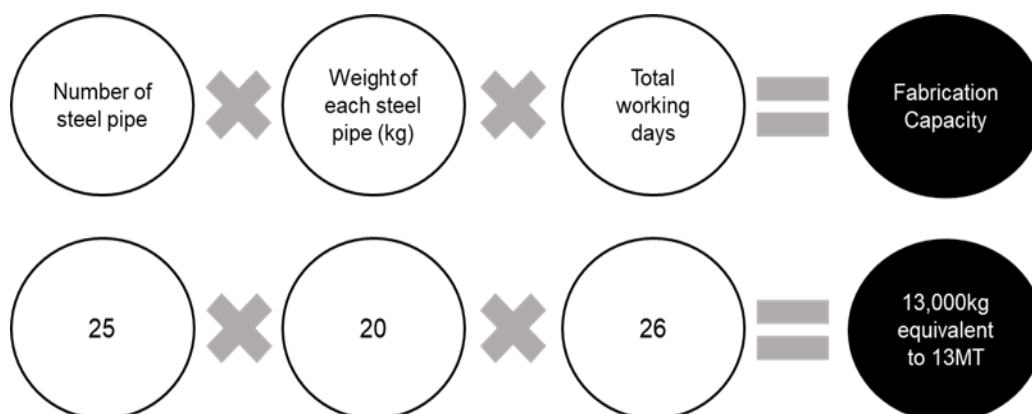
Existing Teluk Kalung Facility 1

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 Facility 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.

4. DETAILS OF OUR IPO (CONT'D)

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 Nasional 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 Kemaman	↓	↓
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	↓	↓

4. DETAILS OF OUR IPO (CONT'D)

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	<ul style="list-style-type: none"> • Commencement of construction
First quarter of 2026	<ul style="list-style-type: none"> • Completion of construction
Second quarter of 2026	<ul style="list-style-type: none"> • Certificate of Completion and Compliance obtained
Third quarter of 2026	<ul style="list-style-type: none"> • 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:

4. DETAILS OF OUR IPO (CONT'D)

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. DETAILS OF OUR IPO (CONT'D)

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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