

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

I. PROPOSED TRANSFER; AND

II. PROPOSED ADOPTION

(COLLECTIVELY REFERRED TO AS THE "PROPOSALS")

1. INTRODUCTION

Reference is made to the announcement by UOB Kay Hian Securities (M) Sdn Bhd ("**UOBKH**") on behalf of the Board of Directors of Steel Hawk ("**Board**") dated 10 July 2023, in relation to the receipt of the letter from Radiant Capital Sdn Bhd and Dato' Sharman Kristy A/L Michael, being the major shareholders of Steel Hawk (collectively, the "**Proposers**"), requesting the Board to consider undertaking the Proposed Transfer ("**Proposal Letter**").

On behalf of the Board, UOBKH wishes to announce that the Board, save for Dato' Sharman Kristy A/L Michael, Salimi Bin Khairuddin, Khairul Nazri Bin Kamarudin and Datin Annie A/P V Sinniah (collectively, the "**Interested Directors**"), had deliberated on the Proposal Letter from the Proposers and agreed to undertake the following:-

- i. proposed voluntary withdrawal of listing of Steel Hawk from the LEAP Market of Bursa Malaysia Securities Berhad ("**Bursa Securities**") pursuant to Rules 8.05 and 8.06 of the LEAP Market Listing Requirements of Bursa Securities ("**LEAP Market Listing Requirements**") ("**Proposed Withdrawal**"); and
- ii. proposed listing of Steel Hawk on the ACE Market of Bursa Securities pursuant to Rules 3A.02(1) and 3A.02(2) of the ACE Market Listing Requirements of Bursa Securities ("**ACE Market Listing Requirements**") ("**Proposed Listing**"),

collectively referred to as the "**Proposed Transfer**".

In addition to the above and to facilitate the implementation of the Proposed Transfer, the Company proposes to adopt a new Constitution of Steel Hawk ("**Proposed Adoption**").

(The Proposed Transfer and Proposed Adoption are collectively referred to as the "**Proposals**")

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

2. DETAILS OF THE PROPOSED TRANSFER

2.1 Proposed Withdrawal

2.1.1 Requirements for the Proposed Withdrawal pursuant to the LEAP Market Listing Requirements

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

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

- a. the listed corporation convenes a general meeting to obtain its shareholders' approval and the circular to be sent to the shareholders includes the information set out in Appendix 8B of the LEAP Market Listing Requirements;
- b. the passing of the resolution for the withdrawal of listing is subject to the following conditions:-
 - i. the resolution is approved by a majority of shareholders, in number, representing 75% of the total number of issued securities held by the shareholders, present and voting either in person or by proxy at each meeting; and
 - ii. the number of votes cast against the resolution is not more than 10% of the total number of issued securities held by the shareholders, present and voting either in person or by proxy at each meeting;
- c. the shareholders are offered a reasonable cash alternative or other reasonable alternatives ("**Exit Offer**"); and
- d. the listed corporation appoints an independent adviser to advise and make recommendations for the consideration of the shareholders in connection with the withdrawal of its listing as well as the fairness and reasonableness of the Exit Offer ("**IA Appointment**").

Steel Hawk will comply with the requirements in Sections 2.1.1 (a) and (b) above. However, Steel Hawk will be seeking exemptions from complying with the requirements of Sections 2.1.1 (c) and (d), further details of which are set out in Section 2.1.2 of this announcement.

2.1.2 Proposed Exemptions

The Company, on behalf of the Proposers, intends to apply for an exemption from Bursa Securities from having to comply with the requirement for the Proposers to extend an Exit Offer to the minority shareholders of Steel Hawk ("**Minority Shareholders**") pursuant to Rule 8.06(1)(c) of the LEAP Market Listing Requirements and for the IA Appointment pursuant to Rule 8.06(1)(d) of the LEAP Market Listing Requirements (collectively referred to as the "**Proposed Exemptions**").

Accordingly, Steel Hawk shall procure irrevocable written undertakings from the Minority Shareholders to support the Proposed Exemptions and Proposed Withdrawal ("**Undertaking Letters**"), which indicate that the Minority Shareholders shall continue to hold and not dispose of, transfer or reduce their entire shareholdings in the Company until the completion or abortion of the Proposed Withdrawal.

2.2 Proposed Listing

The Proposed Listing entails the listing of and quotation for the enlarged issued share capital of Steel Hawk on the ACE Market of Bursa Securities. As at 10 July 2023, being the latest practicable date prior to the date of this announcement ("**LPD**"), the issued share capital of Steel Hawk is RM7,808,001 comprising 160,000,000 ordinary shares of Steel Hawk ("**Shares**").

Notwithstanding the above, as part of the Proposed Transfer, the Proposed Listing will also entail the listing of and quotation for the new Shares to be issued to the general public pursuant to a public offering subject to approval and conditions from Bursa Securities ("**Proposed Public Issue**"). The quantity, group of investors, basis of allotment, if applicable, issue price and the basis of determining the issue price for the new Shares to be issued as part of the Proposed Listing shall be determined at a later stage and disclosed, where applicable, in the circular to shareholders of Steel Hawk for the Proposals and prospectus pursuant to the Proposed Listing. An application will be submitted to Bursa Securities for the admission and listing of and quotation for the entire enlarged issued share capital of Steel Hawk on the ACE Market of Bursa Securities.

The new Shares will, upon allotment and issuance, rank equally in all respects with the existing Shares, including voting rights, and will be entitled to all rights, dividends and distributions that may be declared, paid or made subsequent to the date of allotment of the new Shares, subject to any applicable rules of Bursa Malaysia Depository Sdn Bhd.

2.3 Proposed Pre-listing Reorganisation

For information purposes, in conjunction with the Proposed Transfer and prior to the Proposed Listing, the Company intends to carry out a pre-listing reorganisation exercise which forms part of the price discovery mechanism for the Shares pursuant to the Proposed Transfer. The details of the pre-listing reorganisation exercise shall be determined at a later stage and disclosed, where applicable, in the circular to shareholders of Steel Hawk for the Proposals and prospectus pursuant to the Proposed Listing.

2.4 Utilisation of Proceeds

The proposed utilisation of proceeds will be determined at a later stage upon finalisation of the details of the offering including the number and the issue price of the new Shares to be issued pursuant to the Proposed Listing.

3. DETAILS OF THE PROPOSED ADOPTION

Steel Hawk proposes to adopt a new Constitution to substitute Steel Hawk's existing Constitution in its entirety to facilitate the implementation of the Proposed Transfer. In addition to facilitating the implementation of the Proposed Transfer, a new set of Constitution will be adopted to be in line with the ACE Market Listing Requirements. The details of the Proposed Adoption will be set out in a circular to shareholders of the Company, which will be issued to the Company's shareholders in due course.

4. RATIONALE AND JUSTIFICATION OF THE PROPOSALS

4.1 Proposed Transfer

Steel Hawk has been listed on the LEAP Market of Bursa Securities since 29 October 2021 and has since provided opportunities to Sophisticated Investors i.e. investors who fall within Part I of Schedules 6 or 7 of the Capital Market and Services Act 2007 to invest and participate in the equity of the Company. The Board intends to undertake the Proposed Transfer after taking into consideration, amongst others, the financial performance and growth prospects of the Company and larger equity capital market for future fund-raising exercises. Steel Hawk has not undertaken any equity fund-raising exercise in the past 12 months prior to the date of this announcement. The Proposed Listing will entail issuance of new Shares to amongst others, the Malaysian public, for the purpose of complying with the public shareholder shareholding requirement of the ACE Market Listing Requirements.

The Proposed Withdrawal is essentially aimed at facilitating the timely and efficient implementation of the Proposed Listing.

The Proposed Listing is expected to increase the liquidity of Shares by allowing a larger number of investors to engage in the trading of the Shares upon the listing on the ACE Market of Bursa Securities. In addition, the Proposed Listing will also provide the Company access to a bigger fundraising platform to support the Company's expansion plan and to realise the Company's long-term growth potential.

The Board believes that the Proposed Transfer will further enhance the Company's prestige, credibility and reputation and accord it with greater recognition from various stakeholders including its employees, customers, suppliers, business associates, financial institutions as well as investors.

4.2 Proposed Adoption

The Proposed Adoption is necessary to facilitate the implementation of the Proposed Transfer to ensure Steel Hawk's compliance with the ACE Market Listing Requirements. The Proposed Adoption will be implemented and effective simultaneously with the implementation of the Proposed Transfer.

5. EFFECTS OF THE PROPOSALS

The Proposed Adoption will not have any effect on the issued share capital, earnings and earnings per share ("**EPS**"), net assets and gearing and substantial shareholders' shareholdings of the Company. The effects of the Proposed Transfer on the issued share capital, earnings and EPS, net assets and gearing and substantial shareholders' shareholdings of the Company are set out below.

5.1 Issued share capital and substantial shareholders' shareholdings

The effects of the Proposed Transfer on Steel Hawk's issued share capital and shareholders' shareholdings will be determined at a later stage. However, the issued share capital of Steel Hawk is expected to increase and the substantial shareholders' shareholdings are expected to be diluted following the issuance of new Shares pursuant to the Proposed Listing.

5.2 Net assets and gearing

The pro forma effects of the Proposed Transfer on Steel Hawk's consolidated net assets and gearing will be determined at a later stage. However, the consolidated net assets and gearing are expected to improve pursuant to the increase in issued share capital of Steel Hawk after the Proposed Listing.

5.3 Earnings and EPS

The Proposed Transfer is not expected to have a material effect on the consolidated earnings of Steel Hawk and its subsidiaries ("**Steel Hawk Group**" or the "**Group**"). However, the EPS is expected to be diluted pursuant to the increase in issued share capital following the issuance of new Shares under the Proposed Listing.

5.4 Convertible Securities

As at the LPD, the Company does not have any outstanding convertible securities.

6. IMPACT OF THE PROPOSED TRANSFER

The Proposed Transfer is intended to increase the liquidity of Shares by allowing a larger pool of investors to engage in the trading of the Shares upon the listing of the Shares on the ACE Market of Bursa Securities and provide the Company access to a bigger fundraising platform to support the Company's expansion plan in order to realise the Company's long-term growth potential. Furthermore, as mentioned in Section 4.1 of this announcement, the Proposed Listing will further enhance the Company's prestige, credibility and reputation and accord it with greater recognition from various stakeholders including its employees, customers, suppliers, business associates, financial institutions as well as investors.

Notwithstanding this, the issuance of new Shares pursuant to the Proposed Public Issue would result in a dilution of shareholding for Steel Hawk's existing shareholders. The effect of the dilution will be determined at a later stage.

7. APPROVALS REQUIRED AND CONDITIONALITY

The Proposals are subject to and conditional upon approval being obtained from the following:-

- i. the shareholders of Steel Hawk at an extraordinary general meeting ("**EGM**") to be convened;
- ii. Bursa Securities, pursuant to Rule 8.06 of the LEAP Market Listing Requirements for the Proposed Withdrawal and pursuant to Rule 3.02 of the ACE Market Listing Requirements for the admission of Steel Hawk to the Official List and listing of and quotation for the entire enlarged issued share capital of Steel Hawk on the ACE Market of Bursa Securities;
- iii. Equity Compliance Unit of the Securities Commission Malaysia, for the resultant equity structure after the Proposed Transfer; and
- iv. any other approval, consent or permission that may be required for any relevant authority, if required.

The Proposals are inter-conditional upon each other. As such, the Proposed Adoption will take effect on the same date of the listing of and quotation for the entire issued share capital of Steel Hawk on the ACE Market of Bursa Securities.

Save for the above, the Proposals are not conditional upon any other corporate proposals undertaken or to be undertaken by the Company.

8. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS, CHIEF EXECUTIVE AND/ OR PERSONS CONNECTED TO THEM

Save as disclosed below, none of the Directors, major shareholders, chief executives and/ or persons connected to them has any interests, whether direct or indirect in the Proposals:-

- i. Radiant Capital Sdn Bhd (a major shareholder of Steel Hawk), is a Proposer for the Proposed Transfer. As at the LPD, it directly holds 73,440,020 Shares, representing 45.90% of the total issued Shares of Steel Hawk and is deemed interested in the Proposed Transfer;

- ii. Dato' Sharman Kristy A/L Michael (a director and major shareholder of Steel Hawk), is a Proposer for the Proposed Transfer. As at the LPD, he directly holds 51,359,980 Shares, representing 32.10% of the total issued Shares of Steel Hawk and is deemed interested in the Proposed Transfer;
- iii. Salimi Bin Khairuddin (a director and major shareholder of Steel Hawk), is also a director and shareholder of Radiant Capital Sdn Bhd. As at the LPD, he indirectly holds 73,440,020 Shares through Radiant Capital Sdn Bhd, representing 45.90% of the total issued Shares of Steel Hawk and is deemed interested in the Proposed Transfer;
- iv. Khairul Nazri Bin Kamarudin (a director and major shareholder of Steel Hawk), is also a director and shareholder of Radiant Capital Sdn Bhd. As at the LPD, he indirectly holds 73,440,020 Shares through Radiant Capital Sdn Bhd, representing 45.90% of the total issued Shares of Steel Hawk and is deemed interested in the Proposed Transfer; and
- v. Datin Annie A/P V Sinniah (a director and major shareholder of Steel Hawk), is a person connected to Dato' Sharman Kristy A/L Michael by virtue of her being his spouse. As at the LPD, she indirectly holds 51,359,980 Shares by virtue of Dato' Sharman Kristy A/L Michael's shareholding in Steel Hawk, representing 32.10% of the total issued Shares of Steel Hawk and is deemed interested in the Proposed Transfer.

(Collectively, the "**Interested Parties**")

However, since the Proposals affect the rights of all the shareholders of Steel Hawk and no specific shareholder or group of shareholders shall benefit from the Proposals, all shareholders of Steel Hawk are entitled to vote in respect of their direct and indirect shareholdings on the resolutions for the Proposals. In that regard, the Proposals are not regarded as related party transactions and no parties are conflicted under the provisions of the LEAP Market Listing Requirements. Accordingly, the Interested Parties are not required to abstain from voting in respect of their direct and/ or indirect shareholdings, if any, on the resolutions for the Proposals to be tabled at the EGM to be convened.

The Interested Directors have abstained and will continue to abstain from all deliberations and voting at the relevant Board meetings pertaining to the Proposed Transfer. The existing Directors and proposed Directors of Steel Hawk may be allocated with new Shares to be issued under the Proposed Public Issue. However, the details of the allocation have yet to be determined. The total allocation to the Directors and proposed Directors will not exceed 10% of the enlarged issued share capital. The allocation will be approved by the Board of which the respective Director or proposed Director shall abstain from Board deliberation in respect of their respective allocation.

9. DIRECTORS' STATEMENT

The Board (save for the Interested Directors), after having considered all relevant aspects of the Proposed Transfer, including the rationale and justification, effects and impact of the Proposed Transfer, is of the opinion that the Proposed Transfer is in the best interest of the Company and its shareholders.

The Board, after having considered all relevant aspects of the Proposed Adoption, is of the opinion that the Proposed Adoption is in the best interest of the Company and its shareholders, as the Proposed Adoption is necessary to facilitate the implementation of the Proposed Transfer to ensure Steel Hawk's compliance with the ACE Market Listing Requirements.

10. APPLICATION TO AUTHORITIES

The application for the Proposed Exemptions is expected to be made within 1 month from the date of this announcement.

The listing application, final copy of the prospectus and application for the Proposed Withdrawal pursuant to Rule 2.2 of Guidance Note 15A of the ACE Market Listing Requirements (collectively known as "**Applications for the Proposed Transfer**") shall be submitted at a later date subject to the approval from the shareholders of Steel Hawk on the Proposals at an EGM to be convened and upon completion of, amongst others, the due diligence as well as other preparation works. For clarification purposes, pursuant to Rule 3A.02(1)(a) of the ACE Market Listing Requirements, a transfer applicant must have been listed for at least 2 years on the LEAP Market at the time of application for transfer of listing. As such, the Applications for the Proposed Transfer shall only be submitted to Bursa Securities after 28 October 2023 (i.e. 2 years from 29 October 2021, being the listing date of Steel Hawk on the LEAP Market of Bursa Securities), which is targeted to be in the fourth quarter of 2023.

11. ADVISER

The Board has appointed UOBKH as the Principal Adviser and Sponsor for the Proposals.

12. ESTIMATED TIMEFRAME FOR COMPLETION

Subject to all the approvals being obtained and barring any unforeseen circumstances, the Proposals are expected to be completed by the second quarter of 2024. The tentative timeline for the implementation of the Proposals is as follows:

Events	Tentative timeline
EGM for the Proposals	Third quarter of 2023
Submission of Applications for the Proposed Transfer	Fourth quarter of 2023
Approval from Bursa Securities for the Proposed Transfer	Second quarter of 2024
Completion of the Proposals	Second quarter of 2024

13. IMPLICATIONS FOR NON-IMPLEMENTATION OF THE PROPOSED TRANSFER

In the event of non-implementation of the Proposed Transfer, Steel Hawk and its entire issued share capital would remain listed on the LEAP Market of Bursa Securities. Following which, the Company would not be able to tap into the larger pool of investors, which includes the Malaysian public, to raise funds for the Group. The non-implementation of the Proposed Transfer would not result in a dilution of shareholding of Steel Hawk's existing shareholders as there will be no further issuance of new Shares to the general Malaysian public. Nevertheless, the Group will continue with its business including its business plans and seek other source of funding and opportunities for its long-term growth.

14. FURTHER INFORMATION

Kindly refer to the attached Appendix I for further information on the Company.

This announcement is dated 12 July 2023.

INFORMATION ON STEEL HAWK

1. HISTORY AND PRINCIPAL ACTIVITIES

Steel Hawk was incorporated in Malaysia under the Companies Act 2016 on 29 December 2020 as a private limited company under the name of Steel Hawk Sdn Bhd and was subsequently converted into a public limited company on 8 July 2021. Steel Hawk has been listed on the LEAP Market of Bursa Securities for close to 2 years since 29 October 2021.

As at the LPD, the Company has 2 subsidiaries, namely Steel Hawk Engineering Sdn Bhd and Steel Hawk Defence Sdn Bhd and does not have any associated or joint venture company.

The Group is principally involved in the provision of engineering, procurement, construction and commissioning ("**EPCC**") services for chemical injection skids and improvement/ maintenance of topside oil and gas ("**O&G**") facilities. Over the years, the Group had progressively expanded beyond its expertise in the improvement/ maintenance of pipelines to include the installation and maintenance of oilfield equipment in topside O&G facilities (i.e. pig trap system, fire rated doors or oil spill recovery equipment) as well as the supply of such oilfield equipment and their parts and components. Further details on the principal activities of the Group are as follows:-

Company	Effective equity interest (%)	Date and place of incorporation	Principal place of business	Principal activities
Steel Hawk Engineering Sdn Bhd	100.00	3 October 2012 Malaysia	Malaysia	Provision of onshore and offshore support services for the O&G industry
Steel Hawk Defence Sdn Bhd	100.00	18 April 2022 Malaysia	Malaysia	Supply, maintenance, design, sales, technical training for defence engineering equipment, supply and maintenance of safety gear products/devices and other support services and service provider of fire and explosion protection systems

2. SHARE CAPITAL

As at the LPD, the issued share capital of Steel Hawk is RM7,808,001 comprising 160,000,000 Shares. As at the LPD, Steel Hawk does not have any convertible securities.

3. PUBLIC SHAREHOLDING SPREAD

As at the LPD, approximately 22.00% of the total number of issued Shares is held by 6 public shareholders.

Pursuant to Rule 3.10 of the ACE Market Listing Requirements, a company is required to meet a public shareholding spread of at least 25% of the total number of listed shares (excluding treasury shares) to be in the hands of a minimum number of 200 public shareholders holding not less than 100 Shares each ("**ACE Market Public Spread Requirements**").

The Company undertakes to comply with the ACE Market Public Spread Requirements upon the completion of the Proposed Transfer.

INFORMATION ON STEEL HAWK

4. SUMMARY OF FINANCIAL INFORMATION

The historical audited consolidated statement of profit or loss and other comprehensive income information for the financial years ended ("FYE(s)") 31 December 2020 to 31 December 2022 have been extracted from the audited consolidated financial statements of the Company for the respective years and are set out below:-

	<-----FYE 31 December----->		
	2020	2021	2022
	RM'000	RM'000	RM'000
Revenue	19,865	24,845	66,326
Cost of sales	(9,793)	(14,029)	(51,242)
Gross profit ("GP")	10,072	10,816	15,084
Other income	280	172	76
Administrative expenses	(6,075)	(7,586)	(6,451)
Net loss on impairment of financial instrument	-	-	(69)
Results from operating activities	4,277	3,402	8,640
Finance income	93	12	25
Finance costs	(354)	(270)	(470)
Profit before tax ("PBT")	4,016	3,144	8,195
Tax expense	(1,067)	(1,064)	(2,384)
Profit after tax ("PAT")	2,949	2,080	5,811
Earnings before interest, tax, depreciation and amortisation ("EBITDA") ^{*1}	4,996	4,130	9,427
No. of Shares in issue ('000)	- ^{*2}	160,000	160,000
Basic EPS (sen)	1.84 ^{*3}	1.30	3.63
Dividends declared for the financial year (RM)	1,858	-	624
Dividends per share (sen)	-	1.16	0.39
GP margin (%) ^{*4}	50.70	43.53	22.74
EBITDA margin (%) ^{*5}	25.15	16.62	14.21
PBT margin (%) ^{*6}	20.22	12.65	12.35
PAT margin (%) ^{*7}	14.85	8.37	8.76

Notes:-

^{*1} EBITDA is computed as follows:-

	<-----FYE 31 December----->		
	2020	2021	2022
	RM'000	RM'000	RM'000
PBT	4,016	3,144	8,195
Less:-			
Finance income	(93)	(12)	(25)
Add:-			
Finance costs	354	270	470
Depreciation of property, plant and equipment	518	541	593
Amortisation of rights-of-use assets	201	187	194
EBITDA	4,996	4,130	9,427

^{*2} Comprising 40 ordinary shares.

^{*3} The EPS of the Company for the FYE 31 December 2020 is calculated as if the Restructuring Exercise (as defined below) had occurred before the start of the FYE 31 December 2020.

In conjunction with the Company's listing on the LEAP Market of Bursa Securities on 29 October 2021, the following listing scheme was undertaken by the Company:-

- i. On 12 April 2021, the Company entered into a conditional share sale agreement to acquire the entire issued share capital of Steel Hawk Engineering Sdn Bhd ("SHESB") from the shareholders of SHESB for a purchase consideration of RM4,607,999. The said purchase consideration was fully satisfied by the issuance of 143,999,960 new ordinary shares at an issue price of RM0.032 per Share to the shareholders of SHESB ("Acquisition of SHESB"); and

INFORMATION ON STEEL HAWK

- ii. On 25 October 2021, the Company issued 16,000,000 new Shares at the issue price of RM0.20 per Share, amounting to RM3,200,000 by way of private placement to selected Sophisticated Investors ("**Private Placement**").

(The Acquisition of SHESB and Private Placement are collectively referred to as the "**Restructuring Exercise**")

*4 Computed based on GP divided by revenue for the respective financial years.

*5 Computed based on EBITDA divided by revenue for the respective financial years.

*6 Computed based on PBT divided by revenue for the respective financial years.

*7 Computed based on PAT divided by revenue for the respective financial years.

There were no shares of profit/ loss from associates and joint ventures companies as Steel Hawk does not have any associates and joint ventures companies. There were no profit/ loss attributable to non-controlling interest as all subsidiaries are wholly owned by Steel Hawk.

Financial analysis and commentary:-

FYE 31 December 2021

For the FYE 31 December 2021, the Group recorded a revenue of RM24.85 million, which represents an increase of revenue of RM4.98 million or 25.06% as compared to the revenue for the preceding year of RM19.87 million. The increase in revenue was mainly due to the increase in revenue for the Group's EPCC services and facilities improvement/ maintenance segment of RM6.29 million to RM18.24 million in the FYE 31 December 2021 (FYE 31 December 2020: RM11.95 million), as there was an increase in work orders from facility improvement projects (FIP) that were secured by the Group following the recovery from the COVID-19 pandemic.

The Group recorded a gross profit of RM10.82 million in the FYE 31 December 2021, which represents an increase in gross profit of RM0.75 million or 7.45% as compared to the gross profit for the preceding year of RM10.07 million, in tandem with the revenue growth for the FYE 31 December 2021.

The Group recorded a PBT of RM3.14 million in the FYE 31 December 2021, which represents a decrease of RM0.88 million or 21.89% as compared to the PBT for the preceding year of RM4.02 million, mainly due to higher administrative expenses in the FYE 31 December 2021 that was mainly attributable to expenses incurred for the listing of the Group on the LEAP Market of Bursa Securities.

FYE 31 December 2022

For the FYE 31 December 2022, the Group recorded a revenue of RM66.33 million, which represents an increase of revenue of RM41.48 million or more than 100% as compared to the revenue for the preceding year of RM24.85 million. The increase in revenue was mainly due to the increase in revenue for the Group's EPCC services and facilities improvement/ maintenance segment of RM39.55 million to RM57.79 million in the FYE 31 December 2022 (FYE 31 December 2021: RM18.24 million). The increase in revenue from this segment was primarily attributable to the Group securing a new customer during the year, in which this particular customer had contributed to RM25.00 million in revenue to the Group.

The Group recorded a gross profit of RM15.08 million in the FYE 31 December 2022, which represents an increase in gross profit of RM4.26 million or 39.37% as compared to the gross profit for the preceding year of RM10.82 million, in tandem with the revenue growth for the FYE 31 December 2022.

The Group recorded a PBT of RM8.20 million in the FYE 31 December 2022, which represents an increase of RM5.06 million or more than 100% as compared to the PBT for the preceding year of RM3.14 million, mainly due to the increase in revenue as explained above.

INFORMATION ON STEEL HAWK

5. DETAILS AND STATUS OF THE UTILISATION OF PROCEEDS FROM THE LISTING OF STEEL HAWK ON LEAP MARKET OF BURSA SECURITIES

The details of utilisation of proceeds raised from the listing of Steel Hawk on LEAP Market of Bursa Securities ("IPO Proceeds") and its status are as follows:-

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

Notes:-

¹ As indicated in the Steel Hawk's Information Memorandum pursuant to the Company's listing on LEAP Market of Bursa Securities ("**Information Memorandum**") dated 10 September 2021, the Group had intended to utilise the IPO 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 the Group's workshop facility yard at Teluk Kalong, Kemaman Terengganu;
- 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 the 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 the Group's listing expenses in relation to its listing on the LEAP Market of Bursa Securities which includes professional fees, placement fees, regulatory fees and other miscellaneous expenses.

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

As at the LPD, Steel Hawk has fully utilised the IPO Proceeds.

INFORMATION ON STEEL HAWK

6. DETAILS AND STATUS OF THE BUSINESS FUTURE PLANS AS DISCLOSED WITHIN THE INFORMATION MEMORANDUM

Section	Disclosures in the Information Memorandum	Current status
<u>Section 4.11(i)</u>	<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 Kalong, 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.</p> <p>This is also a strategy to obtain the Vendor Development Programme ("VDP") by Petroliam Nasional Berhad ("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.</p> <p>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 IPO Proceeds.</p>	<p>Subsequent to the listing of the Company on the LEAP Market of Bursa Securities, Steel Hawk has completed the setup of 2 fire rated door accessories assembly lines at the Group's workshop facility in Teluk Kalong, Kemaman, Terengganu.</p> <p>The Company remains committed to its existing strategy of obtaining the VDP status by actively engaging in promoting and advertising its services as an ongoing effort to achieve recognition from PETRONAS.</p>

INFORMATION ON STEEL HAWK

Section	Disclosures in the Information Memorandum	Current status
<u>Section 4.11(ii)</u>	<p>We have secured an umbrella contract in May 2018 from PETRONAS Carigali Sdn Bhd, for the provision of drilling fluids and associated services for petroleum arrangement contractors. This umbrella contract is valid until May 2023.</p> <p>Under this umbrella contract (which has no fixed value), PETRONAS Carigali Sdn Bhd may issue work orders for the abovementioned services as and when required over the duration of the umbrella contract. We will then submit a tender for each work order and compete with the other pre-qualified service providers to secure the work order. In order to capitalise on our existing umbrella contract, we intend to strengthen our position in closed bidding activities to secure work orders. 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 stated in Section 5 of Appendix I of this announcement, the Group had on 20 June 2022 accepted the letter of award dated 17 June 2022 from Sigma in relation to the provision of the design, supply manufacture and delivery of 9 chemical injection skids under the EMAS Project. As such, RM0.73 million of the IPO 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>
<u>Section 4.11(iii)</u>	<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 the Company on the LEAP Market of Bursa Securities, the Group had managed expand its customer base by securing 9 new customers in the FYE 31 December 2022. Pursuant to the securing of these new customers, the revenue contribution by PETRONAS group had decreased to 54.47% of the Group's total revenue in the FYE 31 December 2022 (FYE 31 December 2021: 85.84%).</p>

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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="1" data-bbox="598 435 1447 711"> <thead> <tr> <th data-bbox="598 435 1011 459">Potential customers</th> <th data-bbox="1039 435 1209 459">Validity period</th> </tr> </thead> <tbody> <tr> <td data-bbox="598 492 1011 516">Federal Land Development Authority</td> <td data-bbox="1039 492 1393 516">12 March 2021 – 14 March 2024</td> </tr> <tr> <td data-bbox="598 548 882 573">Tenaga Nasional Berhad</td> <td data-bbox="1039 548 1421 573">25 March 2021 – 14 February 2024</td> </tr> <tr> <td data-bbox="598 605 941 630">Sime Darby Plantation Berhad</td> <td data-bbox="1039 605 1428 630">20 January 2021 – 20 January 2023</td> </tr> <tr> <td data-bbox="598 662 1011 711">Suruhanjaya Perkhidmatan Air Negara</td> <td data-bbox="1039 662 1349 686">22 May 2021 – 21 May 2024</td> </tr> </tbody> </table> <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	Sime Darby Plantation Berhad	20 January 2021 – 20 January 2023	Suruhanjaya Perkhidmatan Air Negara	22 May 2021 – 21 May 2024	<p>Notwithstanding the above, PETRONAS group's revenue still accounts for over 50% of the Group's total revenue for the FYE 31 December 2022. As such, the Group intends to continue with its current strategy by fostering collaboration and strengthening relationships with its existing customers, and at the same time expanding its customer base by participating in tender activities to secure new customers.</p>
Potential customers	Validity period											
Federal Land Development Authority	12 March 2021 – 14 March 2024											
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Sime Darby Plantation Berhad	20 January 2021 – 20 January 2023											
Suruhanjaya Perkhidmatan Air Negara	22 May 2021 – 21 May 2024											
<u>Section 4.11(iv)</u>	<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.</p> <p>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, the Group has yet to secure any significant contracts or purchase orders from international customers. Notwithstanding this, the Group is currently engaged in active efforts to identify and negotiate with customers in Brunei and Indonesia as well as countries in the Middle East and Asia region.</p> <p>Furthermore, the Group intends to participate in forums and conventions, and to leverage these platforms to broaden its network and establish connections with prospective international clients.</p>										