

## STEEL HAWK BERHAD ("STEEL HAWK" OR THE "COMPANY")

I. PROPOSED DIVERSIFICATION OF THE EXISTING BUSINESS OF STEEL HAWK AND ITS SUBSIDIARIES INTO THE EXPANDED EPCC SEGMENT ("PROPOSED DIVERSIFICATION"); AND

II. PROPOSED VARIATION IN THE UTILISATION OF PROCEEDS RAISED FROM THE INITIAL PUBLIC OFFERING ("PROPOSED VARIATION")

(COLLECTIVELY, THE "PROPOSALS")

### 1. INTRODUCTION

Reference is made to the utilisation of proceeds raised from the public issue under the initial public offering ("IPO") of the Company as disclosed in the Company's prospectus dated 16 August 2024 that was issued in conjunction with the listing of the Company on the ACE Market of Bursa Malaysia Securities Berhad ("**Bursa Securities**") ("**Prospectus**").

On behalf of the Board of Directors of Steel Hawk ("**Board**"), UOB Kay Hian (M) Sdn Bhd (formerly known as UOB Kay Hian Securities (M) Sdn Bhd) ("**UOBKH**") wishes to announce that the Company intends to undertake the Proposals.

Further details on the Proposals are set out in the ensuing sections.

### 2. PROPOSED DIVERSIFICATION

As at 30 July 2025, being the latest practicable date prior to the date of this announcement ("**LPD**"), Steel Hawk and its subsidiaries ("**Steel Hawk Group**" or the "**Group**") are principally involved in the provision of onshore and offshore support services for the oil and gas ("**O&G**") industry ("**O&G Services Business**"), which comprise the following core segments:-

- i. Engineering, procurement, construction and commissioning ("**EPCC**") services for chemical injection skids and facilities improvement and maintenance of topside O&G facilities, including structural upgrades, replacement of corroded components and other remedial works ("**O&G EPCC Services**");
- ii. Installation and maintenance of oilfield equipment, including refurbishment, repair, and replacement of specific equipment such as pig trap systems, fire-rated doors, and oil spill recovery equipment ("**I&M of Oilfield Equipment**"); and
- iii. Supply and delivery of oilfield equipment, parts and components for use at onshore and offshore exploration and production facilities ("**Supply of Oilfield Equipment**").

The segmental revenue breakdown of the Group for the past 3 financial years up to the financial year ended ("**FYE**") 31 December 2024 is as follows:-

	Audited FYE 31 December		
	2022	2023	2024
	RM'000	RM'000	RM'000
<b>Revenue</b>	<b>66,326</b>	<b>72,537</b>	<b>78,424</b>
O&G EPCC Services	57,788	64,927	65,487
I&M of Oilfield Equipment	7,310	5,782	10,063
Supply of Oilfield Equipment	1,228	1,828	2,874
<b>Profit after taxation attributable to owners of the Company ("<b>PAT</b>")</b>	<b>5,811</b>	<b>7,220</b>	<b>12,652</b>

As illustrated above, the Group's revenue and profit contributions are solely derived from its operations in the O&G Services Business. Further, a substantial portion of the Group's revenue in the O&G Services Business is dependent on Petroliam Nasional Berhad ("**PETRONAS**") group, which contributed 54.47%, 45.64%, and 66.32% of the Group's total revenue over the past 3 financial years up to the FYE 31 December 2024. While the Group has enjoyed a long-standing relationship with PETRONAS since 2013, there is no assurance that such revenue contributions will be sustained in the future, as work orders are issued on an as-needed basis and depend on prevailing industry and market conditions. The Board is cognisant that any reduction, delay, or cessation of projects from PETRONAS could have an impact on the Group's financial performance.

In view of the foregoing, the Board recognises the importance of reducing reliance on a single sector and customer base (i.e. O&G industry). Accordingly, the Group intends to diversify its provision of EPCC services to serve other sectors beyond O&G, including amongst others, utilities and power, industrial manufacturing, healthcare, defence, telecommunications and large-scale commercial projects ("**Expanded EPCC Segment**"). For clarity, the Expanded EPCC Segment will comprise work similar in nature as the Group's existing O&G EPCC Services, which currently include EPCC of chemical injection skids and EPCC of facilities improvement projects (FIPs), adapted as necessary to meet the specific operational, technical and regulatory requirements of each sector, which differs from the O&G sector. Moving forward, the EPCC services segment will also cover the construction of new facilities in the aforementioned sectors, while retaining the same underlying capabilities in engineering design, procurement of specialised equipment and materials, construction, installation, testing, commissioning, and associated civil, structural, mechanical and electrical works.

On this note, the Company's wholly-owned subsidiary, Steel Hawk Engineering Sdn Bhd ("**SHESB**"), had on 5 August 2025 entered into a collaboration agreement with Ibrahim & Sons Engineering Sdn Bhd ("**IBSE**") a Malaysia-based engineering contractor specialising in electrical infrastructure works, to jointly undertake subcontract works involving the installation, testing and commissioning of 11kV and 33kV underground aluminium XLPE power cables and accessories for Tenaga Nasional Berhad ("**TNB**") ("**Collaboration Agreement**"). The scope of work encompasses the procurement and supply of all required materials and labour; installation of pipelines, cables and jointing, together with site excavation and restoration works; testing and commissioning of the pipelines, cables and jointing; as well as other related works necessary for project completion. These works, with a combined value of approximately RM92.66 million across multiple work zones, represent the Group's first venture into the Expanded EPCC Segment, outside of the O&G industry.

For information purposes, the table below sets out a comparison of the nature of work under the existing O&G EPCC Services and the Expanded EPCC Services pursuant to the Collaboration Agreement:-

<b>EPCC component</b>	<b>O&amp;G EPCC Services</b>	<b>Expanded EPCC Services under the Collaboration Agreement</b>
Engineering	Engineering design of chemical injection skids and topside facilities improvement projects	Engineering review and site design adaptation for underground piping & cable routing and associated works
Procurement	Procurement of specialised oilfield equipment, structural materials and components	Procurement and supply of high-density polyethylene (HDPE) pipes, flanges, jointing tools, 11kV and 33kV aluminium XLPE power cables, jointing kits, and related materials
Construction	Fabrication, installation and structural upgrades of O&G topside facilities	Site excavation, laying of underground pipelines/cables, installation of jointing and accessories, site restoration using horizontal directional drilling (HDD) equipment machineries
Commissioning	Testing and commissioning of chemical injection skids and upgraded facilities	Testing and commissioning of underground power cables, pipelines and jointing systems

The salient terms of the Collaboration Agreement are set out below:-

No.	Salient terms	Description
1.	Parties	SHESB and IBSE (collectively referred to as the " <b>Parties</b> ")
2.	Date of Agreement	5 August 2025
3.	Duration	The Collaboration Agreement shall remain in force until the completion of the Said Works (as defined below) and receipt of full payments from TNB in respect of the Said Works, which is estimated to be within 12 months from the date of the Collaboration Agreement.
4.	Background	<p>IBSE has been appointed by TNB as Main Contractor under 3 letters of intent ("<b>LOI</b>") to undertake the installation, testing and commissioning of aluminium XLPE underground cables and accessories for asset development all zones, distribution network division ("<b>Said Works</b>"), as follows:-</p> <ul style="list-style-type: none"> <li>(i) 1st LOI – for 11 kilovolts ("<b>kV</b>") works valued at approximately RM20.70 million;</li> <li>(ii) 2nd LOI – for 33kV works valued at approximately RM37.87 million; and</li> <li>(iii) 3rd LOI – for 11kV works valued at approximately RM34.09 million.</li> </ul> <p>The total combined contract value is approximately RM92.66 million.</p>
5.	Purpose	The Parties agree to collaborate in good faith for the execution, performance, and completion of the works under the 1st, 2nd and 3rd LOIs in accordance with their respective terms, with the objective of ensuring the successful and timely delivery of Said Works to TNB.
6.	Roles and responsibilities	<p>IBSE shall act as the Main Contractor and shall be responsible for performing the Said Works in accordance with the LOIs, engaging subcontractors, liaising with TNB, providing SHESB with oversight of invoicing, notifying SHESB of any variations, payments or claims, furnishing cash flow projections, returning or repaying bank guarantees, and reimbursing SHESB in the event that any bank guarantee provided by SHESB is called upon.</p> <p>SHESB shall be responsible for providing the necessary manpower, contributing 60% of the required working capital, providing bank guarantees, paying the Construction Industry Development Board ("<b>CIDB</b>") levies, and offering other related support as required. SHESB shall also provide advance working capital in the aggregate amount of RM9.27 million in instalments, ensure the timely provision of financing, and shall have the right to make direct payments to subcontractors in the event of any default by IBSE.</p>
7.	Advance working capital	<p>For the 1st and 2nd LOIs, SHESB shall provide:-</p> <ul style="list-style-type: none"> <li>a) RM1.5 million upon execution of the Collaboration Agreement;</li> <li>b) RM1.4 million upon the opening of the escrow account/designated trust account; and</li> <li>c) RM2.9 million within 30 days of receipt of the first purchase order.</li> </ul> <p>For the 3rd LOI, SHESB shall provide:-</p> <ul style="list-style-type: none"> <li>a) RM1.7 million upon receipt of the first purchase order; and</li> </ul>

No.	Salient terms	Description
		<p>b) RM1.7 million upon receipt of the second purchase order.</p> <p>All instalments shall be disbursed consecutively and not concurrently.</p>
8.	Repayment	All advances and working capital provided by SHESB shall be repaid in full, from payments received by IBSE from TNB.
9.	Profit sharing arrangement	<p>Profit sharing between the Parties shall be as follows:</p> <p><b>IBSE</b> : Entitled to 20% of the total contract price for the Said Works, net of (i) advance working capital deductions, and (ii) all sums relating to bank guarantees (if encashed), insurance, and liquidated damages.</p> <p><b>SHESB</b> : Entitled to 20% of the total contract price for the Said Works, subject to bearing CIDB levies out of its profit share.</p> <p>Profit sharing shall only take effect after full repayment of advances and working capital to SHESB.</p>
10.	Event of default	Occurs if either party fails to perform its obligations under the Collaboration Agreement, or if any insolvency, winding up, or similar proceedings arise that may affect the party's ability to perform its obligations. In such cases, the non-defaulting party may issue a notice requiring the defaulting party to remedy the breach within 14 working days, or any extended period deemed reasonable. Failure to remedy the breach entitles the non-defaulting party to terminate the Collaboration Agreement, without prejudice to any other rights or remedies available under law.
11.	Termination	If the non-defaulting party elects to terminate the Collaboration Agreement following an event of default, it shall serve a notice of termination to the defaulting party, effective immediately upon service. Termination results in the cessation of all rights and obligations under the Collaboration Agreement, except for any accrued rights, liabilities, or remedies.
12.	Consequences of termination	<p>If IBSE is the defaulting party, termination will render IBSE liable to pay SHESB all profit-sharing amounts due up to the point of termination, repay any outstanding working capital advanced by SHESB, and indemnify SHESB for all costs and expenses directly caused by the breach, including litigation costs on a solicitor-client basis.</p> <p>If SHESB is the defaulting party, IBSE may engage a third party to assume SHESB's obligations and may deduct any costs or expenses directly resulting from SHESB's breach from the profit-sharing amounts or working capital otherwise due to SHESB; if no amounts remain, IBSE may recover such costs as a debt. SHESB shall only be entitled to receive profit-sharing in proportion to the working capital released to IBSE up to the point of termination.</p>
13.	Mutual termination	The Parties may also mutually agree to terminate the Collaboration Agreement. The terms and conditions for such mutual termination shall be negotiated and documented in a written settlement agreement.

No.	Salient terms	Description
14.	Dealings with TNB	IBSE is fully responsible for all communications and dealings with TNB regarding the Said Works. Any communication between TNB and IBSE shall be shared with SHESB to ensure that the works progress in a timely and proper manner. SHESB is not permitted to communicate or deal directly with TNB on matters related to the Said Works without prior written consent from IBSE, which must be granted by IBSE's Chief Executive Officer (" <b>CEO</b> "). IBSE is required to act transparently and keep SHESB informed of all its communications with TNB. In the event that TNB wishes to communicate directly with SHESB, prior written approval from IBSE's CEO and directors must be obtained, and SHESB must copy all such correspondence to IBSE.

Further, the Group is actively tendering for additional EPCC projects across various sectors beyond O&G. These opportunities, if secured, are expected to support the Group's expansion into the Expanded EPCC Segment. A summary of the Group's current tender book for such projects is set out below:-

	Project description	Sector	Total tender value (RM'mil)	Estimated project period	Tender status
1.	EPCC works for bio-based chemical production facility	Energy	450.00	48 months	Submitted (6 June 2025)
2.	Provision of electrical equipment services and material supply for turnaround for petrochemical facilities	Petrochemical	28.00	24 months	Pre-tender screening (18 July 2025)
3.	EPCC works for wastewater treatment facility expansion project	Water & Wastewater	17.72	18 months	Submitted - Evaluation stage (1 August 2025)
4.	Fiber optics installation works	Telecommunications	34.00	9 months	Tendering (18 August 2025)
5.	Infrastructure works Drone Maintenance Facility	Defence	11.20	3 months	Tendering (18 August 2025)

As the operational aspects of these projects fall outside the scope of the Group's existing O&G Services Business and involve the diversification of the Group's operations to involve EPCC services beyond the O&G sector, the Board proposes to seek the approval of shareholders of the Company for the diversification in accordance with Rule 10.13(1) of the ACE Market Listing Requirements of Bursa Securities ("**Listing Requirements**"). Further, the Board expects that the Expanded EPCC Segment may contribute 25% or more of the Group's net profits and/ or result in a diversion of more than 25% of its net assets going forward, thereby requiring the approval of shareholders of the Company under the Listing Requirements.

While the Group remains committed to its O&G Services Business, the Board is of the view that the Group's future growth prospects would be strengthened by reducing reliance on a single sector and exploring new opportunities in sectors under the Expanded EPCC Segment.

## 2.1 Key management personnel

The Group has identified the following personnel to oversee the Expanded EPCC Segment. Their profiles are set out below:-

### i. **Navindran A/L Rajendran ("Mr. Navindran")**

Mr. Navindran, a Malaysian aged 37, is currently a Project Manager of SHESB and has over 15 years of experience in manufacturing, mechanical engineering, and project delivery. He holds a Diploma in Manufacturing (Mechanical) and a Higher Diploma from the German-Malaysian Institute.

Mr. Navindran began his career in 2007 as a Senior Technician with Asahi Kosei (M) Sdn Bhd in the manufacturing and engineering industry, where he supported production operations by developing machine programmes and preparing technical drawings for manufacturing. In 2011, he completed his industrial training at Active Precision (M) Sdn Bhd, gaining practical experience in mechanical design, assembly, fabrication, and machining work.

From 2009 to 2012, he served as Project Engineer with SS Innovations Sdn Bhd, where he was involved in coordinating project activities, supporting tender submissions, and ensuring equipment and materials were ready for fabrication and offshore works. During this time, he contributed to projects such as setting up a jet refuelling system for offshore operations and implementing safety systems to manage gas emissions, working with major oil and gas companies.

He joined SHESB in 2012 as Senior Project Engineer, where he was responsible for the detailed engineering design, procurement, fabrication, testing, and commissioning of chemical injection skids, sump and drain systems, and topside maintenance packages.

He was promoted to Project Manager in 2016 and has since led teams in delivering projects involving equipment installation, pipeline maintenance, and chemical treatment systems. From 2018 onwards, he has managed onshore maintenance and modification works across facilities in Peninsular Malaysia, covering civil works, plant shutdowns, pipeline and valve replacements, corrosion protection, scaffolding, fabrication, as well as upgrades such as solar power installation and control system improvements. Mr. Navindran's technical knowledge and hands-on project management experience will support the Group's expansion into the Expanded EPCC Segment.

### ii. **Nur Asiyah Binti Ismail ("Pn. Asiyah")**

Pn. Asiyah, a Malaysian aged 36, is currently a Project Engineer at SHESB and has accumulated more than 10 years of working experience in project engineering, design, quality assurance and quality control, and site execution in the oil and gas industry. She holds a Diploma in Mechanical Engineering from UiTM Penang and Degree in Mechanical Engineering and has also undertaken professional training in project management, health and safety, and cost engineering.

She began her career in the manufacturing and precision engineering industry, where she gained experience in precision engineering, including designing parts and programming automated machines (CNC) for precision manufacturing. In 2013, she transitioned into the oil and gas industry with SS Innovations Sdn Bhd, where her responsibilities included design work, project engineering, and support for offshore engineering projects such as pipeline replacement, chemical injection systems, and refuelling systems.

In 2014, she joined SHESB as a Project Engineer, a role she continues to hold. Her work at SHESB has covered a broad range of functions, including design and drafting, project coordination, procurement support, quality assurance and quality control, and site supervision. She has been involved in numerous projects such as the delivery of chemical injection skids, pipeline rejuvenation works, and topside modification packages. In addition, she has provided on-site support during execution phases, giving her practical exposure to both engineering design and field implementation. Pn. Asiyah's combined experience in engineering design and project execution, together with her technical capabilities, equip her to contribute effectively to the Group's Expanded EPCC Segment.

iii. **Muhammad Affan bin Mohamad Pauzi ("En. Affan")**

En. Affan, a Malaysian aged 36, is currently a Project Engineer of SHESB and has over 10 years of experience in naval architecture, oil and gas services, and project management. He holds a BEng (Hons) in Naval Architecture & Ocean Engineering from the University of Strathclyde, Glasgow, an MSc in Engineering Business Management, as well as professional certification from Universiti Teknologi Malaysia.

En. Affan began his career in 2014 with MISC Berhad as a Project Executive, where he was involved in reviewing shipbuilding contracts, conducting vendor assessments, coordinating with discipline engineers on drawings, and interfacing between owners and shipbuilders. He was involved in projects such as LNG vessel tenders and shipyard capability studies.

In 2014, he joined Halliburton Energy Services Sdn Bhd as an Associate Technical Professional, where he worked on well completion projects, job planning, and equipment preparation for offshore operations. Among the projects he was involved in were the Tukai C32 workover completion, Baram B31 multi-zone completion with sand control tools, and SAPA water injector completions.

He joined SHESB in 2018 as a Project Engineer, where he has since managed a wide range of onshore maintenance, modification, and turnaround projects. His responsibilities include project planning, procurement, site execution, fabrication oversight, and stakeholder engagement. He has overseen campaigns at facilities such as the Terengganu Gas Terminal and Onshore Slug Catcher, covering piping and valve replacement, vessel cleaning, corrosion protection, scaffolding, fabrication, and facility improvements including the installation of a 150kW solar PV system. En. Affan's experience in naval architecture, oilfield services, and onshore project delivery, together with his technical and management capabilities, will support the Group's expansion into the Expanded EPCC Segment.

The Group currently has sufficient employees and resources to undertake the Expanded EPCC Segment and does not have immediate plans to increase headcount. However, the Group may consider engaging consultants to provide specialised technical support in sectors beyond O&G in the Expanded EPCC Segment, as and when required. Further, the Group will continue to monitor project requirements and operational needs, and will expand its workforce if and when necessary to ensure adequate capacity and support for the Expanded EPCC Segment.

### 3. PROPOSED VARIATION

The Company had completed its IPO exercise on 5 September 2024 ("**Listing Date**") and had raised gross proceeds of approximately RM13.50 million from the public issue under the IPO ("**Public Issue Proceeds**").

As at the LPD, the Company has yet to utilise the RM7.00 million of the Public Issue Proceeds earmarked for the construction of the Proposed Teluk Kalung Facility 2 (as defined herein). After due deliberation, the Company wishes to vary the utilisation of the proceeds earmarked for the construction of the Proposed Teluk Kalung Facility 2 in the manner below:-

Details of utilisation	Proposed utilisation at listing				Proposed Variation		
	Proposed utilisation (RM'000)	Actual utilisation as at the LPD (RM'000)	Balance unutilised (RM'000)	Estimated timeframe for utilisation	Proposed Variation (RM'000)	Balance after Proposed Variation (RM'000)	Estimated timeframe for utilisation
Construction of the Proposed Teluk Kalung Facility 2 <sup>1</sup>	7,000	-	7,000	Within 24 months from listing	(7,000)	-	-
Working capital <sup>2</sup>	2,000	(2,000)	-	Within 18 months from listing	7,000	7,000	Within 6 months from completion of the Proposed Variation
Repayment of bank borrowings	1,000	(1,000)	-	Within 6 months from listing	-	-	-
Estimated expenses for the listing	3,500	(3,500)	-	Within 3 months from listing	-	-	-
<b>Total</b>	<b>13,500</b>	<b>(6,500)</b>	<b>7,000</b>		<b>-</b>	<b>7,000</b>	

**Notes:-**

<sup>1</sup> As disclosed in the Prospectus, the Company had allocated RM7.00 million, representing 51.85% of the Public Issue Proceeds, to partially finance the estimated cost of RM13.64 million for the construction of a three-storey office/ yard fabrication facility ("**Proposed Teluk Kalung Facility 2**"), while the remaining RM6.64 million would be paid via internally generated funds and/ or bank borrowings.

The Proposed Teluk Kalung Facility 2 was intended to expand the Group's fabrication capacity in anticipation of increased fabrication activities, driven by expected growth in EPCC-related capital expenditure within the O&G industry. However, with several new contracts secured since the Listing Date, including the Collaboration Agreement to jointly undertake subcontract works for underground power cable installation and related infrastructure valued at approximately RM92.66 million as set out in **Section 2** of this announcement, the Group has reassessed its priorities and determined that the facility's construction, which was expected to take approximately 2 years, would not align with its immediate capacity expansion needs.

Since the Listing Date, the Group's new projects have been located across multiple regions in Malaysia, including the award of five packages under the construction and modification work ("**CMW**") contracts on 12 November 2024 covering downstream facilities nationwide. These contracts require the Group to maintain a local presence in each region. As such, relying solely on a single facility in Teluk Kalung would be less practical, taking into account the contractual requirements, manpower allocation, logistics considerations, and overall cost efficiency.

Accordingly, the Group has opted to rent facilities in various locations based on project workload, upcoming activities in each region, and the availability of external resources for subcontracted fabrication works. This allows the Group to establish project offices or practical fabrication facilities closer to the respective sites, in line with the local presence requirements, while keeping total rental costs for these facilities lower than the RM7.00 million that had been allocated for the Proposed Teluk Kalung Facility 2. Details of the rented facilities are as follows:-

Location	Type of facility	Size	Fabrication capacity	Yearly rental
		sq. ft.	tonnes/month	RM
Bintulu, Sarawak	Project Office	1,500	-	30,000
Labuan, Wilayah Persekutuan	Fabrication Yard	18,500	32	54,000
Sungai Rengit, Johor	Project Office/ Storage	3,200	-	54,000
Krubong, Melaka	Project Office	700	-	18,000
Kota Kinabalu, Sabah	Project Office	800	-	24,000
<b>Total</b>		<b>24,700</b>	<b>32</b>	<b>180,000</b>

The combined rental outlay of approximately RM0.18 million per annum is minimal compared to the capital cost of constructing the Proposed Teluk Kalung Facility 2, while still enabling the Group to meet the immediate increase in fabrication capacity and operational needs. These rental facilities will be funded via internally generated funds. Accordingly, the Group proposes reallocating the RM7.00 million initially designated for the Proposed Teluk Kalung Facility 2 towards more immediate uses under the Proposed Variation. Further details are set out in **Section 4.1** of this announcement.

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As set out later in **Section 4.1** of this announcement, the new contracts and the Collaboration Agreement secured by the Group are expected to drive an increase in working capital requirements. In particular, the Group has identified three key projects that will require additional upfront funding, namely (i) the remote operations ("RO") project for PETRONAS Carigali Sdn Bhd ("PCSB"), (ii) the splash zone structural repair and maintenance ("SPZ") project for PCSB, and (iii) the scaffolding services project for EPOMS Sdn Bhd ("EPOMS"), with further details set out in **Section 4.1** of this announcement.

To ensure sufficient resources for the timely execution of these projects, the Group proposes to reallocate RM7.00 million of the Public Issue Proceeds to meet the following working capital requirements in respect of the three projects mentioned above as well as the Collaboration Agreement:-

Description	Indicative percentage allocation
	%
Procurement of raw materials (including piping, fittings and structural components) for EPCC projects	21.00
Procurement of cables, conduits, and civil works materials	41.00
Manpower supply for project execution	14.00
Facilities improvement and maintenance services	24.00
<b>Total</b>	<b>100.00</b>

Nevertheless, the Board retains absolute discretion to determine the exact utilisation, including the reallocation of funds towards the working capital of the Group's other projects, depending on the working capital requirements at the relevant point in time.

Pending the eventual utilisation of the remaining Public Issue Proceeds, the proceeds will continue to be placed in interest-bearing accounts with licenced financial institutions in Malaysia and/ or money market deposit instruments/ funds. The interests derived or gains arising from the money market deposit instruments/ funds will be used as additional working capital requirements for the Company.

In accordance with Rule 8.24(2)(a) of the Listing Requirements, a change to the utilisation of proceeds is considered material if such change is 25% or more of the total proceeds raised. As such, the Proposed Variation is deemed a material change to the use of the Public Issue Proceeds as the change in utilisation of RM7.00 million represents approximately 51.85% of the Public Issue Proceeds. Accordingly, the approval of the shareholders of Steel Hawk for the Proposed Variation is required to be obtained at an Extraordinary General Meeting ("EGM").

## 4. RATIONALE AND JUSTIFICATIONS FOR THE PROPOSALS

### 4.1 Proposed Diversification

The Group's revenue is currently derived from its core O&G Services Business, comprising EPCC Services, I&M of Oilfield Equipment, and the Supply of Oilfield Equipment. Over the past 3 financial years up to the FYE 31 December 2024, approximately 54.47%, 45.64%, and 66.32% of the Group's total revenue has been contributed by a single customer, being PETRONAS group. While the Group has maintained a strong and longstanding relationship with PETRONAS since 2013, revenue from the O&G Services Business is dependent on project-based work orders issued on an as-needed basis, and is influenced by prevailing industry and market conditions.

In line with its long-term strategy to strengthen earnings resilience, reduce reliance on a single sector and customer, and capitalise on opportunities in sectors supported by sustained infrastructure development spending, the Group proposes to diversify its operations into the Expanded EPCC Segment. This segment will also encompass the provision of engineering, procurement, construction and commissioning services but across various sectors such as utilities and power, transportation and public infrastructure, industrial manufacturing, healthcare and institutional developments, and large-scale commercial projects.

As set out in **Section 2** of this announcement, the Group's maiden expansion into the Expanded EPCC Segment is marked by a collaboration arrangement between SESB, its wholly-owned subsidiary, and a Malaysia-based engineering contractor specialising in electrical infrastructure works, to jointly undertake subcontract works for an electricity utility company, under a Collaboration Agreement. The works, which involve the installation, testing, and commissioning of 11kV and 33kV underground aluminium XLPE power cables and accessories, have a combined value of approximately RM92.66 million across multiple work zones.

In addition to the Collaboration Agreement, the Group is actively exploring and tendering for various EPCC opportunities across both public and private sector developments. Further, the Group is also in the process of registering as a potential vendor and/ or contractor with multiple multinational corporations (MNCs), government-linked companies (GLCs) and government-linked investment companies (GLICs) across various sectors. These potential projects, if secured, are expected to support the continued growth of the Expanded EPCC Segment and position it as a significant revenue contributor.

Pursuant to Rule 10.13(1) of the Listing Requirements, shareholder approval is required for the Proposed Diversification, as the Board anticipates that, barring unforeseen circumstances, the Expanded EPCC Segment may in the future contribute 25% or more of the Group's net profits and/ or result in a diversion of 25% or more of the Group's net assets.

The Board is of the opinion that the Proposed Diversification is in the best interests of the Group as it provides the opportunity to broaden the income base, improve earnings visibility, and enhance long-term shareholder value. Notwithstanding the Proposed Diversification, the Group will continue to focus on its core O&G Services Business and the Board will assess the performance of each business segment on an ongoing basis to optimise returns and allocate resources efficiently.

## 4.2 Proposed Variation

The Group's business operations are primarily conducted at the Existing Teluk Kalung Facility 1, located in Teluk Kalong, Kemaman, Terengganu, with a total land area of approximately 23,508 sq. ft. and a gross built-up area of approximately 7,609 sq. ft. This facility enables the Group to carry out in-house fabrication of chemical injection skids, pipes, tubing, and fittings, which are integral to its core business segments, namely EPCC services as well as facilities improvement and maintenance operations.

As at the LPD, the fabrication capacity of the Existing Teluk Kalung Facility 1 is approximately 13 metric tonnes ("**MT**") per month. In 2024, the Group anticipated increasing revenue contributions from the Group's EPCC and facilities improvement/maintenance segments. As such, the Group had projected an increase in fabrication activities, in line with anticipated growth in EPCC-related capital expenditure within the O&G industry. Accordingly, RM7.00 million from the Public Issue Proceeds was initially earmarked for the construction of the Proposed Teluk Kalung Facility 2 to expand fabrication capacity to approximately 65 MT per month, providing additional production space and office facilities to support future operations and workforce requirements.

In view of the award of five packages under the CMW contracts awarded on 12 November 2024, covering downstream facilities nationwide and the contractual requirement to maintain a local presence in each region, the Board has determined that a centralised expansion under the Proposed Teluk Kalung Facility 2 would not be the most effective means of increasing capacity. The Group will instead expand through smaller, rented facilities based on project workload, upcoming activities in each region, and the availability of external resources for subcontracted fabrication works. This approach is aligned with contract requirements, reduces mobilisation time, and lowers transportation costs, while also avoiding the substantial upfront capital expenditure required for a centralised large facility.

Notwithstanding the above, since the Listing Date, the Group had secured the following:-

- i. 11 September 2024 – Letter of award from PETRONAS Gas Berhad ("**PETRONAS Gas**") for a term contract to provide operational pigging supply and services for 3 years until 10 September 2027.
- ii. 18 October 2024 – Subcontract from PETRA Resources Sdn Bhd ("**PETRA Resources**") (a subsidiary of PETRA Energy Berhad) for the provision of offshore living quarter maintenance and repair services for EPOMS offshore facilities in Sarawak for 3 years until 17 October 2027, with an option for a 2-year extension (1+1 years).
- iii. 12 November 2024 – Appointment as a panel contractor by Petroliaam Nasional Berhad ("**PETRONAS**") to serve its downstream operating plant units by providing CMW services on an as-needed basis for five packages, for 3 years until 11 November 2027, with an option for a 2-year extension (1+1 years).
- iv. 29 November 2024 – Letter of award from PRPC Utilities & Facilities Sdn Bhd ("**PRPC**") for a term contract to supply manpower for bagging operations at the Solid Product Warehouse for PRPC, commencing 1 February 2025 for a 3-year period until 31 January 2028.
- v. 31 December 2024 – Contract extension from PCSB for the provision of onshore facilities maintenance, construction, and modification services for a period of 1 year until 31 December 2025.

- vi. 27 March 2025 – Appointment as a panel contractor by PCSB for provision of engineering, procurement, construction and commissioning for RO, for a 5-year period until 27 February 2030. For information, this marks SHESB's first RO contract, covering all PETRONAS assets in Peninsular Malaysia, Sabah and Sarawak ("**RO Project**").
- vii. 24 April 2025 – Letter of award from PCSB for the provision of SPZ, for a 3-year period until 11 April 2028. For information, this is SHESB's first SPZ contract, covering both Peninsular Malaysia and Sarawak ("**SPZ Project**").
- viii. 30 July 2025 – Letter of award from EPOMS for the provision of scaffolding services, for 2 years until 24 July 2027, with an option for a 1-year extension ("**Scaffolding Services Project**"). For information, a similar contract was awarded to SHESB between 2022 and 2025 for the Peninsular Malaysia package; the new award expands the scope to include East Malaysia (Sarawak).

For clarification purposes, the above projects are structured on a call-out basis, under which revenues are recognised progressively as and when work orders are issued over the contract period.

Further, the above projects necessitate immediate working capital due to their high upfront costs and operational complexity. The Proposed Variation will enable timely execution of these projects while mitigating liquidity risks.

The table below outlines the scope, estimated costs, and strategic importance of the three key projects driving the reallocation of IPO proceeds:-

<b>Project</b>	<b>Description</b>	<b>Contract duration</b>	<b>Estimated costs (RM'000)</b>	<b>Details</b>
<i>RO Project - Panel contractor by PCSB for provision of engineering, procurement, construction and commissioning for remote operations</i>	<i>Automation of unmanned facilities via:</i> <ul style="list-style-type: none"> <li>• <i>Control centre integration;</i></li> <li>• <i>Predictive maintenance solutions; and</i></li> <li>• <i>24/7 remote technical support.</i></li> </ul>	<i>28 February 2025 - 27 February 2030</i>	<i>4,800</i>	<i>This project requires significant working capital to deploy custom internet infrastructure and monitoring systems, ensuring timely execution of remote operations and compliance with technical requirements. The readiness and deployment of specialised remote automated engineering devices, together with the seamless integration of system software and communication protocols, is essential to achieving the contract's operational objectives and realising its digitalisation goals.</i>

<b>Project</b>	<b>Description</b>	<b>Contract duration</b>	<b>Estimated costs (RM'000)</b>	<b>Details</b>
SPZ Project - Provision of splash zone structural repair and maintenance	<p>Comprehensive repair and maintenance of offshore platform splash zones, including:-</p> <ul style="list-style-type: none"> <li>• Structural repairs;</li> <li>• Corrosion control;</li> <li>• Component upgrades;</li> <li>• Advanced solutions; and</li> <li>• Inspection services.</li> </ul>	12 April 2025 - 11 April 2028	15,660	This project requires significant upfront working capital for specialised materials and labour to meet strict offshore repair timelines for corrosion-resistant alloys, diving teams, and emergency repairs to avoid operational disruptions.
Scaffolding Services Project - Provision of scaffolding services	Supply, installation, erection, and maintenance of scaffolding for offshore platforms to support various upgrading works, maintenance, and repair activities.	25 July 2025 - 24 July 2027	1,500	This project requires significant upfront working capital for specialised materials and skilled labour to meet the stringent requirements of offshore operations. As the existing scaffolding inventory is allocated for Peninsular Malaysia projects, the inclusion of the Sarawak region under this new contract will necessitate additional investment in dedicated materials and manpower to ensure timely and compliant execution.

Given the new contracts secured, the Group anticipates a significant increase in working capital requirements. Accordingly, the Group proposes to vary the utilisation of the Public Issue Proceeds by reallocating the entire RM7.00 million originally earmarked for the construction of the Proposed Teluk Kalung Facility 2 towards working capital. This will ensure sufficient resources to execute recently secured contracts, namely the RO Project, SPZ Project and Scaffolding Services Project, as well as the subcontract works under the Collaboration Agreement to jointly undertake underground power cable installation and related infrastructure, given that these projects are expected to be highly working capital intensive.

The reallocated proceeds will be applied towards mobilisation and procurement of specialised materials and equipment, including cables, conduits, piping, fittings, structural components, concrete and manhole units, as well as rental of additional facilities near project sites, recruitment and deployment of skilled manpower, and provision of bank guarantees and performance bonds. The SPZ project has already commenced, while the RO project is expected to begin in Q3 2025, with works under the Collaboration Agreement proceeding in parallel. These will require upfront mobilisation, procurement, and guarantees, with related spending expected to increase accordingly.

In the event of any shortfall in working capital for these projects, the Group may fund such requirements through internally generated funds or bank borrowings, although these may take time to access or materialise. Accordingly, the Proposed Variation would provide timely funding to bridge these requirements, ensuring the Group has adequate liquidity to meet project milestones without disruption.

This reallocation will allow the Group to meet increased working capital requirements, maintain project schedules, and enhance operational flexibility. By prioritising liquidity, the Group can manage day-to-day operations efficiently, deliver on customer commitments, and position itself for sustainable growth, as further detailed in **Section 3** of this announcement.

The Board is of the view that the Proposed Variation is in the best interests of the Group, as it enables the Group to scale its operations in a timely manner to capitalise on the newly secured contracts and sustain its business growth trajectory.

## **5. INDUSTRY OVERVIEW, OUTLOOK AND FUTURE PROSPECTS OF STEEL HAWK GROUP**

### **5.1 Overview and outlook of the Malaysian economy**

The Malaysian economy expanded by 4.4% in the first quarter of 2025 (4Q 2024: 4.9%), driven by the steady expansion in domestic demand. Household spending was sustained amid positive labour market conditions and income-related policy measures, including the upward revision of minimum wage and civil servant salary. The steady expansion in investment activities was supported by realisation of new and existing projects. In the external sector, export growth was slower due mainly to lower mining exports. This was partially offset by stronger electrical and electronics ("E&E") exports and tourism activity. At the same time, imports growth, although more moderate, continued to be driven by strong demand for capital goods, reflecting continued investment and trade activities.

On the supply side, growth was driven by the services and manufacturing sectors. Services sector was supported by higher Government services while strong E&E production underpinned the performance in the manufacturing sector. However, normalisation in motor vehicle sales and production following strong performances over the last three years affected the growth of services and manufacturing sectors respectively. Overall growth was also weighed down by a contraction in the mining sector amid lower O&G production. On a quarter-on-quarter, seasonally-adjusted basis, growth expanded by 0.7% (4Q 2024: -0.2%).

Malaysia's 2025 growth will be affected by the escalation in trade tensions and the heightened policy uncertainties. The rapidly-evolving developments surrounding trade tariffs are expected to affect the global outlook for the rest of the year. As a small and open economy, Malaysia will inevitably face both direct and indirect impact from these tariffs. Growth of the Malaysian economy is expected to be slightly lower than the earlier forecast of 4.5% - 5.5% in 2025. The high uncertainty surrounding outcomes of trade negotiations and how these will reshape global trade complicates a clear assessment of their impact on growth at this juncture.

Notwithstanding the external risks, growth will continue to be anchored primarily by resilient domestic demand. This provides a strong buffer against external headwinds. Household spending is expected to continue expanding, supported by continued wage and employment growth, particularly within domestic-oriented sectors as well as income-related policy measures. Investment activities will be driven by the continued implementation of multi-year projects across private and public sectors, further realisation of approved investments with a larger share by domestic players and the implementation of catalytic initiatives under the national master plans. Additionally, the continued demand for E&E goods, alongside higher tourist receipts will also provide cushion to growth.

*(Source: Economic and Financial Developments in Malaysia in the First Quarter of 2025, Bank Negara Malaysia)*

## 5.2 Overview and outlook of the O&G industry in Malaysia

The mining sector rebounded by 4.3% in the first half of 2024 with broad-based expansion recorded across all subsectors. The natural gas subsector posted a growth of 6%, underpinned by higher production from all regions. The crude oil and condensate subsector increased by 1.4% attributed to stable condensate production during the period. Meanwhile, the other mining & quarrying and supporting services subsector posted a steady growth of 5.9%.

For the second half of the year, the sector is forecast to grow marginally by 0.3%. Despite the anticipated strong performance in the natural gas subsector owing to the operational commencement of new gas fields, overall growth of the mining sector is expected to moderate due to subdued performance in the crude oil and condensate subsector.

For the year, the mining sector is projected to grow by 2.2%, driven mainly by strong performance in the natural gas subsector. Steady output from existing fields, coupled with commencement of production from new gas blocks in the Kasawari, Jerun, and Gansar gas developments as well as the Kayu Manis South East gas development, are expected to contribute significantly to the growth of the subsector. Furthermore, higher demand from major trading partners, in particular Japan and China, as well as increased domestic consumption, primarily from industrial and power sector players, are anticipated to contribute positively to the growth.

In contrast, the crude oil and condensate subsector is expected to decline due to a reduction in crude oil production, particularly in Sabah. In terms of prices, the Brent crude oil price is expected to remain stable between USD80 and USD85 per barrel, amid uncertainties in the global environment and the Organization of Petroleum Exporting Countries' (OPEC) decision on the production levels.

*(Source: Economic Outlook 2025, Ministry of Finance Malaysia)*

## 5.3 Overview and outlook of the mechanical and electrical ("M&E") industry in Malaysia

The M&E engineering market is part of the civil engineering and special trade work sector, which together with the real estate construction sector form the construction industry. In 2024, the construction industry in Malaysia was valued at RM66.58 billion, which was an increase of 17.5% from RM56.66 billion in the previous year. The growth in the local construction industry for 2024 was broad-based, supported by expansion across all subsectors. In particular, the civil engineering and special trade works sector was valued at RM37.12 billion, representing an increase of 18.6% from RM31.31 billion in 2023. Going forward, the local construction industry is forecast to grow from RM73.89 billion in 2025 to reach RM96.72 billion in 2029, registering a compound annual growth rate ("**CAGR**") of 7.8% for the forecast period of 2025 to 2029 (base year of 2024). Similarly, the civil engineering and special trade work sector is expected to remain on an expansionary trend, growing from a forecasted RM41.23 billion in 2025 to RM56.01 billion in 2029 at a CAGR of 8.6% for the forecast period.

Mechanical engineering generally refers to the research, design and development of physical or mechanical systems, covering vehicles, engines and biomechanical devices among others. It includes the combination of applications and understanding of associated underlying science and principles in static and dynamic mechanisms, kinematics, thermodynamics, heat transfer, material science, structures, fluid mechanics, energy systems and conversion with the use of mechanics, heat, fluids, materials and energy. On the other hand, electrical engineering generally refers to the research, design and development of electrical systems including power systems. It focuses on the study and application of electricity and electromagnetism, and deals with larger scale systems of electricity, power transmission and energy. The testing and commissioning of underground cables and accessories generally fall under electrical engineering.

Underground cables and accessories form a significant part of Malaysia's power transmission and distribution sector and encompasses a wide range of products, including low, medium, and high voltage cables, as well as other essential accessories such as cable joints, cable glands, terminators, and connectors. These cables are primarily made from copper or aluminium conductors and insulated with cross-linked polyethylene or ethylene propylene rubber, which offer high thermal and electrical performance. Underground cables are widely used in urban areas, industrial zones, and commercial developments where overhead lines are impractical due to space constraints, aesthetic considerations, or environmental regulations.

In Malaysia, demand for M&E engineering services is propelled by several key factors. The support from the Malaysian Government has played a crucial role in bolstering the local M&E engineering services market. Various government initiatives have been implemented that can foster growth within this market. For example, as outlined in Budget 2025, the allocation for development expenditure stood at RM86.0 billion (excluding RM2.0 billion earmarked for contingency reserves) and it is expected to provide catalysts for demand on M&E engineering services through the resulting infrastructures and housing development projects. In particular, initiatives and infrastructure spending by the Malaysian Government, such as the mass transit projects (mass rapid transit ("MRT"), light rail transit ("LRT"), and high-speed rail ("HSR") developments), have driven demand for underground cables and accessories.

The M&E engineering services market in Malaysia is poised to further capture new demand stemming from the continuing green energy transition in the country. Malaysia's commitment to the transition to renewable energy, particularly solar energy, has cultivated a positive and promising outlook for the local M&E engineering services market as well. In this case, TNB's Grid of the Future strategy, which is part of TNB's Energy Transition Plan, aims to modernise and digitise the country's grid and distribution infrastructure to support increased integration of distributed generations from existing and renewable energy sources. This bodes well for the development of underground cables and accessories. Also, many of the existing power infrastructure is ageing and requires upgrades to enhance efficiency, reliability and prevent outages. This can be seen from TNB actively upgrading and expanding its grid system, including replacing old cables and adopting modern technologies, which often rely on advanced underground cables and accessories for their operations.

At the same time, Malaysia has been experiencing a continuous rise in its urban population, which has led to the construction of new residential, commercial, and industrial buildings. The Malaysian M&E engineering services market counts on the local property market as one of its biggest sources of demand, as M&E engineering services are required in the construction of these properties. A higher demand for properties can lead to higher demand for M&E engineering services. In 2024, the Malaysian property market registered a total transaction volume of 420,545, reflecting a 5.4% growth in total transaction volume as compared to 399,008 in 2023. The rise in construction activities for real estate also signal increased demand for reliable power supply. Underground cables are increasingly preferred in urban locations to avoid the visual clutter of overhead lines, mitigate the risk of power outages from adverse weather, and improve public safety.

The M&E engineering services market in Malaysia, like the rest of the M&E engineering services markets worldwide, stands to have customers from a broad range of end-user markets – creating a steady pool of potential demand for M&E engineering services. M&E engineering services market players can look forward to demand for their services in the construction of industrial facilities (new or expansion) by manufacturers in many different manufacturing related sub-sectors such as automotive, electrical and electronic, chemical products, food and beverage, machinery and equipment, plastic products, steel products, paper products and furniture sub-sectors among others. They can also target many other non-manufacturing end-user markets such as property including data centre, telecommunications, renewable energy including solar energy, and power, as well as oil and gas among others.

The M&E engineering services market in Malaysia was valued at RM9.61 billion in 2024, which was an increase of 21.8% from RM7.89 billion registered in 2023. The growth in the local M&E engineering services market for 2024 was driven by robust building and infrastructure development activities in both private and public sectors against the backdrop of the continuing expansion in the local economy. Moving forward, the local M&E engineering services market is forecast to grow from RM10.86 billion in 2025 to reach RM16.82 billion in 2029, registering a CAGR of 11.9% for the forecast period of 2025 to 2029 (base year of 2024). Growth within the market is expected to be supported by the continuing initiatives and infrastructure spending by the Malaysian Government. Besides that, the market can look forward to demand from the continuing green energy transition in the country.

*(Source: Protégé Associates Sdn Bhd)*

#### **5.4 Future prospects of Steel Hawk Group**

The Group remains well-positioned to capitalise on the growth of the O&G services and equipment industry in Malaysia. Despite industry challenges such as crude oil price volatility and global supply chain disruptions, PETRONAS has maintained its focus on sustaining and expanding Malaysia's O&G production through continued capital expenditure and investments in exploration, development, and production activities. This ongoing industry investment presents opportunities for the Group to strengthen its market presence in all segments namely upstream, midstream and downstream.

As at the LPD, the Group has an outstanding estimated fixed contract value of approximately RM100.00 million and call-out contract maximum value of up to RM2.30 billion, amounting in aggregate to approximately RM2.40 billion. The Board remains focused on executing secured contracts while pursuing growth in the Group's onshore and offshore support services for the O&G industry. The progressive revenue recognition from the Group's existing orderbook is expected to provide earnings visibility for the next 5 years.

Further, as set out in **Section 3** of this announcement, the Group has recently secured several key contracts, including:-

- i. A term contract from PETRONAS Gas for operational pigging supply and services;
- ii. A subcontract from PETRA Resources for offshore living quarter maintenance and repair services for EPOMS offshore facilities in Sarawak;
- iii. An appointment as a panel contractor by PETRONAS to serve its downstream operating plant units for construction and modification work;
- iv. A term contract from PRPC for the supply of manpower for bagging operations at the solid product warehouse;
- v. A contract extension from PCSB for onshore facilities maintenance, construction, and modification services;
- vi. An appointment as a panel contractor by PCSB for provision of engineering, procurement, construction and commissioning services for remote operations;
- vii. A term contract from PCSB for the provision of splash zone structural repair and maintenance; and
- viii. A term contract from EPOMS for the provision of scaffolding services.

The Group proposes to reallocate RM7.00 million (51.85% of IPO proceeds) originally earmarked for the Teluk Kalung Facility 2 construction toward immediate working capital needs as set out in **Section 3** of this announcement, including raw material procurement and contract execution, to address urgent demands from newly secured projects. This material variation, requiring shareholder approval at an EGM, reflects revised priorities to deploy funds into higher-priority operational requirements while maintaining unutilized proceeds in interest-bearing accounts.

In addition to its core O&G Services Business, the Group is proposing to diversify into the Expanded EPCC Segment, as set out in **Section 2** of this announcement. This expansion builds on the Group's existing engineering, procurement, construction, commissioning, and project management capabilities to undertake projects in non-O&G sectors, including amongst others, utilities and power, industrial manufacturing, healthcare, defence, telecommunications and large-scale commercial projects. Further, the Collaboration Agreement for underground power cable installation and related works valued at approximately RM92.66 million represents the Group's first steps in establishing a track record in the Expanded EPCC Segment beyond the O&G sector.

The Expanded EPCC Segment is expected to provide the Group with a broader and more diversified customer base, additional revenue streams, and greater earnings stability, thereby reducing reliance on the cyclical O&G industry. The Board anticipates that the Expanded EPCC Segment may contribute significantly to the Group's earnings in the future and enhance long-term shareholder value.

Premised on the above, and barring any unforeseen circumstances, the Board expresses confidence in the Group's business strategy and remains optimistic about its future prospects. Moving forward, the Group will continue to pursue new business opportunities, optimize its operational capabilities, and reinforce its competitive positioning within Malaysia's O&G industry while building its presence in the broader EPCC market. The Group expects sustained growth in the downstream O&G sector, supported by continued investments in petroleum products and petrochemicals, while the Proposed Diversification into the Expanded EPCC Segment opens additional avenues for long-term revenue and earnings growth.

*(Source: Management of Steel Hawk)*

## **6. RISK FACTORS**

### **6.1 Business diversification risk**

The Proposed Diversification will result in the expansion of the Group's existing business activities to include the Expanded EPCC Segment, which will encompass, among others, engineering, procurement, construction and commissioning works across non-O&G sectors, including but not limited to mechanical and electrical infrastructure projects, installation, testing and commissioning of underground power cables and related components, substation-related works, transmission systems, civil and structural works, and large-scale projects in utilities, transportation, public facilities, industrial manufacturing, healthcare, and commercial developments.

While the Group has accumulated experience and expertise in providing EPCC services in the O&G sector, the Board believes that the same core capabilities, resources and project management expertise are applicable to the Expanded EPCC Segment in other sectors. Nevertheless, the Group's operational track record in these other potential sectors is limited, and such sectors may involve different market dynamics, regulatory environments, contractual norms, and operational risks. These may include changes in demand patterns, competition from established players, and differing technical or compliance requirements.

EPCC activities are project-based and subject to fluctuations in project availability, variations in scope of work, and changes in contract values. Accordingly, the Group's financial performance will depend on its ability to secure new projects on a recurring basis and to execute such projects within the agreed timelines, costs, and quality standards. In addition, the Expanded EPCC Segment is subject to external factors such as changes in government policies, regulatory requirements, economic conditions, and competition from other market participants. Delays, cost overruns, or failure to meet performance standards could adversely affect the Group's revenue, profitability, and reputation.

To mitigate these risks, the Group intends to build internal capabilities by recruiting personnel with the relevant technical and project management expertise, strengthening its operational systems and controls, and maintaining prudent financial management. The Group will also seek to collaborate with experienced industry partners and subcontractors to complement its resources and capabilities.

Notwithstanding these measures, there can be no assurance that the Group will be able to successfully manage the risks inherent in the Expanded EPCC Segment, and any failure to do so may materially affect its operational and financial performance.

## **6.2 Dependency on key personnel**

The success of the Proposed Diversification will depend, to an extent, on the skills, experience, and continued service of key management personnel involved in the Expanded EPCC Segment. The Group's existing EPCC activities in the O&G segment are already led by experienced personnel with transferable technical and project management skills, which is expected to be relevant and beneficial to the Expanded EPCC Segment. The loss of any such personnel without suitable and timely replacements could disrupt operations, delay project delivery, and adversely affect the Group's ability to secure and execute projects.

Recognising the importance of retaining key personnel, the Group will adopt appropriate measures such as competitive remuneration packages, performance incentives, and providing a conducive working environment to promote loyalty and productivity. The Group will also seek to develop a broader pool of experienced personnel, both through recruitment and by fostering internal talent development, to reduce reliance on any single individual.

While the Group's existing expertise provides a strong foundation for expansion into new sectors, the Expanded EPCC Segment in non-O&G industries may involve different operating environments, market dynamics, and regulatory frameworks, which could present sector-specific risks that the Group has not previously encountered. Accordingly, there can be no assurance that the loss of any key management personnel will not have a material adverse impact on the Group's operations in the Expanded EPCC Segment.

## **6.3 Competition risk**

The Group's Expanded EPCC Segment is expected to face competition from both established industry players and new entrants offering similar services. The targeted non-O&G sectors include electricity utilities, transportation and public infrastructure, industrial manufacturing, healthcare and institutional developments, and large-scale commercial projects. In these markets, some competitors may possess greater financial resources, more extensive track records, broader networks, and more integrated operations, enabling them to secure projects on more competitive terms.

To remain competitive, the Group aims to continuously enhance its operational efficiency, adopt industry best practices, maintain high service quality standards, and foster strong relationships with clients, partners, and suppliers. In pursuing these objectives, the Group will leverage its proven expertise, technical capabilities, and track record in delivering EPCC projects within the O&G industry to undertake similar works in these new sectors. The Group also intends to keep abreast of developments in construction technologies, safety standards, and regulatory requirements to ensure its offerings remain relevant and competitive.

Nevertheless, there can be no assurance that the Group will be able to compete effectively against existing and new competitors in these sectors. Any inability to do so could adversely affect its market share, revenue, and profitability.

## **7. EFFECTS OF THE PROPOSALS**

### **7.1 Issued share capital and substantial shareholders' shareholdings**

The Proposals will not have any effect on the issued share capital and the substantial shareholders' shareholdings in the Company as there is no issuance of new ordinary shares in Steel Hawk involved.

### **7.2 Net assets ("NA") and gearing level**

Barring any unforeseen circumstances, the Proposals are not expected to have any immediate material effect on the NA and gearing level of Steel Hawk Group for the FYE 31 December 2025. However, the earnings to be derived from the Expanded EPCC Segment may have a positive impact on the future NA of Steel Hawk Group.

### **7.3 Earnings and Earnings per Share ("EPS")**

The Proposals are not expected to have any immediate material effect on the earnings and EPS of Steel Hawk Group for the FYE 31 December 2025. Nevertheless, barring any unforeseen circumstances, the Proposed Diversification is expected to contribute positively to the future earnings and EPS of Steel Hawk Group.

## **8. APPROVALS REQUIRED**

The Proposals are subject to the following approvals being obtained:-

- i. the approval of shareholders of Steel Hawk at an EGM to be convened;
- ii. any other relevant authorities and/ or parties, if required.

The Proposed Variation and Proposed Diversification are not inter-conditional upon each other. Further, the Proposals are not conditional or inter-conditional upon any other corporate exercises being or proposed to be undertaken by the Company.

## **9. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS AND/ OR PERSONS CONNECTED TO THEM**

None of the Directors and/ or major shareholders of Steel Hawk and/ or persons connected to them have any interest, either direct or indirect, in the Proposals.

**10. DIRECTORS' STATEMENT**

The Board, after having considered all aspects of the Proposals including but not limited to the rationale, prospects and risk factors of the Proposals, is of the opinion that the Proposals are in the best interest of the Company.

**11. ESTIMATED TIMEFRAME FOR COMPLETION**

Barring any unforeseen circumstances and subject to all required approvals being obtained, the Proposals are expected to take effect immediately upon the convening of the EGM.

**12. ADVISER**

UOBKH has been appointed as the Adviser for the Proposals.

**This announcement is dated 29 August 2025.**