

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

PROPOSED BONUS ISSUE OF 240,000,000 NEW ORDINARY SHARES IN STEEL HAWK ("STEEL HAWK SHARE(S)" OR "SHARE(S)") ("BONUS SHARE(S)") ON THE BASIS OF 3 BONUS SHARES FOR EVERY 2 EXISTING STEEL HAWK SHARES HELD ON AN ENTITLEMENT DATE TO BE DETERMINED LATER ("PROPOSED BONUS ISSUE")

Unless otherwise stated, all abbreviations used herein shall have the same meanings as defined in the announcements dated 10 July 2023 and 12 July 2023, which set out the details of the Proposed Transfer.

Reference is made to the earlier announcement dated 12 July 2023 in relation to the Proposed Transfer ("**First Announcement**").

1. INTRODUCTION

On behalf of the Board of Directors of Steel Hawk ("**Board**"), UOB Kay Hian Securities (M) Sdn Bhd ("**UOBKH**") wishes to announce that the Company proposes to undertake a bonus issue of 240,000,000 new Steel Hawk Shares on the basis of 3 Bonus Shares for every 2 existing Steel Hawk Shares held on an entitlement date to be determined later ("**Entitlement Date**").

For information purposes, the Proposed Bonus Issue is intended to be undertaken by the Company purely as a pre-listing reorganisation exercise prior to the Proposed Transfer, where it forms an integral part of the Company's listing of and quotation for its enlarged issued share capital on the ACE Market of Bursa Malaysia Securities Berhad ("Bursa Securities") pursuant to the Proposed Transfer, as highlighted in the First Announcement.

Further details on the Proposed Bonus Issue are set out in the ensuing sections.

2. DETAILS OF THE PROPOSED BONUS ISSUE

2.1 Basis and number of Bonus Shares to be issued

As at 20 October 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 Shares.

The Proposed Bonus Issue entails the issuance of 240,000,000 Bonus Shares to be credited as fully paid-up on the basis of 3 Bonus Shares for every 2 existing Steel Hawk Shares held by the entitled shareholders on the Entitlement Date.

The basis of the Proposed Bonus Issue of 3 Bonus Shares for every 2 existing Steel Hawk Shares was arrived at after taking into consideration the potential enhancement of the marketability and trading liquidity of the enlarged Steel Hawk Shares on the ACE Market of Bursa Securities, pursuant to the Proposed Listing.

For illustration purposes, based on the lowest daily volume weighted average share price of Steel Hawk Shares for the 3 months up to the LPD of RM0.280, the theoretical ex-bonus share price of Steel Hawk Shares is RM0.112 after the Proposed Bonus Issue.

The fractional entitlements arising from the Proposed Bonus Issue, if any, will be disregarded and/ or dealt with by the Board in such manner as it may in its absolute discretion deem fit or expedient and in the best interest of the Company.

For the avoidance of doubt, the Proposed Bonus Issue will not be implemented on a staggered basis over a period of time. The Proposed Bonus Issue will be implemented and completed prior to the Proposed Transfer.

2.2 No capitalisation of reserves

The Bonus Shares will be issued as fully paid, at no consideration and without capitalisation of the Company's reserves. As such, the requirement to ensure that Steel Hawk has sufficient reserves to cover for capitalisation of the bonus issue pursuant to Rule 5.13(2) of the LEAP Market Listing Requirements of Bursa Securities is not applicable for the Proposed Bonus Issue. For the avoidance of doubt, the Proposed Bonus Issue will increase the total number of Steel Hawk Shares in issue but will not increase the total value of the issued share capital of the Company.

2.3 Ranking of the Bonus Shares

The Bonus Shares will, upon allotment and issuance, rank equally in all respects with the then existing Steel Hawk Shares, save and except that the holders of such new Shares shall not be entitled to any dividends, rights, allotments and/ or other distributions that may be declared, made or paid where the entitlement date precedes the allotment and issuance of the Bonus Shares.

2.4 Listing of and quotation for the Bonus Shares

An application has been made to Bursa Securities for the listing of and quotation for the Bonus Shares on the LEAP Market of Bursa Securities. Upon completion of the Proposed Bonus Issue and prior to the Proposed Transfer, the issued share capital of Steel Hawk will increase from 160,000,000 Shares to 400,000,000 Shares.

3. RATIONALE AND JUSTIFICATION

The Proposed Bonus Issue is a pre-listing reorganisation exercise intended to be undertaken by the Company in conjunction with, and as an integral part of the Company's listing of and quotation for its enlarged issued share capital on the ACE Market of Bursa Securities pursuant to the Proposed Transfer. Upon the listing of the Bonus Shares and subject to the completion of the Proposals, the enlarged share base of Steel Hawk is expected to enhance the marketability and trading liquidity of Steel Hawk Shares on the ACE Market of Bursa Securities.

4. EFFECTS OF THE PROPOSED BONUS ISSUE

4.1 Issued share capital

The pro forma effects of the Proposed Bonus Issue on the issued share capital of Steel Hawk are set out below:-

	No. of Shares	RM
Issued share capital as at the LPD	160,000,000	7,808,001
New Steel Hawk Shares to be issued pursuant to the Proposed Bonus Issue	240,000,000	-
Enlarged share capital	<u>400,000,000</u>	<u>7,808,001</u>

4.2 Net assets ("NA") and gearing

Based on the latest audited consolidated statements of financial position of Steel Hawk and its subsidiaries ("**Group**") as at 30 June 2023, the pro forma effects of the Proposed Bonus Issue on the NA per Share and gearing of the Group are as follows:-

	Audited as at 30 June 2023 RM'000	After the Proposed Bonus Issue RM'000
Share capital	7,808,001	7,808,001
Restructuring reserves	(3,107,999)	(3,107,999)
Retained earnings	13,382,501	13,382,501
Shareholders' equity/ NA	18,082,503	18,082,503
No. of Shares in issue ('000)	160,000,000	400,000,000
NA per Share (RM)	0.11	0.05
Total Borrowings (RM'000)	11,216,748	11,216,748
Gearing (times)	0.62	0.62

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4.3 Substantial shareholding structure

The Proposed Bonus Issue will not have any effect on the substantial shareholding percentage as the Bonus Shares will be allotted on a pro-rata basis to all shareholders of the Company. However, there will be a proportionate increase in the number of Shares held by each substantial shareholder. The pro forma effects of the Proposed Bonus Issue on the substantial shareholders' shareholdings in the Company are set out below:-

Substantial shareholders	Shareholdings as at the LPD				After the Proposed Bonus Issue			
	<-----Direct----->		<-----Indirect----->		<-----Direct----->		<-----Indirect----->	
	No. of shares	% ^{*1}	No. of shares	% ^{*1}	No. of shares	% ^{*2}	No. of shares	% ^{*2}
Radiant Capital	73,440,020	45.90	-	-	183,600,050	45.90	-	-
Salimi Bin Khairuddin	-	-	73,440,020 ^{*3}	45.90	-	-	183,600,050 ^{*3}	45.90
Khairul Nazri Bin Kamarudin	-	-	73,440,020 ^{*3}	45.90	-	-	183,600,050 ^{*3}	45.90
Dato' Sharman	35,359,980	22.10	16,000,000 ^{*4}	10.00	88,399,950	22.10	40,000,000 ^{*4}	10.00
Datin Annie A/P V Sinniah	16,000,000	10.00	35,359,980 ^{*5}	22.10	40,000,000	10.00	88,399,950 ^{*5}	22.10

Notes:-

*1 Based on the Company's issued share capital of 160,000,000 Shares as at the LPD.

*2 Based on the Company's enlarged issued share capital of 400,000,000 Shares pursuant to the Proposed Bonus Issue.

*3 Deemed interested by virtue of his shareholding in Radiant Capital pursuant to Section 8 of the Act.

*4 Deemed interested by virtue of his family relationship with Datin Annie A/P V Sinniah pursuant to Section 8 of the Act.

*5 Deemed interested by virtue of her family relationship with Dato' Sharman pursuant to Section 8 of the Act.

4.4 Earnings and earnings per Share ("EPS")

The Proposed Bonus Issue is not expected to have a material effect on the consolidated earnings of 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 Bonus Issue.

4.5 Convertible securities

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

5. APPROVALS REQUIRED

The Proposed Bonus Issue is subject to the following approvals:-

- i. Bursa Securities, for the listing of and quotation for the Bonus Shares on the LEAP Market of Bursa Securities; and
- ii. the shareholders of Steel Hawk for the Proposed Bonus Issue to be tabled as special business at the EGM of the Company to be convened. The voting on the resolution pertaining to the Proposed Bonus Issue at the EGM will be taken via poll.

The Proposed Bonus Issue is not conditional upon the Proposed Transfer and Proposed Adoption (as defined in the First Announcement). The Proposed Bonus Issue is not conditional upon any other proposals undertaken or to be undertaken by the Company.

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

None of the Directors, major shareholders of the Company, chief executive and/ or persons connected to them have any interest, either direct or indirect, in the Proposed Bonus Issue, save for their respective entitlements as shareholders of the Company, which the Bonus Shares are also available to all other shareholders of the Company.

7. DIRECTORS' STATEMENT

The Board, having considered all aspects of the Proposed Bonus Issue, is of the opinion that the Proposed Bonus Issue is in the best interest of the Company.

8. ESTIMATED TIMEFRAME FOR COMPLETION

Barring any unforeseen circumstances and subject to all required approvals being obtained, the Proposed Bonus Issue is expected to be completed by the second quarter of 2024.

9. APPLICATION TO THE AUTHORITIES

An application has been made to Bursa Securities for the listing of and quotation for the Bonus Shares on the LEAP Market of Bursa Securities.

10. ADVISER

UOBKH has been appointed as the Approved Adviser for the Proposed Bonus Issue.

This announcement is dated 27 October 2023.