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The Board of Directors
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17 JUL 2024

Dear Sirs/Madams,

Independent Market Research Report on the Oil and Gas Services and Equipment Industry in Malaysia and the Overview and Outlook of the Renewable Energy Industry in Malaysia ("IMR Report")

Protégé Associates Sdn Bhd ("**Protégé Associates**") has prepared this IMR Report for inclusion in the Prospectus of Steel Hawk Berhad ("**Steel Hawk**" or the "**Company**") in connection with the initial public offering of 134,700,000 ordinary shares in the Company in conjunction with the transfer listing of Steel Hawk from the LEAP Market of Bursa Malaysia Securities Berhad ("**Bursa Securities**") to the ACE Market of Bursa Securities.

We have been engaged to provide an independent market research of the abovementioned industry in which Steel Hawk and its subsidiaries ("**Steel Hawk Group**", or the "**Group**") operate in. The market research process undertaken involved secondary research as well as detailed primary research when required, which involves interviews with the relevant stakeholders of the industry to discuss the state of the industry. Quantitative market information could be sourced from such interviews and therefore, the information is subject to fluctuations due to changes in business, industry and economic conditions.

We have prepared this IMR Report in an independent and objective manner and have taken adequate care to ensure the accuracy and completeness of the report. We believe that this IMR Report presents a balanced view of the industry within the boundaries and limitations of secondary statistics, primary research and continued industry movements. Our research has been conducted to present an overall view of the industry and may not necessarily reflect the performance of individual companies in this industry. Protégé Associates is not responsible for the decisions and/ or actions of the readers of this report. This report should also not be considered as a recommendation to buy or not to buy the shares of any company or companies as mentioned in this report.

Yours sincerely,

SEOW CHEOW SENG
Managing Director

About Protégé Associates Sdn Bhd

Protégé Associates is an independent market research and business consulting company. Our market research reports provide an in-depth industry and business assessment for companies raising capital and funding in the financial markets; covering their respective market dynamics such as market size, key competitive landscape, demand and supply conditions, government regulations, industry trends and the outlook of the industry.

Profile of signing partner, Seow Cheow Seng

Seow Cheow Seng is the Managing Director of Protégé Associates. He has 24 years of experience in market research, having started his career at Frost & Sullivan where he spent 7 years. He has a Master in Business Administration from Charles Sturt University, Australia and Bachelor of Business majoring in Marketing from RMIT University, Australia.

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The research for this IMR Report was completed on July 2024.

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1.0 Introduction to Oil and Gas Services and Equipment ("OGSE")

The oil and gas industry revolves around the exploration, extraction and processing of crude oil and natural gas, and is segmented into upstream, midstream and downstream sectors. The upstream sector involves the exploration, development and extraction of crude oil or gas from onshore or offshore oil or gas fields. The midstream sector involves transporting of crude and refined petroleum products to refinery, processing and storage facilities. Lastly, the downstream sector involves refining of crude oil, processing of natural gas, manufacturing of petroleum and petrochemical products, and marketing and retailing of petroleum and petrochemical products to end-users.

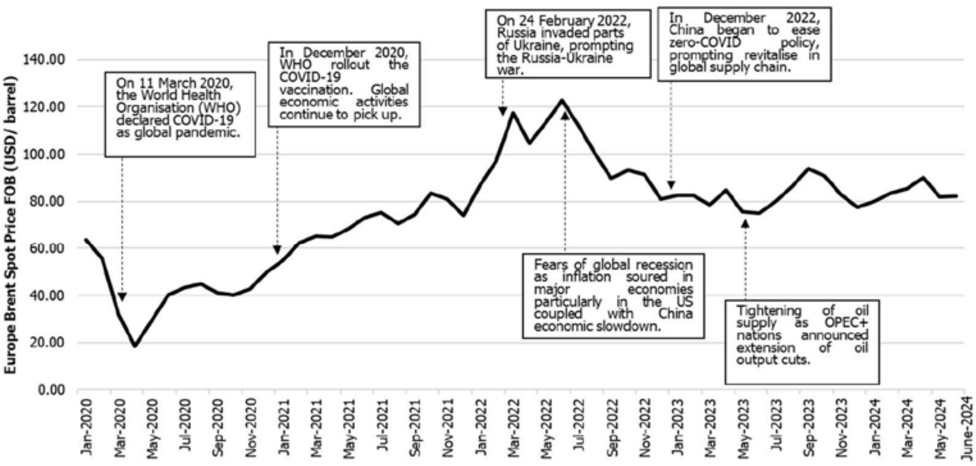
OGSE refers to broad categories of products and services that support the needs of the oil and gas value chain from upstream to downstream sectors. In Malaysia, the OGSE can be divided into 2 types, namely standardized work and equipment categories ("SWECs") for services and SWECs for products as classified by Petroliam Nasional Berhad ("PETRONAS"). Some examples of SWECs for services include provision of geophysical services, electrical engineering and maintenance, engineering design, production/drilling/workover associated services, marine transportation and support services, onshore and offshore facilities construction as well as pipeline and associated services. On the other hand, some examples of SWECs for products include chemicals, drilling equipment and materials, electrical, instrumentation, insulation, pipes, mechanical, rotating equipment, civil and structural, subsea and valves.

1.1 Overview of the Global Oil and Gas Industry

The world crude oil production increased by 0.57% from 72.82 million barrels per day in 2022 to 73.24 million barrels per day in 2023. The Middle East region remained as the largest crude oil producing region, contributing 23.81 million barrels per day while the Asia-Pacific region contributed 6.21 million barrels per day in 2023. On a closer look, the top 5 crude oil producing countries in the world in 2023 were the United States of America, Saudi Arabia, Russia, Iraq and China while in the Asia-Pacific region, major crude oil producing countries are China, India, Indonesia and Malaysia. Major crude oil producing countries in the Middle East region include Iran, Iraq, Kuwait, Oman, Saudi Arabia and United Arab Emirates.

As prices of crude oil have been cyclical, Protégé Associates has used the historical price movements of the Europe Brent Spot Price free on board ("FOB") as a proxy for the overall price trend of crude oil in the world. The diagram below depicts the movement of monthly crude oil prices since 2020 up to January 2024. Prior to 2020, the crude oil price hovered between USD60.00 to USD75.00 per barrel notably influenced by trade dispute between the United States of America ("US") and China as well as slowing global economic growth.

Figure 1: Historical Monthly Crude Oil Price, January 2020 to June 2024



Source: Protégé Associates

In 2020, the crude oil prices have been under heavy downward pressures due to 2 major shocks to the world economy; the price war sparked by Saudi Arabia and the fuel demand destruction caused by the Coronavirus Disease 2019 ("COVID-19") pandemic. The crude oil prices had plummet from USD63.65 per barrel in January 2020 to USD18.38 per barrel in April 2020, caused by contraction in global oil demand and massive selloffs amid a significant global oversupply. Nonetheless, oil demand had picked up in the second half of the year and global oversupply of oil has gradually alleviated as movement and travel restrictions eased and economic activities resumed in many countries. Furthermore, news of the roll-out of COVID-19 vaccines raised optimism on oil demand recovery. By December 2020, the crude oil rose to USD49.99 per barrel.

In 2021, the crude oil prices continued to recover despite a resurgence in COVID-19 cases. The rise in demand for oil following a recovery in economic activities quickly eliminated the oil glut situation, and with oil producers unable to promptly resume production which led to demand outpaced supply. The Organization of Petroleum Exporting Countries ("OPEC") and its allies (collectively known as OPEC+) agreed to production cut in late 2020 as well as limit production increases throughout 2021 to support higher crude oil prices. The crude oil prices increased from USD54.77 per barrel in January 2021 to USD74.17 per barrel in December 2021 (the average price was USD70.86 per barrel for 2021).

In 2022, the crude oil prices continued to climb higher. The global supply chain experienced disruptions as a result to the war between Russia and Ukraine. Russia's involvement in the war has raised concerns about the country's oil supply given its position as one of the largest exporters of oil globally. Crude oil prices have hovered between USD100.45 and USD122.71 per barrel from March to August 2022. Subsequently, due to recession fears in some major economies as well as the economic slowdown in China, the crude oil prices dipped below USD100.00 per barrel in September 2022. With the OPEC+ production cuts in place, crude oil prices stabilise at USD80.92 by the end of December 2022. On top of that, China's decision to ease its' COVID-19 Zero Policy in December 2022 also served to further support the oil prices (the average price was USD100.78 per barrel in 2022).

On 2 April 2023, OPEC+ announced a further production cut of 1.16 million barrels per day. Following this, Saudi Arabia pledged an additional voluntary reduction in output by 1 million barrels for July. In November, OPEC+ agreed to extend the production cuts into the first quarter of 2024. Further, China's economic recovery has continued to keep crude oil prices stable. By December 2023, the crude prices stood at USD77.63 (the average price was USD82.47 per barrel for 2023). The crude oil prices stood at USD82.25 in June 2024.

The world marketed production of natural gas was consistent for 2021 and 2022, with production amounting to 4.256 trillion standard cubic meters and 4.283 trillion standard cubic meters respectively. After the Americas (1.31 billion standard cubic metres) and Eurasia (869,331.00 million standard cubic metres), the Middle East region was the 3rd largest regional source of marketed production of natural gas, contributing 756,577.00 million standard cubic metres of the world marketed production of natural gas in 2023 while the Asia-Pacific region stood at 723,171.00 million standard cubic metres in 2023. On a closer look, the 5 countries with the highest marketed production of natural gas in the world in 2023 were the United States of America, Russia, Iran, China and Qatar while in the Asia-Pacific region, major countries for marketed production of natural gas include China, Australia, Indonesia and Malaysia.

In terms of the world refinery capacity, it has increased by 1.43% from 101.46 million barrels per calendar day in 2022 to 102.92 million barrels per calendar day in 2023. In 2023, the Asia-Pacific region had the highest refinery capacity at 36.39 million barrels per calendar day while the refinery capacity in the Middle East region stood at 10.65 million barrels per calendar day. Countries in the Asia-Pacific and the Middle East regions with refinery capacity of more than 2.00 million barrels per calendar day in 2023 were China, India, Japan, South Korea, Iran and Saudi Arabia. Similarly, the world output of petroleum products has also increased from 90.64 million barrels per day in 2022 to 92.60 million barrels per day in 2023. The Asia-Pacific region has remained as the largest petroleum products producing region with 34.47 million barrels per day produced in 2023 while the output of petroleum products in the Middle East region stood at 8.57 million barrels per day. Countries in the Asia-Pacific and the Middle East regions with output of petroleum products of more than 2.00 million barrels per day in 2023 were China, India, Japan, South Korea and Saudi Arabia.

1.2 Overview of the Malaysian Oil and Gas Industry

The Malaysian oil and gas industry is part of the broader mining and quarrying sector where the mining and quarrying sector accounted for RM97.51 billion or 6.22% of the Malaysian's real gross domestic product in 2023. Out of the mining and quarrying sector, the crude oil and condensate, and natural gas related activities contributed RM88.22 billion or 5.63% of the Malaysian's real gross domestic product in 2023. The crude oil and condensate, and natural gas related activities are projected to register a growth of 7.54% to reach RM94.87 billion in 2024, in terms of the Malaysia's real GDP.

In 2023, Malaysia is a net importer of crude petroleum (by value) with a trade deficit of RM29.75 billion. The export value of crude petroleum amounted to RM31.94 billion while the import value of crude petroleum amounted to RM61.69 billion. On another note, Malaysia is a net exporter of refined petroleum products (by value) in 2023. The export value of refined petroleum products amounted to RM133.87 billion while the import value of refined petroleum product amounted to RM130.25 billion during the year. Heavy investments made in recent years such as the Pengerang Integrated Complex and Integrated Aroma Ingredients Complex started to bear fruit and bolster the downstream capabilities of the country. PETRONAS has successfully ventured into specialty chemicals and has higher refining capacity to balance Malaysia's gasoline supply and demand. Furthermore, PETRONAS is now better positioned to undertake a lot more blending of oil to meet demand for low-sulphur oil from shippers following the new fuel regulations by the International Maritime Organization.

Malaysia is also a prominent exporter of natural gas in the Asia and Pacific region and has been exporting more than RM40.00 billion worth of liquefied natural gas ("LNG") per annum. The export value of LNG amounted to RM59.60 billion in 2023. Therefore, with key LNG assets such as PETRONAS Floating LNG Facilities (PFLNG-1 and PFLNG-2) and the PETRONAS LNG Complex in Bintulu, Sarawak, being one of the world's largest LNG production facilities at a single location, Malaysia is well positioned to gain further traction towards the monetisation of gas and strengthen its position as a reliable LNG supplier.

1.3 Historical Market Performance and Growth Forecast

The potential size of the OGSE industry in Malaysia is heavily dependent on the capital expenditure ("CAPEX") committed by PETRONAS. As the custodian of Malaysia's petroleum resources, PETRONAS allocates budgets and determines upstream and downstream oil and gas projects that will be undertaken in Malaysia which have a positive impact on the participation rate and revenue stream of OGSE industry players. Protégé Associates has used the annual domestic CAPEX programme of PETRONAS as a proxy to gauge the historical performance and growth of the OGSE industry in Malaysia.

Figure 2: Historical and Growth Forecast of the Domestic CAPEX of PETRONAS, 2021-2028

Year	Domestic CAPEX (RM billion)	Growth Rate (%)
2021	15.00	-
2022	18.60	24.00
2023	26.20	40.86
2024 f	26.50	1.15
2025 f	27.00	1.89
2026 f	27.50	1.85
2027 f	28.00	1.82
2028 f	28.00	-

Notes:

1) *f denotes forecast*
2) *compound annual growth rate ("CAGR")(2024-2028)(base year of 2023): 1.34%*

Sources: PETRONAS and Protégé Associates

The domestic CAPEX of PETRONAS increased by 24.0% from RM15.00 billion in 2021 to RM18.60 billion in 2022 driven by the growth of the Malaysian oil and gas industry. Amidst the continued disruption in global oil supply chain due to the Russia-Ukraine war as well as the economic recovery in a post-pandemic environment, PETRONAS has continued to strengthen our business and pursue CAPEX on exploration, development and production activities to sustain and grow production in Malaysia.

In 2023, the domestic CAPEX of PETRONAS increased by 40.86% from RM18.60 billion in 2022 to RM26.20 billion. The increase is mainly attributed to PETRONAS's investments in key projects including its Nearshore Floating LNG project in Sabah, the Kasawari Gas Field development, and the carbon sequestration (process of capturing and storing atmospheric carbon dioxide) facilities in Sarawak. Furthermore, the high average crude oil prices environment throughout the year facilitated PETRONAS robust spending endeavours. The increase in PETRONAS' capital expenditure would benefits the OGSE players due to increased demand for their services.

PETRONAS's commitment to sustaining and growing Malaysia's oil and gas productions as demonstrated by its 2024-2026 Activity Outlook and recent discovery of potential hydrocarbon reserves in the Langkasuka Basin, aligns with its ongoing efforts to ensure the industry's long-term viability. To enhance production efficiency and sustainability in the oil and gas industry, approximately 300 Facilities Improvement Plans (FIPs) are planned annually for the next three years. These include rejuvenation projects, gas turbine and generator replacements, and other major maintenance works. Moreover, decommissioning activities will be carried out for about 150 matured assets while disused assets will be assessed for potential reuse or repurposing. The downstream business is increasingly expanding into cleaner energy initiatives such as the ongoing development of a greenfield biorefinery and co-processing plant that is set to begin in 2026, alongside the expansion of LNG bunkering and PETRONAS automotive fluid solutions for electric vehicles (EVs) and other thermal management applications. These aforesaid developments are anticipated to provide opportunities for the OGSE players across exploration, development, production and decommissioning activities.

According to PETRONAS, its capital investment allocation over the next five years between 2023 to 2027 is expected to be 43.0% higher than the last five years i.e. between 2018 to 2022, mainly as a result of scaling up investments in the core business, lowering its emissions as well as investing in new business to future-proof PETRONAS' portfolio. As such, the annual domestic CAPEX of PETRONAS is projected to increase by 1.15% to reach RM26.50 billion in 2024. The annual domestic CAPEX of PETRONAS is projected to grow from RM26.50 billion in 2024 to RM28.00 billion in 2028, registering a CAGR of 1.34% during the forecast period. PETRONAS will continue to invest in core business activities and growth projects in continuing their effort to support and contribute towards the resiliency of the OGSE industry.

1.4 Competitive Analysis

The OGSE industry in Malaysia can be described as competitive and fragmented due to the presence of established players, high barriers to entry, PETRONAS licensing requirements, the availability of SWECs, participation of foreign players and the existence of a considerable number of industry players offering a wide range of services across the oil and gas value chain.

According to the Malaysian Petroleum Resources Corporation (an agency under the Ministry of Economy that provides recommendations and implements initiatives to advance Malaysia's OGSE industry and drive the sector's development towards cleaner and sustainable energy), 665 companies were recognised as OGSE companies in 2022, whom are companies registered with the Companies Commission of Malaysia and have revenue generated from the oil and gas activities.

In fact, there are several OGSE industry players that have already tapped into the equity market in Malaysia. For example, Ocean Vantage Holdings Berhad which is listed on the ACE Market of Bursa Securities, and Petra Energy Berhad, Carimin Petroleum Berhad, Propel Global Berhad, T7 Global Berhad, Handal Energy Berhad and Deleum Berhad which are listed on the Main Market of Bursa Securities. In addition, some of these OGSE industry players including the abovementioned industry players already have track record in executing or securing project(s) overseas.

1.5 Comparison between Steel Hawk and Selected Industry Players

Steel Hawk Group is principally involved in the energy sector where the Group is primarily involved in engineering, procurement, construction and commissioning ("EPCC") services and facilities improvement/maintenance, installation and maintenance of oilfield equipment, as well as supply of oilfield equipment. For the financial year ended ("FYE") ended 31 December 2023, Steel Hawk Group registered revenue of RM72.54 million.

Protégé Associates has identified several key industry players that are comparable based on the following criteria:

- Listed on Bursa Malaysia Securities Berhad;
- Primarily involved in the provision of EPCC services; and
- Involved in provision of other related OGSE services such as supply of oilfield equipment.

After taking into consideration about the above criteria, Protégé Associates has selected the following industry players as comparable companies with Steel Hawk Group.

Please note that the list of industry provided is not exhaustive. The selected industry players are comparable with Steel Hawk Group as they are involved in similar business activities of our Group, including but not limited to EPCC services, improvement and maintenance of topside O&G facilities, installation and maintenance of oilfield equipment as well as supply of oilfield equipment. Among the In particular, Uzma Berhad and Petra Energy Berhad are comparable with our Group in terms of EPCC services for chemical injection skids.

Figure 3: Financial Information of Steel Hawk Group and Selected Industry Players

Company	Product Offering: EPCC	Product Offering: Other related OGSE activities*	Financial Year Ended	Revenue (RM'000)	Gross Profit ("GP") (RM'000)	Profit/ (Loss) Before Tax ("PBT/ (LBT)") (RM'000)	Profit/ (Loss) After Tax ("PAT/ (LAT)") (RM'000)	GP Margin (%)	PBT/ (LBT) Margin (%)	PAT/ (LAT) Margin (%)
Steel Hawk Group	√	√	31 December 2023	72,537	20,833	10,344	7,220	28.72	14.26	9.95
Dialog Group Berhad ("Dialog Group")	√	√	30 June 2023	3,001,534 (1)	257,478	553,888^	520,623	8.58	18.45	17.35
Muhibbah Engineering (M) Berhad ("Muhibbah Engineering")	√	√	31 December 2023	1,255,216 (2)	259,014	66,575	36,407	20.63	5.30	2.90
Dayang Enterprise Holdings Berhad ("Dayang")	-	√	31 December 2023	1,112,987 (3)	473,882	337,364	235,178	42.58	30.31	21.13
Deleum Berhad ("Deleum")	√	√	31 December 2023	791,991 (4)	165,282	84,917	63,351	20.87	10.72	7.99
Petra Energy Berhad ("Petra Energy")	√	√	31 December 2023	553,532 (5)	111,283	65,773	52,722	20.10	11.88	9.52
Carimin Petroleum Berhad ("Carimin Petroleum")	√	√	30 June 2023	254,736 (6)	47,646	27,228	22,869	18.70	10.69	8.98
Propel Global Berhad ("Propel Global")	√	√	30 June 2023	112,257 (7)	28,407	10,054	8,010	25.31	8.96	7.14
T7 Global Berhad ("T7 Global")	√	√	31 December 2023	581,867 (8)	167,008	54,752	32,488	28.70	9.41	5.58
Handal Energy Berhad ("Handal Energy")	-	√	31 December 2022	52,837 (9)	9,173	(40,416)	(39,163)	17.36	(76.49)	(74.12)
Ocean Vantage Holdings Berhad ("Ocean Vantage")	√	√	31 December 2023	169,691 (10)	18,355	1,012	3,511#	10.80	0.59	2.07
Uzma Berhad ("Uzma")	√	√	30 June 2023	473,775 (11)	166,771	43,954	38,081	35.20	9.28	8.04

Notes:

** Other related OGSE activities include providing services such as hook-up and commissioning, well engineering and design, well intervention and decommissioning, installation, repair and maintenance, offshore marines support services, structural/piping fabrication, drilling and well abandonment, production enhancement, geophysical services, crane services and materials, tools, equipment and manpower supply.*

^ The companies registered higher PBT compared to its GP, due to higher other income recorded during the financial year.

 # The companies registered higher PAT compared to its PBT, due to income tax credit recorded during the financial year.

(1) Dialog Group's revenue is presented based on the geographical location of its customers. Dialog Group is involved in the provision of logistic assets and services in tank terminals and supply base, upstream assets and services, engineering, procurement, construction, commissioning and fabrication, specialist products and services, plant maintenance and catalyst handling services, petrochemicals, sustainable and renewables business and digital technology and solutions.

(2) Muhibbah Engineering has 4 reportable segments; infrastructure construction, cranes, marine shipbuilding and ship repair as well as consession. The infrastructure construction comprise construction of petroleum hub and bunkering facilities, oil and gas terminals, liquefied natural gas jetty works, marine ports, bridges and dams, airport terminals runway and facility support buildings, heavy concrete foundations and other similar construction works. Crane segment comprise design, manufacture, supply, trading, leasing and service provider of offshore oil and gas pedestal cranes, tower cranes, shipyard cranes and other heavy lifting equipment cranes; and design, engineering and maintenance services for integrated automation solutions, process analysers and specialised equipment for various industries. Marine shipbuilding and ship repair segment comprise design, engineering, building and service provider of anchor handling tug boats, supply vessels, accommodation ships

and marine vessels for the offshore oil and gas exploration and production works. Lastly, consession segment refers to privatisation of international airports in Cambodia and road maintenance works in the central region of Peninsular Malaysia.

(3) Dayang Enterprise has 2 reportable segments; topside maintenance services and marine offshore support service. The topside maintenance services segment comprise provision of offshore topiside maintenance service, minor fibration works and offshore hook-up and commissioning services for oil and gas companies. Marine offshore support service segment comprise chartering of marine vessels and provision of related support services, as well as catering of food and beverage.

(4) Deluem has 3 reportable segments; power and machinery ("P&M"), oilfield services ("OS") and integrated corrosion solution ("ICS"). P&M segment comprise sale of gas turbines and related parts, and overhaul of turbines, maintenance and technical services, including complete installation turnkey for new installations, package renewal and retrofit, supply and commission of combined heat and power plants as well as supply, install, repair and maintenance of valves, flow regulators and other production related equipment. OS segment comprise provision of slickline equipment and service, integrated wellhead maintenance services, well intervention and cased hole logging services, gas lift valve and insert strings equipment, accessories and services, specialty chemicals and well stimulation services, drilling and completions services as well as subsurface engineering services. Lastly, ICS segment comprise provision of integrated corrosion and inspection services, blasting technology, maintenance, construction and modification maintenance activities, services for tanks, vessels, structures and piping.

(5) Petra Energy has 3 reportable segments; services, marine assets and development and production segment. The services segment comprise hook up commissioning, topside major maintenance, vessels management and time chartering, fabrication, subsea and underwater, as well as trading and engineering services. Marine assets segment comprise bareboat chartering of vessel for internal use and to third party vessel management companies. Development and production segment relates to the Petra Energy Berhad's involvement in exploration, development and production of petroleum in Block SK433, Onshore Sarawak as an operator.

(6) Carimin Petroleum has 5 reportable segments; construction, hook up & commissioning and topside major maintenance ("CHUCTMM"), Marine Services ("MS") ,Civil Construction ("CC"), manpower services ("MPS") and others. CHUCTMM provides offshore hook up and commissioning on production platforms typically involving the final installation, testing and commissioning of the facilities' structures machinery and equipment. MS provides vessel chartering, underwater inspection, repair, and maintenance works and services to external customers. CC provides general contracting work and geotechnical engineering to external customers. MPS provides services to its customers in sourcing suitable personnel to fulfil specified functions. Lastly others comprises investment holding, providing corporate and management services, rental of equipment and machineries to external customers.

(7) Propel Globel has 3 reportable segments; oil and gas, technical services and others. The oil and gas segment comprise supply of speciality chemicals and catalysts, provision of heavy machineries and related manpower services, maintenance services for air-conditioning, ventilation system, and specialised oilfield services in pipe recovery, well intervention and diagnostic, sand management and production enhancement to the oil and gas industry and providing engineering and technical works for the oil and gas industry. Technical services segment comprise services in the industrial, commercial and residential construction and office maintenance. Others are investment holding and business other than those mentioned oil and gas and technical services segment.

(8) T7 Global has 2 reportable segments; products and services segment and engineered packages segment. The products and services segment comprise rendering of services, repair, maintenance and installation, sales of products and services and supply of manpower, while the engineered packages segment comprise rendering of services, repair, maintenance and installation services of engineered packages. According to the latest annual report of T7 Global, the group operate in 3 principal business namely, energy, aerospace and defence and construction. For energy, the group provides engineering, procurement and construction (EPC), operation and maintenance (O&M), offshore construction services (OCS), integrated well services (IWS), specialist products and technology (SPT) such as on-site gas generation package, water injection model, integrated metering solution, rotating equipment, field instrument, gauges, valves, and fittings, piping and instrument valves and recruitment and manpower services (RMS).

(9) Handal Enegy has 5 reportable segments; investment holdings, integrated crane services contracts, pipeline engineering services, trading and project services, and others. Others segment include manufacturing of fabrication of new offshore pedestal cranes, workover projects lifting solutions, workover projects lifting solutions, manpower services, supply, fabrication & servicing industrial equipment & tank systems, consutlants in engineering project support services, research and developming in advance composite materials and well services.

(10) Ocean Vantage has 3 reportable segments; EPC and project segment, supply of manpower, and supply of material, tools and equipment. EPC and project management segment comprise project management and engineering services for O&G and solar project.

(11) Uzma has 3 reportable segments; O&G upstream services, trading/ other O&G services and others. O&G upstream services comprise provision of geoscience and reservoir engineering, drilling, project and operation services, and other specialised services within the oil and gas industry. Trading/ other O&G services comprise manufacturing, marketing, distribution and supply of oilfield chemicals, petrochemical and chemical products, equipment and services. Lastly, others comprise new energy, digitalisation and tech and investment holding.

Sources: Steel Hawk and annual reports of listed comparable industry players

1.5.1 Steel Hawk Group's Market Share

Based on the size of the OGSE industry in Malaysia of RM26.20 billion in 2023, Steel Hawk Group's revenue of RM72.54 million for FYE 31 December 2023 represents a 0.28% market share of the OGSE industry in Malaysia in 2023.

1.6 Demand and Supply Conditions

Figure 4: Demand Conditions Affecting the OGSE Industry in Malaysia, 2024-2028

Impact	Demand Conditions	Short-Term	Medium-Term	Long-Term
		2024-2025	2026-2027	2028
+	The Presence of Strategic Petroleum Reserves	High	High	High
+	Petrochemical Industry as a Long-Term Source of Incremental Demand	Medium	Medium	Medium
+	Continuing Investments Driving Upstream and Downstream Oil and Gas Activities	Low	Low	Medium
-	Fluctuation in Crude Oil Prices May Lead to Uncertain Earnings	High	Medium	Medium
-	The Implementation of Further Efficiency Improvements in Road Transportation	Medium	Medium	Medium
-	Increasing Threat of Substitutability from Greener and Renewable Sources of Energy	Low	Low	Medium

Source: Protégé Associates

In order to maintain national fuel security and protect the economy during an energy crisis, crude oil is often stockpiled into what is known as strategic petroleum reserves. The drawdown and replenishment or addition of strategic petroleum reserves can also act as a stabilising force against any sharp movements in the prices of crude oil. As of January 2024, Malaysia held proved oil reserve of 3.6 billion barrels. Additionally, PETRONAS' recent study of the Langkasuka Basin located in the northern Straits of Melaka has indicated the presence of hydrocarbon potential in the previously untested deeper rock layers. Therefore, the presence of strategic petroleum reserves brings a positive impact to the overall development of the oil and gas industry including the OGSE industry.

The global oil demand from the petrochemical industry is estimated to increase from 14.3 million barrels per day in 2022 to 18.6 million barrels per day in 2045, respectively. The increase in demand is largely supported by the continued need for a wide range of products that includes plastics, synthetic fibres, detergents, paints, adhesives, aerosols, insecticides, and pharmaceuticals. Around 70.0% (10.0 million barrels per day) of oil demand is used as petrochemical feedstock to produce plastics. Despite the implementation of policies by various countries to ban or reduce single-use plastics, improve recycling rates, and promote alternative feedstocks, these measures alone may not be sufficient to adequately offset the increasing demand for plastics. The demand for petrochemical feedstock used in plastics production is expected to rise by an estimated 3.0 million barrels per day between 2021 and 2050. Sustained dependence on petrochemicals to produce these products is sparked by the rising population and the continuing industrialisation taking place globally. This development is expected to provide the impetus for further growth in the oil and gas industry, which in turn further drive growth in the local OGSE industry as well.

Due to the normal maturation of the traditional shelf basins with mostly economically attractive fields, we can expect more future offshore exploration activities to be conducted in deep and ultra-deep water. Meanwhile, the development of the downstream sector of the local oil and gas industry is expected to gain further traction with the continuing investments in the petroleum products (including petrochemicals) industry. In 2022, there are 18 approved oil and gas projects with investments worth RM23.90 billion compared to 16 approved oil and gas projects with investments worth RM17.09 billion in 2021. In 2023 there's 47 approved oil and gas projects with investments worth RM8.80 billion. These projects can help to spur further activities in the local OGSE industry. It is also worth noting that the commercial viability of OGSE projects is heavily influenced by the crude oil prices. During the COVID-19 pandemic, global oil demand contracted due to lockdown measures causing a decline in crude oil prices. The rollout of vaccines subsequently led to the recovery of oil demand and higher crude oil prices in 2021. However, in 2022, the crude oil prices become volatile due to Russia-Ukraine war which disrupted oil supply and caused a spike in crude oil prices. Furthermore, recession fears in some major economies as well as the economic slowdown in China further dampened crude oil prices. The fluctuation in the crude oil prices has made it increasingly challenging for OGSE companies to forecast their earnings and plan ahead due to rapid market changes and increasing uncertainty.

Given that a sizeable demand for oil comes from road transportation sector, technological developments, tightening of energy policies as well as the faster adoption of electric and alternative-fuelled vehicles have inevitably led to further efficiency improvements. According to the International Energy Agency ("IEA"), electric car sales soared by 33.0% from 10.3 million sales in 2022 to 13.7 million sales in 2023. The global electric car sales are expected to continue strongly with approximately 17.0 million sales projected by the end of 2024, aligning with the growing concern about climate change and the reduction of greenhouse gas emissions as countries establish their green energy transition goals. The adoption of electric cars is expected to dampen the demand for oil which does not augur well for the growth in the oil and gas industry including the OGSE industry.

As environmental and cost concerns become more prominent around the world, greener and RE resources such as solar, wind, hydro and biomass are increasingly being explored as replacements for fossil fuels. In its pursuit of achieving net zero carbon emissions by 2050, PETRONAS has made efforts to diversify its operations beyond its core business of oil and gas into the green and renewable energy through the establishment of Gentari Sdn. Bhd. The subsidiary aims to provide integrated sustainable energy solutions such as RE, hydrogen, and green mobility. However, green and renewable sources of energy are not expected to make a marked dent in the demand for fossil fuels during the forecast period because fossil fuels remain the familiar and more cost-efficient choice for the majority of major energy users. Despite efforts to diversify and promote cleaner energy alternatives, the infrastructure and scale for renewable energy sources has yet to reach a level to significantly replace the demand for fossil fuels in the near term.

Figure 5: Supply Conditions Affecting the OGSE Industry in Malaysia, 2024-2028

Impact	Supply Conditions	Short-Term 2024-2025	Medium-Term 2026-2027	Long-Term 2028
+	Strong Leadership by PETRONAS	High	High	High
+	Continuing Close Attention and Support from the Malaysian Government	High	High	High
-	Relatively High Regulatory Barriers to Entry	High	High	High
-	Underinvestment in Oil and Gas amid a Shift to Cleaner Fuels	Low	Low	Medium

Source: Protégé Associates

PETRONAS acts as a custodian of Malaysia's petroleum resources and has been actively involved in spearheading efforts to stimulate the growth in the local oil and gas industry including its stakeholders such as the local OGSE industry. In Malaysia, PETRONAS fosters collaborations and partnerships in the oil and gas industry by working with operators in petroleum activities across the value chain and throughout the entire asset life. Oil and gas industry players in Malaysia, including the local OGSE industry players can also look forward to a transformed PETRONAS Technical Standards with the expected full adoption of the International Standards which can create mutually beneficial outcome in terms of cost, quality, reliability, safety and schedule. Further traction in standardisation can help to reduce cost and open up opportunities to create greater value for manufacturers, suppliers and principals. In addition, digitalisation, permanent reservoir modelling and enhanced oil recovery methods are expected to continue improving oil recovery rate from mature oil fields and drive the advent of tight oil and shale gas. The local oil and gas industry including the local OGSE industry can also look forward to the continuing close attention and support from the Government in the form of national strategic policies or masterplans, due to its strategic importance as key source of revenue and economy driver. In particular, the Malaysian Investment Development Authority MIDA remains focused on the continued strategic integration in the country's downstream operations to meet demands and capture value across the oil and gas value chain. MIDA also encourages more joint ventures or collaborations between local and foreign players with expertise to enhance local capabilities via knowledge transfer.

On the flipside, the OGSE industry has relatively high barriers to entry as potential entrants are required to obtain licenses, registrations and/or approvals to provide OGSE, thus restraining the number of entrants into the industry. In addition, the local OGSE industry is also witnessing a lack of investment in new oil and gas supplies amid a shift in focus towards cleaner energy sources. According to the IEA, the global energy investment experienced a decline of approximately 20% in 2020, primarily driven by the effects of the COVID-19 pandemic which dampened oil demand. On top of that, the IEA is also calling for investors to stop funding new fossil fuel projects to achieve net zero emission by 2050, which is likely to cause further decrease in oil and gas supplies as major oil and gas players increasingly diversify towards green and renewable energy. Nevertheless, it is important to note that oil and gas continue to play a pivotal role in the energy sector, in terms of fuel consumption and power generation. Therefore, the underinvestment in the global oil and gas sector could lead to tighter supplies at a time when oil demand normalised post pandemic, particularly due to growing needs of sectors such as road transportation, aviation and shipping. While the transition to green and renewable energy is slowly picking up, it is nonetheless expected to fall short of meeting the rising demand for energy in a sustainable manner.

1.7 Outlook and Prospects of the OGSE Industry in Malaysia

The outlook for the local OGSE industry is dependent to a large extent on the annual domestic CAPEX of PETRONAS. The domestic CAPEX of PETRONAS stood at RM18.60 billion in 2022, which is an increase from the RM15.00 billion recorded in the previous year, driven by the growth of the Malaysian oil and gas industry. In recent years, the crude oil prices have been volatile due to the impact of COVID-19 pandemic, disruption of the global oil supply chain arising from the Russia-Ukraine war, as well as concerns over potential recession in major economies and the economic slowdown in China. Despite these challenges, PETRONAS has continued to strengthen its business and pursue CAPEX on exploration, development and production activities to sustain and grow production in Malaysia.

Moving forward, growth is expected to be supported by PETRONAS's commitment to its long-term target to sustaining and growing Malaysia's oil and gas production, coupled with expected high average crude oil prices environment that will facilitate PETRONAS' spending endeavours. As such, the annual domestic CAPEX of PETRONAS increased by 40.86% to RM26.20 billion in 2024. The annual domestic CAPEX of PETRONAS is projected to grow from RM26.50 billion in 2024 to RM28.00 billion in 2028, registering a CAGR of 1.34% during the forecast period. PETRONAS will continue to invest in core business activities and growth projects in continuing their effort to support and contribute towards the resiliency of the OGSE industry. Additionally, the recent discovery of potential hydrocarbon reserves in the Langkasuka Basin presents further opportunities for future exploration and development, potentially contributing to the long-term sustainability of the industry.

Factors boosting growth within the local OGSE industry is likely to come from the presence of strategic petroleum reserves as well as continuing influx of investments that can stimulate more upstream and downstream oil and gas activities. In addition, the local OGSE industry can rely on the petrochemical industry as a long-term source of incremental demand for oil. However, fluctuations in crude oil prices can lead to fluctuations in the earnings of OGSE companies, which may affect the expansion of the industry. While the implementation of further efficiency improvements in the road transportation and increasing threat of substitutability from greener and renewable sources of energy may pose a threat to the growth of the local OGSE industry, they are not expected to markedly impact the demand for oil and gas during the forecast period.

The green energy transition process is expected to progress gradually, with fossil fuels projected to account for 78.0% of the global energy mix by 2032, compared with 81.0% recorded in 2022. Therefore, fossil fuels are expected to remain relevant as the familiar and cost-efficient choice for majority of the major energy users. On the supply side, a strong leadership by PETRONAS along with the close attention and support from the Government means that local oil and gas industry including the OGSE industry is being guided by steady hands in navigating its future direction. On the flip side, the level of participation in the local OGSE industry is hindered by the relatively high regulatory barriers to entry. Furthermore, the lack of investment into the oil and gas sector will also likely impact the development of the domestic oil and gas industry, including the OGSE industry.

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2.0 Overview and Outlook of the Renewable Energy ("RE") Industry in Malaysia

Driven by the need to address climate change, enhance energy security, and build a sustainable energy infrastructure, countries worldwide are transitioning from traditional energy generation methods to embrace the deployment of RE into their energy portfolio. In line with this global trend, the Malaysian Government has also identified RE as a vital fifth energy source to supplement the four main existing ones – natural gas, oil, coal and hydroelectricity. RE refers to any form of primary energy from recurring and non-depleting natural resources, which includes biomass, hydroelectric ("hydro"), geothermal, solar, wind, ocean thermal, wave action and tidal action. According to the National Energy Transition Roadmap ("NETR"), Malaysia's energy system is primarily dominated by non-renewable sources of energy namely, natural gas, oil and coal. Together they contributed around 96% of Malaysia's total primary energy supply ("TPES") in 2023. Under the NETR's responsible transition scenario, Malaysia is expected to shift from traditional, fossil fuel-based energy systems to a greener, low carbon energy framework. Recognising the significance of energy in sustaining economic growth and socioeconomic development, the NETR aims to ensure progressive scaling up of RE in the power mix by 2050. Under this transition, coal will be phased-out, while RE will increase from 4% of Malaysia's TPES in 2023 to 23% by 2050. Meanwhile, natural gas is expected to play a major role, constituting 56% of TPES by 2050. The transition will be driven by an increased in use of RE in the power generation mix, the phasing out of coal from the power generation mix, implementation of broad-based energy efficient initiatives and the shift to electrification and biofuels being expedited in the transport sector.

Malaysia possesses abundant RE resources, with an estimated technical potential of nearly 290 gigawatts ("GW") nationwide. Notably, the technical potential for solar photovoltaic ("PV") alone is projected to reach 269 GW. Currently, only a small fraction of this RE potential has been tapped, with just over 9 GW of installed capacity realised, indicating vast amount of untapped potential within the RE industry. According to the NETR, the total RE installed capacity in Malaysia is projected to expand to approximately 12.4 GW by 2025, with hydro, solar PV and bioenergy expanding to approximately 6.4 GW, 5.5 GW and 0.5 GW respectively. By 2050, RE is projected to make up the majority share of installed capacity with solar PV taking lead at around 56 GW, followed by hydro (~10.7 GW) and bioenergy (~1 GW). Given Malaysia's geographical location near the equator, the abundance of sunlight makes it an optimal location for harnessing solar energy. Going forward, solar PV installation is expected to be the main contributor to the growth of RE share of installed capacity.

Malaysia stands at the forefront of a transformative energy landscape, where the focus on RE has sparked a positive and promising outlook for the industry. Looking ahead, the RE industry in Malaysia will continue to be driven by factors such as population growth and increased urbanisation. Malaysia's population is projected to increase from 33.4 million in 2023 to an estimated 40 million by 2050 and, the urbanisation rate is expected to increase from 75% in 2020 to reach 85% by 2040. Economic and population growth, along with rapid urbanisation, will drive a 2% annual increase in energy demand until 2050. As the demand for electricity increases, there is a growing focus on RE as a viable solution for power generation. The RE industry is well-positioned to address Malaysia's escalating electricity demands, supporting economic growth and population expansion while ensuring energy security and diversifying the nation's energy mix. Furthermore, with the adoption of electric vehicles gaining momentum in Malaysia, an opportunity emerges for the RE industry as the increased penetration of electric vehicles will lead to a rise in electricity demand, as these vehicles require charging from the grid.

On the supply side, the growth in the RE industry is mainly shaped by the Government's commitment towards low-carbon development and sustainable economic restructuring. The NETR aim to accelerate energy transition and improve climate resilience by establishing pathways for the national energy mix, greenhouse gas emission reduction and energy transition initiatives. The NETR goal of increasing RE's contribution of TPES from 4% in 2023 to 23% of TPES by 2050 is expected to drive expansion in the RE industry. Going forward, Malaysia's focus on transitioning from a traditional fossil fuel-based economy to a high-value green economy is anticipated to significantly benefit the RE industry.

9. RISK FACTORS

NOTWITHSTANDING THE PROSPECTS OF OUR GROUP AS OUTLINED IN THIS PROSPECTUS, YOU SHOULD CAREFULLY CONSIDER, THE FOLLOWING RISK FACTORS THAT MAY HAVE A SIGNIFICANT IMPACT ON THE FUTURE PERFORMANCE OF OUR GROUP, IN ADDITION TO THE OTHER INFORMATION CONTAINED ELSEWHERE IN THIS PROSPECTUS, BEFORE INVESTING IN OUR SHARES.

9.1 RISKS RELATING TO OUR BUSINESS AND OPERATIONS

9.1.1 We are dependent on PETRONAS group as our major customer

We are dependent on our major customer, namely PETRONAS group, which contributed 85.84%, 54.47%, 45.64% and 61.39% to our total revenue for the Financial Years / Period Under Review, respectively. Further breakdown on revenue contribution from PETRONAS group for the Financial Years / Period Under Review is as follows:

		FYE 2021		FYE 2022		FYE 2023		FPE 2024	
Name	**Services provided**	**RM'000**	**% of total revenue**	**RM'000**	**% of total revenue**	**RM'000**	**% of total revenue**	**RM'000**	**% of total revenue**
PETRONAS group	EPCC services and facilities improvement / maintenance, installation and maintenance of oilfield equipment, supply of oilfield equipment	21,326	85.84	36,125	54.47	33,103	45.64	12,115	61.39

Our working relationship with PETRONAS group commenced in 2013 through our first contract with PETRONAS Carigali involving the supply of chemical injection skids, which had a contract duration of 3 years from May 2013 to May 2016. Between 2013 up to the LPD, we have secured a total of 44 contracts (comprising fixed / Price Agreements (call out contracts)) with PETRONAS group for the provision of the following services:

(i) EPCC services and facilities improvement / maintenance – the provision of EPCC services for chemical injection skids and improvement / maintenance of topside O&G facilities (i.e. onshore O&G terminal and / or offshore production platform);

(ii) Installation and maintenance of oilfield equipment – the installation, repair, refurbishment and replacement of oilfield equipment (e.g. pig trap system, fire rated doors or oil spill recovery equipment) in topside O&G facilities (i.e. onshore O&G terminals and / or offshore production platform); and / or

(iii) Supply of oilfield equipment – the supply of oilfield equipment (e.g. pig trap system, fire rated doors or oil spill recovery equipment), as well as their parts and components, undertaken through purchase orders on an ad-hoc basis (involves the standalone supply of oilfield equipment to our customers without any installation or maintenance provided).

We have also entered into Price Agreements (call out contracts) with PETRONAS group for the abovementioned services with contract durations that range from 1 to 5 years with options for extensions of up to 2 years. As at the LPD, we have 10 ongoing contracts with PETRONAS group with an expiration date of up to August 2026. For clarification purposes, under a Price Agreement (call out contract) (which does not have a fixed contract value), we are engaged by the customer through work orders to provide specified services for the duration of the contract, as and when such services are required. Should there be a need for our services during the contract period of our Price Agreements (call out contracts) with PETRONAS group, they will issue a work order to our Group and we have to provide these services within a stipulated timeframe prescribed within the Price Agreements (call out contracts). Nevertheless, there is no guarantee that PETRONAS group will issue work orders to us during the contract period as we are only called to provide our services as and when such services are required by PETRONAS group.

Given the past and on-going contracts with PETRONAS group, they may continue to account for a similar proportion of our Group's total revenue in the near future in view of our established working relationships with PETRONAS group which started since 2013. As such, we have been reliant upon PETRONAS group for our projects and there is no assurance that PETRONAS group may continue to account for a similar proportion of our Group's revenue in the near future.

Despite having secured Price Agreements (call out contracts) with the PETRONAS group, there is no assurance that the Price Agreements (call out contracts) will remain. Any termination of the Price Agreements (call out contracts) and our inability to secure new customers to replace the loss of business in a timely manner could result in a loss of revenue and will adversely affect our financial performance. In addition, there is no assurance that PETRONAS group will continue to engage us in the future. In the event that PETRONAS group terminates its business relationships with our Group, we may not be able to secure other customers who can contribute a similar revenue proportion by PETRONAS group on a timely basis.

Furthermore, our business operations and financial performance may be adversely affected should there be any adverse changes specific to PETRONAS group's operations, financial performance and external factors that are beyond their control. PETRONAS group is subject to inherent risks in the O&G industry, particularly on the level of capital spending and activity in the exploration, development as well as production of crude O&G which are influenced by the fluctuation of crude O&G price. In a situation of diminishing level of the aforesaid exploration, development and production activities, PETRONAS group operations may be affected which may lead to the possible decline in the number of contracts to be awarded to us. Given the above, there is no assurance that our financial performance and business operations will not be adversely affected by our reliance on PETRONAS group.

9.1.2 We are dependent on the PETRONAS license and we are required to comply with SWEC requirements

We operate within the O&G services and equipment industry where our business activities are to support the upstream, midstream and downstream segments of the O&G industry. Based on the Petroleum Development Act 1974 and Petroleum Regulations 1974, in order to participate in the O&G activities in Malaysia, a company is required to have a valid license issued by PETRONAS.

In December 2012, via Steel Hawk Engineering, we obtained our PETRONAS license which enables us to supply products and services to the upstream, midstream and downstream segments of the O&G industry in accordance with the Petroleum Development Act 1974 and Petroleum Regulations 1974. As at the LPD, our PETRONAS license has a validity period of 3 years up to 17 December 2024 and it is subject to renewal every 3 years. As such, we are dependent on the PETRONAS license for the continuity of our core business operations.

In addition to having a valid PETRONAS license, we must meet SWEC requirements for the services that we provide to our customers in Malaysia. Even though we have obtained the required PETRONAS license and have been approved for a number of SWECs, we are subject to continuous review under PETRONAS' conditions, general guidelines and minimum technical requirements which are subject to change from time to time. Please refer to **Section 7.16** of this Prospectus for further details of our PETRONAS license and SWECs that we require for our operations.

Some of the conditions or requirements as stated in PETRONAS' conditions, general guidelines and SWEC requirements relevant to our business which may lead to the revocation, suspension, blacklisting or non-renewal of our PETRONAS license are as follows:

(i) Commercial / financial conditions, such as if our Group is found to be in the process of liquidation, winding-up or dissolution;

(ii) Operational conditions, such as failure to execute the awarded job until completion, failure to perform a contractual obligation or any other obligation under the law to partners, principals, agents, sub-contractors and others, received garnishee order, facing bankruptcy action, sub-contract work to another contractor without written permission from PETRONAS, reject any contract or tender awarded, entering or accepting contract or tender during the license suspension period, provide false, inaccurate or misleading information, does not follow tender’s regulations and ethics including but not only limited to sending poison-pen letters, bribing or lobbying, and engaged in any impropriate activities with this license; and

(iii) SWEC requirements, such as failure to meet the "Minimum Technical Requirements" including the following, among others:

    (a) availability of key personnel and their minimum qualifications and years of relevant experience;

    (b) availability of relevant facilities and equipment;

    (c) company's minimum years of relevant experience;

    (d) relevant quality and / or standard accreditations; and

    (e) registrations and / or licenses from external bodies / authorities.

In the event we fail to comply with the rules and regulations issued by PETRONAS or we fail to meet our SWEC requirements, PETRONAS may take action against our Group, such as the revocation, suspension, blacklisting and non-renewal of our license. Similarly, any contravention of these rules and regulations can result in penalties, fines and / or potential criminal prosecution against our Company. Such revocation, suspension, blacklisting and non-renewal of our license will impinge our ability to carry on our business operations and thus affect our profitability.

As at the LPD, our Group has not encountered any revocation, suspension, blacklisting or non-renewal of our license issued by PETRONAS prior to expiration. Nevertheless, while we constantly ensure that we meet PETRONAS' requirements, there can be no assurance that in the future, our Group will be able to secure renewals of our license issued by PETRONAS, continue to be qualified for our existing SWEC or qualify for new SWEC, especially if there are changes to the present rules, guidelines, regulations and / or policies.

9.1.3 We are required to comply with the minimum Bumiputera requirements for SWEC

The minimum Bumiputera requirements for SWEC are 30.00%, 51.00% and 100.00%. There are also SWECs with no requirement on Bumiputera participation.

As at the LPD, the SWECs held under our PETRONAS license only require either 30.00% or 51.00% Bumiputera equity. Notwithstanding the foregoing, there is a flexibility given for "Berhad" (public-listed) companies or "Sdn Bhd" companies which are owned at least 51.00% by a Berhad company to hold a minimum of 35.00% Bumiputera equity when applying for SWECs with minimum 51.00% Bumiputera requirement. Hence, given that we are a public listed company, it is our obligation to fulfil the 35.00% Bumiputera Requirement and ensure full compliance with the terms stated in the PETRONAS license / Registration General Guidelines.

As at the LPD, Radiant Capital being the Bumiputera shareholder of our Group ("**Bumiputera Promoter**") holds 45.90% equity interest in our Company. Upon our Listing, Radiant Capital's shareholdings will be diluted from 45.90% to approximately 36.40%. Based on the 35.00% Bumiputera Requirement, our Group will continue to meet the minimum Bumiputera requirements for SWEC after the Listing. This is in line with the flexibility given for public listed companies specified under the PETRONAS license / Registration General Guidelines.

As at the LPD, our Group has not encountered any instances where we were not able to meet the minimum Bumiputera requirements for SWEC. Nevertheless, there can be no assurance that changes to the present conditions or the introduction of new Bumiputera requirements for SWEC (if any) will not affect our ability to maintain or renew our PETRONAS license upon its expiry on 17 December 2024. As highlighted in **Section 9.1.2** above, in the event we fail to meet the Bumiputera requirements for SWEC, PETRONAS may take action against our Group, such as the revocation, suspension, blacklisting and non-renewal of our PETRONAS license. Should PETRONAS take any such action against our Group, our business and financial performance could be adversely affected as we are dependent on PETRONAS group as our major customer.

9.1.4 We are required to comply with the conditions for Bumiputera contractor status

As part of PETRONAS' continuous effort to enhance and further strengthen PETRONAS Licensing & Registration process, all vendors (contractors / suppliers) who are interested in doing business with PETRONAS are required to procure a MEDC License. It was a pre-requisite requirement for our Company to procure approval for the Bumiputera Controlled Public Listed Company ("**BCPLC**") status by the MITI prior to the application or issuance of the MEDC License. Our Company is currently a holder of the BCPLC status approval with a validity period of 1 year up to 25 May 2023 ("**BCPLC Approval**"). The BCPLC Approval is subject to our Company reducing the shareholdings of non-Bumiputera substantial shareholder(s) such that it is not more than 10% (individually) or 24% on an aggregated basis ("**BCPLC Condition**"). On 10 July 2024, our Company was granted an extension up to 9 September 2024 to comply with the BCPLC Condition.

Upon our Listing, our Company will be able to comply with the BCPLC Condition (i.e. the shareholdings of non-Bumiputera substantial shareholder(s) are not more than 10.00% (individually) or 24.00% on an aggregated basis).

In view of the procurement of the BCPLC Approval by our Company, our wholly-owned subsidiary, namely Steel Hawk Engineering is currently a holder of the MEDC License. As at the LPD, our MEDC License has a validity period of approximately 3 years up to 20 May 2027. Steel Hawk Engineering shall ensure that the following conditions as specified under the MEDC License are complied with at all times, in which these conditions are complied with as at the LPD:

(i) at least 51.00% of the shares in the company is owned by Bumiputera (G2-G7) ("**MEDC Bumiputera Equity Requirement**");

(ii) the ownership of the shares held by Bumiputera individual owners has to be more than non-Bumiputera owners;

(iii) at least 51.00% of the members of the board of directors of the company are Bumiputera (G2-G7);

(iv) the chief executive officer, managing director or general manager and any other key positions within the company must be held by a Bumiputera;

(v) at least 51.00% of the employees of the company must be Bumiputera (G2-G7);

(vi) the financial management position in the company has to be held by a Bumiputera;

(vii) the organisational chart and the function of the company management demonstrates the positions held by Bumiputera; and

(viii) to ensure participation by the Bumiputera is an active partnership and has an active role in corporate transactions of the company as mentioned under sub-paragraphs (i) to (vii) above.

Upon our Listing, our Group's Bumiputera Promoters' shareholdings will be diluted from 45.90% to approximately 36.40%, which is below the 51.00% of the MEDC Bumiputera Equity Requirement. Nevertheless, we have sought consultation with MEDC and pursuant to the reply from MEDC to our letter dated 3 August 2023, MEDC has indicated that Steel Hawk Engineering will continue to be allowed to maintain its MEDC License after our Transfer, provided that Steel Hawk Engineering complies with the following requirements:

(a) our Company must maintain at least 35.00% Bumiputera shareholdings as specified under MITI's criteria for BCPLC after our Transfer; and

(b) Steel Hawk Engineering must fulfil the other criteria specified under the MEDC License (save for the MEDC Bumiputera Equity Requirement and that the ownership of shares by Bumiputera individual owners must be more than the non-Bumiputera owners) at all times.

With the existing rules imposed on us, there is no risk to our Group as we have strictly complied and will continue to comply with the aforesaid conditions imposed by MEDC at all times. Nonetheless, there can be no assurance that changes to the present conditions or the introduction of new rules (if any) will not affect the renewal of the MEDC License upon its expiry in May 2027.

As at the LPD, our Group has not encountered any revocation, suspension, blacklisting or non-renewal of our MEDC License prior to expiration. Nevertheless, in the event Steel Hawk Engineering is not able to maintain the MEDC Bumiputera contractor status and / or our MEDC License is suspended and / or our Group is not able to renew the MEDC License, this may result in the revocation of the PETRONAS license issued to our Group to which such revocation tantamount to an event of default in respect of our on-going contracts with PETRONAS. Consequently, PETRONAS shall have the right to suspend all or part of the work under the contract with our Group and / or to terminate the contracts if we fail to rectify the default. In addition, we may not be able to participate in any new tenders of PETRONAS that require the MEDC License and within our SWEC.

9.1.5 We may be adversely affected by changes in PETRONAS' policies

PETRONAS' current policies in Malaysia towards the O&G industry include the imposition of licensing requirements. Under these policies, only companies with valid licenses may supply goods, products and services to the upstream segment of the O&G industry in Malaysia and the PETRONAS group of companies in the downstream segment. In addition, these PETRONAS policies also restrict the ability of suppliers of goods, products and services to operate in Malaysia. These restrictions can require, for instance, foreign suppliers to use Malaysian content in their operations and to operate with a Malaysian partner or company either by forming a joint venture with the Malaysian partner or company or by designating the Malaysian partner or company as an executive agent representing the said foreign entity.

A fundamental change in PETRONAS' policy with regard to regulating the O&G industry in Malaysia may come about through the liberalisation of the O&G industry. PETRONAS may liberalise the O&G industry in Malaysia by, among others:

(a) removing licensing requirements for the provision of supporting products and services;

(b) loosening licensing requirements such that it becomes easier to obtain a license; and

(c) allowing foreign suppliers to operate in Malaysia without having to operate with a local partner and reducing other restrictions on their operations.

Currently, operators that meet the PETRONAS licensing and registration requirements compete with other operators based on commercial, technical and other factors. Any fundamental change in PETRONAS' policies, such as a relaxation or liberalisation of licensing requirements for the provision of goods, products and services related to the O&G industry or permitting foreign suppliers to operate in Malaysia without restrictions (including without local content or local partner or company) would have an adverse effect on our business and financial performance. Furthermore, there can be no assurance that any changes in PETRONAS' policies will not materially increase the level of competition in the industry and that we will be able to successfully adapt to any changes in policy.

9.1.6 Our business operations rely on our certificates of registration issued by CIDB

We are principally involved in the provision of onshore and offshore support services for the O&G industry. Pursuant to the CIDB Act, it is a mandatory requirement for all contractors who carry out or complete any civil engineering construction and / or mechanical and electrical construction works to hold a valid certificate of registration issued by CIDB.

Our subsidiary, Steel Hawk Engineering is currently registered as a Grade G7 contractor with CIDB. The Grade G7 certification allows us to tender for building, civil, mechanical and electrical engineering projects without restriction on the value of the projects. Our certificate of registration issued by CIDB is key to the continuity of our business operations.

We have not experienced any past instances where our certificate of registration issued by CIDB has been revoked or suspended prior to its expiration, or where renewal of our certificate of registration issued by CIDB was not successful which had a material adverse impact on our Group's operations. However, any revocation of our certificate of registration or failure by us to obtain other new approvals, licenses and permits, for our certificate of registration issued by CIDB, will have a material impact on our ability to continue our business operations and hence will affect our profitability.

9.1.7 We are required to comply with HSE laws and regulations that govern the O&G Industry

The O&G industry is subject to various HSE laws and regulations. HSE laws and regulations address, among others, occupational safety and health of employees when they perform their jobs and the effect that performing those jobs may have on the environment. Failure to comply with any relevant laws and regulations, as well as injuries or other harm caused by such failure, may result in financial penalties, administrative or legal proceedings against us including the termination or suspension of our business activities.

Our failure to comply with any or all the applicable HSE laws and regulations or a change in any or all such regulations may disrupt our operations and could have a material adverse effect on our business operations. As at the LPD, there have been no incidences of non-compliance with the applicable HSE laws and regulations by our Group.

There can be no assurance that we will continue to remain in compliance with the applicable HSE laws and regulations as we carry out our business. In addition, there can be no assurance that we will not be involved in future litigations or proceedings relating to regulatory matters, of which the cost could be material.

9.1.8 We are dependent on our key management team and technical personnel for continued success and the loss of their continued service may affect our business operations

Our continuous success, future business growth and expansion will depend upon our ability to identify, engage and retain suitable, skilled and experienced employees, including our key management team with the essential industry experience, knowledge and expertise. Our key management personnel are vital in driving the future growth of our Group as they contribute in aspects of strategic direction, leadership, business planning and development as well as the management of our Group.

Our Group's key management personnel that lead and oversee our projects, namely Dato' Sharman, Salimi Bin Khairuddin and Khairul Nazri Bin Kamarudin, have approximately 20 years, 14 years and 10 years of experience in the O&G industry respectively as at the LPD. They have been actively involved in our Group's daily business operations as well as formulating and implementing strategies to drive the growth and expansion of our Group. Accordingly, their extensive knowledge and experience in the O&G industry is invaluable to our Group.

Apart from the above individuals, our other key management personnel, namely Datin Annie A/P V Sinniah and Vinthra A/P Vijayakumar, also play a pivotal role in our daily business operations based on their experience in their respective fields and in-depth knowledge on our business. Further information on the profiles of our key management team is set out in **Section 5.1.2** and **Section 5.4.2** of this Prospectus.

Further, as at the LPD, we have a total workforce of 71 employees in which we have 50 technical personnel, which accounted for 70.42% of our total employees. As the O&G industry is technical and specialised, our technical personnel are essential to carry out various engineering and technical works in our business operations.

There can be no assurance that we will be successful in retaining our existing key management team or there will be a smooth transition should changes occur, which may bring about an adverse impact on our Group. The loss of any personnel in our key management team without a suitable replacement in a timely manner and the inability to hire new qualified technical personnel may adversely affect our business operations. This will delay our project completion and may eventually affect our ability to maintain and / or improve our business performance.

9.1.9 We are exposed to the risks of possible delays in completing our projects

The timeframe to complete our projects is in accordance with the terms in our contracts. However, the completion of our projects may be affected by many external factors such as the availability of parts and components, the quality of work delivered by our subcontractors and any unforeseen external factors, which are beyond our control.

Project delays may affect our profitability and result in a delay in recognition of revenue. In addition, in the event that there is a delay in any of our projects and we are unable to procure an extension of time for the project, we will be subject to liquidated and ascertained damages ("**LAD**") penalties imposed by our customer, which will then lead to project cost overrun, attract adverse feedback and legal uncertainties. As at the LPD, we have not encountered any failure in obtaining extension of time(s) for our projects which had resulted in LAD penalties enforced against us and we have not encountered project cost overrun that led to an adverse impact on our business operations and financial results.

Notwithstanding the above, there can be no assurance that our future projects can be completed in a timely manner with no delay, in which the delay may result in legal suits, liabilities and lower profitability that would adversely impact our Group's future earnings and reputation.

9.1.10 We are subject to credit risk and default payment by our customers

Our Group is dependent on the ability of our customers to make timely or full payments to us as any payment delays from them will result in a negative impact on our Group's cash flow position. Under such circumstances, we may provide impairment loss on trade receivables or write off trade receivables as bad debts, which will adversely affect our financial performance.

We generally grant our customers 30 days credit period. Our trade receivables turnover period for the Financial Years / Period Under Review were 6 days, 29 days, 35 days and 24 days, respectively. For the FYE 2021, FYE 2022 and FPE 2024, our Group's trade receivables turnover period were within the normal credit terms. However, for the FYE 2023, our Group's trade receivables turnover period exceeded our normal credit terms, mainly attributed to the slower collection of receivables from a customer within the EPCC services and facilities improvement / maintenance segment which had subsequently been collected after the FYE 2023. Additionally, we did not make any impairment on trade receivables during the Financial Years / Period Under Review up to the LPD. Please refer to **Section 12.4** of this Prospectus for details on our trade receivables turnover and our outstanding trade receivables which have yet to be collected.

Notwithstanding the above, there can be no assurance that payments from any of our customers will be received in full or on time in the future. In the event of a delay, missed or reduced in payments to us, our Group's operating cash flow and liquidity will be materially and adversely affected.

9.1.11 We are subject to warranty claims for defects in our deliverance

We typically provide a warranty against defects for a period of between 12 months and 36 months pursuant to the contracts. In the event of any defects during the warranty period, our customer may require us to replace the defective works and bear the reinstallation costs.

As at the LPD, save for during the FYE 2021 where we have encountered warranty claims amounting to RM5,771 which accounted for 0.02% of our total revenue, we have not incurred any warranty claims for defects in our deliverance. While these warranty claims were not significant, any substantial increase in warranty claims may adversely affect our financial performance.

9.1.12 Our future growth depends on our ability to execute our business strategies and future plans

Our business strategies and future plans are as follows:

(i) We plan to establish our own fabrication yard at Teluk Kalung, Kemaman, Terengganu;

(ii) We intend to expand our EPCC services to the renewable energy industry; and

(iii) We intend to venture into integrated HUC services within the O&G industry.

Please refer to **Section 7.4** of this Prospectus for further information on our business strategies and future plans.

The implementation of these business strategies and future plans involves capital expenditure as well as other operating expenses such as depreciation charges, maintenance costs of systems and equipment and staff costs. The feasibility and implementation of such business strategies and future plans will also depend on, among others, favourable economic conditions and the timing of execution.

There is no assurance that the execution of our business strategies and future plans will be successful, nor will we be able to anticipate all the risks and uncertainties that may arise during the implementation of these business strategies and future plans, which may materially affect the business operations and financial performance of our Group.

9.2 RISKS RELATING TO OUR INDUSTRY

9.2.1 We face competition within the O&G services and equipment industry

We operate in the O&G services and equipment industry in Malaysia and we are subject to competition from existing O&G services and equipment providers as well as potential new entrants in the industry in terms of range of services and equipment, technical expertise, ability to meet technical, quality and safety requirements, and reliability and efficiency of deliverance, among others. Increasing competition in the O&G services and equipment industry has, and is expected to continue to have an impact on our Group's operational results and financial performance.

The competition we face from existing industry players and potential new market entrants may impact our revenue and profitability as we are required to participate in tender activities with more competitive bid prices in order to secure new contracts. Therefore, we are exposed to the risk that we may be unable to compete effectively against our existing or potential competitors, which will have material and adverse effects on our business operations and financial performance.

9.2.2 We may be affected if PETRONAS group and other O&G players reduce their capital investment and / or operating expenditure in the event of a sustained fall in the market price of crude oil and / or natural gas

As crude oil and natural gas are internationally traded commodities whose prices are subject to fluctuation. Global economic conditions and outlook, geopolitical factors, unexpected supply disruptions, increase and reduction in demand, and other factors may influence the market price of these commodities.

The level of O&G industry activity, including operating expenses and capital expenditure are, to some degree, affected by fluctuations in the market price of crude oil and natural gas. For example, the level of activity tends to increase when prices are sustained at a high level, as producers tend to increase exploration and development activities to identify new reservoirs and bring them into production and they have more financial resources to do so. This increase in activity generally results in increases in operating expenses and capital expenditure by operators.

Conversely, the O&G industry tends to decline when prices are sustained at a low level as producers may temporarily scale down development and production activities. Exploration activity may continue, although at a reduced level. This generally results in a decrease in capital expenditure as operators reduce investment in exploration and development activities hence reducing operating expenses too.

There is a risk that PETRONAS group and other O&G players may reduce their activities in, among others, O&G production, processing and transportation or delay, suspend and / or terminate some of their projects due to, among others, the COVID-19 pandemic and / or a sustained low crude oil price environment, as highlighted in **Section 7.3.3** of this Prospectus.

Should PETRONAS group and other O&G players reduce their O&G activities or delay, suspend and / or terminate some of their projects, there may be a reduction in their spending on capital investment and / or operating expenditure which could reduce the demand for our Group's services. Consequently, this may have an adverse effect on our business operation and financial performance.

9.2.3 We are subject to political, economic, social, market and regulatory considerations and the occurrence of force majeure events

Any adverse developments in the political, economic, social, market and regulatory conditions in Malaysia or our export markets could adversely affect our business operations and financial performance. Such developments include, but are not limited to, changes in political leadership, geopolitical events, general economic and business conditions, fluctuations in foreign exchange rates and interest rates, acts of terrorism, riots, wars and / or sanctions, prolonged COVID-19 pandemic or the emergence of new epidemics or pandemics, expropriation or nationalisation, fiscal and monetary policies of the Government such as inflation, deflation, methods of taxation, tax policies, foreign worker levy and exchange control measures, unemployment trends, deterioration of international bilateral relationships, and other matters that may influence consumer and business confidence and spending.

Increasing volatility in financial markets may also cause these factors to change with a greater degree of frequency and magnitude. Unfavourable developments in the socio-political environment in Malaysia may materially and adversely affect our business operations, financial performance and prospects.

9.2.4 Our business may be affected if crude oil and natural gas reservoirs in Malaysia become depleted

All crude oil and natural gas reservoirs are non-renewable as it is not possible to regenerate them within a reasonable timeframe once they have been extracted. As such, all crude oil and natural gas reservoirs, including those in Malaysia, will eventually be depleted. Depletion of these reservoirs is likely to have a negative impact on production activity, which will in turn affect the demand for O&G supporting services, including crude oil and natural gas well services.

PETRONAS has implemented various measures and initiatives to increase Malaysia’s crude oil and natural gas reserves, with new discoveries contributing to the hydrocarbon reserves in the country. In addition, current reserve estimates generally do not take into account factors such as the existence of crude oil and natural gas that have not been discovered, developments that can increase the amount of crude oil and natural gas that can be extracted from existing reserves and technological advances that enable production from previously inaccessible reserves.

However, there can be no assurance that O&G industry operators in Malaysia will continue to discover recoverable reserves quickly enough to replace reserves that are produced. There is no assurance that technological and other advances can materially increase the amount of crude oil and natural gas that can be extracted from reserves and enable production from inaccessible reserves.

9.3 RISKS RELATING TO INVESTMENT IN OUR SHARES

9.3.1 There is no prior active market for our Shares and it is uncertain whether an active or sustainable market will ever develop after the Transfer

As at the LPD, we are listed on the LEAP Market and upon completion of our Transfer, the entire issued share capital of our Company will be transferred from the LEAP Market to the ACE Market. Currently, the trading of our Shares is only restricted to sophisticated investors (i.e. any person who is specified as a sophisticated investor in the SC's Guidelines on Categories of Sophisticated Investors).

The listing of and quotation for our Shares on the ACE Market does not guarantee that an active market for the trading of our Shares will develop, or if developed, such market can be sustained. There is also no assurance as to the liquidity of any market that may develop for our Shares, the ability of holders to sell our Shares or the prices at which holders would be able to sell our Shares.

In addition, there can be no assurance that our IPO Price will correspond to the price at which our Shares will trade on the ACE Market upon Listing. There is also no assurance that the market price of our Shares will not decline below our IPO Price.

9.3.2 Our Share price and trading volume may be volatile

The performance of the ACE Market is dependent on external factors such as the performance of the regional and global stock exchanges and the flows of foreign funds. The sentiment is also induced by factors such as economic and political conditions and the growth potential of the various sectors of the economy. These factors constantly contribute to the volatility of share prices witnessed on the ACE Market and this adds risks to the market price of our Shares. Nevertheless, our profitability is not dependent on the performance of Bursa Securities as our business activities have no direct correlation with the performance of securities listed on the ACE Market.

In addition, the market price of our Shares may fluctuate significantly and rapidly in response to, among others, the following factors, some of which are beyond our control:

(i) variations in our financial results and operations;

(ii) success or failure of our management team in implementing business and growth strategies;

(iii) gain or loss of an important business relationship;

(iv) changes in securities analysts' recommendations, perceptions or estimates of our financial performance;

(v) changes in conditions affecting the industry, the general economic conditions or stock market sentiments or other related events or factors;

(vi) changes in market valuations and share prices of companies with similar businesses to our Group that may be listed on Bursa Securities;

(vii) additions or departures of our Key Senior Management;

(viii) fluctuation in stock market prices and volume;

(ix) involvement in litigation; or

(x) natural disasters, health epidemics and outbreaks of contagious diseases.

There is no assurance that the market price of our Shares will not be subject to volatility due to market sentiments.

9.3.3 Failure or delay in our Transfer

Our Transfer could be delayed or terminated due to the possible occurrences of certain events, which include the following:

(i) our Underwriter exercising its rights pursuant to the Underwriting Agreement to discharge itself from its obligations thereunder;

(ii) we are unable to meet the public shareholding spread requirement of the Listing Requirements of at least 25.00% of our enlarged number of issued Shares to be held by a minimum of 200 public shareholders holding not less than 100 Shares each, at the point of our Listing; and

(iii) the revocation of approvals from relevant authorities prior to our Transfer or admission to the Official List of ACE Market for whatever reason.

Where prior to the issuance and allotment or transfer of our IPO Shares:

(i) if the SC issues a stop order pursuant to Section 245(1) of the CMSA, the applications shall be deemed to be withdrawn and cancelled, and we or such other person who received the monies shall repay all monies paid in respect of the applications for our IPO Shares within 14 days of the stop order, failing which we shall be liable to return such monies with interest at the rate of 10.00% per annum or at such rate as may be specified by the SC pursuant to Section 245(7)(a) of the CMSA; or

(ii) if our Listing is aborted, investors will not receive any of our IPO Shares and all monies paid in respect of all applications for our IPO shares will be refunded free of interest.

Where subsequent to the issuance and allotment of our IPO Shares:

(i) if the SC issues a stop order pursuant to Section 245(1) of the CMSA, any issue of our IPO Shares shall be deemed to be void and all monies received from the applicants shall forthwith be repaid without interest, and if any such money is not repaid within 14 days of the date of service of the stop order, we shall be liable to return such monies with interest at the rate of 10.00% per annum or at such other rate as may be specified by the SC from the expiry of that period pursuant to Section 245(7)(b) of the CMSA; or

(ii) if our Listing is aborted other than pursuant to a stop order by the SC, a return of monies to our shareholders could only be achieved by way of a cancellation of our share capital as provided under the Act and its related rules. Such cancellation can be implemented by either:

    (a) the sanction of our shareholders by special resolution in a general meeting, consent by our creditors (unless dispensation with such consent has been granted by the High Court of Malaya) and the confirmation of the High Court of Malaya, in which case there can be no assurance that such monies can be returned within a short period of time or at all under such circumstances; or

    (b) the sanction of our shareholders by special resolution in a general meeting supported by a solvency statement from our Directors.

9.3.4 Uncertainty of dividend payments

We are a holding company and we conduct all our operations through our Subsidiaries. Accordingly, our main source of income, which is an important factor in our ability to pay dividends to our shareholders, is the receipt of dividends and other distributions to us from our Subsidiaries. It is our Board's policy to recommend and distribute minimum dividends of 30.00% of our annual PAT attribution to shareholders of our Company. This will allow our shareholders to participate in our Group's profits. Any final dividends declared are subjected to the approval of our shareholders at our AGM.

Our ability to declare dividends or make other distributions to our shareholders may also be subject to restrictions contained in our existing and / or future loan agreements, the future financial performance and cash flow position of our Group and subject to us having profits and sufficient funds which are in excess to our requirements to fund our operations, other obligations or business plans. Deterioration of these factors could have a material adverse effect on our business and inability to declare dividends to our shareholders.

There is no assurance that our Company will be able to distribute dividends to our shareholders as a result of the above-mentioned factors. There is also no assurance that we will be able to record profits and have sufficient funds for our operations, other obligations and business plans to declare dividends to our shareholders in the future.

9.3.5 Our Promoters may have continued control

Upon our Listing, our Promoters will collectively hold 276,251,000 Shares, representing approximately 56.38% of our enlarged issued shares. Accordingly, our Promoters will be able to exercise significant influence over the outcome of certain matters requiring the voting of our shareholders, including voting on the appointment of Directors, and consequently may be able to influence the composition of our Board. Hence, there can be no assurance that the interests of our Promoters will always be aligned with those of our other shareholders.

Our Promoters could also have a significant influence in determining the outcome of corporate transactions or other matters submitted to our shareholders for approval, including mergers, consolidations and the sale of all or substantially all of our assets and other significant corporate actions to the extent that they are not required to abstain from voting (and procuring persons connected to them to abstain from voting) in respect of such transactions and corporate actions. Our substantial shareholders are also able to prevent or cause a change in control in our Company.

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10. RELATED PARTY TRANSACTIONS

Pursuant to the Listing Requirements, subject to certain exemptions, a "related party transaction" is a transaction entered into by a listed corporation or its subsidiaries, which involves the interest, direct or indirect, of a related party. A "related party" is defined as a director, major shareholder or person connected with such director or major shareholder (including a director or major shareholder within the preceding 6 months before the transaction was entered into). "Major shareholder" means a shareholder with a shareholding of 10.00% or more (or 5.00% or more where such person is the largest shareholder in the corporation) of all the voting shares in the corporation.

After our Transfer, we will be required to seek our shareholders' approval each time we enter into material related party transactions in accordance with the Listing Requirements. However, if the related party transactions can be deemed as recurrent related party transactions, we may seek a general mandate from our shareholders to enter into these transactions without having to seek separate shareholders' approval each time we wish to enter into such related party transactions during the validity period of the mandate. The interested person shall abstain from voting on resolution(s) pertaining to each respective transaction. Under the Listing Requirements, related party transactions may be aggregated to determine their materiality if the transactions occurred within a 12-month period, are entered into with the same party or with parties connected with one another or if the transactions involved the acquisition or disposal of securities or interests in one corporation / asset or of various parcels of land contiguous to each other.

10.1 RELATED PARTY TRANSACTIONS

Save as disclosed below, our Board has confirmed that there are no other material related party transactions, existing or proposed, that we have entered or to be entered into with the related parties for the Financial Years / Period Under Review and up to the LPD:

No.	Transacting parties	Nature of transaction	Nature of relationship	Transaction value				
				FYE 2021	FYE 2022	FYE 2023	FPE 2024	1 April 2024 up to the LPD
				RM	RM	RM	RM	RM
1.	(i) Steel Hawk Engineering (ii) SS Innovations Sdn Bhd	Acquisition of PJ Office from SS Innovations Sdn Bhd[(1)]	Dato' Sharman is our Promoter, substantial shareholder and Deputy Chairman / Executive Director. He was also a director and shareholder of SS Innovations Sdn Bhd. Datin Annie A/P V Sinniah is our Promoter and substantial shareholder. She was also a director and shareholder of SS Innovations Sdn Bhd.	700,000 (represents 4.33% of our Group's total assets)	-	-	-	-

10. RELATED PARTY TRANSACTIONS (CONT'D)

Note:

(1) On 2 December 2020, we entered into 2 sale and purchase agreements with SS Innovations Sdn Bhd for the acquisition of our PJ Office, comprising 2 office lots located at No. 23-2 & 25-2, Block H, Jalan PJU 1/37, Dataran Prima, 47301 Petaling Jaya, Selangor Darul Ehsan, for a total consideration of RM1.30 million to be satisfied entirely via cash. The acquisition was completed and the issue documents of title of the PJ Office have been registered in favour of Steel Hawk Engineering on 4 October 2021 and 10 September 2021, respectively.

Based on the 2 valuation reports dated 26 November 2020 prepared by an independent registered valuer engaged by Steel Hawk Engineering, the total market value of our PJ Office was appraised by the independent registered valuer at RM1.30 million (being RM0.65 million for each lot) using the comparison method. The date of valuation was 18 November 2020.

SS Innovations Sdn Bhd was dissolved on 21 September 2023, following which, Dato' Sharman and Datin Annie A/P V Sinniah had ceased to be the directors and shareholders of SS Innovations Sdn Bhd.

Our Directors are of the opinion that the related party transactions were carried out on an arm's length basis and on normal commercial terms which are not unfavourable to our Group but comparable to those generally available to third parties.

Our Directors also confirm that there are no other related party transactions that have been entered by our Group that involve the interest, direct or indirect, of our Directors, major shareholders and / or persons connected with them but not yet effected up to the date of this Prospectus.

In addition, to safeguard the interest of our Group and our minority shareholders, and to mitigate any potential conflict of interest situation, our Audit and Risk Management Committee will, amongst others, supervise and monitor any related party transactions and the terms thereof and report to our Board for any further action, as set out in **Section 10.4** of this Prospectus. When necessary, our Board will make appropriate disclosures in our annual report with regard to any related party transaction entered into by us.

In the event that there are any proposed related party transactions that require the prior approval of our shareholders, our Directors and major shareholders, and / or persons connected with them which have any interest, direct or indirect, in the proposed related party transaction will abstain from voting in respect of his direct and / or indirect shareholdings. Such interested Director and / or major shareholders will also undertake to ensure that the person connected with him will abstain from voting on the resolution approving the proposed related party transaction at the general meeting.

10.2 TRANSACTIONS THAT ARE UNUSUAL IN NATURE OR CONDITION

Our Board has confirmed that there are no related party transactions that are unusual in their nature or conditions, involving goods, services, tangible or intangible assets, to which our Company and / or our Subsidiaries were a party for the Financial Years / Period Under Review and up to the LPD.

10.3 OUTSTANDING LOANS AND / OR FINANCIAL ASSISTANCE MADE TO OR FOR THE BENEFIT OF RELATED PARTIES

10.3.1 Outstanding loans (including guarantees of any kind) and / or financial assistance made to or for the benefit of related parties

Our Board has confirmed that there are no outstanding loans (including guarantees of any kind) or financial assistance that have been granted by our Group to or for the benefit of the related parties during the Financial Years / Period Under Review and as at the LPD.

10.3.2 Provision of guarantees by our related parties for the banking facilities granted to our Group

For the Financial Years / Period Under Review, Salimi Bin Khairuddin, Dato' Sharman and Khairul Nazri Bin Kamarudin have rendered personal guarantees for banking facilities extended by Bank Islam Malaysia Berhad, AmBank (M) Berhad, Small Medium Enterprise Development Bank Malaysia Berhad, AmBank Islamic Berhad, Affin Bank Berhad, Maybank Islamic Berhad, Koperasi Angkatan Tentera Malaysia, Public Islamic Bank Berhad, CIMB Islamic Bank Berhad and MBSB Bank Berhad (collectively, the "**Financiers**") to our Group. The aggregate guaranteed amount rendered by Salimi Bin Khairuddin, Dato' Sharman and Khairul Nazri Bin Kamarudin as at the LPD is approximately RM82.20 million.

Our Group has applied to the Financiers to discharge and / or release the guarantees rendered by Salimi Bin Khairuddin, Dato' Sharman and Khairul Nazri Bin Kamarudin by substituting the same with a corporate guarantee to be rendered by our Company and / or other securities from our Group acceptable to the Financiers. Until such discharge and substitution of guarantees have been implemented by the Financiers, our relevant substantial shareholders will continue to guarantee the banking facilities extended to our Group.

In conjunction with our Transfer, save for Small Medium Enterprise Development Bank Malaysia Berhad, our Group has received conditional approvals from all the Financiers to discharge the above guarantees upon the successful Transfer by substituting the same with a corporate guarantee from our Company or such other securities acceptable to the Financiers. For the avoidance of doubt, our Group has subsequently on 12 June 2024 and 15 July 2024 fully settled the loans and borrowings granted by AmBank (M) Berhad and Small Medium Enterprise Development Bank Malaysia Berhad, respectively.

10.4 MONITORING AND OVERSIGHT OF RELATED PARTY TRANSACTIONS

10.4.1 Audit and Risk Management Committee review

One of the main functions of our Audit and Risk Management Committee is to assess the matters relating to related party transactions and conflict of interest that may arise. In carrying out this task, our Audit and Risk Management Committee maintains and reviews the adequacy of the procedures and processes set by our Company to monitor all related party transactions and conflict of interest situations.

The review also includes having in place the procedures and processes to ensure that the transactions are carried out in the best interest of our Company on normal commercial terms and not more favourable to the related party than those generally available to third parties dealing at arm's length and are not detrimental to the interest of our Company's minority shareholders.

In the event that there are any proposed related party transactions that require the prior approval of our shareholders, our Directors, major shareholders and / or persons connected with our Directors or major shareholders, which have any interest, direct or indirect, in the proposed related party transactions will be required to abstain from deliberations and voting on the transaction.

The reviews conducted by our Audit and Risk Management Committee are reported to our Board.

10.4.2 Our Group's policy on related party transactions

It is our Group's policy that all related party transactions and conflict of interest or potential conflict of interest situations must be immediately and fully disclosed by the interested Directors or major shareholders to the management for reporting to the Audit and Risk Management Committee. Such transactions must be reviewed by the Audit and Risk Management Committee to ensure that they are negotiated and agreed upon in the best interest of our Company on an arm's length basis, and are based on normal commercial terms and not more favourable to the related party than those generally available to third parties and are not detrimental to the interest of our Company's minority shareholders.

When necessary, our Board will make appropriate disclosures in our annual report of any related party transaction and conflicts of interest with our Group.

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11. CONFLICT OF INTEREST

11.1 CONFLICT OF INTEREST

11.1.1 Interest in the businesses or corporations which are our customers or suppliers

As at the LPD, save as disclosed below, none of our Directors and / or substantial shareholders have any other interest, whether direct or indirect, in any businesses or corporations which are carrying on similar trade as our Group or which are customers or suppliers of our Group:

				As at the LPD			
				Direct		Indirect	
Director	Company	Principal activities	Designation	No. of shares	%	No. of shares	%
Tan Sri Acryl Sani Bin Abdullah Sani	Dagang NeXchange Berhad ("**DNeX**")	A public company listed on the Main Market of Bursa Securities, through its subsidiaries, operates in the business divisions of technology, energy and information technology	Independent Non-Executive Deputy Chairman	375,000	-[(1)]	-	-
Haslinda Binti Hussein	DNeX	A public company listed on the Main Market of Bursa Securities, through its subsidiaries, operates in the business divisions of technology, energy and information technology	Independent Non-Executive Director	-	-	-	-

Note:

(1) Negligible.

In July 2022, our Group had made payment to DNeX's wholly-owned subsidiary, namely OGPC Sdn Bhd (a company involved in the sale of O&G related equipment and the provision of engineering and technical support services for the O&G industry), for engineering services in relation to repair works for pig trap enclosure doors supplied to PETRONAS Carigali. These services amounted to approximately RM0.06 million (representing 0.12% of our Group's cost of sales for the FYE 2022). Subsequent to our Transfer, such transaction may recur as related party transaction(s). Under such an event, Tan Sri Acryl Sani Bin Abdullah Sani and Haslinda Binti Hussein will abstain from voting on the relevant resolution in respect of such proposed related party transaction(s) at our general meetings.

11. CONFLICT OF INTEREST (CONT'D)

Notwithstanding the above, this is not expected to give rise to a conflict of interest situation on the following basis:

- Tan Sri Acryl Sani Bin Abdullah Sani and Haslinda Binti Hussein was appointed to our Board on 5 October 2023 and 1 May 2021, respectively, and the board of directors of DNeX on 1 August 2023 and 1 July 2024, respectively, where they were not involved in the deliberation in respect of the provision of the abovementioned services by OGPC Sdn Bhd to the Group. Accordingly, the abovementioned transaction had been entered into prior to Tan Sri Acryl Sani Bin Abdullah Sani and Haslinda Binti Hussein's appointment to the board of directors of DNeX;

- Tan Sri Acryl Sani Bin Abdullah Sani's and Haslinda Binti Hussein's involvement in our Group and DNeX and its subsidiaries ("**DNeX Group**") is limited to discharging their duty as independent and non-executive directors and they are not involved in the management (such as business-development matters and tendering process) as well as operational matters (such as project execution) of both our Group and DNeX Group. Their involvement in both our Group and DNeX Group is limited to the extent of attending board meetings, in which they serve and discharge their principal role and duty as independent and non-executive directors as well as providing advice from a governance perspective; and

- Moving forward, Tan Sri Acryl Sani Bin Abdullah Sani and Haslinda Binti Hussein will voluntarily abstain from all deliberations and voting at the relevant Board meetings pertaining to any transactions between our Group and DNeX Group that may possibly give rise to a conflict of interest situation.

11.1.2 Interest in similar businesses or corporations

As at the LPD, save as disclosed in **Section 11.1.1** of this Prospectus, none of our Directors and / or substantial shareholders has any other interest, whether direct or indirect, in any businesses or corporations which are carrying on a similar trade as our Group.

11.2 DECLARATION BY ADVISERS ON CONFLICT OF INTEREST

11.2.1 Principal Adviser, Sponsor, Underwriter and Placement Agent

UOBKH has confirmed that there is no existing or potential conflict of interest in its capacity as the Principal Adviser, Sponsor, Underwriter and Placement Agent for our Transfer.

11.2.2 Solicitors for our Transfer

Christopher & Lee Ong has confirmed that there is no existing or potential conflict of interest in its capacity as the Solicitors to our Group in relation to our Transfer.

11. CONFLICT OF INTEREST (CONT'D)

11.2.3 Auditors and Reporting Accountants

KPMG PLT has confirmed that there is no existing or potential conflict of interest in its capacity as the Auditors and Reporting Accountants to our Group in relation to our Transfer.

11.2.4 Independent Market Researcher

Protégé has confirmed that there is no existing or potential conflict of interest in its capacity as the IMR to our Group in relation to our Transfer.

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12.1 HISTORICAL FINANCIAL INFORMATION

Our historical financial information throughout the Financial Years / Period Under Review has been prepared in accordance with MFRS and IFRS. The selected financial information included in this Prospectus is not intended to predict our Group's financial position, results and cash flows.

Our Company was incorporated under the Act on 29 December 2020 as a private limited company under the name of Steel Hawk Sdn Bhd. Subsequently, on 8 July 2021, our Company was converted into a public limited company under our present name and was listed on the LEAP Market on 29 October 2021.

The historical financial information of our Group for the Financial Years / Period Under Review was prepared on a consolidated basis and presented based on the audited consolidated financial statements of our Group.

The following historical financial information for the Financial Years / Period Under Review have been extracted from the Accountants' Report and it should be read with the 'Management's Discussion and Analysis of Financial Condition and Results of Operations' and the Accountants' Report set out in **Section 12.3 and Section 13** of this Prospectus, respectively.

Historical consolidated statements of profit or loss of our Group

	Audited			Unaudited	Audited
	FYE 2021	FYE 2022	FYE 2023	FPE 2023	FPE 2024
	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	24,845	66,326	72,537	13,443	19,736
Cost of sales	(14,029)	(50,296)	(51,704)	(10,032)	(11,345)
GP	**10,816**	**16,030**	**20,833**	**3,411**	**8,391**
Other income	172	76	153	50	5
Administrative expenses	(7,586)	(7,397)	(9,375)	(1,954)	(3,418)
Net loss on impairment of financial instrument	-	(69)	-	-	-
Operating profit	**3,402**	**8,640**	**11,611**	**1,507**	**4,978**
Finance income	12	25	88	13	12
Finance costs	(270)	(470)	(1,355)	(225)	(364)
PBT	**3,144**	**8,195**	**10,344**	**1,295**	**4,626**
Tax expense	(1,064)	(2,384)	(3,124)	(385)	(1,392)
PAT	**2,080**	**5,811**	**7,220**	**910**	**3,234**

	FYE 2021	FYE 2022	FYE 2023	FPE 2023	FPE 2024
EBIT (RM'000)(1)	3,402	8,640	11,611	1,507	4,978
EBITDA (RM'000)(1)	4,130	9,427	12,400	1,689	5,201
GP margin (%)(2)	43.53	24.17	28.72	25.37	42.52
PBT margin (%)(3)	12.65	12.36	14.26	9.63	23.44
PAT margin (%)(3)	8.37	8.76	9.95	6.77	16.39
Effective tax rate (%)(4)	33.84	29.09	30.20	29.73	30.09
Number of Shares in issue after our IPO ('000)	490,000	490,000	490,000	490,000	490,000
Basic / diluted EPS (sen)(5)	0.42	1.19	1.47	0.19	0.66

12. FINANCIAL INFORMATION (CONT'D)

Notes:

(1) EBIT and EBITDA are calculated as follows:

	FYE 2021 RM'000	FYE 2022 RM'000	FYE 2023 RM'000	FPE 2023 RM'000	FPE 2024 RM'000
PAT	2,080	5,811	7,220	910	3,234
Less:					
Finance income	(12)	(25)	(88)	(13)	(12)
Add:					
Finance costs	270	470	1,355	225	364
Taxation	1,064	2,384	3,124	385	1,392
EBIT	**3,402**	**8,640**	**11,611**	**1,507**	**4,978**
Add:					
Depreciation	728	787	789	182	223
EBITDA	**4,130**	**9,427**	**12,400**	**1,689**	**5,201**

(2) GP margin is calculated based on GP over revenue.

(3) PBT or PAT margin is calculated based on PBT or PAT over revenue.

(4) Effective tax rate is calculated based on tax expenses divided by PBT.

(5) Basic and diluted EPS is calculated based on PAT for the financial year / period over the enlarged share capital of 490,000,000 Shares upon our Listing. The diluted EPS is equal to the basic EPS as no potential dilutive securities are in issue throughout the Financial Years / Period Under Review.

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Historical consolidated statements of financial position of our Group

	Audited			
	FYE 2021	FYE 2022	FYE 2023	FPE 2024
	RM'000	RM'000	RM'000	RM'000
ASSETS				
Non-current assets				
Property, plant and equipment	3,082	3,320	6,387	6,911
Right-of-use assets	220	104	1,500	1,479
Total non-current assets	**3,302**	**3,424**	**7,887**	**8,390**
Current assets				
Inventories	369	158	568	610
Contract assets	5,689	11,410	21,539	20,310
Trade and other receivables(1)	767	11,025	4,301	9,240
Pledged deposit	129	4,214	6,705	6,834
Cash and cash equivalents	5,910	12,091	10,687	15,618
Total current assets	**12,864**	**38,898**	**43,800**	**52,612**
TOTAL ASSETS	**16,166**	**42,322**	**51,687**	**61,002**
EQUITY AND LIABILITIES				
Share capital	7,808	7,808	7,808	7,808
Restructuring reserve	(3,108)	(3,108)	(3,108)	(3,108)
Retained profits	5,056	10,243	16,583	19,817
Total equity	**9,756**	**14,943**	**21,283**	**24,517**
Non-current liabilities				
Loans and borrowings	1,164	3,144	4,089	3,753
Lease liabilities	46	34	465	466
Deferred tax liabilities	132	168	430	422
Total non-current liabilities	**1,342**	**3,346**	**4,984**	**4,641**
Current liabilities				
Loans and borrowings	719	7,915	13,632	20,794
Lease liabilities	183	77	770	765
Trade and other payables(2)	3,248	13,893	10,764	8,631
Current tax liabilities	918	2,148	254	1,654
Total current liabilities	**5,068**	**24,033**	**25,420**	**31,844**
TOTAL LIABILITIES	**6,410**	**27,379**	**30,404**	**36,485**
TOTAL EQUITY AND LIABILITIES	**16,166**	**42,322**	**51,687**	**61,002**

Notes:

(1) The breakdown of trade and other receivables during the Financial Years / Period Under Review are as follows:

	Audited			
	FYE 2021	FYE 2022	FYE 2023	FPE 2024
	RM'000	RM'000	RM'000	RM'000
Trade				
Trade receivables from contracts with customers	283	10,404	3,488	7,122
Non-trade				
Other receivables	77	74	84	9
Deposits	114	353	203	211
Prepayment*	293	194	526	1,898
	484	621	813	2,118
Total trade and other receivables	**767**	**11,025**	**4,301**	**9,240**

* Comprises contract advances, insurance prepayment, deposit and staff advances. For the FPE 2024, our Group's prepayment increased by RM1.31 million to RM2.12 million (FYE 2023: RM0.81 million) mainly due to contract advances of RM1.79 mlilion in the FPE 2024 (FYE 2023: nil). These advances were made to our suppliers in the first quarter of 2024 for the procurement of raw materials and subcontractor services for 2 of our on-going Price Agreements (call out contracts) with PETRONAS Carigali (i.e. provision of onshore facilities maintenance, construction, and modification services and provision of engineering, procurement, fabrication, construction, and delivery of integrated chemical injection skid for all Dulang platforms). In anticipation of major shutdown and turnaround activities for PETRONAS Cargali's onshore platforms which have been delayed to the third quarter of 2024, these advance payment were made to secure the prices of raw materials and services as well as to ensure the availability of service providers during this period. For clarification purposes, these prepayments shall be reversed to our Group's cost of sales when the actual work is performed (i.e. in the third quarter of 2024).

(2) The breakdown of trade and other payables during the Financial Years / Period Under Review are as follows:

	Audited			
	FYE 2021	FYE 2022	FYE 2023	FPE 2024
	RM'000	RM'000	RM'000	RM'000
Trade				
Trade payables	2,753	12,192	9,485	6,756
Non-trade				
Other payables	28	1,315	391	233
Accruals	467	386	888	1,642
	495	1,701	1,279	1,875
Total trade and other payables	**3,248**	**13,893**	**10,764**	**8,631**

12.2 CAPITALISATION AND INDEBTEDNESS

	Unaudited	I	II
	As at 30 June 2024	After our IPO	After I and utilisation of proceeds
	RM'000	RM'000	RM'000
Capitalisation			
Shareholders' equity	27,517	38,948	38,948
Total capitalisation	**27,517**	**38,948**	**38,948**
Indebtedness[(1)]			
Current			
Term loans	1,282	1,282	282
Hire purchase liabilities	155	155	155
Trade financing	13,867	13,867	13,867
Bank overdraft	9,910	9,910	9,910
Lease liabilities	394	394	394
Non-current			
Term loans	2,783	2,783	2,783
Hire purchase liabilities	944	944	944
Lease liabilities	466	466	466
Total indebtedness	**29,801**	**29,801**	**28,801**
Total capitalisation and indebtedness	57,318	68,749	67,749
Gearing ratio (times)[(2)]	1.05	0.74	0.72

Notes:

(1) All of our indebtedness is secured and / or guaranteed except for hire purchases which are secured but not guaranteed. The lease liabilities arose from our Group's recognition of right-of-use assets in accordance with *MFRS 16 – Leases*.

(2) Calculated based on total indebtedness (excluding lease liabilities) divided by total capitalisation.

12.3 MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following management's discussion and analysis of our financial condition and results of operations for the Financial Years / Period Under Review should be read in conjunction with the Accountants' Report together with the accompanying notes as set out in **Section 13** of this Prospectus.

This discussion and analysis contain data derived from our audited consolidated financial statements as well as forward-looking statements that involve risks, uncertainties and assumptions. Our actual results may differ significantly from those projected in the forward-looking statements. The factors that might cause future results to differ significantly from those included in the forward-looking statements include, but are not limited to, those discussed below or elsewhere in this Prospectus, particularly the risk factors as set out in **Section 9** of this Prospectus.

12.3.1 Overview and results of our operations

We are currently an investment holding company and through our Subsidiaries, we are principally involved in the provision of onshore and offshore support services for the O&G industry. Our business is segmented into the following core principal activities:

(i) EPCC services for chemical injection skids and facilities improvement / maintenance of topside O&G facilities[(1)];

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

(iii) Supply of oilfield equipment

Notes:

(1) The maintenance of topside O&G facilities relates to the maintenance of any structures and fittings as well as defective pipes, tubing and electrical cables identified within the topside O&G facilities.

(2) The maintenance of oilfield equipment relates to the maintenance of the specific oilfield equipment (e.g. pig trap systems, fire rated doors, oil spill recovery equipment, etc.). For the avoidance of doubt, our Group's maintenance of oilfield equipment is conducted expressly on an "as-needed" basis.

Please refer to **Section 7.2** of this Prospectus for our Group's detailed business overview.

Revenue recognition

Revenue is measured based on the consideration specified in a contract with a customer in exchange for transferring goods or services to a customer, excluding amounts collected on behalf of third parties. Our Group recognises revenue when (or as) it transfers control over a product or service to a customer. An asset is transferred when (or as) the customer obtains control of the asset. A contract asset is recognised when revenue has been recognised but invoices have not been issued. Any amount previously recognised as a contract asset is reclassified to trade receivables at the point at which it is invoiced to the customer. We did not make any impairment on contract assets during the Financial Years / Period Under Review up to the LPD.

Our Group transfers control of a good or service at a point in time unless one of the following over time criteria is met:

(i) The customer simultaneously receives and consumes the benefits provided as our Group performs;

(ii) Our Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or

(iii) Our Group's performance does not create an asset with an alternative use and our Group has an enforceable right to payment for performance completed to date.

EPCC services and facilities improvement / maintenance

Revenue from the provision of EPCC services and facilities improvement / maintenance is recognised over the period when services are rendered or recognised over time and estimated using the input method which is based on the proportion of the total cost incurred at the reporting date compared to the management's estimation of the total cost of the contract. We are entitled to issue invoice to our customers for EPCC services for chemical injection skids and facilities and improvement / maintenance of topside O&G facilities works in stages based on achieving a series of agreed performance-related milestones (i.e. progress billing).

Installation and maintenance of oilfield equipment

Revenue is recognised over the period in which our services are rendered. We are entitled to issue invoice to our customers for works carried our for installation and maintenance of oilfield equipment in stages based on achieving a series of agreed performance-related milestones (i.e. progress billing).

Supply oilfield equipment

Revenue is recognised at a point in time when or as the control of goods is transferred to our customers (i.e. generally when our customer has acknowledged delivery of products). There are no variable elements in considerations, obligation for return or refunds in the provision of services by our Group. We are entitled to issue invoice to our customers upon acknowledgement of our customers for the delivery of products.

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12.3.2 Revenue

Revenue by business segments

	Audited						Unaudited		Audited	
	FYE 2021		FYE 2022		FYE 2023		FPE 2023		FPE 2024	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
EPCC services and facilities improvement / maintenance	18,240	73.42	57,788	87.13	64,927	89.51	12,356	91.91	15,890	80.51
Installation and maintenance of oilfield equipment	5,235	21.07	7,310	11.02	5,782	7.97	700	5.21	2,389	12.11
Supply of oilfield equipment	1,370	5.51	1,228	1.85	1,828	2.52	387	2.88	1,457	7.38
Total	**24,845**	**100.00**	**66,326**	**100.00**	**72,537**	**100.00**	**13,443**	**100.00**	**19,736**	**100.00**

Revenue by geographical markets

Save for a one-off contract from SAHID Sendirian Berhad (a customer located in Brunei Darussalam) who contributed RM0.43 million to our Group's revenue in the FYE 2021 (representing 1.73% of our total revenue for the FYE 2021), our Group's revenue was solely derived from our customers' operations in Malaysia throughout the Financial Years / Period Under Review.

Comparison between FYE 2021 and FYE 2022

Our revenue increased by RM41.48 million or 166.92% to RM66.33 million in the FYE 2022 (FYE 2021: RM24.85 million). Such increase was contributed mainly by the increase in revenue from the EPCC services and facilities improvement / maintenance segment, which increased by RM39.55 million or 216.83% to RM57.79 million in the FYE 2022 (FYE 2021: RM18.24 million). The installation and maintenance of oilfield equipment segment has also contributed to our improved revenue for the FYE 2022, which contributed to an increase of RM2.07 million or 39.50% to RM7.31 million in the FYE 2022 (FYE 2021: RM5.24 million).

The EPCC services and facilities improvement / maintenance segment has remained our Group's largest revenue contributor, contributing to RM57.79 million or 87.13% of our Group's total revenue for the FYE 2022 (FYE 2021: RM18.24 million or 73.42%), followed by the installation and maintenance of oilfield equipment segment and the supply of oilfield equipment segment, contributing to RM7.31 million or 11.02% of our Group's total revenue for the FYE 2022 (FYE 2021: RM5.24 million or 21.07%) and RM1.23 million or 1.85% of our Group's total revenue for the FYE 2022 (FYE 2021: RM1.37 million or 5.51%), respectively.

EPCC services and facilities improvement / maintenance

Our revenue from the EPCC services and facilities improvement / maintenance segment increased by RM39.55 million or 216.83% to RM57.79 million in the FYE 2022 (FYE 2021: RM18.24 million), mainly due to an increase in revenue recognition from our Group's on-going Price Agreement (call out contract) with PETRONAS Carigali of RM13.72 million to RM29.31 million in the FYE 2022 (FYE 2021: RM15.59 million), and 5 contracts secured from 2 new customers, namely PBH Engineering Sdn Bhd (an integrated technical service provider to the upstream, midstream and downstream sectors in the O&G and petrochemical industry) and Sigma Water Engineering (M) Sdn Bhd (a company involved in wastewater treatment process engineering) with a total revenue contribution of RM25.07 million and RM1.72 million, respectively for the FYE 2022. Further details of these contracts are as follows:

Customer / Scope of services	Contract duration	Contract value	Revenue contribution in FYE 2021	Revenue contribution in FYE 2022
		RM'000	RM'000	RM'000
PETRONAS Carigali				
Provision of onshore facilities maintenance, construction and modification services	12 December 2018 – 31 December 2024[(1)]	N/A[(2)]	15,585	29,314
PBH Engineering Sdn Bhd				
Supply, fabrication, installation, and testing of propylene oxide storage tank and piping, along with various engineering, mechanical, civil, structural, electrical, and instrumentation work	30 May 2022 – 31 December 2024[(3)]	54,980	-	25,068
Sigma Water Engineering (M) Sdn Bhd				
(i) Provision of design, supply, manufacture and delivery of chemical injection skid;	17 June 2022 – 30 April 2024[(4)]	2,000	-	1,486
(ii) Provision of delivery of 2 units of magnetic level gauge (a type of level measurement instrument used to monitor and display the level of a liquid inside a tank or vessel);	17 August 2022 – 30 April 2024[(4)]	310	-	155
(iii) Provision of design, supply, manufacture and delivery of Automatic Control and Communication (ACC) controller for 9 units of pump-in chemical injection skids; and	29 July 2022 – 30 April 2024[(4)]	180	-	54
(iv) Provision of design, supply, manufacture and delivery of ladder and handrail chemical tank	27 July 2022 – 30 April 2024[(4)]	73	-	22

Notes:

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

(2) Under a Price Agreement (call out contract), our Group is engaged by customers through work orders to provide specified services for the duration of the contract, as and when such services are required by our customers. As such, our Price Agreements (call out contracts) do not have any fixed contract value.

(3) Based on the extended delivery date acknowledged by PBH Engineering Sdn Bhd on 19 June 2024.

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

Installation and maintenance of oilfield equipment

Our revenue from the installation and maintenance of oilfield equipment segment increased by RM2.07 million or 39.50% to RM7.31 million for the FYE 2022 (FYE 2021: RM5.24 million), mainly due to the following:

(i) Increase in work orders from PETRONAS Carigali for the replacement and maintenance of fire rated doors for modularised offshore buildings and maintenance for the following offshore facilities:

  (a) Duyong Central Processing Platform of RM0.77 million to RM1.71 million in the FYE 2022 (FYE 2021: RM0.94 million); and

  (b) Bintulu Integrated Facility and Bintulu Crude Oil Terminal of RM0.31 million to RM1.06 million in the FYE 2022 (FYE 2021: RM0.69 million);

(ii) Increase in work orders from Customer D for the installation and maintenance of oil spill recovery equipment of RM0.58 million to RM0.61 million in the FYE 2022 (FYE 2021: RM0.03 million); and

(iii) Revenue contribution of RM0.54 million from 1 new customer, namely Customer E for the erection and dismantling of scaffolding (i.e. temporary structures built to allow access for replacement, testing and commissioning activities) for the said customer's well plugging and abandonment operations (i.e. a process of preparing a well that is no longer in use to be closed permanently).

Supply of oilfield equipment

Our revenue from the supply of oilfield equipment segment decreased by RM0.14 million or 10.22% to RM1.23 million for the FYE 2022 (FYE 2021: RM1.37 million), mainly due to the completion of work for 3 customers in the prior financial year that were related to the supply of parts and components for among others, subsea mechanical connector (i.e. specialised devices used in underwater applications, particularly in the O&G industry, in joining various components and equipment together, ensuring reliable and secure connections in harsh underwater environments) and a welding safety habitat (i.e. a protective structure or enclosure used in welding and other hot work operations to ensure safety of workers and the surrounding environment), with a total contract revenue of RM0.81 million in the FYE 2021. Pursuant thereto, our Group did not recognise any revenue from the said contracts in the FYE 2022.

Comparison between FYE 2022 to FYE 2023

Our revenue increased by RM6.21 million or 9.36% to RM72.54 million in the FYE 2023 (FYE 2022: RM66.33 million). Such increase was mainly contributed by the increase in revenue from the EPCC services and facilities improvement / maintenance segment and the supply of oilfield equipment segment, which collectively increased by RM7.74 million or 13.11% to RM66.76 million in the FYE 2023 (FYE 2022: RM59.02 million). The increase in revenue was partially offset by lower revenue from the installation and maintenance of oilfield equipment segment which decreased by RM1.53 million or 20.93% to RM5.78 million in the FYE 2023 (FYE 2022: RM7.31 million).

The EPCC services and facilities improvement / maintenance segment has remained our Group's largest revenue contributor, contributing to RM64.93 million or 89.51% of our Group's total revenue for the FYE 2023 (FYE 2022: RM57.79 million or 87.13%), followed by the installation and maintenance of oilfield equipment segment and the supply of oilfield equipment segment, contributing to RM5.78 million or 7.97% of our Group's total revenue for the FYE 2023 (FYE 2022: RM7.31 million or 11.02%) and RM1.83 million or 2.52% of our Group's total revenue for the FYE 2023 (FYE 2022: RM1.23 million or 1.85%), respectively.

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EPCC services and facilities improvement / maintenance

Our revenue from the EPCC services and facilities improvement / maintenance segment increased by RM7.14 million or 12.36% to RM64.93 million in the FYE 2023 (FYE 2022: RM57.79 million), mainly due to the increase in revenue recognition from our Group's on-going fixed contract with PBH Engineering Sdn Bhd of RM6.14 million to RM31.21 million in the FYE 2023 (FYE 2022: RM25.07 million), and 2 new contracts secured from a new customer, namely Customer F with a total revenue contribution of RM4.34 million in the FYE 2023. Further details of these contracts are as follows:

Customer / Scope of services	Contract duration	Contract value	Revenue contribution in FYE 2022	Revenue contribution in FYE 2023
		RM'000	RM'000	RM'000
PBH Engineering Sdn Bhd				
Supply, fabrication, installation, and testing of propylene oxide storage tank and piping, along with various engineering, mechanical, civil, structural, electrical, and instrumentation work	30 May 2022 – 31 December 2024[(1)]	54,980	25,068	31,210
Customer F				
(i) Provision of supply and delivery of slug catcher skid; and	16 June 2023 – 13 April 2024[(2)]	7,200	-	3,825
(ii) Provision of supply and delivery of portable methanol injection skid	16 June 2023 – 2 April 2024[(3)]	518	-	518

Notes:

(1) Based on the extended delivery date acknowledged by PBH Engineering Sdn Bhd on 19 June 2024.

(2) Based on the delivery order acknowledged by Customer F on 13 April 2024.

(3) Based on the delivery order acknowledged by Customer F on 2 April 2024.

Installation and maintenance of oilfield equipment

Our revenue from the installation and maintenance of oilfield equipment segment decreased by RM1.53 million or 20.93% to RM5.78 million in the FYE 2023 (FYE 2022: RM7.31 million), mainly due to the following:

(i) Decrease in work orders received from PETRONAS Carigali for the replacement and maintenance of fire rated doors for modularised offshore buildings on offshore facilities for Peninsular Malaysia Asset, Sarawak Oil and Sarawak Gas (under our existing Price Agreements (call out contracts) with PETRONAS Carigali) of RM2.80 million or 63.64% to RM1.60 million in the FYE 2023 (FYE 2022: RM4.40 million); and

(ii) Decrease in work orders received from Customer D for the installation and maintenance of oil spill recovery equipment of RM0.12 million or 19.67% to RM0.49 million in the FYE 2023 (FYE 2022: RM0.61 million).

The decrease of revenue from the installation and maintenance of oilfield equipment segment was partially offset by the increase in revenue contribution from Customer E of RM1.00 million or 185.19% to RM1.54 million in the FYE 2023 (FYE 2022: RM0.54 million) for the erection and dismantling of scaffolding (i.e. temporary structures built to allow access for replacement, testing and commissioning activities) for the said customer's well plugging and abandonment operations (i.e. a process of preparing a well that is no longer in use to be closed permanently).

Supply of oilfield equipment

Our revenue from the supply of oilfield equipment segment increased by RM0.60 million or 48.78% to RM1.83 million in the FYE 2023 (FYE 2022: RM1.23 million), mainly due to the following:

(i) Increase in work orders received from PETRONAS Carigali for the supply of pig trap systems for Sarawak Asset (under our existing Price Agreement (call out contract) with PETRONAS Carigali) of RM0.51 million or 72.86% to RM1.21 million in the FYE 2023 (FYE 2022: RM0.70 million); and

(ii) New revenue contribution from PETRONAS NGV Sdn Bhd of RM0.10 million for the rental of gas detector, walkie talkie and leak detection equipment.

The increase in revenue from the supply of oilfield equipment segment was partially offset by the decrease in revenue from a customer that is principally involved in the O&G servicing for upstream, midstream and downstream activities of O&G facilities, for the supply of first fill chemicals (e.g. triethylene glycol) to be used for the initial set up or commissioning of the customer's mobile offshore production unit of RM0.19 million or 41.30% to RM0.27 million in the FYE 2023 (FYE 2022: RM0.46 million).

Comparison between FPE 2023 to FPE 2024

Our revenue increased by RM6.30 million or 46.88% to RM19.74 million in the FPE 2024 (FPE 2023: RM13.44 million). Such increase was contributed mainly by the increase in revenue from the EPCC services and facilities improvement / maintenance segment, which increased by RM3.53 million or 28.56% to RM15.89 million in the FPE 2024 (FPE 2023: RM12.36 million). The installation and maintenance of oilfield equipment segment had also contributed to our improved revenue for the FPE 2024, which increased by RM1.69 million or 241.43% to RM2.39 million in the FPE 2024 (FPE 2023: RM0.70 million), followed by the increase in revenue from the supply of oilfield equipment segment of RM1.07 million or 274.36% to RM1.46 million in the FPE 2024 (FPE 2023: RM0.39 million).

12. FINANCIAL INFORMATION (CONT'D)

The EPCC services and facilities improvement / maintenance segment has remained our Group's largest revenue contributor, contributing to RM15.89 million or 80.51% of our Group's total revenue for the FPE 2024 (FPE 2023: RM12.36 million or 91.91%), followed by the installation and maintenance of oilfield equipment segment and the supply of oilfield equipment segment, contributing to RM2.39 million or 12.11% of our Group's total revenue for the FPE 2024 (FPE 2023: RM0.70 million or 5.21%) and RM1.46 million or 7.38% of our Group's total revenue for the FPE 2024 (FPE 2023: RM0.39 million or 2.88%), respectively.

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EPCC services and facilities improvement / maintenance

Revenue from the EPCC services and facilities improvement / maintenance segment increased by RM3.53 million or 28.56% to RM15.89 million in the FPE 2024 (FPE 2023: RM12.36 million), mainly due to an increase in revenue recognition from our Group's Price Agreements (call out contracts) with PETRONAS Carigali, which collectively increased by RM5.24 million to RM8.71 million in the FPE 2024 (FPE 2023: RM3.47 million), and new revenue contribution from 2 contracts with Customer F (a company principally involved in the provision of civil, marine, and structural engineering contract works) of RM3.32 million for the FPE 2024. Further details of these contracts are as follows:

Customer / Scope of services	Contract duration	Contract value	Revenue contribution in FPE 2023	Revenue contribution in FPE 2024
		RM'000	RM'000	RM'000
PETRONAS Carigali				
(i) Provision of onshore facilities maintenance, construction and modification services; and	12 December 2018 – 31 December 2024(1)	N/A(2)	3,474	4,337
(ii) Provision of engineering, procurement, fabrication, construction, and delivery of integrated chemical injection skid for all Dulang platforms	26 December 2023 – 2 December 2024	N/A(2)	-	4,374
Customer F				
(iii) Provision of supply and delivery of slug catcher skid; and	16 June 2023 – 13 April 2024(3)	7,200	-	2,945
(iv) Provision of supply and delivery of portable methanol injection skid	16 June 2023 – 2 April 2024(4)	1,500	-	370

Notes:

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

(2) Under a Price Agreement (call out contract), the Group is engaged by customers through work orders to provide specified services for the duration of the contract, as and when such services are required by our Group's customers. As such, our Group's Price Agreements (call out contracts) do not have any fixed contract value.

(3) Based on the delivery order acknowledged by Customer F on 13 April 2024.

(4) Based on the delivery order acknowledged by Customer F on 2 April 2024.

Installation and maintenance of oilfield equipment

Revenue from the installation and maintenance of oilfield equipment segment increased by RM1.69 million or 241.43% to RM2.39 million in the FPE 2024 (FPE 2023: RM0.70 million), mainly due to the increase in work orders from PETRONAS Carigali for the replacement and maintenance of fire rated doors for modularised offshore buildings for the following offshore facilities:

(i) Duyong Central Processing Platform of RM0.60 million to RM0.70 million in the FPE 2024 (FPE 2023: RM0.10 million); and

(ii) Bintulu Integrated Facility and Bintulu Crude Oil Terminal of RM0.77 million to RM0.82 million in the FPE 2024 (FPE 2023: RM0.05 million).

Supply of oilfield equipment

Revenue from the supply of oilfield equipment segment increased by RM1.07 million or 274.36% of our Group's total revenue to RM1.46 million in the FPE 2024 (FPE 2023: RM0.39 million), mainly due to the following:

(i) Increase in work orders received from PETRONAS Carigali for the supply of pig trap systems (under our Group's existing Price Agreement (call out contract) with PETRONAS Carigali) of RM0.71 million to RM0.81 million in the FPE 2024 (FPE 2023: RM0.10 million); and

(ii) Increase in work orders received from PETRONAS Carigali for the supply of fire rated doors for modularised offshore buildings on offshore facilities for Peninsular Malaysia Asset and Sarawak Gas (under our Group's existing Price Agreements (call out contracts) with PETRONAS Carigali) of RM0.35 million to RM0.58 million in the FPE 2024 (FPE 2023: RM0.23 million).

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12.3.3 Cost of sales, GP and GP margin

Analysis of cost of sales by business segments

	Audited						Unaudited		Audited	
	FYE 2021		FYE 2022		FYE 2023		FPE 2023		FPE 2024	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
EPCC services and facilities improvement / maintenance	11,580	82.54	43,266	86.02	46,771	90.46	9,280	92.50	9,261	81.63
Installation and maintenance of oilfield equipment	1,856	13.23	6,478	12.88	4,050	7.83	566	5.64	1,407	12.40
Supply of oilfield equipment	593	4.23	552	1.10	883	1.71	186	1.86	677	5.97
Total	**14,029**	**100.00**	**50,296**	**100.00**	**51,704**	**100.00**	**10,032**	**100.00**	**11,345**	**100.00**

Analysis of cost of sales by cost component

	FYE 2021		FYE 2022		FYE 2023		FPE 2023		FPE 2024	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Raw materials costs(1)	7,330	52.25	39,195	77.93	35,150	67.98	7,697	76.72	9,130	80.48
Staff costs(2)	470	3.35	679	1.35	1,202	2.33	93	0.93	58	0.51
Subcontractor costs(3)	3,980	28.37	9,025	17.94	12,725	24.61	2,035	20.29	1,808	15.94
Rental of equipment(4)	2,047	14.59	803	1.60	2,125	4.11	87	0.87	250	2.20
Transportation costs(5)	202	1.44	594	1.18	502	0.97	120	1.19	99	0.87
Total	**14,029**	**100.00**	**50,296**	**100.00**	**51,704**	**100.00**	**10,032**	**100.00**	**11,345**	**100.00**

Notes:

(1) Comprise purchase costs of raw materials (e.g. metal structures, steel plates, steel pipes, metal flanges, non-metal piping and structures, high pressure tubing and high pressure metal fittings, etc.), complete assembled oilfield equipment such as fire rated doors and oil spill recovery equipment as well as the parts, components and accessories of oilfield equipment (e.g. chemical injection skids, pig trap system, fire rated doors and oil spill recovery equipment, etc.).

(2) Comprise salaries and wages of our employees who are directly involved in the provision of our Group's services as well as, among others, their living expenses, mobilisation and demobilisation costs, overtime, travelling and other allowances, medical insurance and competency training costs in compliance with PETRONAS requirements.

(3) Comprise amounts paid to third-party subcontractors for the provision of specialised services including, among others, the fabrication of large structures (e.g. I-beam and metal plates) and blasting and painting of materials (i.e. structures, pipes, tubing and fittings), and costs paid to technicians who are directly involved in the provision of EPCC services and facilities improvement / maintenance and installation and maintenance of oilfield equipment (e.g. foreman, welder, blaster painter, rigger, materials coordinator, etc). These technicians are engaged by our Group under contract for services agreements.

(4) Comprise rental costs for O&G related equipment, such as offshore containers (which are similar to shipping containers in appearance but typically differ in being designed for harsher weather conditions and non-standard dimensions), lifting equipment, safety monitoring devices and personal protective detectors (which detect the presence of gases, chemicals and / or particles) as well as short-term rental of general equipment (i.e. for rental period of less than 12 months) such as forklifts, generator sets and welding sets on an ad hoc basis based on the prevailing rate at that particular point in time.

(5) Comprise sea freight costs, air freight costs and other transportation costs for delivering complete assembled oilfield equipment as well as the parts, components and accessories of oilfield equipment to our customers' designated embarkation points (e.g. Kemaman Supply Base, Miri Port, Bintulu Port and Labuan Port, etc.). Transportation costs also involve other importation costs of equipment from overseas, particularly the United States of America, India, Europe and China.

Analysis of GP and GP margin by business segment

	FYE 2021	FYE 2022	FYE 2023	FPE 2023	FPE 2024
	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	24,845	66,326	72,537	13,443	19,736
Cost of sales	14,029	50,296	51,704	10,032	11,345
GP	10,816	16,030	20,833	3,411	8,391
GP margin (%)	43.53	24.17	28.72	25.37	42.52
By business segment					
EPCC services and facilities improvement / maintenance					
Revenue	18,240	57,788	64,927	12,356	15,890
Cost of sales	11,580	43,266	46,771	9,280	9,261
GP	6,660	14,522	18,156	3,076	6,629
GP margin (%)	36.51	25.13	27.96	24.89	41.72
Installation and maintenance of oilfield equipment					
Revenue	5,235	7,310	5,782	700	2,389
Cost of sales	1,856	6,478	4,050	566	1,407
GP	3,379	832	1,732	134	982
GP margin (%)	64.55	11.38	29.96	19.14	41.11
Supply of oilfield equipment					
Revenue	1,370	1,228	1,828	387	1,457
Cost of sales	593	552	883	186	677
GP	777	676	945	201	780
GP margin (%)	56.72	55.05	51.70	51.94	53.53

Comparison between FYE 2021 and FYE 2022

Our cost of sales increased by RM36.27 million or 258.52% to RM50.30 million for the FYE 2022 (FYE 2021: RM14.03 million), which was in tandem with our revenue growth for the FYE 2022. The increase in cost of sales for the FYE 2022 was mainly attributable to the increase in raw material costs of RM31.87 million and subcontractor costs of RM5.05 million during the FYE 2022, further details of which are elaborated as follows:

(i) Raw materials costs remain as the largest portion of our cost of sales, representing 52.25% and 77.93% of our total cost of sales for the FYE 2021 and FYE 2022, respectively. Our raw material costs increased by RM31.87 million or 434.79% to RM39.20 million for the FYE 2022 (FYE 2021: RM7.33 million), mainly due to the following:

(a) Increase in raw material costs from our EPCC services and facilities improvement / maintenance segment of RM28.66 million or 493.29% to RM34.47 million in the FYE 2022 (FYE 2021: RM5.81 million) mainly due to our Group procuring more raw materials (i.e. piping and fittings, feeding pump, elbows, flanges and lamination kits) to fulfil additional work orders carried out under our on-going call contract with PETRONAS Carigali for the onshore facilities maintenance, construction and modification services in the FYE 2022. In addition, we had to procure specialised automation systems, including remote solutions and system hardware and software amounting to RM10.11 million in the FYE 2022 for a work order from PETRONAS Carigali involving the conversion of its platforms located in offshore Kerteh, Terengganu, to enable remote operations via the implementation of automation, robotics, and artificial intelligence (AI) measures, which allows the transition of the platform from full board offshore manning to fully unmanned operations ("**Integrated Remote Work Order**");

(b) Increase in raw material costs from our installation and maintenance of oilfield equipment segment of RM3.23 million or 340.00% to RM4.18 million in the FYE 2022 (FYE 2021: RM0.95 million) mainly due to higher volume of raw materials (e.g. panic bar, hinges and locksets) required for the replacement and maintenance of fire rated doors for modularised offshore buildings in the Duyong Central Processing Platform, Bintulu Integrated Facility and Bintulu Crude Oil Terminal, which is in line with the increase in revenue from our installation and maintenance of fire rated doors in the FYE 2022; and

The increase in raw material costs was partially off-set by the following:

(c) Decrease in raw material costs from our supply of oilfield equipment segment of RM0.04 million or 6.90% to RM0.54 million in the FYE 2022 (FYE 2021: RM0.58 million), mainly due to lower volume of raw materials required for our supply of parts and components for oilfield equipment (i.e. gaskets, pipe fittings and accessories), which was in line with the decrease in revenue from the supply of parts and components for oilfield equipment in the FYE 2022; and

(ii) Our subcontractor costs increased by RM5.05 million or 126.88% to RM9.03 million for the FYE 2022 (FYE 2021: RM3.98 million), mainly attributable to additional work orders carried out in the FYE 2022 under our on-going Price Agreement (call out contract) with PETRONAS Carigali for the onshore maintenance, construction and modification services, where we had outsourced the fabrication of large structures, blasting and painting of materials (i.e. structures, pipes, tubing and fittings) to third party subcontractors under this contract. The total subcontractor costs incurred for the work orders from PETRONAS Carigali amounted to RM4.14 million, representing 45.85% of our total subcontractor costs for the FYE 2022. Our Group's GP increased by RM5.21 million or 48.15% to RM16.03 million for the FYE 2022 (FYE 2021: RM10.82 million), mainly due to the increase in GP for the EPCC services and facilities improvement / maintenance segment of RM7.86 million for the FYE 2022. The increase in GP was partially offset by the decrease in GP for the installation and maintenance of oilfield equipment segment and supply of oilfield equipment segment of RM2.55 million and RM0.10 million, respectively, for the FYE 2022. However, our Group's GP margin decreased from 43.53% for the FYE 2021 to 24.17% for the FYE 2022, mainly due to lower profitability derived from our EPCC services and facilities improvement / maintenance segment and installation and maintenance of oilfield equipment segment. Further details of our Group's GP and GP margin by business segment are elaborated as follows:

(i) GP derived from the EPCC services and facilities improvement / maintenance segment increased by RM7.86 million or 118.02% to RM14.52 million for the FYE 2022 (FYE 2021: RM6.66 million), in line with the increase in revenue from this business segment. Nevertheless, GP margin for the EPCC services and facilities improvement / maintenance segment decreased by 11.38% to 25.13% for the FYE 2022 (FYE 2021: 36.51%), mainly due to the following:

(a) As part of our continuing competitive pricing strategy to gain a competitive edge in securing a broader range of projects and to diversify our customer base, we had bid for and secured 2 new projects from 1 existing customer and 7 new projects from 4 new customers (including among others, PBH Engineering Sdn Bhd, Sigma Water Engineering (M) Sdn Bhd and Emnes Metal Sdn Bhd) under our EPCC services and facilities improvement / maintenance segment at a competitive pricing, which had affected our GP margin for the EPCC services and facilities improvement / maintenance segment in the FYE 2022; and

(b) We had undertaken the Integrated Remote Work Order in the FYE 2021, which marks our maiden project involving automation works for O&G facilities. Due to the specialised scope of work required for the aforesaid Integrated Remote Work Order, we had to procure specialised automation systems, including remote solutions and system hardware and software from a third-party supplier which is approved by PETRONAS Carigali, to fulfil the requirements of the Integrated Remote Work Order amounting to RM10.11 million during the FYE 2022 (FYE 2021: RM2.11 million), resulting in the margin for this project being relatively lower in comparison to other projects within the EPCC services and facilities improvement / maintenance segment. Despite the low margin recognised from the Integrated Remote Work Order, we had decided to undertake the said work order as the experience gained from such activities allows us to undertake potential future automation works as part of our scope of work for facilities improvement / maintenance services.

(ii) Despite an increase in revenue generated from the installation and maintenance of oilfield equipment segment, GP derived from this business segment decreased by RM2.55 million or 75.44% to RM0.83 million for the FYE 2022 (FYE 2021: RM3.38 million) and GP margin for this business segment decreased by 53.17% to 11.38% in the FYE 2022 (FYE 2021: 64.55%), mainly due to a shift in the nature of work orders undertaken for our on-going Price Agreement (call out contract) with PETRONAS Carigali for the installation and maintenance of fire rated doors for living quarters and modularised offshore buildings across the Peninsular Malaysia Assets, Sarawak Oil Assets, and Sarawak Gas Assets. In the FYE 2021, our work orders under this said contract were mainly related to the installation of new complete assembled fire rated doors across PETRONAS Carigali's offshore platforms, whereas during the FYE 2022, we mainly undertook work orders for the replacement and modification of existing fire rated door accessories, which yielded lower margins compared to installing complete assembled fire rated doors, as installing complete fire rated doors allows us to have better control over the assembly costs; and

(iii) GP derived from our supply of oilfield equipment segment decreased by RM0.10 million or 12.82% to RM0.68 million for the FYE 2022 (FYE 2021: RM0.78 million), in line with the decrease in revenue from this business segment. Nevertheless, GP margin for our supply of oilfield equipment segment remained relatively consistent at 55.05% in the FYE 2022 (FYE 2021: 56.72%).

Comparison between FYE 2022 to FYE 2023

Our cost of sales increased by RM1.40 million or 2.78% to RM51.70 million for the FYE 2023 (FYE 2022: RM50.30 million), which was in tandem with our revenue growth for the FYE 2023. The increase in cost of sales for the FYE 2023 was mainly attributable to the increase in subcontractor costs of RM3.70 million or 40.97% to RM12.73 million for the FYE 2023 (FYE 2022: RM9.03 million), as a result of additional work orders carried out in the FYE 2023 for PETRONAS Carigali and PBH Engineering Sdn Bhd, where we had outsourced the fabrication of large structures, blasting and painting of materials (i.e. structures, pipes, tubing and fittings) to third party subcontractors under these said contracts. The total subcontractor costs incurred for the work orders from PETRONAS Carigali and PBH Engineering Sdn Bhd amounted to RM6.95 million and RM2.21 million, respectively, representing 54.60% and 17.36% of our total subcontractor costs for the FYE 2023.

Our Group's GP increased by RM4.80 million or 29.94% to RM20.83 million for the FYE 2023 (FYE 2022: RM16.03 million), mainly due to an increase in GP from all our business segments during the FYE 2023. Our Group’s GP margin increased from 24.17% for the FYE 2022 to 28.72% in the FYE 2023, mainly due to the increase in profitability for our Group’s EPCC services and facilities improvement / maintenance segment and installation of oilfield equipment segments. Further details of our Group's GP and GP margin by business segment are elaborated as follows:

(i) GP derived from our EPCC services and facilities improvement / maintenance segment increased by RM3.64 million or 25.07% to RM18.16 million for the FYE 2023 (FYE 2022: RM14.52 million), in line with the increase in revenue from this business segment. GP margin from our EPCC services and facilities improvement / maintenance segment increased by 2.83% to 27.96% for the FYE 2023 (FYE 2022: 25.13%), mainly due to our Group securing 2 new contracts from Customer F with a total contract value of RM7.72 million during the FYE 2023, which involved EPCC services for slug catcher skid and portable methanol injection skid that contributed higher margins to this business segment in the FYE 2023;

(ii) Despite a decrease in revenue generated from the installation and maintenance of oilfield equipment segment, GP derived from this business segment increased by RM0.90 million or 108.43% to RM1.73 million in the FYE 2023 (FYE 2022: RM0.83 million), due to higher margin recorded from our on-going Price Agreement (call out contract) with Customer E for the erection and dismantling of scaffolding (i.e. temporary structures built to allow access for replacement, testing and commissioning activities) for the said customer's well plugging and abandonment operations (i.e. a process of preparing a well that is no longer in use to be closed permanently); and

(iii) GP derived from our supply of oilfield equipment segment increased by RM0.27 million or 39.71% to RM0.95 million for the FYE 2023 (FYE 2022: RM0.68 million), in line with the increase in revenue from this business segment. GP margin from our supply of oilfield equipment segment increased by 3.35% to 51.70% in the FYE 2023 (FYE 2022: 55.05%), mainly due to higher margin from the supply of pig trap systems and fire rated doors.

Comparison between FPE 2023 and FPE 2024

Our Group's cost of sales increased by RM1.32 million or 13.16% to RM11.35 million for the FPE 2024 (FPE 2023: RM10.03 million), which was in tandem with revenue growth for the FPE 2024. The increase in cost of sales for the FPE 2024 was mainly attributable to the increase in raw material costs of RM1.43 million during the FPE 2024, further details of which are elaborated as follows:

(i) Raw materials costs remain as the largest portion of our Group’s cost of sales, representing 76.72% and 80.48% of our Group's total cost of sales for the FPE 2023 and FPE 2024, respectively. Our Group's raw material costs increased by RM1.43 million or 18.57% to RM9.13 million for the FPE 2024 (FPE 2023: RM7.70 million), mainly due to the following:

(a) Increase in raw material costs from our Group’s supply of oilfield equipment segment of RM0.48 million or 252.63% to RM0.67 million in the FPE 2024 (FPE 2023: RM0.19 million), mainly due to higher volume of raw materials required for our Group’s supply of parts and components for pig trap systems and fire rated doors (i.e. gaskets, pipe fittings and accessories), which was in line with the increase in revenue from the supply of parts and components for oilfield equipment in the FPE 2024;

(b) Increase in raw material costs from our Group’s installation and maintenance of oilfield equipment segment of RM0.56 million or 266.67% to RM0.77 million in the FPE 2024 (FPE 2023: RM0.21 million) mainly due to higher volume of raw materials (e.g. panic bar, hinges and locksets) required for the replacement and maintenance of fire rated doors for modularised offshore buildings in the Duyong Central Processing Platform, Bintulu Integrated Facility and Bintulu Crude Oil Terminal, which is in line with the increase in revenue from our Group’s installation and maintenance of fire rated doors in the FPE 2024; and

(c) Increase in raw material costs from our Group's EPCC services and facilities improvement / maintenance segment of RM0.38 million or 5.21% to RM7.68 million in the FPE 2024 (FPE 2023: RM7.30 million) mainly due to our Group procuring more raw materials (i.e. chemical injection pumps, steel plates and steel structures, piping, instruments, valves and tubing) to fulfil additional work orders carried out under our Group’s on-going Price Agreements (call out contracts) with PETRONAS Carigali (i.e. for the onshore facilities maintenance, construction and modification services and provision of engineering procurement, fabrication, construction, and delivery of 25 integrated chemical injection skids for all Dulang platforms) and additional work orders carried out for Customer F (i.e. for the provision and delivery of slug catcher skid and portable methanol injection skid) in the FPE 2024.

Our Group's GP increased by RM4.98 million or 146.04% to RM8.39 million for the FPE 2024 (FPE 2023: RM3.41 million), mainly due to the increase in GP for the EPCC services and facilities improvement / maintenance segment of RM3.55 million for the FPE 2024. Our Group's GP margin increased from 25.37% for the FPE 2023 to 42.52% for the FPE 2024, mainly due to higher profitability derived from our Group's EPCC services and facilities improvement / maintenance segment. Further details of our Group's GP and GP margin by business segment are elaborated as follows:

(i) GP derived from the EPCC services and facilities improvement / maintenance segment increased by RM3.55 million or 115.26% to RM6.63 million for the FPE 2024 (FPE 2023: RM3.08 million), in line with the increase in revenue from this business segment. GP margin for this said segment increased by 16.83% to 41.72% in the FPE 2024 (FPE 2023: 24.89%) mainly due to higher margins contributed by our Group's Price Agreement (call out contract) with PETRONAS Carigali for the provision of engineering, procurement, fabrication, construction, and delivery of 25 integrated chemical injection skids for all Dulang platforms that contributed revenue of RM4.37 million to the Group in the FPE 2024 (as elaborated in **Section 3(i)**). For the avoidance of doubt, the higher gross margin derived from this project was mainly due to actual cost savings from the bulk purchase of raw materials such as chemical injection pumps, steel plates and steel structures, piping, instruments, valves and tubing of the skids used for the construction and assembly of 25 chemical injection skids for the said project. In addition, due to the delivery of large amount of chemical injection skids required for the said project, the Group was also able to negotiate for better rates with subcontractors for the fabrication of large structures exceeding 6 metres (e.g. I-beam and metal plates) and blasting and painting of the chemical tanks and skid bases.

(ii) GP derived from our Group's installation and maintenance of oilfield equipment segment increased by RM0.85 million or 653.85% to RM0.98 million for the FPE 2024 (FPE 2023: RM0.13 million), in line with the increase in revenue from this business segment. GP margin from this business segment increased by 21.97% to 41.11% in the FPE 2024 (FPE 2023: 19.14%), mainly due to higher margins from the installation and maintenance of pig barrels that are part of a pipeline inspection gauge trap system, that was undertaken under our Group's on-going Price Agreement (call out contract) for the provision of pig trap system maintenance.

(iii) GP derived from our Group's supply of oilfield equipment segment increased by RM0.58 million or 290.00% to RM0.78 million for the FPE 2024 (FPE 2023: RM0.20 million), in line with the increase in revenue from this business segment. GP margin from this business segment remained relatively consistent at 53.53% in the FPE 2024 (FPE 2023: 51.94%).

12.3.4 Other income

	FYE 2021		FYE 2022		FYE 2023		FPE 2023		FPE 2024	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Wage subsidy	109	63.37	-	-	-	-	-	-	-	-
Gain on disposal of plant and equipment	9	5.23	10	13.16	59	38.56	33	66.00	-	-
Gain on derecognition of right-of-use assets	3	1.74	-	-	11	7.19	-	-	-	-
Gain on remeasurement of lease liabilities	-	-	6	7.89	-	-	-	-	-	-
Others(1)	51	29.66	60	78.95	83	54.25	17	34.00	5	100.00
Total	**172**	**100.00**	**76**	**100.00**	**153**	**100.00**	**50**	**100.00**	**5**	**100.00**

Note:

(1) Comprises proceeds from the disposal of scrap metal and training claims from the Human Resources Development Fund (HRDF) under the Ministry of Human Resources.

Comparison between FYE 2021 and FYE 2022

Our other income decreased by RM0.09 million or 52.94% to RM0.08 million for the FYE 2022 (FYE 2021: RM0.17 million) mainly due to the cessation of the SOCSO Wage Subsidy Programme by the Government in the FYE 2021.

Comparison between FYE 2022 and FYE 2023

Our other income increased by RM0.07 million or 87.50% to RM0.15 million for the FYE 2023 (FYE 2022: RM0.08 million) mainly due to an increase in gain on disposal of plant and equipment (i.e. 2 motor vehicles used for work purposes) of RM0.05 million in the FYE 2023.

Comparison between FPE 2023 and FPE 2024

Other income decreased by RM0.04 million or 80.00% to RM0.01 million for the FPE 2024 (FPE 2023: RM0.05 million) mainly due to the absence of gain on disposal of plant and equipment in the FPE 2024 (FPE 2023: 0.03 million).

12.3.5 Administrative expenses

	FYE 2021		FYE 2022		FYE 2023		FPE 2023		FPE 2024	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Administrative staff costs	3,603	47.50	4,288	57.97	5,054	53.91	1,157	59.21	1,464	42.83
Fixed assets upkeep	1,007	13.27	1,107	14.97	1,232	13.14	104	5.32	265	7.75
Professional fees	1,618	21.33	575	7.77	1,672	17.83	436	22.31	1,141	33.38
Office supplies and expenses	725	9.56	681	9.20	703	7.50	95	4.86	191	5.59
Others(1)	633	8.34	746	10.09	714	7.62	162	8.30	357	10.45
Total	**7,586**	**100.00**	**7,397**	**100.00**	**9,375**	**100.00**	**1,954**	**100.00**	**3,418**	**100.00**

Note:

(1) Comprises among others, insurance expenses, foreign exchange losses, stamp duty, and facility fees.

Comparison between FYE 2021 to FYE 2022

Our administrative expenses decreased by RM0.19 million or 2.50% to RM7.40 million for the FYE 2022 (FYE 2021: RM7.59 million), mainly due to the decrease in professional fees of RM1.04 million or 64.20% to RM0.58 million for the FYE 2022 (FYE 2021: RM1.62 million) that was mainly attributable to one-off professional fees incurred for our listing on the LEAP Market in the FYE 2021 of RM0.99 million, comprising listing expense, accounting, audit and secretarial fees.

Comparison between FYE 2022 and FYE 2023

Our administrative expenses increased by RM1.98 million or 26.76% to RM9.38 million for the FYE 2023 (FYE 2022: RM7.40 million), mainly due to the increase in professional fees of RM1.09 million or 187.93% to RM1.67 million for the FYE 2023 (FYE 2022: RM0.58 million) mainly attributable to the expenses incurred for our Transfer in the FYE 2023.

Comparison between FPE 2023 to FPE 2024

Administrative expenses increased by RM1.47 million or 75.38% to RM3.42 million for the FPE 2024 (FPE 2023: RM1.95 million), mainly due to the increase in professional fees of RM0.70 million or 159.09% to RM1.14 million for the FPE 2024 (FPE 2023: RM0.44 million) that was attributable to the expenses incurred for our Transfer in the FPE 2024, and increase in administrative staff cost of RM0.30 million or 25.86% to RM1.46 million for the FPE 2024 (FPE 2023: RM1.16 million), attributable to increase in remuneration for our Group's administrative employees in the FPE 2024. There was also an increase in headcount to 70 administrative employees as at the FPE 2024 (FPE 2023: 64 administrative employees), among which consist of 3 new Independent Non-Executive Directors that were appointed to the Board in October 2023.

12.3.6 Finance income

Comparison between FYE 2021 to FYE 2022

Our finance income increased by RM0.02 million or 200.00% to RM0.03 million (FYE 2021: RM0.01 million), mainly due to an increase in fixed deposits pledged with license banks of RM4.09 million which led to higher interest income received from fixed deposits in the FYE 2022.

Comparison between FYE 2022 and FYE 2023

Our finance income increased by RM0.06 million or 200.00% to RM0.09 million for the FYE 2023 (FYE 2022: RM0.03 million), mainly due to an increase in fixed deposits pledged with license banks of RM2.49 million which led to higher interest income received from fixed deposits in the FYE 2023.

Comparison between FPE 2023 to FPE 2024

Finance income remained relatively consistent for the FPE 2023 and the FPE 2024 which comprises interest income received from fixed deposits.

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12.3.7 Finance costs

	FYE 2021		FYE 2022		FYE 2023		FPE 2023		FPE 2024	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Term loan interest	142	52.59	131	27.87	346	25.54	97	43.11	106	29.12
Trade financing interest	10	3.70	67	14.26	288	21.25	88	39.11	42	11.54
Hire purchase interest	26	9.63	24	5.11	36	2.66	5	2.22	15	4.12
Bank overdraft interest	10	3.70	41	8.72	463	34.17	21	9.33	144	39.56
Accretion of interest on lease liabilities	20	7.41	12	2.55	35	2.58	2	0.89	6	1.65
Bank guarantee interest	62	22.97	173	36.81	146	10.77	-	-	19	5.22
Others[(1)]	-	-	22	4.68	41	3.03	12	5.34	32	8.79
Total	**270**	**100.00**	**470**	**100.00**	**1,355**	**100.00**	**225**	**100.00**	**364**	**100.00**

Note:

(1) Comprises bank charges.

Comparison between FYE 2021 to FYE 2022

Our finance cost increased by RM0.20 million or 74.07% to RM0.47 million for the FYE 2022 (FYE 2021: RM0.27 million), mainly due to the increase in interest expenses for the following facilities to finance our Group’s working capital:

(i) Increase in interest expenses arising from trade financing of RM0.06 million or 600.00% to RM0.07 million in the FYE 2022 (FYE 2021: RM0.01 million) due to the drawdown of additional trade financing facility of RM0.36 million to finance our Group's additional work orders under the EPCC services and facilities improvement / maintenance segment in the FYE 2022;

(ii) Increase in interest expenses arising from bank overdraft of RM0.03 million or 300.00% to RM0.04 million in the FYE 2022 (FYE 2021: RM0.01 million) due to the drawdown of bank overdraft facility of RM5.67 million to finance our working capital in the FYE 2022; and

(iii) Increase in interest expenses arising from bank guarantee of RM0.11 million or 183.33% to RM0.17 million in the FYE 2022 (FYE 2021: RM0.06 million) due to the higher number of projects undertaken in the FYE 2022 which resulted in an increase in bank guarantee for contract of customers in the FYE 2022.

Comparison between FYE 2022 to FYE 2023

Our finance cost increased by RM0.89 million or 189.36% to RM1.36 million for the FYE 2023 (FYE 2022: RM0.47 million), mainly due to the increase in interest expenses for the following facilities to finance our Group's working capital:

(i) Increase in interest expenses arising from term loans of RM0.22 million or 169.23% to RM0.35 million in the FYE 2023 (FYE 2022: RM0.13 million) due to the drawdown of a new term loan in the FYE 2023 of RM2.11 million to part-finance the acquisition of our Group's Existing Teluk Kalung Facility 1. The acquisition of our Group's Existing Teluk Kalung Facility 1 was completed on 23 August 2023;

(ii) Increase in interest expenses arising from bank overdraft of RM0.42 million or 1,050.00% to RM0.46 million in the FYE 2023 (FYE 2022: RM0.04 million) due to the drawdown of bank overdraft facility of RM0.55 million to finance our working capital in the FYE 2023; and

(iii) Increase in interest expenses arising from trade financing of RM0.22 million or 314.29% to RM0.29 million in the FYE 2023 (FYE 2022: RM0.07 million) due to the drawdown of additional trade financing facility of RM5.30 million to finance our Group's additional work orders under the EPCC services and facilities improvement / maintenance segment in the FYE 2023.

Comparison between FPE 2023 to FPE 2024

Finance cost increased by RM0.13 million or 56.52% to RM0.36 million for the FPE 2024 (FPE 2023: RM0.23 million), mainly due to the increase in interest expenses arising from bank overdraft of RM0.12 million or 600.00% to RM0.14 million in the FPE 2024 (FPE 2023: RM0.02 million) to finance our Group's working capital in the FPE 2024.

12.3.8 Taxation

	Audited			Unaudited	Audited
	FYE 2021	FYE 2022	FYE 2023	FPE 2023	FPE 2024
	RM'000	RM'000	RM'000	RM'000	RM'000
Current tax expense					
Current year	1,101	2,297	2,911	385	1,400
Under / (Over) provision in prior year	36	51	(49)	-	-
Deferred tax expense					
Origination of temporary differences	51	46	168	-	(8)
(Over) / Under provision in prior year	(124)	(10)	94	-	-
Tax expenses	**1,064**	**2,384**	**3,124**	**385**	**1,392**
Statutory tax rate (%)	24.00	24.00	24.00	24.00	24.00
Effective tax rate (%)	33.84	29.09	30.20	29.73	30.09

Comparison between FYE 2021 to FYE 2022

Our tax expenses increased by RM1.32 million or 124.53% to RM2.38 million in the FYE 2022 (FYE 2021: RM1.06 million), mainly attributable to higher PBT recorded for the FYE 2022, as explained in **Section 12.3.10** of this Prospectus.

Our Group recorded an effective tax rate of 29.09% for the FYE 2022, which was higher than the statutory tax rate of 24.00%, mainly due to non-deductible expenses of RM0.38 million which were attributable to, among others, depreciation of property, plant and equipment and stamp duty in the FYE 2022.

Comparison between FYE 2022 to FYE 2023

Our tax expenses increased by RM0.74 million or 31.09% to RM3.12 million for the FYE 2023 (FYE 2022: RM2.38 million), mainly attributable to higher PBT recorded for the FYE 2023, as explained in **Section 12.3.10** of this Prospectus.

Our Group recorded an effective tax rate of 30.20% for the FYE 2023, which was higher than the statutory tax rate of 24.00%, mainly due to non-deductible expenses of RM0.60 million which were attributable to among others, depreciation of property, plant and equipment in the FYE 2023.

Comparison between FPE 2023 to FPE 2024

Our tax expenses increased by RM1.00 million or 256.41% to RM1.39 million for the FPE 2024 (FPE 2023: RM0.39 million), mainly attributable to higher PBT recorded for the FPE 2024, as explained in **Section 12.3.10** of this Prospectus.

Our Group recorded an effective tax rate of 30.09% for the FPE 2024, which was higher than the statutory tax rate of 24.00%, mainly due to non-deductible expenses of RM0.68 million attributed to expenses incurred for our Transfer in the FPE 2024.

12.3.9 PBT, PBT Margin, PAT and PAT Margin

	Audited			Unaudited	Audited
	FYE 2021	**FYE 2022**	**FYE 2023**	**FPE 2023**	**FPE 2024**
PBT (RM'000)	3,144	8,195	10,344	1,295	4,626
PBT margin (%)	12.65	12.36	14.26	9.63	23.44
PAT (RM'000)	2,080	5,811	7,220	910	3,234
PAT margin (%)	8.37	8.76	9.95	6.77	16.39

Comparison between FYE 2021 to FYE 2022

We recorded an increase in PBT and PAT of RM5.06 million or 161.15% and RM3.73 million or 179.33% to RM8.20 million and RM5.81 million, respectively, for the FYE 2022 (FYE 2021: RM3.14 million and RM2.08 million, respectively), mainly contributed by our revenue and GP growth as explained in **Sections 12.3.2** and **12.3.3** of this Prospectus, respectively. In addition, the increase in PBT and PAT for the FYE 2022 was also attributable to the decrease in our administrative expenses, as explained in **Section 12.3.4** of this Prospectus. Our PBT margin and PAT margin remained relatively consistent at 12.36% and 8.76%, respectively, in the FYE 2022 (FYE 2021: 12.65% and 8.37%, respectively).

Comparison between FYE 2022 to FYE 2023

We recorded an increase in PBT and PAT of RM2.14 million or 26.10% and RM1.41 million or 24.27% to RM10.34 million and RM7.22 million, respectively, for the FYE 2023 (FYE 2022: RM8.20 million and RM5.81 million, respectively), mainly contributed by our revenue and GP growth as explained in **Sections 12.3.2** and **12.3.3** of this Prospectus, respectively. In particular, the increase in PBT and PAT for the FYE 2023 was also attributable to the lower proportion of cost of sales incurred against the revenue generated where our cost of sales contribution was approximately 71.28% over total revenue for the FYE 2023 which was lower compared to 75.83% over total revenue for the FYE 2022. Further explanation of our cost of sales are set out in **Section 12.3.3** of this Prospectus. Thus, our PBT margin and PAT margin increased from 12.36% and 8.76%, respectively, for the FYE 2022, to 14.26% and 9.95%, respectively, for the FYE 2023.

Comparison between FPE 2023 to FPE 2024

Our Group recorded an increase in PBT and PAT of RM3.33 million or 256.15% and RM2.32 million or 254.95% to RM4.63 million and RM3.23 million, respectively, for the FPE 2024 (FPE 2023: RM1.30 million and RM0.91 million, respectively), mainly contributed by our Group's revenue and GP growth as explained in **Sections 3(i) and 3(ii)**, respectively. In particular, the increase in PBT and PAT for the FPE 2024 was also attributable to the lower proportion of cost of sales incurred against the revenue generated where our Group’s cost of sales contribution was approximately 57.48% over total revenue for the FPE 2024 which was lower compared to 74.63% over total revenue for the FPE 2023.

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12.3.10 Significant factors affecting our business and results of operations

Our financial condition and results of operations have been, and are expected to be affected by, among others, the following factors:

(i) Dependency on PETRONAS group as our major customer

We are dependent on our major customer namely PETRONAS group, which contributed 85.84%, 54.47%, 45.64% and 61.39% to our total revenue for the Financial Years / Period Under Review, respectively. Further breakdown on revenue contribution from PETRONAS group for the Financial Years / Period Under Review is as follows:

		FYE 2021		FYE 2022		FYE 2023		FPE 2024	
Name	**Services provided**	**RM'000**	**% of total revenue**	**RM'000**	**% of total revenue**	**RM'000**	**% of total revenue**	**RM'000**	**% of total revenue**
PETRONAS group	EPCC services and facilities improvement / maintenance, installation and maintenance of oilfield equipment, supply of oilfield equipment	21,326	85.84	36,125	54.47	33,103	45.64	12,115	61.39

Our working relationship with PETRONAS group commenced in 2013 through our first contract with PETRONAS Carigali involving the supply of chemical injection skids, which had a contract duration of 3 years from May 2013 to May 2016. Between 2013 up to the LPD, we have secured a total of 44 contracts (comprising fixed / Price Agreements (call out contracts)) directly with PETRONAS group.

Given the past and on-going contracts with the PETRONAS group, they may continue to account for a similar proportion of our Group's total revenue in the near future in view of our established working relationships with PETRONAS group which started since 2013. As such, we have been reliant upon PETRONAS group for our projects and there is no assurance that PETRONAS group may continue to account for a similar proportion of our Group's revenue in the near future.

(ii) Dependency on PETRONAS license and requirement to comply with SWEC requirements

We operate within the O&G services and equipment industry where our business activities are to support the upstream, midstream and downstream segments of the O&G industry. Based on the Petroleum Development Act 1974 and Petroleum Regulations 1974, in order to participate in the O&G activities in Malaysia, a company is required to have a valid license issued by PETRONAS.

In December 2012, via Steel Hawk Engineering, we obtained our PETRONAS license which enables us to supply products and services to the upstream, midstream and downstream segments of the O&G industry in accordance with the Petroleum Development Act 1974 and Petroleum Regulations 1974. As at the LPD, our PETRONAS license has a validity period of 3 years up to 17 December 2024 and it is subject to renewal every 3 years. As such, we are dependent on the PETRONAS license for the continuity of our core business operations.

In addition to having a valid PETRONAS license, we must meet SWEC requirements for the services that we provide to our customers in Malaysia. Even though we have obtained the required PETRONAS license and have been approved for a number of SWECs, we are subject to continuous review under PETRONAS' conditions, general guidelines and minimum technical requirements which are subject to change from time to time.

(iii) Reduction of capital investment and / or operating expenditure by PETRONAS group and other O&G players

There is a risk that PETRONAS group as our major customer and other O&G players may reduce their activities in, among others, O&G production, processing and transportation or delay, suspend and / or terminate some of their projects due to, among others, the COVID-19 pandemic and / or a sustained low crude oil price environment.

Should PETRONAS group and other O&G players reduce their O&G activities or delay, suspend and / or terminate some of their projects, there may be a reduction in their spending on capital investment and / or operating expenditure which could reduce the demand for our Group's services. Consequently, this may have an adverse effect on our business operation and financial performance.

(iv) Dependency on our key management team and technical personnel for continued success

Our continuous success, future business growth and expansion will depend upon our ability to identify, engage and retain suitable, skilled and experienced employees, including our key management team with the essential industry experience, knowledge and expertise. Our key management are vital in driving the future growth of our Group as they contribute in aspects such as strategic direction, leadership, business planning and development as well as the management of our Group.

There can be no assurance that we will be successful in retaining our existing key management team or there will be a smooth transition should changes occur, which may bring about an adverse impact on our Group. The loss of any personnel in our key management team without suitable replacement in a timely manner and inability to hire new qualified technical personnel may adversely affect our business operations. This will delay our project completion and may eventually affect our ability to maintain and / or improve our business performance.

(v) Competition within the O&G services and equipment industry

We operate in the O&G services and equipment industry in Malaysia and we are subject to competition from existing O&G services and equipment providers as well as potential new entrants in the industry in terms of range of services and equipment, technical expertise, ability to meet technical, quality and safety requirements, and reliability and efficiency of deliverance, among others. Increasing competition in the O&G services and equipment industry has, and is expected to continue to have an impact on our Group's operational results and financial performance.

The competition we face from existing industry players and potential new market entrants may impact our revenue and profitability as we are required to participate in tender activities with more competitive bid prices in order to secure new contracts. Therefore, we are exposed to the risk that we may be unable to compete effectively against our existing or potential competitors, which will have material and adverse effects on our business operations and financial performance.

(vi) Dependency on our ability to execute business strategies and future plans for future growth

The implementation of our business strategies and future plans involves capital expenditure as well as other operating expenses such as depreciation charges, maintenance costs of systems and equipment and staff costs. The feasibility and implementation of such business strategies and future plans will also depend on, among others, favourable economic conditions and the timing of execution.

There is no assurance that the execution of our business strategies and future plans will be successful, nor we will be able to anticipate all the risks and uncertainties that may arise during the implementation of these business strategies and future plans, which may materially affect the business operations and financial performance of our Group.

(vii) Subject to warranty claims for defects in our deliverance

We typically provide warranty against defects for a period of between 12 months and 36 months pursuant to the contracts. In the event of any defects during the warranty period, our customer may require us to replace the defective works and bear the reinstallation costs.

We do not have any warranty claims for the Financial Years / Period Under Review, save for the FYE 2021 where we have encountered warranty claims amounting to RM5,771 which accounted for 0.02% of our revenue. While these warranty claims were not significant, any substantial increase in warranty claims may adversely affect our financial performance.

(viii) Subject to credit risk and default payment by our customers

Our Group is dependent on the ability of our customers to make timely or full payments to us as any payment delays from them will result in a negative impact on our Group's cash flow position. Under such circumstances, we may provide impairment loss on trade receivables or write off trade receivables as bad debts, which will adversely affect our financial performance.

We generally grant our customers 30 days credit period. Our trade receivables turnover period for the Financial Years / Period Under Review were 6 days, 29 days, 35 days and 24 days, respectively. The turnover period was within the normal credit period granted by us to our customers.

Notwithstanding the above, there can be no assurance that payments from any of our customers will be received in full or on time in the future. In the event of a delay, missed or reduced payments to us, our Group's operating cash flow and liquidity will be materially and adversely affected.

(ix) Subject to political, economic, social, market and regulatory considerations and occurrence of force majeure events

Any adverse developments in the political, economic, social, market and regulatory conditions in Malaysia or our export markets could adversely affect our business operations and financial performance. Such developments include, but are not limited to, changes in political leadership, geopolitical events, general economic and business conditions, fluctuations in foreign exchange rates and interest rates, acts of terrorism, riots, wars and / or sanctions, prolonged COVID-19 pandemic or the emergence of new epidemics or pandemics, expropriation or nationalisation, fiscal and monetary policies of the Government such as inflation, deflation, methods of taxation, tax policies, foreign worker levy and exchange control measures, unemployment trends, deterioration of international bilateral relationships, and other matters that may influence consumer and business confidence and spending.

Increasing volatility in financial markets may also cause these factors to change with a greater degree of frequency and magnitude. Unfavourable developments in the socio-political environment in Malaysia may materially and adversely affect our business operations, financial performance and prospects.

Further details on the risk factors relating to our business and the industry which we operate in can be found in **Section 9** of this Prospectus entitled "Risk Factors". You should carefully consider the risk factors set out therein before making a decision on whether an investment in our Shares is suitable for you in light of your circumstances and financial resources.

12.3.11 Liquidity and capital resources

(i) Working capital

We finance our operations with both internal and external sources of funds. Our internal sources of funds comprise cash generated from our business operations and shareholders' equity, while our external sources are mainly credit facilities from financial institutions. Our facilities from financial institutions comprise trade financing, bank overdrafts, term loans and hire purchase.

Our Board confirms that we have sufficient funds for our existing and foreseeable requirements for a period of 12 months from the date of this Prospectus, taking into consideration the following:

(a) Our cash and cash equivalent of RM15.62 million as at 31 March 2024;

(b) Our expected future cash flow from operations;

(c) Our total banking facilities as at 31 March 2024 of RM24.55 million (excluding hire purchases), of which RM5.50 million has yet to be utilised; and

(d) Our pro forma gearing level of 0.66 times, computed based on the pro forma consolidated statement of financial position as at 31 March 2024 after our IPO and utilisation of proceeds.

At this juncture, we do not foresee any circumstances which may materially affect our liquidity. Our Group has not encountered any major disputes with our debtors. This measure has been proven to be effective while maintaining a cordial relationship with our debtors.

(ii) Cash flows

A summary of our Group's historical audited statements of cash flow for the Financial Years / Period Under Review is set out below:

	Audited			
	FYE 2021	**FYE 2022**	**FYE 2023**	**FPE 2024**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Net cash from / (used in) operating activities	672	3,170	390	(661)
Net cash from / (used in) investing activities	238	(4,721)	(5,207)	(418)
Net cash from financing activities	1,735	2,058	2,865	4,054
Net increase / (decrease) in cash and cash equivalents	**2,645**	**507**	**(1,952)**	**2,975**
Cash and cash equivalents at the beginning of the financial year / period	3,265	5,910	6,417	**4,465**
Cash and cash equivalents at the end of the financial year / period	**5,910**	**6,417**	**4,465**	**7,440**

FYE 2021

Net cash from operating activities

For the FYE 2021, our Group's operating cash flow before changes in working capital amounted to RM4.12 million. After adjusting for the working capital changes below, our Group's net cash from operating activities amounted to RM0.67 million. The main changes in working capital during the FYE 2021 are as follows:

(i) Decrease in trade and other receivables of RM0.21 million mainly due to cash receipts from PETRONAS Carigali for the provision of onshore facilities maintenance, construction and modification services;

(ii) Increase in trade and other payables of RM1.92 million mainly due to procurement of specialised automation systems, including remote solutions and system hardware and software for the Integrated Remote Work Order (as elaborated in **Section 12.3.3** of this Prospectus); and

(iii) Increase in contract assets of RM4.50 million mainly due to additional work orders from PETRONAS Carigali (as elaborated in **Section 12.3.2** of this Prospectus) that were completed and recognised as revenue but not yet billed during the FYE 2021.

Net cash used in investing activities

For the FYE 2021, our Group's net cash from investing activities amounted to RM0.24 million, mainly due to the following:

(i) Acquisition of property, plant and equipment of RM0.95 million in relation to the acquisition of the PJ Office; and

(ii) Additional pledged deposits placed with licensed banks amounting to RM1.16 million.

Net cash used in financing activities

For the FYE 2021, our net cash from financing activities amounted to RM1.74 million, mainly due to the following:

(i) Gross proceeds of RM3.20 million received from the issuance of 16,000,000 new Shares at the issue price of RM0.20 per Share, by way of private placement to selected sophisticated investors which was undertaken pursuant to our Group's listing on the LEAP Market on 29 October 2021;

(ii) Net repayment of trade financing facilities of RM0.48 million; and

(iii) Net repayment of term loans of RM0.33 million.

FYE 2022

Net cash from operating activities

For the FYE 2022, our Group's operating cash flow before changes in working capital amounted to RM9.48 million. After adjusting for the working capital changes below, our Group's net cash from operating activities amounted to RM3.17 million. The main changes in working capital during the FYE 2022 are as follows:

(i) Increase in trade and other receivables of RM10.33 million mainly due to additional invoices billed in relation to the new contracts undertaken during the financial year (as elaborated in **Section 12.3.2** of this Prospectus);

(ii) Increase in trade and other payables of RM10.65 million mainly due to procurement of specialised automation systems, including remote solutions and system hardware and software for the Integrated Remote Work Order (as elaborated in **Section 12.3.3** of this Prospectus); and

(iii) Increase in contract assets of RM5.72 million mainly due to additional work orders from PBH Engineering Sdn Bhd (as elaborated in **Section 12.3.2** of this Prospectus) that were completed and recognised as revenue but not yet billed during the FYE 2022.

Net cash used in investing activities

For the FYE 2022, our Group's net cash used in investing activities amounted to RM4.72 million, mainly due to the following:

(i) Acquisition of property, plant and equipment of RM0.67 million consisting of the addition of 2 fire rated door assembly lines and the acquisition of computer hardware and software during the FYE 2022; and

(ii) Additional pledged deposits placed with licensed banks amounting to RM4.09 million as a result of our Group securing more credit facilities during the FYE 2022.

Net cash used in financing activities

For the FYE 2022, our Group's net cash from financing activities amounted to RM2.06 million, mainly due to the following:

(i) Net drawdown of term loans of RM3.20 million;

(ii) Net drawdown of trade facilities of RM0.36 million;

(iii) Dividends paid of RM0.62 million; and

(iv) Interest paid for our Group's financing facilities of RM0.47 million.

FYE 2023

Net cash from operating activities

For the FYE 2023, our Group's operating cash flow before changes in working capital amounted to RM12.33 million. After adjusting for the working capital changes below, our Group's net cash from operating activities amounted to RM0.39 million. The main changes in working capital during the FYE 2023 are as follows:

(i) Increase in inventories of RM0.41 million mainly due to purchase of raw materials for pig trap system and (e.g. quick opening closures, locking mechanism, metal flanges, and pipes, etc.) for our installation and maintenance of oilfield equipment segment;

(ii) Decrease in trade and other receivables of RM6.48 million mainly due to cash receipts from our major customer, namely PBH Engineering Sdn Bhd for the supply, fabrication, installation, and testing of propylene oxide storage tank and piping, along with various engineering, mechanical, civil, structural, electrical, and instrumentation work; and

(iii) Increase in contract assets of RM10.13 million mainly due to additional work orders from PBH Engineering Sdn Bhd and Customer F (as elaborated in **Section 12.3.2** of this Prospectus) that were completed and recognised as revenue but not yet billed during the FYE 2023.

Net cash used in investing activities

For the FYE 2023, our Group's net cash used in investing activities amounted to RM5.21 million, mainly due to the following:

(i) Acquisition of property, plant and equipment of RM3.00 million, consisting of the acquisition of our Existing Teluk Kalung Facility 1 of RM2.48 million in the FYE 2023. The acquisition of our Existing Teluk Kalung Facility 1 was completed on 23 August 2023;

(ii) Proceeds from the disposal of plant and equipment of RM0.20 million in relation to the disposal of 2 motor vehicles used for work purposes; and

(iii) Additional pledged deposits placed with licensed banks amounting to RM2.49 million as a result of our Group securing more credit facilities during the FYE 2023.

Net cash used in financing activities

For the FYE 2023, our Group's net cash from financing activities amounted to RM2.87 million, mainly due to the following:

(i) Net drawdown of trade financing facilities of RM5.30 million;

(ii) Interest paid of RM1.36 million;

(iii) Dividends paid of RM0.88 million; and

(iv) Net drawdown of term loans of RM0.47 million.

FPE 2024

Net cash from operating activities

For the FPE 2024, our Group’s operating cash flow before changes in working capital amounted to RM5.22 million. After adjusting for the working capital changes and tax paid, our Group’s net cash used in operating activities amounted to RM0.66 million. The main changes in working capital during the FPE 2024 are as follows:

(i) Increase in trade and other receivables of RM4.94 million mainly due to additional invoices that were incrementally billed to PBH Engineering Sdn Bhd that amounted to RM3.74 million during the final month of FPE 2024, pursuant to the completion of milestone for works undertaken for PBH Engineering Sdn Bhd in relation to the supply, fabrication, installation, and testing of propylene oxide storage tank and piping, along with various engineering, mechanical, civil, structural, electrical, and instrumentation works in the FPE 2024; and

(ii) Decrease in trade and other payables of RM2.13 million mainly due to the settlement of trade payables to MF Welding Enterprise and PETRO Sep Engineering Sdn Bhd for fabrication sercives.

Net cash used in investing activities

For the FPE 2024, our Group’s net cash used in investing activities amounted to RM0.42 million, mainly due to the following:

(i) Acquisition of property plant and equipment of RM0.36 million consisting the addition of 2 motor vehicles for work purposes during the FPE 2024; and

(ii) Additional pledged deposits placed with licensed banks amounting to RM0.13 million as a result of the Group securing more credit facilities during the FPE 2024.

Net cash used in financing activities

For the FPE 2024, our Group’s net cash from financing activities amounted to RM4.05 million, mainly due to the following a net drawdown of trade financing facilities of RM4.96 million.

12.3.11 Borrowings and financial instruments

All our borrowings are secured, interest-bearing and denominated in RM. Our total outstanding borrowings as at 31 March 2024 stood at RM24.55 million, details of which are set out below:

Borrowings	Financier	Purpose	Security	Tenure of the facility	Interest rate	As at 31 March 2024		
						Payable within 12 months RM'000	Payable after 12 months RM'000	Total RM'000
Term loan I	AmBank (M) Berhad	Financing of working capital	(i) Credit Guarantee Corporation (M) Bhd under the SMEBiz Solutions Portfolio Guarantee Scheme of 70% of the facility limit. (ii) Joint and several guarantees by all directors of Steel Hawk Engineering.	84 months	BLR + 5.00%	68	-	68
Term loan II	Small Medium Enterprise Development Bank Malaysia Berhad	Financing of working capital	(i) Guarantee by the government through Syarikat Jaminan Pembiayaan Perniagaan Berhad will cover 80% of the total facility limit. (ii) Joint and several guarantees by all directors of Steel Hawk Engineering. (iii) Pledged deposits of RM19,000.	66 months	3.50%	207	215	422
Term loan III	Koperasi Angkatan Tentera Malaysia Berhad	Financing of working capital	(i) Pledged deposits of RM1,200,000. (ii) Joint and several guarantees by all directors of Steel Hawk Engineering.	37 months	9.00%	1,380	611	1,991
Term loan IV	AmBank Islamic Berhad	Financing of Existing Teluk Kalung Facility 1	(i) Leasehold building with carrying amount of RM2,462,000. (ii) Joint and several guarantees by all directors of Steel Hawk Engineering.	168 months	BFR + 2.20%	114	1,952	2,066

12. FINANCIAL INFORMATION (CONT'D)

Borrowings	Financier	Purpose	Security	Tenure of the facility	Interest rate	As at 31 March 2024		
						Payable within 12 months RM'000	Payable after 12 months RM'000	Total RM'000
Hire purchase liabilities	(i) AFFIN Bank Berhad (ii) BMW Credit (Malaysia) Sdn Bhd (iii) Mitsubishi HC Capital Malaysia Sdn Bhd (iv) Public Bank Berhad (v) Mercedes-Benz Services Malaysia Sdn Bhd	For purchase of motor vehicles	Motor vehicles.	Up to 60 months	2.49% – 5.51%	223	975	1,198
Trade financing I	AmBank Islamic Berhad	Financing of working capital	Joint and several guarantees by all directors of Steel Hawk Engineering.	120 days	BFR + 1.25%	5,258	-	5,258
Trade financing II	CIMB Islamic Bank Berhad	Financing of working capital	Joint and several guarantees by all directors of Steel Hawk Engineering.	120 days	COF + 1.00%	5,366	-	5,366
Bank Overdraft I	AmBank Islamic Berhad	Financing of working capital	(i) Joint and several guarantees by all directors of Steel Hawk Engineering. (ii) Pledged deposits of RM1,200,000.	-	BFR + 1.25%	2,993	-	2,993
Bank Overdraft II	Public Islamic Bank Berhad	Financing of working capital	Joint and several guarantees by all directors of Steel Hawk Engineering.	-	BFR + 4.00%	891	-	891
Bank Overdraft III	Bank Islam Malaysia Berhad	Financing of working capital	Joint and several guarantees by all directors of Steel Hawk Engineering.	-	BFR + 1.00%	3,876	-	3,876
Bank Overdraft IV	AmBank Islamic Berhad	Financing of working capital	Joint and several guarantees by all directors of Steel Hawk Engineering.	-	BFR + 1.25%	418	-	418
Total						**20,794**	**3,753**	**24,547**
Gearing (times)								
Before our IPO and utilisation of proceeds[(1)]								1.00
After our IPO and utilisation of proceeds[(2)]								0.66

Notes:

(1) Computed based on the pro forma consolidated statements of financial position as at 31 March 2024 before our IPO and utilisation of proceeds.

(2) Computed based on the pro forma consolidated statements of financial position as at 31 March 2024 after our IPO and utilisation of proceeds which includes repayment of bank borrowings of RM1.00 million.

As at the LPD, we do not have any borrowings which are non-interest bearing and / or in foreign currency.

There has been no default or any known events that could give rise to a default situation, in respect of payments of either interest and / or principal sums in relation to any borrowings of our Group throughout the Financial Years / Period Under Review and up to LPD.

Our Group has not experienced any breaches of any terms and conditions or covenants associated with the credit arrangement or bank loan, which can materially affect our financial position and results or business operations or the investments by holders of our securities. During the Financial Years / Period Under Review, we did not experience any clawback or reduction in the facilities limit granted to us by our lenders.

12.3.12 Type of financial instruments used

As at the LPD, save as disclosed in **Section 12.3.11** of this Prospectus, our Group does not have or utilise any other financial instruments or have any other treasury policies.

12.3.13 Treasury policies and objectives

The main objective of our capital management is to maintain sustainable shareholder's equity to ensure our ability to support and grow our business in order to maximise shareholder's value. We review and manage our capital structure to maintain our debt-to-equity ratio at an optimal level based on our business requirements and prevailing economic conditions.

12.3.14 Material commitment

As at the LPD, our Group has committed to construct the Proposed Teluk Kalung Facility 2, costing RM13.64 million (as disclosed in **Section 4.5** of this Prospectus), which will be financed by our internally generated funds and the proceeds from our IPO.

Save as disclosed above, we do not have any other material capital commitments as at the LPD.

12.3.15 Material contingent liabilities

As at the LPD, there are no material contingent liabilities incurred by our Group, which upon becoming enforceable may have a material effect on our business, financial results or position.

12.3.16 Material litigation

We are not engaged in any material litigation, claim or arbitration either as plaintiff or defendant. There is no proceeding pending or threatened or any fact likely to give rise to any proceeding which might materially or adversely affect our position or business as at the LPD.

12.3.17 Governmental, legal or arbitration proceedings

As at the LPD, neither we nor any of our Subsidiaries are engaged in any governmental, legal or arbitration proceedings including those relating to bankruptcy, receivership or similar proceedings, either as plaintiff or defendant and our Directors are not aware of any proceeding pending or threatened or of any fact likely to give rise to any proceeding, which have or may have a material or significant effect on our financial position or profitability in the 12 months immediately preceding the date of this Prospectus.

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12.3.18 Impact of foreign exchange rates, interest rates and / or commodity prices on our operations

(i) Impact of foreign exchange rates

For the Financial Years / Period Under Review, our proportion of sales and purchases transactions denominated in local and foreign currencies are as follows:

	FYE2021		FYE 2022		FYE 2023		FPE 2024	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Sales denominated in:								
- RM	24,845	100.00	66,326	100.00	72,537	100.00	19,736	100.00
Total sales	**24,845**	**100.00**	**66,326**	**100.00**	**72,537**	**100.00**	**19,736**	**100.00**
Purchases denominated in:								
- RM	6,642	90.09	37,448	95.93	33,192	95.27	8,538	97.28
- USD	620	8.41	1,215	3.11	1,292	3.71	148	1.69
- SGD	105	1.42	147	0.38	205	0.59	48	0.55
- EUR	6	0.08	228	0.58	151	0.43	43	0.48
Total purchases	**7,373**	**100.00**	**39,038**	**100.00**	**34,840**	**100.00**	**8,777**	**100.00**

We are exposed to transactional currency exposure as 9.91%, 4.07%, 4.73% and 2.72% of our purchases were denominated in currencies other than RM for the Financial Years / Period Under Review, respectively. The purchases denominated in foreign currencies are mainly in USD.

For the Financial Years / Period Under Review, our gains and losses from foreign exchange fluctuations are as follows:

	FYE 2021	FYE 2022	FYE 2023	FPE 2024
	RM'000	RM'000	RM'000	RM'000
Net foreign exchange loss	17	71	27	115

We currently do not have a formal policy with respect to our foreign exchange transactions. Exposure to foreign exchange is monitored on an ongoing basis, and our Group endeavours to keep the net exposure at an acceptable level.

Our Group does not hedge our exposure to fluctuation in foreign currency exchange rates. As at the LPD, we have not entered into any foreign exchange contracts. As such, we are subject to foreign exchange fluctuation risk for purchases from our foreign suppliers. Notwithstanding this, our financial results for the Financial Years / Period Under Review were not materially affected by fluctuations in foreign exchange rates. However, a significant depreciation of RM against USD will lead to higher costs of supplies for our Group. In the event that we are unable to pass the increase in costs to our customers in a timely manner, our financial performance may be adversely affected due to the reduced GP margin from the higher cost of supplies.

(ii) Impact of interest rates

	FYE 2021	FYE 2022	FYE 2023	FPE 2024
	RM'000	RM'000	RM'000	RM'000
Interest coverage ratio (times)(1)	12.60	18.38	8.57	13.68

Note:

(1) Computed based on EBIT over finance costs for the Financial Years / Period Under Review

Our interest coverage ratios have ranged from 8.57 times to 18.38 times during the Financial Years / Period Under Review, indicating that our Group has been able to generate sufficient profits from operations to meet our interest serving obligations.

Our financial results for the Financial Years / Period Under Review were not materially affected by fluctuations in interest rates. However, any major increase in interest rates would raise the cost of our borrowings and our finance costs, which may have an adverse effect on the performance of our Group.

(iii) Impact of commodity prices

As at the LPD, our Group is not affected by fluctuations in commodity prices, as highlighted in **Section 7.3.3** of this Prospectus.

12.3.19 Impact of government, economic, fiscal or monetary policies

There were no government, economic, fiscal or monetary policies or factors which had materially affected our operations during the Financial Years / Period Under Review. There is no assurance that our financial performance will not be adversely affected by the impact of further changes in government, economic, fiscal or monetary policies or factors moving forward.

Risks relating to government, economic, fiscal or monetary policies or factors which may materially affect our operations are set out in **Section 9** of this Prospectus.

12.3.20 Exceptional and extraordinary items and audit qualifications

There were no exceptional or extraordinary items during the Financial Years / Period Under Review. In addition, our audited financial statements for the Financial Years / Period Under Review were not subject to any audit qualifications.

12.3.21 Impact of inflation

During the Financial Years / Period Under Review, our financial performance was not materially affected by inflation. However, there is no assurance that our financial performance will not be adversely affected by inflation moving forward. Any significant increase in our costs of sales in the future may adversely affect our operations and performance if we are unable to pass on the higher costs to our customers through an increase in selling prices.

12.4 KEY FINANCIAL RATIOS

The key financial ratios of our Group are as set out below:

	FYE 2021	FYE 2022	FYE 2023	FPE 2024
Trade receivables turnover (days)(1)	6	29	35	24
Trade payables turnover (days)(2)	48	54	77	64
Inventory turnover (days)(3)	9	2	3	5
Current ratio (times)(4)	2.54	1.62	1.72	1.65
Gearing ratio (times)(5)	0.19	0.74	0.83	1.00

Notes:

(1) $\dfrac{\text{(Trade receivables at beginning + trade receivables at end) / 2}}{\text{Revenue}} \times$ 365 / 90 days

(2) $\dfrac{\text{(Trade payables at beginning + trade payables at end) / 2}}{\text{Cost of sales}} \times$ 365 / 90 days

(3) $\dfrac{\text{(Inventories at beginning + inventories at end) / 2}}{\text{Cost of sales}} \times$ 365 / 90 days

(4) Computed based on the total current assets over total current liabilities as at the end of each financial year / period.

(5) Computed based on total interest-bearing borrowings (excluding lease liabilities) over total equity as at the end of each financial year / period.

(i) Trade receivables turnover period

	FYE 2021	FYE 2022	FYE 2023	FPE 2024
	RM'000	RM'000	RM'000	RM'000
Opening trade receivables	524	283	10,404	3,488
Closing trade receivables	283	10,404	3,488	7,122
Average trade receivables	404	5,344	6,946	5,305
Revenue	24,845	66,326	72,537	19,736
Trade receivables turnover period (days)	**6**	**29**	**35**	**24**

Our normal credit period given to our trade debtors is 30 days, but this may be extended in certain cases and assessed and approved on a case-by-case basis after taking into consideration, among others, the background and credit worthiness of the customer, payment history of the customer, our relationship with the customer and the scope of the project.

Our trade receivables turnover period for the Financial Years / Period Under Review were 6 days, 29 days, 35 days, and 24 days, respectively. For the FYE 2021, FYE 2022 and FPE 2024, our Group's trade receivables turnover period was within the normal credit terms. However, for the FYE 2023, our Group's trade receivables turnover period exceeded our normal credit terms, mainly attributed to the slower collection of receivables from a customer within the EPCC services and facilities improvement / maintenance segment which had subsequently been collected after the FYE 2023.

The ageing analysis of our Group's trade receivables as at 31 March 2024 and the subsequent collections and balance of trade receivables as at the LPD are set out as follows:

	Trade receivables as at 31 March 2024		Collections from 1 April 2024 up to the LPD	Balance trade receivables as at the LPD
	RM'000	% of trade receivables	RM'000	RM'000
	(a)	(a) / total of (a)	(b)	(c) = (a) – (b)
Neither past due nor impaired	3,069	43.09	1,927	1,142
Past due 1-90 days	3,631	50.98	529	3,102
Past due more than 90 days	422	5.93	-	422
Total	**7,122**	**100.00**	**2,456**	**4,666**

As at 31 March 2024, our total trade receivables stood at RM7.12 million, with RM4.05 million or 56.91% of our trade receivables exceeding the normal credit period.

As at the LPD, RM2.46 million or 34.48% of our trade receivables as at 31 March 2024 have been collected. The remaining balance of RM4.67 million or 65.52% of our total trade receivables have yet to be collected as at the LPD. We have not encountered any material disputes in respect of our trade receivables and hence, our Board is of the opinion that the remaining outstanding trade receivables are recoverable, after taking into consideration these customers' historical payment trends.

We assess the recoverable amount for trade receivables that have been past due for more than 90 days. If the trade receivables that our Group expects to receive are less than the total trade receivables that are due to our Group, our management would consider the need for impairment based on objective evidence, i.e. we would write off trade receivables when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. Nevertheless, in managing the credit risk of trade receivables, we will continuously manage and monitor our trade debtors and take appropriate actions (including but not limited to legal actions) to recover long overdue balances. We did not make any impairment on trade receivables during the Financial Years / Period Under Review up to the LPD.

(ii) Trade payables turnover period

	FYE 2021	FYE 2022	FYE 2023	FPE 2024
	RM'000	RM'000	RM'000	RM'000
Opening trade payables	969	2,753	12,192	9,485
Closing trade payables	2,753	12,192	9,485	6,756
Average trade payables	1,861	7,473	10,839	8,121
Cost of sales	14,029	50,296	51,704	11,345
Trade payables turnover period (days)	**48**	**54**	**77**	**64**

Trade payables comprise amounts outstanding for trade purchases. The normal credit terms granted to us by our trade suppliers range from 30 to 90 days. To maintain a good relationship with our suppliers, we will pay the suppliers as they fall due. During the Financial Years / Period Under Review, our Group's trade payables turnover period was within the normal credit terms granted by our trade suppliers.

The ageing analysis of our trade payables as at 31 March 2024 and the subsequent payments and balance of trade payables as at the LPD are set out as follows:

	Trade payables as at 31 March 2024		Payments from 1 April 2024 up to the LPD	Balance trade payables as at the LPD
	RM'000	Percentage of trade payables	RM'000	RM'000
	(a)	(a) / total of (a)	(b)	(c) = (a) – (b)
Not past due	1,978	29.28	925	1,053
Past due 1-90 days	3,310	48.99	2,307	1,003
Past due more than 90 days	1,468	21.73	346	1,122
Total	**6,756**	**100.00**	**3,578**	**3,178**

As at 31 March 2024, our total trade payables stood at RM6.76 million, with RM4.78 million or 70.72% of our trade payables exceeding the normal credit period.

As at the LPD, we have settled outstanding trade payables of RM3.58 million, representing 52.96% of our outstanding trade payables as at 31 March 2024.

We have not encountered any material disputes in respect of our trade payables and no material legal proceedings to demand for payment have been initiated by our suppliers against us. There are also no disputes regarding trade payables. There are also no disputes regarding trade payables, and our suppliers have not initiated any legal action against us to demand for payment.

(iii) Inventories turnover period

	FYE 2021	FYE 2022	FYE 2023	FPE 2024
	RM'000	RM'000	RM'000	RM'000
Opening inventories	338	369	158	568
Closing inventories	369	158	568	610
Average inventories	354	264	363	589
Cost of sales	14,029	50,296	51,704	11,345
Inventory turnover period (days)	**9**	**2**	**3**	**5**

Our Group's inventories mainly consist of raw materials (such as metal structures, steel plates, and non-metal piping and structures), complete assembled oilfield equipment (such as chemical injection skids, pig trap system, fire rated doors and oil spill recovery equipment) as well as parts, components and accessories of the oilfield equipment. Our inventories turnover period for the Financial Years / Period Under Review were 9 days, 2 days, 3 days and 5 days, respectively.

Our inventories turnover period decreased to 2 days for the FYE 2022 (FYE 2021: 9 days), mainly due to the decrease in average inventory for pig trap system as a result of a higher volume of installation and maintenance for pig trap system and more work orders undertaken under our EPCC services and facilities improvement / maintenance segment during the FYE 2022.

Our inventories turnover period increased to 3 days for the FYE 2023 (FYE 2022: 2 days), mainly due to higher purchases of handle bar, door closure and door leaf made during the FYE 2023 for work orders in relation to the installation and maintenance of fire rated doors that are anticipated to be undertaken in the first half of 2024.

Our inventories turnover period increased to 5 days for the FPE 2024 (FYE 2023: 3 days), mainly due to higher purchases of chemical injection pumps, steel plates and steel structures, piping, instruments, valves and tubing of the skids made during the FPE 2024) to fulfil additional work orders carried out under our Group’s on-going Price Agreements (call out contracts) with PETRONAS Carigali (i.e. for the onshore facilities maintenance, construction and modification services and provision of engineering procurement, fabrication, construction, and delivery of 25 integrated chemical injection skids for all Dulang platforms) and additional work orders carried out for Customer F (i.e. for the provision and delivery of slug catcher skid and portable methanol injection skid).

(iii) Current ratio

	FYE 2021	FYE 2022	FYE 2023	FPE 2024
	RM'000	RM'000	RM'000	RM'000
Current assets	12,864	38,898	43,800	52,612
Current liabilities	5,068	24,033	25,420	31,844
Net current assets	**7,796**	**14,865**	**18,380**	**20,768**
Current ratio (times)(1)	**2.54**	**1.62**	**1.72**	**1.65**

Note:

(1) Computed based on total current assets over total current liabilities as at the end of each financial year / period.

Our current ratio ranges from 1.62 times to 2.54 times during the Financial Years / Period Under Review. This indicates that our Group can meet our current obligations as our current assets, such as inventories and trade receivables, which can be readily converted into cash, together with our cash and bank balances, are enough to meet immediate current liabilities.

(iv) Gearing ratio

	FYE 2021	FYE 2022	FYE 2023	FPE 2024
	RM'000	RM'000	RM'000	RM'000
Total borrowings	1,883	11,059	17,721	24,547
Total equity	9,756	14,943	21,283	24,517
Gearing ratio (times)(1)	**0.19**	**0.74**	**0.83**	**1.00**

Note:

(1) Computed based on total interest-bearing borrowings (excluding lease liabilities) over total equity as at the end of each financial year / period.

Our gearing ratio ranges from 0.19 times 1.00 times throughout the Financial Years / Period Under Review.

Our gearing ratio increased to 0.74 times as at 31 December 2021 mainly due to an increase in our loans and borrowings of RM9.18 million in the FYE 2022 (i.e. RM3.20 million in term loan and RM5.67 million in bank overdraft) to meet our working capital requirements for the EPCC services and facilities improvement / maintenance segment (in line with revenue growth of this business segment in the FYE 2022), and our gearing ratio increased to 0.83 times as at 31 December 2023 due to an increase in our loans and borrowings of RM6.66 million in the FYE 2023 (i.e. mainly attributable to an increase in RM5.30 million in trade financing to meet our working capital requirements for the EPCC services and facilities improvement / maintenance segment, in line with revenue growth of this business segment in the FYE 2023). Our gearing ratio further increased to 1.00 times as at 31 March 2024 mainly due to an increase in our loans and borrowings of RM6.83 million (that was mainly contributed by an increase of RM4.96 million in trade facilities and RM1.96 million in bank overdraft) to meet our Group’s working capital requirements for the EPCC services and facilities improvement / maintenance segment (in line with revenue growth of this business segment in the FPE 2024).

12.5 TREND INFORMATION

As at the LPD, our financial performance, position and operations are not affected by any of the following:

(i) Known trends, demands, commitments, events or uncertainties that have had or that we reasonably expect to have, a material favourable or unfavourable impact on our financial performance, position and operations, save as disclosed in **Sections 12.2, 7, 8 and 9** of this Prospectus;

(ii) Material commitments for capital expenditure disclosed in **Section 12.3.14** of this Prospectus;

(iii) Unusual, infrequent events or transactions or any significant economic changes that have materially affected the financial performance, position and operations of our Group save as discussed in **Sections 12.2 and 9** of this Prospectus;

(iv) Known trends, demands, commitments, events or uncertainties that have resulted in a substantial increase in our revenue and / or profit as disclosed in **Section 12.2** of this Prospectus, business and industry overview, as set out in **Sections 7 and 8** of this Prospectus, and business strategies and future plans as set out in **Section 7.4** of this Prospectus;

(v) Known trends, demands, commitments, events or uncertainties that are reasonably likely to make our historical financial statements not indicative of the future financial performance and position, save as disclosed in **Sections 12, 7 and 9** of this Prospectus; and

(vi) Known trends, demands, commitments, events or uncertainties that have had or that we reasonably expect to have, a material favourable or unfavourable impact on our liquidity and capital resources, save as disclosed in **Sections 12, 7 and 9** of this Prospectus.

12.6 ORDER BOOK

We provide O&G support services to our customers through the following:

(i) Price Agreements (call out contracts) (with tenures ranging from 1 to 5 years, which include options for extensions of up to 2 years. The parties may agree for further extensions, where applicable); and

(ii) fixed contracts (which are usually one-off in nature).

Under a Price Agreement (call out contract) (which does not have a fixed contract value), we are engaged by our customer through work orders to provide specified services for the duration of the contract, as and when such services are required.

Under a fixed contract, our products and services are delivered to our customers within the stipulated delivery date with a fixed contract value. The fixed contracts secured by the Group are generally one-off in nature with fixed tenures ranging from 1 to 3 years.

Our order book as at the LPD stood at RM19.69 million (i.e. RM19.12 million was contributed by 11 on-going Price Agreements (call out contracts) with purchase orders that are yet to be billed and recognised as revenue and the balance of RM0.57 million was contributed by 1 on-going fixed contract with remaining contract value which are yet to be recognised as revenue). The aforesaid order book is expected to be fulfilled during the FYE 2024.

For the avoidance of doubt, our Price Agreements (call out contracts) do not have a fixed contract value and we are engaged through work orders to provide specified services for the duration of the contract, as and when such services are required. As such, the order book for Price Agreements (call out contracts) is purely based on purchase orders that have been issued by our customers but are yet to be billed as at the LPD, and does not represent the remaining contract value of our Price Agreements (call out contracts), which cannot be determined due to the nature of such contracts.

12.7 SIGNIFICANT CHANGES

Save as disclosed in this Prospectus, there are no significant changes that have occurred which may have a material effect on the financial position and results of our Group subsequent to our audited consolidated financial statements for the FPE 2024 and up to the LPD.

12.8 DIVIDEND POLICY

For the Financial Years / Period Under Review, our Group declared and paid the following dividends to shareholders of our Company and our Subsidiaries:

	FYE 2021	FYE 2022	FYE 2023	FPE 2024
	RM'000	RM'000	RM'000	RM'000
PAT attributable to owners of the Company	2,080	5,811	7,220	3,234
Dividends declared	624	880	-	-
Dividends paid	-	624	880	-
Dividend payout rate (%)[(1)]	30.00	15.14	N/A	N/A

There was no dividend declared and paid to shareholders of our Company and our Subsidiaries from 1 April 2024 up to the LPD. Further to the above, we do not intend to declare and pay any dividends from the LPD up to our Listing.

Note:

(1) Computed based on dividends declared over PAT for each financial year / period.

The dividends above were funded by internal funds sourced from the cash and bank balances of the respective Subsidiaries. The dividends will not affect the execution and implementation of our future plans or business strategies. Together with the IPO proceeds, we believe that we have sufficient funding of cash from operations and bank borrowings for the funding requirement for our operations and our expansion plans.

It is our Board's policy to recommend and distribute minimum dividends of 30.00% of our annual PAT attribution to shareholders of our Company. This will allow our shareholders to participate in our Group's profits. Any final dividends declared are subjected to the approval of our shareholders at our AGM.

Our ability to pay dividends or make other distributions to our shareholders is subject to various factors such as having profits and excess funds not required to be retained to fund our working capital requirements. Our Board will also take into consideration, among others, the following factors when recommending dividends:

(i) the availability of adequate distributable reserves and cash flow;

(ii) our operating cash flow requirements and financing commitment;

(iii) our anticipated future operating conditions, as well as future expansion, capital expenditure and investment plans;

(iv) any material impact of tax laws and other regulatory requirements; and

(v) the prior approval from our bankers, if any.

Steel Hawk Berhad

(Registration No. 202001043293 (1399614-A))
(Incorporated in Malaysia)

and its subsidiaries

Accountants’ Report on the Consolidated Financial Statements

Steel Hawk Berhad
(Registration No. 202001043293 (1399614-A))
(Incorporated in Malaysia)
and its subsidiaries

Consolidated statements of financial position

	Note	31.03.2024 RM'000	31.12.2023 RM'000	31.12.2022 RM'000	31.12.2021 RM'000
Assets					
Property, plant and equipment	3	6,911	6,387	3,320	3,082
Right-of-use assets	4	1,479	1,500	104	220
Total non-current assets		8,390	7,887	3,424	3,302
Inventories	6	610	568	158	369
Contract assets	7	20,310	21,539	11,410	5,689
Trade and other receivables	8	9,240	4,301	11,025	767
Pledged deposits	9	6,834	6,705	4,214	129
Cash and cash equivalents	10	15,618	10,687	12,091	5,910
Total current assets		52,612	43,800	38,898	12,864
Total assets		61,002	51,687	42,322	16,166
Equity					
Share capital	11	7,808	7,808	7,808	7,808
Restructuring reserve	11	(3,108)	(3,108)	(3,108)	(3,108)
Retained earnings		19,817	16,583	10,243	5,056
Total equity attributable to owners of the Company		24,517	21,283	14,943	9,756
Liabilities					
Loans and borrowings	12	3,753	4,089	3,144	1,164
Lease liabilities		466	465	34	46
Deferred tax liabilities	13	422	430	168	132
Total non-current liabilities		4,641	4,984	3,346	1,342
Loans and borrowings	12	20,794	13,632	7,915	719
Lease liabilities		765	770	77	183
Trade and other payables	14	8,631	10,764	13,893	3,248
Current tax liabilities		1,654	254	2,148	918
Total current liabilities		31,844	25,420	24,033	5,068
Total liabilities		36,485	30,404	27,379	6,410
Total equity and liabilities		61,002	51,687	42,322	16,166

The notes on pages 11 to 65 are an integral part of these financial statements.

Steel Hawk Berhad
(Registration No. 202001043293 (1399614-A))
(Incorporated in Malaysia)
and its subsidiaries

Consolidated statements of profit or loss and other comprehensive income

	Note	01.01.2024 to 31.03.2024 RM'000	01.01.2023 to 31.03.2023 Unaudited RM'000	01.01.2023 to 31.12.2023 RM'000	01.01.2022 to 31.12.2022 RM'000	01.01.2021 to 31.12.2021 RM'000
Revenue	15	19,736	13,443	72,537	66,326	24,845
Cost of sales		(11,345)	(10,032)	(51,704)	(50,296)	(14,029)
Gross profit		8,391	3,411	20,833	16,030	10,816
Other income		5	50	153	76	172
Administrative expenses		(3,418)	(1,954)	(9,375)	(7,397)	(7,586)
Net loss on impairment of financial instrument		-	-	-	(69)	-
Results from operating activities		4,978	1,507	11,611	8,640	3,402
Finance income		12	13	88	25	12
Finance costs	16	(364)	(225)	(1,355)	(470)	(270)
Profit before tax	17	4,626	1,295	10,344	8,195	3,144
Tax expense	18	(1,392)	(385)	(3,124)	(2,384)	(1,064)
Net profit and total comprehensive income for the year attributable to owners of the Company		3,234	910	7,220	5,811	2,080
Basic earnings per ordinary share (sen)	19	0.81	0.23	1.81	1.45	0.99

The notes on pages 11 to 65 are an integral part of these financial statements.

Steel Hawk Berhad
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Consolidated statements of changes in equity

	Note	← *Attributable to owners of the Company*				→
		← *Non-distributable*		→	*Distributable*	
		Share capital RM'000	**Invested equity[1] RM'000**	**Restructuring reserve RM'000**	**Retained earnings RM'000**	**Total RM'000**
At 1 January 2021[2]		*	1,500	-	2,976	4,476
Net profit and total comprehensive income for the financial year		-	-	-	2,080	2,080
Contributions by owners of the Company						
Issuance of new shares	11	3,200	-	-	-	3,200
Effect of restructuring[3]	26	4,608	(1,500)	(3,108)	-	-
At 31 December 2021/ 1 January 2022		7,808	-	(3,108)	5,056	9,756
Net profit and total comprehensive income for the financial year		-	-	-	5,811	5,811
Distribution to owners of the Company						
Dividends to owners of the Company	20	-	-	-	(624)	(624)
At 31 December 2022/ 1 January 2023		7,808	-	(3,108)	10,243	14,943
Net profit and total comprehensive income for the financial year		-	-	-	7,220	7,220
Distribution to owners of the Company						
Dividends to owners of the Company	20	-	-	-	(880)	(880)
At 31 December 2023		7,808	-	(3,108)	16,583	21,283
		← Note 11		→		

Consolidated statements of changes in equity (continued)

		← Attributable to owners of the Company →				
		← Non-distributable →			Distributable	
	Note	Share capital RM'000	Invested equity[1] RM'000	Restructuring reserve RM'000	Retained earnings RM'000	Total RM'000
Unaudited						
At 1 January 2023		7,808	-	(3,108)	10,243	14,943
Net profit and total comprehensive income for the financial period		-	-	-	910	910
Distribution to owners of the Company						
Dividends to owners of the Company	20	-	-	-	(880)	(880)
At 31 March 2023		7,808	-	(3,108)	10,273	14,973
At 1 January 2024		7,808	-	(3,108)	16,583	21,283
Net profit and total comprehensive income for the financial period		-	-	-	3,234	3,234
At 31 March 2024		7,808	-	(3,108)	19,817	24,517

* *Denotes RM2*

(1) *This invested equity represents the Company's investment in SHESB.*

(2) *The Group's financial statements are presented as if the restructuring had occurred before the start of the earliest period presented.*

(3) *The effect of restructuring arose from the restructuring exercise as explained in Note 26 Restructuring exercise.*

The notes on pages 11 to 65 are an integral part of these financial statements.

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Consolidated statements of cash flows

	Note	01.01.2024 to 31.03.2024 RM'000	01.01.2023 to 31.03.2023 Unaudited RM'000	01.01.2023 to 31.12.2023 RM'000	01.01.2022 to 31.12.2022 RM'000	01.01.2021 to 31.12.2021 RM'000
Cash flows from operating activities						
Profit before tax		4,626	1,295	10,344	8,195	3,144
Adjustments for:						
Depreciation of property, plant and equipment	3	202	137	707	593	541
Depreciation of right-of-use assets	4	21	45	82	194	187
Loss/(Gain) on disposal of property, plant and equipment		23	(33)	(59)	(10)	(9)
Gain on derecognition of right-of-use assets		-	-	(11)	-	(3)
Gain on remeasurement of lease liabilities		-	-	-	(6)	-
Interest expenses	16	364	225	1,355	470	270
Interest income		(12)	(13)	(88)	(25)	(12)
Bad debts written off		-	-	-	69	-
Operating profit before changes in working capital		5,224	1,656	12,330	9,480	4,118
Changes in working capital:						
Inventories		(42)	(104)	(410)	211	(31)
Trade and other receivables		(4,939)	7,540	6,484	(10,327)	214
Trade and other payables		(2,133)	(4,865)	(3,129)	10,645	1,923
Contract assets		1,229	(6,673)	(10,129)	(5,721)	(4,503)
Cash (used in)/ generated from operations		(661)	(2,446)	5,146	4,288	1,721
Tax paid		-	(1,857)	(4,756)	(1,118)	(1,049)
Net cash (used in)/from operating activities		(661)	(4,303)	390	3,170	672

Consolidated statements of cash flows (continued)

	Note	01.01.2024 to 31.03.2024 RM'000	01.01.2023 to 31.03.2023 Unaudited RM'000	01.01.2023 to 31.12.2023 RM'000	01.01.2022 to 31.12.2022 RM'000	01.01.2021 to 31.12.2021 RM'000
Cash flows from investing activities						
Acquisition of property, plant and equipment	(ii)	(359)	(379)	(3,000)	(671)	(950)
Proceeds from disposal of property, plant and equipment		58	146	196	10	12
Interest income		12	13	88	25	12
Changes in pledged deposits		(129)	(567)	(2,491)	(4,085)	1,164
Net cash (used in)/ generated from investing activities		(418)	(787)	(5,207)	(4,721)	238
Cash flows from financing activities						
Interest paid	16	(364)	(225)	(1,355)	(470)	(270)
Net (repayment)/ drawdown of term loan		(419)	(391)	471	3,197	(330)
Net drawdown/ (repayment) of trade financing		4,958	1,019	5,303	363	(479)
Net repayment of hire purchase		(117)	(189)	(331)	(218)	(200)
Repayment of lease liabilities		(4)	(38)	(343)	(190)	(186)
Dividend paid	20	-	(880)	(880)	(624)	-
Proceeds from issuance of new shares	11	-	-	-	-	3,200
Net cash from/(used in) financing activities		4,054	(704)	2,865	2,058	1,735
Net increase/(decrease) in cash and cash equivalents		2,975	(5,794)	(1,952)	507	2,645
Cash and cash equivalents at beginning of the year		4,465	6,417	6,417	5,910	3,265
Cash and cash equivalents at end of the period/year	(i)	7,440	623	4,465	6,417	5,910

Consolidated statements of cash flows (continued)

Notes

(i) Cash and cash equivalents

Cash and cash equivalents included in the consolidated statements of cash flows comprise the following consolidated statements of financial position amounts:

	01.01.2024 to 31.03.2024	01.01.2023 to 31.03.2023 Unaudited	01.01.2023 to 31.12.2023	01.01.2022 to 31.12.2022	01.01.2021 to 31.12.2021
	RM'000	RM'000	RM'000	RM'000	RM'000
Cash and cash equivalents	15,618	3,939	10,687	12,091	5,910
Bank overdraft	(8,178)	(3,316)	(6,222)	(5,674)	-
	7,440	623	4,465	6,417	5,910

(ii) Acquisition of property, plant and equipment

The Group acquired property, plant and equipment with an aggregate cost of RM807,000 (31.03.2023: RM879,000; 31.12.2023: RM3,911,000; 31.12.2022: RM831,000; 31.12.2021: RM1,808,000) of which RM448,000 (31.03.2023: RM500,000; 31.12.2023: RM671,000; 31.12.2022: RM160,000; 31.12.2021: RM258,000) were acquired by means of hire purchase. The deposits of RM240,000 in 31 December 2022 for the purchase of building was subsequently reclassified as property, plant and equipment in line with the completion of the condition precedents in relation to the said acquisition in the financial year ended 31 December 2023.

Consolidated statements of cash flows (continued)

Notes (continued)

(iii) Cash outflows for leases as a lessee

	Note	01.01.2024 to 31.03.2024 RM'000	01.01.2023 to 31.03.2023 Unaudited RM'000	01.01.2023 to 31.12.2023 RM'000	01.01.2022 to 31.12.2022 RM'000	01.01.2021 to 31.12.2021 RM'000
Included in net cash from operating activities						
Payment relating to short-term leases	17	278	120	2,239	937	2,107
Included in net cash from financing activities						
Payment of lease liabilities		4	38	343	190	186
Interest paid in relation to lease liabilities	16	6	2	35	12	20
Total cash outflows for leases		288	160	2,617	1,139	2,313

Consolidated statements of cash flows (continued)

Notes (continued)

(iv) Reconciliation of movement of liabilities to cash flow arising from financing activities

	At 1 January RM'000	Acquisition of new hire purchase liabilities/ new lease RM'000	Net changes from financing cash flows RM'000	Derecog-nition of lease liabilities RM'000	At 31 March RM'000
31.03.2024					
Term loans	4,966	-	(419)	-	4,547
Trade financing	5,666	-	4,958	-	10,624
Hire purchase liabilities	867	448	(117)	-	1,198
Lease liabilities	1,235	-	(4)	-	1,231
Total liabilities from financing activities	12,734	448	4,418	-	17,600
Unaudited 31.03.2023					
Term loans	4,495	-	(391)	-	4,104
Trade financing	363	-	1,019	-	1,382
Hire purchase liabilities	527	500	(189)	-	838
Lease liabilities	111	-	(38)	-	73
Total liabilities from financing activities	5,496	500	401	-	6,397

	At 1 January RM'000	Acquisition of new hire purchase liabilities/ new lease RM'000	Net changes from financing cash flows RM'000	Derecog-nition of lease liabilities RM'000	At 31 December RM'000
31.12.2023					
Term loans	4,495	-	471	-	4,966
Trade financing	363	-	5,303	-	5,666
Hire purchase liabilities	527	671	(331)	-	867
Lease liabilities	111	1,518	(343)	(51)	1,235
Total liabilities from financing activities	5,496	2,189	5,100	(51)	12,734

Consolidated statements of cash flows (continued)

Notes (continued)

(iv) Reconciliation of movement of liabilities to cash flow arising from financing activities (continued)

	At 1 January RM'000	Acquisition of new hire purchase liabilities/ new lease RM'000	Net changes from financing cash flows RM'000	Remeasu-rement/ (Derecog-nition) of lease liabilities RM'000	At 31 December RM'000
31.12.2022					
Term loans	1,298	-	3,197	-	4,495
Trade financing	-	-	363	-	363
Hire purchase liabilities	585	160	(218)	-	527
Lease liabilities	229	-	(190)	72	111
Total liabilities from financing activities	2,112	160	3,152	72	5,496
31.12.2021					
Term loans	1,628	-	(330)	-	1,298
Trade financing	479	-	(479)	-	-
Hire purchase liabilities	527	258	(200)	-	585
Lease liabilities	208	268	(186)	(61)	229
Total liabilities from financing activities	2,842	526	(1,195)	(61)	2,112

The notes on pages 11 to 65 are an integral part of these financial statements.

Steel Hawk Berhad
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Notes to the consolidated financial statements

Steel Hawk Berhad ("Steel Hawk" or the "Company") is a public limited liability company, incorporated and domiciled in Malaysia and is listed in the Leading Entrepreneur Accelerator Platform ("LEAP") Market of Bursa Malaysia Securities Berhad ("Bursa Securities"). The addresses of the principal place of business and registered office of the Company are as follows:

Principal place of business
No. 23-2, Block H, Dataran Prima,
Jalan PJU 1/37,
47301 Petaling Jaya,
Selangor Darul Ehsan.

Registered office
Unit 30-01, Level 30, Tower A,
Vertical Business Suite, Avenue 3,
Bangsar South, No. 8, Jalan Kerinchi,
59200, Wilayah Persekutuan,
Kuala Lumpur.

The Company is principally engaged in investment holding, whilst the principal activities of the subsidiaries are as stated in Note 5 to the consolidated financial statements.

1. Basis of preparation

The consolidated financial statements of the Company have been prepared for inclusion in the Company's prospectus in connection with the initial public offering of 134,700,000 ordinary shares in the Company ("Shares") ("IPO") in conjunction with the transfer of listing of Steel Hawk from the LEAP Market of Bursa Securities to the ACE Market of Bursa Securities ("Transfer").

The consolidated financial statements of the Company as at and for the financial period ended 31 March 2024 and 31 March 2023 and for the financial years ended 31 December 2023, 31 December 2022 and 31 December 2021, comprise the Company and its subsidiaries (together referred to as the "Group" and individually referred to as "Group entities"). The consolidated financial statements of the Company as at and for the financial period ended 31 March 2024 and 31 March 2023 and for the financial years ended 31 December 2023, 31 December 2022 and 31 December 2021 do not include other entities.

1. Basis of preparation (continued)

(a) Statement of compliance

The consolidated financial statements of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs") and IFRS Accounting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards").

The following are accounting standards and amendments of the MFRSs that have been issued by the Malaysian Accounting Standards Board ("MASB") but have not been adopted by the Group:

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2024

- Amendment to MFRS 16*, Leases – Lease Liability in a Sale and Leaseback*
- Amendment to MFRS 101, *Presentation of Financial Statements – Non-current Liabilities with Covenants and Classification of Liabilities as Current or Non-current*
- Amendments to MFRS 107, *Statement of Cash Flows* and MFRS 7, *Financial Instruments: Disclosures – Supplier Finance Arrangements*

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2025

- Amendments to MFRS 121, *The Effects of Changes in Foreign Exchange Rates – Lack of Exchangeability*

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2027

- MFRS 18*, Presentation and Disclosure in Financial Statements*

MFRSs, interpretations and amendments effective for annual periods beginning on or after a date yet to be confirmed

- Amendments to MFRS 10, *Consolidated Financial Statements* and MFRS 128, *Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The Group plans to apply the abovementioned amendments and accounting standard:

- from the annual period beginning on 1 January 2024 for the amendments that are effective for annual periods beginning on or after 1 January 2024.

- from the annual period beginning on 1 January 2025 for the amendments that are effective for annual periods beginning on or after 1 January 2025.

- from the annual period beginning on 1 January 2027 for the accounting standard that is effective for annual periods beginning on or after 1 January 2027.

The initial application of the abovementioned amendments and accounting standard are not expected to have any material financial impacts to the current period and prior period financial statements of the Group.

1. Basis of preparation (continued)

(b) Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis other than as disclosed in Note 2.

(c) Functional and presentation currency

These consolidated financial statements are presented in Ringgit Malaysia (“RM”), which is the Group’s functional currency. All financial information is presented in RM and has been rounded to the nearest thousand, unless otherwise stated.

(d) Use of estimates and judgements

The preparation of consolidated financial statements in conformity with MFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements other than those disclosed in the following notes:

- Note 15 – revenue recognition in relation to fixed-term contracts

  The Group recognised revenue by measuring the performance of work done by comparing the actual costs incurred with the estimated total costs required to complete the project. The Group applies judgement and assumptions in determining the estimated total costs required to complete the project.

2. Material accounting policies

The accounting policies set out below have been applied consistently to the periods presented in these consolidated financial statements and have been applied consistently by Group entities, unless otherwise stated.

2. Material accounting policies (continued)

(a) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities, including structured entities, controlled by the Company. The financial statements of the subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Potential voting rights are considered when assessing control only when such rights are substantive. The Group also considers it has de facto power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return.

Investment in subsidiaries are measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of investment includes transaction costs.

(ii) Business combinations

Business combinations are accounted for using the acquisition method from the acquisition date, which is the date on which control is transferred to the Group.

For new acquisitions, the Group measures the cost of goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

For each business combination, the Group elects whether it measures the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets at the acquisition date.

Transaction costs, other than those associated with the issue of debt and equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

2. Material accounting policies (continued)

(a) Basis of consolidation (continued)

(iii) Acquisitions from entities under common control

There is no business combination when a restructuring is facilitated through incorporation of a new Company ("Newco") (under common control of the shareholders that controls the Group) and when there is only a business placed under the Newco. Newco is not a business and therefore cannot be the acquiree. Entities under common control are entities which are ultimately controlled by the same parties ("Controlling Shareholders") and that control is not transitory. Control exists when the same parties have, as a result of contractual agreements, ultimate collective power to govern the financial and operating policies of each of the combining entities so as to obtain the benefits from their activities, and that ultimate collective power is not transitory. Accordingly, book value accounting applies to the business transferred.

The acquisitions are accounted for as if the acquisition had occurred at the beginning of the earliest comparative period presented or, if later, at the date that common control was established. The assets and liabilities acquired are recognised at the carrying amounts recognised previously in the Group controlling shareholder's consolidated financial statements. The components of equity of the acquired entities are added to the same components within Group's equity and any resulting gain or loss is recognised directly in equity.

(iv) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

(b) Foreign currency

Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are retranslated to the functional currency at the exchange rate at that date.

Non-monetary assets and liabilities denominated in foreign currencies are not retranslated at the end of the reporting date, except for those that are measured at fair value which are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.

Foreign currency differences arising on retranslation are recognised in profit or loss.

2. Material accounting policies (continued)

(c) Financial instruments

(i) Recognition and initial measurement

A financial asset or a financial liability is recognised in the statement of financial position when, and only when, the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without significant financing component) or a financial liability is initially measured at fair value plus or minus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issuance. A trade receivable without a significant financing component is initially measured at the transaction price.

An embedded derivative is recognised separately from the host contract where the host contract is not a financial asset, and accounted for separately if, and only if, the derivative is not closely related to the economic characteristics and risks of the host contract and the host contract is not measured at fair value through profit or loss. The host contract, in the event an embedded derivative is recognised separately, is accounted for in accordance with policy applicable to the nature of the host contract.

(ii) Financial instrument categories and subsequent measurement

Financial assets

Categories of financial assets are determined on initial recognition and are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change of the business model.

Amortised cost

Amortised cost category comprises financial assets that are held within a business model whose objective is to hold assets to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The financial assets are not designated as fair value through profit or loss. Subsequent to initial recognition, these financial assets are measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Interest income is recognised by applying effective interest rate to the gross carrying amount except for credit impaired financial assets (see Note 2(i)(i)) where the effective interest rate is applied to the amortised cost.

Financial assets are subject to impairment assessment (see Note 2(i)(i)).

2. Material accounting policies (continued)

(c) Financial instruments (continued)

(ii) Financial instrument categories and subsequent measurement (continued)

Financial liabilities

Amortised cost

Financial liabilities are subsequently measured at amortised cost using the effective interest method.

Interest expense and foreign exchange gains and losses are recognised in the profit or loss. Any gains or losses on derecognition are also recognised in the profit or loss.

(iii) Derecognition

A financial asset or part of it is derecognised when, and only when, the contractual rights to the cash flows from the financial asset expire or transferred, or control of the asset is not retained or substantially all of the risks and rewards of ownership of the financial asset are transferred to another party. On derecognition of a financial asset, the difference between the carrying amount of the financial asset and the sum of consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged, cancelled or expires. A financial liability is also derecognised when its terms are modified and the cash flows of the modified liability are substantially different, in which case, a new financial liability based on modified terms is recognised at fair value. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

(iv) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and liability simultaneously.

2. Material accounting policies (continued)

(d) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less any accumulated depreciation and any accumulated impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located.

For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and is recognised net within “other income” and “other expenses” respectively in profit or loss.

(ii) Subsequent costs

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised to profit or loss. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

(iii) Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed, and if a component has a useful life that is different from the remainder of that asset, then that component is depreciated separately.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment from the date that they are available for use.

2. Material accounting policies (continued)

(d) Property, plant and equipment (continued)

(iii) Depreciation (continued)

The depreciation rates for the current and comparative periods based on their estimated useful lives are as follows:

• Freehold buildings	2%
• Computer and software	20%
• Furniture and fitting	10%
• Motor vehicle	20%
• Office equipment	10%
• Plant and machinery	10%
• Renovation	10%
• Signboard	10%

Depreciation methods and useful lives are reviewed at the end of the reporting period, and adjusted as appropriate.

(e) Leases

(i) Definition of a lease

A contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- the contract involves the use of an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;

- the customer has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and

- the customer has the right to direct the use of the asset. The customer has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the customer has the right to direct the use of the asset if either the customer has the right to operate the asset; or the customer designed the asset in a way that predetermines how and for what purpose it will be used.

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease and non-lease component on the basis of their relative stand-alone prices. However, for leases of properties in which the Group is a lessee, it has elected not to separate non-lease components and will instead account for the lease and non-lease components as a singles lease component.

2. Material accounting policies (continued)

(e) Leases (continued)

(ii) Recognition and initial measurement

As a lessee

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the respective Group entities' incremental borrowing rate. Generally, the Group entities use their incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments less any incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee;
- the exercise price under a purchase option that the Group is reasonable certain to exercise; and
- penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The Group excludes variable lease payments that linked to future performance or usage of the underlying asset from the lease liability. Instead, these payments are recognised in profit or loss in the period in which the performance or use occurs.

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less, and lesser of low-value assets. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

2. Material accounting policies (continued)

(e) Leases (continued)

(iii) Subsequent measurement

As a lessee

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a revision of in-substance fixed lease payments, or if there is a change in the Group’s estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

(iv) Rent concession

The Group has applied the amendment to MFRS 16 Leases (COVID-19 Related Rent Concessions) whereby rent concessions received as a direct consequence of the COVID-19 pandemic are not assessed as a lease modification if all of the following conditions are met:

(i) the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;

(ii) any reduction in lease payments affects only payments originally due on or before 30 June 2021; and

(iii) there is no substantial change to other terms and conditions of the lease.

If the above conditions are met, rent concessions are treated as variable lease payments and impact will be recognised in the profit or loss for the year.

2. Material accounting policies (continued)

(f) Inventories

Inventories are measured at the lower of cost and net realisable value.

The cost of inventories is calculated using the first-in, first-out method, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

(g) Contract asset/Contract liability

A contract asset is recognised when the Group's right to consideration is conditional on something other than the passage of time. A contract asset is subject to impairment in accordance to MFRS 9, *Financial Instruments* (see Note 2(i)(i)).

A contract liability is stated at cost and represents the obligation of the Group to transfer goods or services to a customer for which consideration has been received (or the amount is due) from the customers.

(h) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in fair value with original maturities of three months or less, and are used by the Group in the management of their short-term commitments. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts.

(i) Impairment

(i) Financial assets

The Group recognises loss allowances for expected credit losses on financial assets measured at amortised cost and contract assets. Expected credit losses are a probability-weighted estimate of credit losses.

The Group measures loss allowances at an amount equal to lifetime expected credit loss, except for debt securities that are determined to have low credit risk at the reporting date, cash and bank balance and other debt securities for which credit risk has not increased significantly since initial recognition, which are measured at 12-month expected credit loss. Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime expected credit loss.

2. Material accounting policies (continued)

(i) Impairment (continued)

(i) Financial assets (continued)

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit loss, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information, where available.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of the asset, while 12-month expected credit losses are the portion of expected credit losses that result from default events that are possible within the 12 months after the reporting date. The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Group are exposed to credit risk.

The Group assesses each customer individually based on their financial information and past trend of payments, where applicable. The Group also considered that the credit risk has increased significantly if it is past due.

An impairment loss in respect of financial assets measured at amortised cost is recognised in profit or loss and the carrying amount of the asset is reduced through the use of an allowance account.

At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

The gross carrying amount of a financial asset is written off (either partially or full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery amounts due.

(ii) Other assets

The carrying amounts of other assets (except for inventories and contract assets) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

2. Material accounting policies (continued)

(i) Impairment (continued)

(ii) Other assets (continued)

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit.

An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit exceeds its estimated recoverable amount.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated to reduce the carrying amounts of the other assets in the cash-generating unit (groups of cash-generating units) on a *pro rata* basis.

Impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to profit or loss in the financial year in which the reversals are recognised.

(j) Equity instruments

Instruments classified as equity are measured at cost on initial recognition and are not remeasured subsequently.

(i) Issue expenses

Costs directly attributable to the issue of instruments classified as equity are recognised as a deduction from equity.

(ii) Ordinary shares

Ordinary shares are classified as equity.

2. Material accounting policies (continued)

(k) Employee benefits

(i) Short-term employee benefits

Short-term employee benefit obligations in respect of salaries, annual bonuses, paid annual leave and sick leave are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(ii) State plans

The Group's contributions to statutory pension funds are charged to profit or loss in the financial year to which they relate. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

(l) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

(m) Revenue and other income

(i) Revenue

Revenue is measured based on the consideration specified in a contract with a customer in exchange for transferring goods or services to a customer, excluding amounts collected on behalf of third parties. The Group recognises revenue when (or as) it transfers control over a product or service to customer. An asset is transferred when (or as) the customer obtains control of the asset.

The Group transfers control of a good or service at a point in time unless one of the following over time criteria is met:

(a) the customer simultaneously receives and consumes the benefits provided as the Group performs;

(b) the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or

(c) the Group's performance does not create an asset with an alternative use and the Group has an enforceable right to payment for performance completed to date.

2. Material accounting policies (continued)

(m) Revenue and other income (continued)

(ii) Interest income

Interest income is recognised as it accrues using the effective interest method in profit or loss.

(iii) Dividend income

Dividend income is recognised in profit or loss on the date that the Group’s right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

(n) Borrowing costs

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

(o) Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous financial years.

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and their tax bases. Deferred tax is not recognised for the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

2. Material accounting policies (continued)

(o) Income tax (continued)

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the reporting date. Deferred tax assets and liabilities are not discounted.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax assets and liabilities on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(p) Earnings per ordinary share

The Group presents basic earnings per share data for its ordinary shares (“EPS”).

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held.

(q) Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group’s other components. Operating segment results are reviewed regularly by the chief operating decision maker, which in this case is the Executive Director of the Group, to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

2. Material accounting policies (continued)

(r) Fair value measurements

Fair value of an asset or a liability, except for lease transactions, is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair value is categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.
Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
Level 3: unobservable inputs for the asset or liability.

The Group recognises transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

3. Property, plant and equipment

	Freehold buildings RM'000	Leasehold building RM'000	Computer and software RM'000	Furniture and fitting RM'000	Motor vehicle RM'000	Office equipment RM'000	Plant and machinery RM'000	Renovation RM'000	Sign-board RM'000	Total RM'000
Cost										
At 1 January 2021	-	-	196	81	1,708	72	696	577	3	3,333
Additions	1,300	-	86	3	340	18	32	17	12	1,808
Disposals	-	-	-	(2)	(34)	-	(1)	-	-	(37)
At 31 December 2021/ 1 January 2022	1,300	-	282	82	2,014	90	727	594	15	5,104
Additions	-	-	110	15	188	93	425	-	-	831
Disposals	-	-	-	-	(286)	-	-	-	-	(286)
At 31 December 2022/ 1 January 2023	1,300	-	392	97	1,916	183	1,152	594	15	5,649
Additions	-	2,480	128	38	936	21	244	64	-	3,911
Disposals	-	-	-	-	(644)	-	-	-	-	(644)
At 31 December 2023/ 1 January 2024	1,300	2,480	520	135	2,208	204	1,396	658	15	8,916
Additions	-	-	246	-	498	4	11	48	-	807
Disposals	-	-	-	-	(144)	-	-	-	-	(144)
At 31 March 2024	1,300	2,480	766	135	2,562	208	1,407	706	15	9,579

3. Property, plant and equipment (continued)

	Freehold buildings RM'000	Leasehold building RM'000	Computer and software RM'000	Furniture and fitting RM'000	Motor vehicle RM'000	Office equipment RM'000	Plant and machinery RM'000	Renova-tion RM'000	Sign-board RM'000	Total RM'000
Accumulated depreciation										
At 1 January 2021	-	-	92	34	877	22	237	251	2	1,515
Depreciation for the year	9	-	47	8	338	8	70	59	2	541
Disposals	-	-	-	(2)	(32)	-	-	-	-	(34)
At 31 December 2021/ 1 January 2022	9	-	139	40	1,183	30	307	310	4	2,022
Depreciation for the year	26	-	61	9	322	13	102	59	1	593
Disposals	-	-	-	-	(286)	-	-	-	-	(286)
At 31 December 2022/ 1 January 2023	35	-	200	49	1,219	43	409	369	5	2,329
Depreciation for the year	26	18	83	12	367	19	129	52	1	707
Disposals	-	-	-	-	(507)	-	-	-	-	(507)
At 31 December 2023/ 1 January 2024	61	18	283	61	1,079	62	538	421	6	2,529
Depreciation for the period	6	18	31	4	85	6	35	16	1	202
Disposals	-	-	-	-	(63)	-	-	-	-	(63)
At 31 March 2024	67	36	314	65	1,101	68	573	437	7	2,668
Carrying amounts										
At 1 January 2021	-	-	104	47	831	50	459	326	1	1,818
At 31 December 2021/ 1 January 2022	1,291	-	143	42	831	60	420	284	11	3,082
At 31 December 2022/ 1 January 2023	1,265	-	192	48	697	140	743	225	10	3,320
At 31 December 2023/ 1 January 2024	1,239	2,462	237	74	1,129	142	858	237	9	6,387
At 31 March 2024	1,233	2,444	452	70	1,461	140	834	269	8	6,911

3. Property, plant and equipment (continued)

3.1 Assets under hire purchase

Carrying amount of property, plant and equipment held under hire purchase arrangement are as follows:

	31.03.2024 RM'000	31.12.2023 RM'000	31.12.2022 RM'000	31.12.2021 RM'000
Motor vehicle	1,454	1,112	588	631

3.2 Security

At 31 March 2024, leasehold building with a carrying amount of RM2,444,000 (31.12.2023: RM2,462,000; 31.12.2022: RM Nil; 31.12.2021: RM Nil) was pledged to a bank to secure term loan granted to the Group as disclosed in Note 12.1.

4. Right-of-use assets

	Leasehold Land RM'000	Buildings RM'000	Total RM'000
At 1 January 2021	-	197	197
Addition	-	268	268
Depreciation	-	(187)	(187)
Derecognition*	-	(58)	(58)
At 31 December 2021/1 January 2022	-	220	220
Modification of lease liability#	-	78	78
Depreciation	-	(194)	(194)
At 31 December 2022/1 January 2023	-	104	104
Addition	1,409	109	1,518
Depreciation	(12)	(70)	(82)
Derecognition*	-	(40)	(40)
At 31 December 2023/1 January 2024	1,397	103	1,500
Depreciation	(12)	(9)	(21)
At 31 March 2024	1,385	94	1,479

* *Derecognition of the right-of-use assets is as a result of early termination of lease contract.*

\# *Modification of lease liability is as a result of lease payment reduction and extension of lease contract.*

The Group leases a leasehold land and a number of buildings for its office and business operations that typically run between 2 years to 30 years. The leasehold land contains lease period of 30 years with an option to apply for an extension period for another 30 years with lease payment to be determined upon confirmation of extension which has not been recognised.

5. Investment in subsidiaries

Name of entity	Principal place of business/ Country of incorporation	Principal activities	Effective ownership interest and voting interest 31.03.2024 %	31.12.2023 %	31.12.2022 %	31.12.2021 %
Steel Hawk Engineering Sdn. Bhd. ("SHESB")	Malaysia	Provision of engineering, procurement, construction and commissioning ("EPCC") services and facilities improvement/ maintenance, installation and maintenance ("I&M") of oilfield equipment and supply of oilfield equipment.	100	100	100	100
Steel Hawk Defence Sdn. Bhd. ("SHDSB")	Malaysia	Provision of manpower, materials and equipment support services.	100	100	100	-

On 18 April 2022, the Company incorporated a wholly-owned subsidiary, known as Steel Hawk Defence Sdn. Bhd. with an issued share capital of RM100,000 comprising of 100,000 ordinary shares of RM1.00 each. The principal activities of the subsidiary are to supply, maintenance, design, sales, technical training for defence engineering equipment, supply and maintenance of safety gear products/devices and other support services and service provider of fire and explosion protection systems.

6. Inventories

	31.03.2024 RM'000	31.12.2023 RM'000	31.12.2022 RM'000	31.12.2021 RM'000
At cost:				
Oilfield and petrochemical equipment, engineering equipment and spare parts	610	568	158	369

	01.01.2024 to 31.03.2024 RM'000	01.01.2023 to 31.03.2023 Unaudited RM'000	01.01.2023 to 31.12.2023 RM'000	01.01.2022 to 31.12.2022 RM'000	01.01.2021 to 31.12.2021 RM'000
Recognised in profit or loss:					
Inventories recognised as cost of sales	9,478	7,635	35,150	39,195	7,330

7. Contract assets

	31.03.2024 RM'000	31.12.2023 RM'000	31.12.2022 RM'000	31.12.2021 RM'000
Contract assets	20,310	21,539	11,410	5,689

The contract assets primarily relate to the Group's rights to consideration for work completed but not yet billed at the reporting date. Typically, the amount will be billed upon achieving contract milestone.

Significant changes to contract assets balances during the period are as follows:

	31.03.2024 RM'000	31.12.2023 RM'000	31.12.2022 RM'000	31.12.2021 RM'000
Contract assets at the beginning of the period not transferred to trade receivables due to change in time frame for a right to consideration to become unconditional	213	213	309	-

8. Trade and other receivables

	Note	31.03.2024 RM'000	31.12.2023 RM'000	31.12.2022 RM'000	31.12.2021 RM'000
Trade					
Trade receivables from contracts with customers		7,122	3,488	10,404	283
Non-trade					
Other receivables		9	84	74	77
Deposits	8.1	211	203	353	114
Prepayment	8.2	1,898	526	194	293
		2,118	813	621	484
		9,240	4,301	11,025	767

8.1 Deposits

Included in deposits was an amount of RM240,000 in 31 December 2022 for the purchase of building with third party. The deposit for the purchase of building was subsequently reclassified as property, plant and equipment in line with the completion of the condition precedents in relation to the said acquisition in the financial year ended 31 December 2023.

8.2 Prepayment

Included in the Group's prepayment consists of prepayment to supplier of RM1,785,000 (31.12.2023: RM375,000; 31.12.2022: RM Nil; 31.12.2021: RM Nil) for the purchases of materials and manpower costs.

9. Pledged deposits

	Note	31.03.2024 RM'000	31.12.2023 RM'000	31.12.2022 RM'000	31.12.2021 RM'000
The pledged deposits are for:					
Term loan facility	12.1	1,219	1,219	1,219	19
Bank overdraft	12.4	1,200	1,200	1,200	-
Bank guarantee for contract with customers	22.5	4,415	4,286	1,795	110
		6,834	6,705	4,214	129

10. Cash and cash equivalents

	31.03.2024 RM'000	31.12.2023 RM'000	31.12.2022 RM'000	31.12.2021 RM'000
Cash and bank balances	15,468	10,537	11,941	5,910
Deposits placed with a licensed bank	150	150	150	-
	15,618	10,687	12,091	5,910

11. Share capital and restructuring reserves

(a) Share capital

	Amount 31.03.2024 RM'000	Number of shares 31.03.2024 '000	Amount 31.12.2023 RM'000	Number of shares 31.12.2023 '000	Amount 31.12.2022 RM'000	Number of shares 31.12.2022 '000	Amount 31.12.2021 RM'000	Number of shares 31.12.2021 '000
Issued and fully paid shares with no par value of the Company classified as equity instruments:								
At 1 January	7,808	160,000	7,808	160,000	7,808	160,000	*	*
Effect of restructuring	-	-	-	-	-	-	4,608	144,000
New share issued for private placement	-	-	-	-	-	-	3,200	16,000
Effect of bonus issue	-	240,000	-	-	-	-	-	-
At 31 December	7,808	400,000	7,808	160,000	7,808	160,000	7,808	160,000

* *Denotes RM2, consisting of 40 ordinary shares.*

Ordinary shares

The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company.

During the financial year ended 31 December 2021, the Company issued the following shares:

a) 143,999,960 new ordinary shares for a total consideration of RM4,607,999 for the restructuring exercise as disclosed in Note 26 to the financial statements; and

b) 16,000,000 new ordinary shares at the issue price of RM0.20 per share, amounting to RM3,200,000 by way of private placement to selected Sophisticated Investors.

11. Share capital and restructuring reserves (continued)

(a) Share capital (continued)

Ordinary shares (continued)

On 11 March 2024, the Company completed the listing of and quotation for 240,000,000 bonus shares (“Bonus Shares”) on the LEAP Market of Bursa Securities on the basis of 3 Bonus Shares for every 2 existing shares. Accordingly, the number of ordinary shares increased from 160,000,000 to 400,000,000.

(b) Restructuring reserve

In the event where a new company is formed to facilitate a restructuring exercise, in which the new company itself is not a business, book value accounting is applied. The assets and liabilities acquired are recognised in the consolidated financial statements at their carrying amounts as if the restructuring had occurred before the start of the earliest period presented. The other components of equity of the acquired entity is added to the same component within Group entity.

The restructuring reserve comprises the difference between cost of investment recorded by the Company and the share capital of SHESB arising from the restructuring exercise as explained in Note 26 Restructuring exercise.

12. Loans and borrowings

	Note	31.03.2024 RM’000	31.12.2023 RM’000	31.12.2022 RM’000	31.12.2021 RM’000
Non-current					
Secured:					
Term loans	12.1	2,778	3,437	2,875	935
Hire purchase liabilities	12.2	975	652	269	229
		3,753	4,089	3,144	1,164
Current					
Secured:					
Term loans	12.1	1,769	1,529	1,620	363
Hire purchase liabilities	12.2	223	215	258	356
Trade financing	12.3	10,624	5,666	363	-
Bank overdraft	12.4	8,178	6,222	5,674	-
		20,794	13,632	7,915	719
		24,547	17,721	11,059	1,883

12. Loans and borrowings (continued)

12.1 Term loans

The term loans consisting of:

(a) The Term Loan I bears interest at rate of 11.70% (31.12.2023: 11.70%; 31.12.2022: 11.45%; 31.12.2021: 10.45%) per annum with 84 monthly repayment instalments. The term loan is secured and supported by:

- Credit Guarantee Corporation (M) Bhd (“CGC”) under the SMEBiz Solutions Portfolio Guarantee Scheme (“PGS”) of 70% of the facility limit;
- Joint and several guarantees by all directors of SHESB.

The outstanding balance of Term Loan I as at 31 March 2024 is RM68,000 (31.12.2023: RM116,000: 31.12.2022: RM291,000;31.12.2021: RM453,000).

(b) The Term Loan II bears interest at rate of 3.50% (31.12.2023: 3.50%; 31.12.2022: 3.50%; 31.12.2021: 3.50%) per annum with 66 monthly repayment instalments. The term loan is secured and supported by:

- Guarantee by the government through Syarikat Jaminan Pembiayaan Perniagaan Berhad (“SJPP”) will cover 80% of the total facility limit;
- Pledged deposits of RM19,000 (31.12.2023: RM19,000; 31.12.2022: RM19,000; 31.12.2021: RM19,000) as disclosed in Note 9;
- Joint and several guarantees by all directors of SHESB.

The outstanding balance of Term Loan II as at 31 March 2024 is RM422,000 (31.12.2023: RM455,000; 31.12.2022: RM653,000; 31.12.2021: RM845,000).

(c) The Term Loan III bears interest at rate of 9.00% (31.12.2023: 9.00%; 31.12.2022: 9.00%; 31.12.2021: Nil) per annum with 37 monthly repayment instalments. The term loan is secured and supported by:

- Pledged deposits of RM1,200,000 (31.12.2023: RM1,200,000; 31.12.2022: RM1,200,000; 31.12.2021: RM Nil) as disclosed in Note 9;
- Joint and several guarantees by all directors of SHESB.

The outstanding balance of Term Loan III as at 31 March 2024 is RM1,991,000 (31.12.2023: RM2,317,000; 31.12.2022: RM3,551,000; 31.12.2021: RM Nil).

12. Loans and borrowings (continued)

12.1 Term loans (continued)

(d) The Term Loan IV bears interest at rate of 4.50% (31.12.2023: 4.50%; 31.12.2022: Nil; 31.12.2021: Nil) per annum with 168 monthly repayment instalments. The term loan is secured and supported by:

- Leasehold building with carrying amount of RM2,444,000 (31.12.2023: RM2,462,000; 31.12.2022: RM Nil; 31.12.2021: RM Nil) as disclosed in Note 3;
- Joint and several guarantees by all directors of SHESB.

The outstanding balance of Term Loan IV as at the 31 March 2024 is RM2,066,000 (31.12.2023: RM2,078,000; 31.12.2022: RM Nil; 31.12.2021: RM Nil).

12.2 Hire purchase liabilities

Hire purchase liabilities are payable as follows:

	Future minimum lease payments RM'000	Interest RM'000	Present value of minimum lease payments RM'000
31.03.2024			
Less than one year	308	85	223
Between one to five years	1,105	130	975
	1,413	215	1,198
31.12.2023			
Less than one year	252	37	215
Between one to five years	698	46	652
	950	83	867
31.12.2022			
Less than one year	274	16	258
Between one to five years	293	24	269
	567	40	527
31.12.2021			
Less than one year	377	21	356
Between one to five years	252	23	229
	629	44	585

The hire purchase liabilities bear interest rate at the range of 2.49% to 6.97% (31.12.2023: 2.49% to 5.51%; 31.12.2022: 2.49% to 5.70%; 31.12.2021: 2.57% to 5.70%) per annum.

12. Loans and borrowings (continued)

12.3 Trade financing

(a) The Trade Financing I bears interest at rate of 7.95% (31.12.2023: 7.95%; 31.12.2022: 7.70%; 31.12.2021: Nil) per annum and is payable upon maturity. The trade financing is secured and supported by joint and several guarantees by all directors of SHESB.

The outstanding balance of Trade Financing I as at 31 March 2024 is RM5,258,000 (31.12.2023: RM4,852,000; 31.12.2022: RM363,000; 31.12.2021: RM Nil).

(b) The Trade Financing II bears interest at rate of 7.40% (31.12.2023: 7.40%; 31.12.2022: Nil; 31.12.2021: Nil) per annum and is payable upon maturity. The trade financing is secured and supported by joint and several guarantees by all directors of SHESB.

The outstanding balance of Trade Financing II as at 31 March 2024 is RM Nil (31.12.2023: RM814,000; 31.12.2022: RM Nil; 31.12.2021: RM Nil).

(c) The Trade Financing III bears interest at rate of 5.13% (31.12.2023: Nil; 31.12.2022: Nil; 31.12.2021: Nil) per annum and is payable upon maturity. The trade financing is secured and supported by joint and several guarantees by all directors of SHESB.

The outstanding balance of Trade Financing III as at 31 March 2024 is RM5,366,000 (31.12.2023: RM Nil; 31.12.2022: Nil; 31.12.2021: Nil).

12. Loans and borrowings (continued)

12.4 Bank overdraft

(a) The Bank Overdraft I bears interest at rate of 7.95% (31.12.2023: 7.95%; 31.12.2022: 7.70%; 31.12.2021: Nil) per annum on daily basis. The overdraft is secured and supported by:

- Pledged deposits of RM1,200,000 (31.12.2023: RM1,200,000; 31.12.2022: RM1,200,000; 31.12.2021: RM Nil) as disclosed in Note 9;
- Joint and several guarantees by all directors of SHESB.

The outstanding balance of Bank Overdraft I as at 31 March 2024 is RM2,993,000 (31.12.2023: RM2,959,000; 31.12.2022: RM2,981,000; 31.12.2021: RM Nil).

(b) The Bank Overdraft II bears interest at rate of 10.72% (31.12.2023: 10.72%; 31.12.2022: 10.47%; 31.12.2021: Nil) per annum on daily basis. The overdraft is secured and supported by joint and several guarantees by all directors of SHESB.

The outstanding balance of Bank Overdraft II as at 31 March 2024 is RM891,000 (31.12.2023: RM400,000; 31.12.2022: RM757,000; 31.12.2021: RM Nil).

(c) The Bank Overdraft III bears interest at rate of 8.22% (31.12.2023: 8.22%; 31.12.2022: 7.97%; 31.12.2021: Nil) per annum on daily basis. The overdraft is secured and supported by joint and several guarantees by all directors of SHESB.

The outstanding balance of Bank Overdraft III as at 31 March 2024 is RM3,876,000 (31.12.2023: RM2,424,000; 31.12.2022: RM1,936,000; 31.12.2021: RM Nil).

(d) The Bank Overdraft IV bears interest at rate of 12.00% (31.12.2023: 12.00%; 31.12.2022: Nil; 31.12.2021: Nil) per annum on daily basis. The overdraft is secured and supported by joint and several guarantees by all directors of SHESB.

The outstanding balance of Bank Overdraft IV as at 31 March 2024 is RM418,000 (31.12.2023: RM439,000; 31.12.2022: RM Nil; 31.12.2021: RM Nil).

13. Deferred tax liabilities

Recognised deferred tax liabilities

Deferred tax liabilities are attributable to the following:

	Assets				Liabilities				Net			
	31.03.2024 RM'000	31.12.2023 RM'000	31.12.2022 RM'000	31.12.2021 RM'000	31.03.2024 RM'000	31.12.2023 RM'000	31.12.2022 RM'000	31.12.2021 RM'000	31.03.2024 RM'000	31.12.2023 RM'000	31.12.2022 RM'000	31.12.2021 RM'000
Property, plant and equipment	-	-	-	-	(368)	(366)	(170)	(134)	(368)	(366)	(170)	(134)
Right-of-use assets	-	-	-	-	(355)	(360)	(25)	(53)	(355)	(360)	(25)	(53)
Lease liabilities	301	296	27	55	-	-	-	-	301	296	27	55
Tax assets/ (liabilities)	301	296	27	55	(723)	(726)	(195)	(187)	(422)	(430)	(168)	(132)
Set off of tax	(301)	(296)	(27)	(55)	301	296	27	55	-	-	-	-
Net tax liabilities	-	-	-	-	(422)	(430)	(168)	(132)	(422)	(430)	(168)	(132)

Movement in temporary differences during the financial year

	At 1.1.2021 RM'000	Recognised in profit or loss (Note 18) RM'000	At 31.12.2021/ 1.1.2022 RM'000	Recognised in profit or loss (Note 18) RM'000	At 31.12.2022/ 1.1.2023 RM'000	Recognised in profit or loss (Note 18) RM'000	At 31.12.2023/ 1.1.2024 RM'000	Recognised in profit or loss (Note 18) RM'000	At 31.03.2024 RM'000
Property, plant and equipment	(141)	7	(134)	(36)	(170)	(196)	(366)	(2)	(368)
Right-of-use assets	(47)	(6)	(53)	28	(25)	(335)	(360)	5	(355)
Lease liabilities	50	5	55	(28)	27	269	296	5	301
Others	(67)	67	-	-	-	-	-	-	-
Net tax liabilities	(205)	73	(132)	(36)	(168)	(262)	(430)	8	(422)

14. Trade and other payables

	31.03.2024 RM'000	31.12.2023 RM'000	31.12.2022 RM'000	31.12.2021 RM'000
Trade				
Trade payables	6,756	9,485	12,192	2,753
Non-trade				
Other payable	233	391	1,315	28
Accruals	1,642	888	386	467
	1,875	1,279	1,701	495
	8,631	10,764	13,893	3,248

15. Revenue

	01.01.2024 to 31.03.2024 RM'000	01.01.2023 to 31.03.2023 Unaudited RM'000	01.01.2023 to 31.12.2023 RM'000	01.01.2022 to 31.12.2022 RM'000	01.01.2021 to 31.12.2021 RM'000
Revenue from contracts with customers	19,736	13,443	72,537	66,326	24,845

15.1 Disaggregation of revenue from contracts with customers

	01.01.2024 to 31.03.2024 RM'000	01.01.2023 to 31.03.2023 Unaudited RM'000	01.01.2023 to 31.12.2023 RM'000	01.01.2022 to 31.12.2022 RM'000	01.01.2021 to 31.12.2021 RM'000
Engineering, procurement, construction and commissioning ("EPCC") services and facilities improvement/ maintenance	15,890	12,356	64,927	57,788	18,240
Installation and maintenance ("I&M") of oilfield equipment	2,389	700	5,782	7,310	5,235
Supply of oilfield equipment	1,457	387	1,828	1,228	1,370
Total revenue from contracts with customers	19,736	13,443	72,537	66,326	24,845
Timing and recognition					
Over time	18,279	13,056	70,709	65,098	23,475
Point in time	1,457	387	1,828	1,228	1,370
Total revenue from contracts with customers	19,736	13,443	72,537	66,326	24,845

15. Revenue (continued)

15.2 Nature of goods and services

The following information reflects the typical transactions of the Group:

Nature of services	Timing of recognition or method used to recognise revenue	Significant payment terms	Warranty
Short-term EPCC services and facilities improvement/ maintenance	Revenue is recognised over the period when the services are rendered.	Credit period of 30 days from invoice date.	Defect liability period of 12 months to 18 months is given to customers.
Fixed-term EPCC services and facilities improvement/ maintenance	Revenue is recognised over time and estimated using input method which is based on the proportion of total cost incurred at the reporting date compared to the management's estimation of total cost of the contract.	Credit period of 30 days from invoice date.	Defect liability period of 12 months to 18 months is given to customers.
I&M of oilfield equipment	Revenue is recognised over the period in which the services are rendered.	Credit period of 30 days from invoice date.	Defect liability period of 18 months to 36 months is given to customers.
Supply of oilfield equipment	Revenue is recognised at a point in time when or as the control of goods is transferred to the customer.	Credit period of 30 days from invoice date.	Defect liability period of 18 months is given to customers.

There were no variable elements in considerations, obligation for return or refunds in the provision of services by the Group.

Revenue of the Group is predominantly from operations in Malaysia.

15.3 Transaction price allocated to the remaining performance obligations

As at the reporting date, the Group applies practical expedient that exempts the disclosure of information on remaining performance obligation that have original expected durations of one year or less. Thus, no disclosure is made on allocation of transaction price to the remaining performance obligations.

15.4 Significant judgments and assumptions arising from revenue recognition

For fixed-term contracts, the Group measured the performance of work done by comparing the actual costs incurred with the estimated total costs required to complete the project. Significant judgments are required to estimate the total contract costs to complete. The management relied on their past experience as well as the suppliers' quote and contracts awarded to supplier to derive the estimates. A change in the estimates will directly affect the revenue to be recognised.

16. Finance costs

	01.01.2024 to 31.03.2024 RM'000	01.01.2023 to 31.03.2023 Unaudited RM'000	01.01.2023 to 31.12.2023 RM'000	01.01.2022 to 31.12.2022 RM'000	01.01.2021 to 31.12.2021 RM'000
Interest expenses arising from:					
- Term loans	106	97	346	131	142
- Trade financing	42	88	288	67	10
- Hire purchase liabilities	15	5	36	24	26
- Bank overdraft	144	21	463	41	10
- Lease liabilities	6	2	35	12	20
- Bank guarantee	19	-	146	173	62
- Others	32	12	41	22	-
	364	225	1,355	470	270

17. Profit before tax

	Note	01.01.2024 to 31.03.2024 RM'000	01.01.2023 to 31.03.2023 Unaudited RM'000	01.01.2023 to 31.12.2023 RM'000	01.01.2022 to 31.12.2022 RM'000	01.01.2021 to 31.12.2021 RM'000
Profit before tax is arriving at after charging/(crediting):						
Statutory audit		-	-	115	115	75
Other audit fees		63	-	63	-	-
Material expenses/ (income)						
Finance income		(12)	(13)	(88)	(25)	(12)
Loss/(Gain) on disposal of property, plant and equipment		23	(33)	(59)	(10)	(9)
Gain on derecognition of right-of-use assets		-	-	(11)	-	(3)
Gain on remeasurement of lease liabilities		-	-	-	(6)	-
Depreciation of property, plant and equipment		202	137	707	593	541
Depreciation of right-of-use assets		21	45	82	194	187
Personnel expenses (including key management personnel)	a					
- Contributions to state plans		125	95	470	433	363
- Directors fees		133	70	313	264	172
- Wages, salaries, allowances and remuneration		1,264	1,085	5,473	4,270	3,538
Outsourced staffing expenses		1,808	2,035	12,725	9,025	3,980
Wages subsidy		-	-	-	-	(109)
Net foreign exchange loss		115	16	27	71	17
Listing expenses		677	-	754	-	990
Bad debts written off		-	-	-	69	-
Expenses arising from lea:						
Expenses relating to short-term leases	b	278	120	2,239	937	2,107

17. Profit before tax (continued)

Note a

Included in personnel expenses of the Group are the following:

	01.01.2024 to 31.03.2024 RM'000	01.01.2023 to 31.03.2023 Unaudited RM'000	01.01.2023 to 31.12.2023 RM'000	01.01.2022 to 31.12.2022 RM'000	01.01.2021 to 31.12.2021 RM'000
Key management personnel					
Directors of the Company					
Fees	133	70	313	264	172
Remuneration	268	159	783	680	479
Other employee benefits	4	-	17	45	65
	405	229	1,113	989	716
Other officers including Directors of the subsidiaries					
Remuneration	60	23	159	149	148
	465	252	1,272	1,138	864

Key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly and entity that provides key management personnel services to the Group. The key management personnel includes all the Directors and chief officers of the Group.

Note b

The Group leases equipment with contract terms of less than one year. These leases are short-term leases. The Group has elected not to recognise right-of-use assets and lease liabilities for these leases.

18. Tax expense

	01.01.2024 to 31.03.2024 RM'000	01.01.2023 to 31.03.2023 Unaudited RM'000	01.01.2023 to 31.12.2023 RM'000	01.01.2022 to 31.12.2022 RM'000	01.01.2021 to 31.12.2021 RM'000
Current tax expense					
Current period/year	1,400	385	2,911	2,297	1,101
(Over)/Under provision in prior year	-	-	(49)	51	36
	1,400	385	2,862	2,348	1,137
Deferred tax expense					
Origination of temporary differences	(8)	-	168	46	51
Under/(Over) provision in prior year	-	-	94	(10)	(124)
	(8)	-	262	36	(73)
	1,392	385	3,124	2,384	1,064

18. Tax expense (continued)

Reconciliation of tax expense

	Note	01.01.2024 to 31.03.2024 RM'000	01.01.2023 to 31.03.2023 Unaudited RM'000	01.01.2023 to 31.12.2023 RM'000	01.01.2022 to 31.12.2022 RM'000	01.01.2021 to 31.12.2021 RM'000
Profit before tax		4,626	1,295	10,344	8,195	3,144
Income tax calculated using Malaysian statutory tax rate of 24%		1,110	311	2,483	1,967	755
Effect of preferential tax rate of 17%	18.1	-	-	-	-	(42)
Non-deductible expenses		282	74	596	376	439
(Over)/Under provision in prior year						
- current tax		-	-	(49)	51	36
- deferred tax		-	-	94	(10)	(124)
		1,392	385	3,124	2,384	1,064

18.1 A company with paid-up capital of below RM2.5 million at the beginning of the basis period for a year of assessment is subject to corporate tax at 17% on chargeable income up to RM600,000 and 24% on the remaining chargeable income.

19. Earnings per ordinary share

Basic earnings per ordinary share

The calculation of basic earnings per ordinary share was based on the profit attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding, calculated as follows:

	01.01.2024 to 31.03.2024 RM'000	01.01.2023 to 31.03.2023 Unaudited RM'000	01.01.2023 to 31.12.2023 RM'000	01.01.2022 to 31.12.2022 RM'000	01.01.2021 to 31.12.2021 RM'000
Profit for the year attributable to owners of the Group	3,234	910	7,220	5,811	2,080
Weighted average numbers of ordinary shares at period end (basic) (including invested equity) ('000)	400,000	400,000	400,000	400,000	210,708
Basic earnings per ordinary share (sen)	0.81	0.23	1.81	1.45	0.99

19. Earnings per ordinary share (continued)

Basic earnings per ordinary share (continued)

As a result of the completion of the bonus issue on 11 March 2024, the earnings per share for prior year comparative periods were represented based on the weighted average number of shares with the effect of the bonus issue.

Diluted earnings per ordinary share

There is no dilution in earnings per share as there is no potential diluted ordinary share.

20. Dividends

Dividends recognised by the Group:

	Sen per share	Total amount RM'000	Date of payment
01.01.2023 to 31.03.2023 (Unaudited)			
First and final single tier dividend for 31 December 2023	0.55	880	6 March 2023
01.01.2023 to 31.12.2023			
First and final single tier dividend for 31 December 2022	0.55	880	6 March 2023
01.01.2022 to 31.12.2022			
First and final single tier dividend for 31 December 2021	0.39	624	23 June 2022

21. Operating segments

Segment information

The Group has three reportable segments, as described below, which are the Group's strategic business units. The strategic business units offer different products and services and are managed separately because they require different technology and marketing strategies. For each of the strategic business units, the Group's Executive Director reviews internal management reports at least on an bi-annual basis. The following summary describes the operations in each of the Group's reportable segments:

● EPCC services and facilities improvement/ maintenance	Includes the provision of EPCC services for chemical injection skids installed at onshore or offshore exploration and production facilities (e.g., platforms, rigs or terminals) and overall improvement and maintenance of O&G facilities (i.e. oil rig platform, onshore and offshore) - upgrade and/or replacement of corroded or damaged structures as well as removal, installation or modification of component parts of structures.
● I&M of oilfield equipment	Includes the supply of the oilfield equipment to be installed and maintained (i.e. repair, refurbishment, and replacement) at customers' sites.
● Supply of oilfield equipment	Includes the supply and delivery of specific oilfield equipment and/or parts and components to embarkation points.

Due to the high integration within all these three segments, performance of individual segment is measured based on revenue and gross profit, as included in the internal management reports that are reviewed by the Group's Executive Director. Hence, no other disclosure for segment assets, segment liabilities and segment capital expenditures.

	EPCC services and facilities improvement/ maintenance RM'000	I&M of oilfield equipment RM'000	Supply of oilfield equipment RM'000	Total RM'000
01.01.2024 to 31.03.2024				
Included in the measure of segment profit are:				
Revenue from external customers	15,890	2,389	1,457	19,736
Cost of sales	(9,261)	(1,407)	(677)	(11,345)
Gross profit	6,629	982	780	8,391
01.01.2023 to 31.03.2023 (Unaudited)				
Included in the measure of segment profit are:				
Revenue from external customers	12,356	700	387	13,443
Cost of sales	(9,280)	(566)	(186)	(10,032)
Gross profit	3,076	134	201	3,411

21. Operating segments (continued)

Segment information (continued)

	EPCC services and facilities improvement/ maintenance RM'000	I&M of oilfield equipment RM'000	Supply of oilfield equipment RM'000	Total RM'000
1.1.2023 to 31.12.2023				
Included in the measure of segment profit are:				
Revenue from external customers	64,927	5,782	1,828	72,537
Cost of sales	(46,771)	(4,050)	(883)	(51,704)
Gross profit	18,156	1,732	945	20,833
1.1.2022 to 31.12.2022				
Included in the measure of segment profit are:				
Revenue from external customers	57,788	7,310	1,228	66,326
Cost of sales	(43,266)	(6,478)	(552)	(50,296)
Gross profit	14,522	832	676	16,030
1.1.2021 to 31.12.2021				
Included in the measure of segment profit are:				
Revenue from external customers	18,240	5,235	1,370	24,845
Cost of sales	(11,580)	(1,856)	(593)	(14,029)
Gross profit	6,660	3,379	777	10,816

Geographical segments

The geographical location of customers predominantly operates within Malaysia.

Major customers

The following are major customers with revenue equal or more than 10% of the Group's total revenue:

			Revenue			Segment
	01.01.2024 to 31.03.2024	01.01.2023 to 31.03.2023 Unaudited	01.01.2023 to 31.12.2023	01.01.2022 to 31.12.2022	01.01.2021 to 31.12.2021	
	% of contribution	% of contribution	% of contribution	% of contribution	% of contribution	
Customer A	61	30	45	54	86	All segments
Customer B	19	61	43	38	-	EPCC
Customer C	17	-	6	-	-	EPCC

22. Financial instruments

22.1 Categories of financial instruments

The table below provides an analysis of financial instruments categorised as amortised cost ("AC"):

	Carrying amount RM'000	AC RM'000
31.03.2024		
Financial assets		
Trade and other receivables	7,342	7,342
Pledged deposits	6,834	6,834
Cash and cash equivalents	15,618	15,618
	29,794	29,794
Financial liabilities		
Trade and other payables	8,631	8,631
Loans and borrowings	24,547	24,547
	33,178	33,178
31.12.2023		
Financial assets		
Trade and other receivables	3,775	3,775
Pledged deposits	6,705	6,705
Cash and cash equivalents	10,687	10,687
	21,167	21,167
Financial liabilities		
Trade and other payables	10,764	10,764
Loans and borrowings	17,721	17,721
	28,485	28,485

22. Financial instruments (continued)

22.1 Categories of financial instruments (continued)

	Carrying amount RM'000	AC RM'000
31.12.2022		
Financial assets		
Trade and other receivables	10,591	10,591
Pledged deposits	4,214	4,214
Cash and cash equivalents	12,091	12,091
	26,896	26,896
Financial liabilities		
Trade and other payables	13,893	13,893
Loans and borrowings	11,059	11,059
	24,952	24,952
31.12.2021		
Financial assets		
Trade and other receivables	474	474
Pledged deposits	129	129
Cash and cash equivalents	5,910	5,910
	6,513	6,513
Financial liabilities		
Trade and other payables	3,248	3,248
Loans and borrowings	1,883	1,883
	5,131	5,131

22.2 Net gains/(losses) arising from financial instruments

	01.01.2024 to 31.03.2024 RM'000	01.01.2023 to 31.03.2023 Unaudited RM'000	01.01.2023 to 31.12.2023 RM'000	01.01.2022 to 31.12.2022 RM'000	01.01.2021 to 31.12.2021 RM'000
Financial assets at amortised cost	(103)	(3)	61	(115)	12
Financial liabilities at amortised cost	(358)	(223)	(1,320)	(458)	(267)
Net losses	(461)	(226)	(1,259)	(573)	(255)

22.3 Financial risk management

The Group has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

22. Financial instruments (continued)

22.4 Credit risk

Credit risk is the risk of a financial loss if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from its trade and other receivables and cash and cash equivalents.

Trade receivables and contract assets

Risk management objectives, policies and processes for managing the risk

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Normally credit evaluations are performed on customers requiring credit over a certain amount.

At each reporting date, the Group assesses whether any of the trade receivables and contract assets are credit impaired.

The gross carrying amounts of credit impaired trade receivables and contract assets are written off (either partially or full) when there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. Nevertheless, trade receivables and contract assets that are written off could still be subject to enforcement activities.

There are no significant changes as compared to previous period/year.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk arising from trade receivables and contract assets are represented by the carrying amounts in the statements of financial position.

Concentration of credit risk

At the end of the reporting period, the Group has a concentration of credit risk from two customers, representing approximately 79% (31.12.2023: 86%; 31.12.2022: 90%; 31.12.2021: 95%) of the Group's contract assets and trade receivables. All contract assets and trade receivables are within Malaysia.

Recognition and measurement of impairment losses

All financial assets measured at amortised cost are first assessed for credit-impaired trade receivables.

In managing credit risk of trade receivables, the Group manages its debtors and takes appropriate actions (including but not limited to legal actions) to recover long overdue balances.

As there are only a few customers, the Group assessed the risk of loss of each customer individually based on their financial information and past trend of payments, where applicable. The trade receivables were deemed to have low risk of default.

22. Financial instruments (continued)

22.4 Credit risk (continued)

Trade receivables and contract assets (continued)

Recognition and measurement of impairment losses (continued)

The following table provides information about the exposure to credit risk for trade receivables and contract assets which are grouped together as they are expected to have similar risk nature.

	Gross carrying amount RM'000	Loss allowance RM'000	Net balance RM'000
31.03.2024			
Not past due	23,379	-	23,379
Past due 1 - 90 days	3,631	-	3,631
Past due more than 90 days	422	-	422
	27,432	-	27,432
Trade receivables	7,122	-	7,122
Contract assets	20,310	-	20,310
	27,432	-	27,432
31.12.2023			
Not past due	23,995	-	23,995
Past due 1 - 90 days	168	-	168
Past due more than 90 days	864	-	864
	25,027	-	25,027
Trade receivables	3,488	-	3,488
Contract assets	21,539	-	21,539
	25,027	-	25,027
31.12.2022			
Not past due	21,268	-	21,268
Past due 1 - 90 days	534	-	534
Past due more than 90 days	12	-	12
	21,814	-	21,814
Trade receivables	10,404	-	10,404
Contract assets	11,410	-	11,410
	21,814	-	21,814

22. Financial instruments (continued)

22.4 Credit risk (continued)

Trade receivables and contract assets (continued)

Recognition and measurement of impairment losses (continued)

	Gross carrying amount RM'000	Loss allowance RM'000	Net balance RM'000
31.12.2021			
Not past due	5,910	-	5,910
Past due 1 - 90 days	51	-	51
Past due more than 90 days	11	-	11
	5,972	-	5,972
Trade receivables	283	-	283
Contract assets	5,689	-	5,689
	5,972	-	5,972

Trade receivables that are past due have not been impaired as these debtors have historically been creditworthy with good payment records with the Group.

Cash and cash equivalents and pledged deposits

The bank balances are held with banks and financial institutions. As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statements of financial position.

These banks and financial institutions have low credit risks. In addition, some of the bank balances are insured by government agencies. Consequently, the Group is of the view that the loss allowance is not material and hence, it is not provided for.

22.5 Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's exposure to liquidity risk arises principally from its various payables, loans and borrowings and lease liabilities.

The Group monitors and maintains a level of cash and cash equivalents and bank facilities deemed adequate by management to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they fall due.

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier or at significantly different amounts.

22. Financial instruments (continued)

22.5 Liquidity risk (continued)

Maturity analysis

The table below summarises the maturity profile of the Group's financial liabilities as at the end of the reporting period based on undiscounted contractual payments:

	Carrying amount RM'000	Contractual interest rate/ Discount rate %	Contractual cash flows RM'000	Under 1 year RM'000	1 – 5 years RM'000	More than 5 years RM'000
31.03.2024						
Financial liabilities						
Trade and other payables	8,631	-	8,631	8,631	-	-
Term loans	4,547	3.50 - 11.70	5,676	2,020	1,908	1,748
Hire purchase liabilities	1,198	2.49 - 6.97	1,413	308	1,105	-
Lease liabilities	1,231	8.47 - 9.09	1,331	857	474	-
Trade financing	10,624	5.13 - 7.95	11,469	11,469	-	-
Bank overdraft	8,178	7.95 - 12.00	8,358	8,358	-	-
Financial guarantees	-	-	4,415	4,315	100	-
	34,409	-	41,293	35,958	3,587	1,748
31.12.2023						
Financial liabilities						
Trade and other payables	10,764	-	10,764	10,764	-	-
Term loans	4,966	3.50 - 11.70	5,923	2,068	2,294	1,561
Hire purchase liabilities	867	2.49 - 5.51	950	252	698	-
Lease liabilities	1,235	8.47 - 9.09	1,342	857	485	-
Trade financing	5,666	7.40 - 7.95	5,796	5,796	-	-
Bank overdraft	6,222	7.95 - 12.00	6,267	6,267	-	-
Financial guarantees	-	-	4,286	4,186	100	-
	29,720		35,328	30,190	3,577	1,561

22. Financial instruments (continued)

22.5 Liquidity risk (continued)

Maturity analysis (continued)

	Carrying amount RM'000	Contractual interest rate/ Discount rate %	Contractual cash flows RM'000	Under 1 year RM'000	1 – 5 years RM'000
31.12.2022					
Financial liabilities					
Trade and other payables	13,893	-	13,893	13,893	-
Term loans	4,495	3.50 - 11.45	5,346	1,958	3,388
Hire purchase liabilities	527	2.49 - 5.70	567	274	293
Lease liabilities	111	6.72 - 9.09	118	83	35
Trade financing	363	7.70	372	372	-
Bank overdraft	5,674	7.70 - 10.47	5,704	5,704	-
Financial guarantees	-	-	1,795	1,595	200
	25,063		27,795	23,879	3,916
31.12.2021					
Financial liabilities					
Trade and other payables	3,248	-	3,248	3,248	-
Term loans	1,298	3.50 - 10.45	1,439	431	1,008
Hire purchase liabilities	585	2.57 - 5.70	629	377	252
Lease liabilities	229	6.72 - 6.84	243	196	47
Financial guarantees	-	-	110	110	-
	5,360		5,669	4,362	1,307

22.6 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates that will affect the Group's financial position or cash flows.

22.6.1 Currency risk

Management has assessed that the Group is not significantly exposed to any foreign currency risks.

22. Financial instruments (continued)

22.6 Market risk (continued)

22.6.2 Interest rate risk

The Group's primary interest rate risks relate to deposit placed with licensed banks, term loans, bank overdraft, trade financing, hire purchase liabilities and lease liabilities.

The Group's deposits placed with licensed banks, fixed rate term loans, bank overdraft, trade financing, hire purchase liabilities and lease liabilities are exposed to a risk of change in their fair value due to changes in interest rates. The Group's variable rate term loans and bank overdraft are exposed to a risk of change in cash flows due to changes in interest rates. Short-term receivables and payables are not significantly exposed to interest rate risk.

Risk management objectives, policies and processes for managing the risk

The Group manages its interest rate exposure by maintaining a mix of fixed and floating rate of borrowings.

Exposure to interest rate risk

The interest rate profile of the Group's significant interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period was:

	31.03.2024 RM'000	31.12.2023 RM'000	31.12.2022 RM'000	31.12.2021 RM'000
Fixed rate instruments				
Financial asset				
Deposits with licensed banks	6,984	6,855	4,021	129
Financial liabilities				
Term loans	(2,413)	(2,772)	(4,204)	(845)
Hire purchase liabilities	(1,198)	(867)	(527)	(585)
Lease liabilities	(1,231)	(1,235)	(111)	(229)
	(4,842)	(4,874)	(4,842)	(1,659)
	2,142	1,981	(821)	(1,530)

22. Financial instruments (continued)

22.6 Market risk (continued)

22.6.2 Interest rate risk (continued)

Exposure to interest rate risk (continued)

The interest rate profile of the Group's significant interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period was:

	31.03.2024 RM'000	31.12.2023 RM'000	31.12.2022 RM'000	31.12.2021 RM'000
Floating rate instruments				
Financial liabilities				
Term loans	(2,134)	(2,194)	(291)	(453)
Trade financing	(10,624)	(5,666)	(363)	-
Bank overdraft	(8,178)	(6,222)	(5,674)	-
	(20,936)	(14,082)	(6,328)	(453)

Interest rate risk sensitivity analysis

(a) Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss, and the Group does not designate derivatives as hedging instruments under a fair value hedge accounting model. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

(b) Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points ("bp") in interest rates at the end of the reporting period would have increased/(decreased) post-tax profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

	100 bp increase RM'000	100 bp decrease RM'000
31.03.2024		
Floating rate instruments	(159)	159
31.12.2023		
Floating rate instruments	(107)	107
31.12.2022		
Floating rate instruments	(48)	48
31.12.2021		
Floating rate instruments	(3)	3

22. Financial instruments (continued)

22.7 Fair value information

The carrying amounts of cash and cash equivalents, short term receivables and payables and short-term borrowings reasonably approximate their fair values due to the relatively short-term nature of these financial instruments.

The tables below analyses other financial instruments at fair value:

	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value				Total fair value	Carrying amount
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	RM'000	RM'000
31.03.2024										
Financial liabilities										
Term loans	-	-	-	-	-	-	(4,640)	(4,640)	(4,640)	(4,547)
Lease liabilities	-	-	-	-	-	-	(1,262)	(1,262)	(1,262)	(1,231)
Hire purchase liabilities	-	-	-	-	-	-	(1,261)	(1,261)	(1,261)	(1,198)
	-	-	-	-	-	-	(7,163)	(7,163)	(7,163)	(6,976)
31.12.2023										
Financial liabilities										
Term loans	-	-	-	-	-	-	(5,001)	(5,001)	(5,001)	(4,966)
Lease liabilities	-	-	-	-	-	-	(1,342)	(1,342)	(1,342)	(1,235)
Hire purchase liabilities	-	-	-	-	-	-	(951)	(951)	(951)	(867)
	-	-	-	-	-	-	(7,294)	(7,294)	(7,294)	(7,068)

22. Financial instruments (continued)

22.7 Fair value information (continued)

The tables below analyses other financial instruments at fair value (continued):

	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value				Total fair value	Carrying amount
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	RM'000	RM'000
31.12.2022										
Financial liabilities										
Term loans	-	-	-	-	-	-	(4,607)	(4,607)	(4,607)	(4,495)
Lease liabilities	-	-	-	-	-	-	(118)	(118)	(118)	(111)
Hire purchase liabilities	-	-	-	-	-	-	(567)	(567)	(567)	(527)
	-	-	-	-	-	-	(5,292)	(5,292)	(5,292)	(5,133)
31.12.2021										
Financial liabilities										
Term loans	-	-	-	-	-	-	(1,361)	(1,361)	(1,361)	(1,298)
Lease liabilities	-	-	-	-	-	-	(225)	(225)	(225)	(229)
Hire purchase liabilities	-	-	-	-	-	-	(596)	(596)	(596)	(585)
	-	-	-	-	-	-	(2,182)	(2,182)	(2,182)	(2,112)

22. Financial instruments (continued)

22.7 Fair value information (continued)

Policy on transfer between levels

The fair value of an asset to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer.

Level 1 fair value

Level 1 fair value is derived from quoted price (unadjusted) in active market for identical assets or liabilities that the entity can access at the measurement date.

Level 2 fair value

Level 2 fair value is estimated using inputs other than quoted prices included within Level 1 that are observable for the financial assets or liabilities, either directly or indirectly.

Non-derivatives financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the end of the reporting period.

Transfer between Level 1 and Level 2 fair values

There has been no transfer between Level 1 and Level 2 fair values during the financial year (2022 and 2021: no transfer in either directions).

Level 3 fair value

Level 3 fair value is estimated using unobservable inputs for the financial assets and liabilities.

The following table shows the valuation techniques used in the determination of fair values within Level 3, as well as the key unobservable inputs used in the valuation models.

Financial instruments not carried at fair value

Type	Description of valuation technique and inputs used
Term loans, lease liabilities and hire purchase liabilities	Discounted cash flows using a rate based on the current market rate of borrowing of the Group at the reporting date.

23. Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratio in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the financial period ended 31 March 2024 and financial years ended 31 December 2023, 31 December 2022 and 31 December 2021.

24. Capital and other commitments

	Note	31.03.2024 RM'000	31.12.2023 RM'000	31.12.2022 RM'000	31.12.2021 RM'000
Capital expenditure commitments					
Property, plant and equipment					
Authorised and contracted for	24.1	-	-	2,400	-

24.1 Included within the capital expenditure commitments authorised and contracted for were deposits paid amounting to RM240,000 in 31 December 2022 as disclosed in Note 8.1.

25. Related parties

Identity of related parties

For the purposes of these financial statements, parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control or jointly control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the parties are subject to common control. Related parties may be individuals or other entities.

The Group has related party relationship with a company in which a Director has financial interest.

Significant related party transactions

Significant related party transactions other than disclosed elsewhere in the financial statements are as follows:

	31.03.2024 RM'000	31.12.2023 RM'000	31.12.2022 RM'000	31.12.2021 RM'000
Transactions				
A. Company in which a Director has financial interest				
Payment in relation to acquisition of a building	-	-	-	700

26. Restructuring exercise

In conjunction with the listing of the Company's shares on the LEAP Market of Bursa Securities, the Company has undertaken the following restructuring exercise:

Acquisition of shares in respect of Steel Hawk Engineering Sdn. Bhd. ("SHESB")

On 12 April 2021, the Company entered into a conditional share sale agreement ("SSA") to acquire issued share capital of SHESB of RM1,500,000 comprising 1,500,000 ordinary shares from the shareholders of SHESB for the purchase consideration of RM4,607,999. The said purchase consideration was fully satisfied by the issuance of 143,999,960 new ordinary shares at an issue price of RM0.032 per share to the shareholders of SHESB, namely Dato' Sharman Kristy A/L Michael, Salimi Bin Khairuddin and Khairul Nazri Bin Kamarudin.

The SSA was completed on 9 June 2021.

For the purpose of accounting for the restructuring exercise, the Group has applied book value accounting on the basis that the restructuring exercise does not constitute a business combination to which acquisition accounting can be applied. Under book value accounting, the difference between cost of investment recorded by the Company and the share capital of SHESB is accounted for as restructuring reserve as follows:

	RM'000
New shares issued by the Company as consideration for the acquisition of SHESB	4,608
Issued and paid-up capital of SHESB	(1,500)
Restructuring reserve	3,108

27. Subsequent events

On 6 June 2024, the Company obtained conditional approval from Bursa Securities in relation to the proposed transfer of listing and quotation for the entire enlarged issued share capital of the Company comprising 490,000,000 shares to the ACE Market; (“Proposed Listing”) and approval-in-principle for registration of the listing prospectus of the Company.

On 7 June 2024, the Company obtained conditional approval from the Securities Commission (“SC”) in relation to the resultant equity structure of the Company pursuant to the Proposed Listing under the Bumiputera equity requirements for public listed companies.

On 1 July 2024, the Company obtained approval from Bursa Securities in relation to the proposed voluntary withdrawal of listing of the Company from the LEAP Market (“Proposed Withdrawal”).

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The Board of Directors
Steel Hawk Berhad
No. 23-2, Block H, Dataran Prima,
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Selangor Darul Ehsan.

Date: 17 July 2024

Dear Sirs,

Reporting Accountants' opinion on the consolidated financial statements contained in the Accountants' Report of Steel Hawk Berhad

Opinion on the Consolidated Financial Statements

We have audited the consolidated financial statements of Steel Hawk Berhad (the "Company") and its subsidiaries (collectively referred to as the "Group"), which comprise the consolidated statements of financial position as at 31 March 2024, 31 December 2023, 31 December 2022 and 31 December 2021, the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and consolidated statements of cash flows for the period and years then ended, and notes to the financial statements, including a summary of material accounting policies, as set out on pages 1 to 65. The consolidated financial statements have been prepared for inclusion in the Company's prospectus in connection with the initial public offering of 134,700,000 ordinary shares in the Company ("Shares") ("IPO") in conjunction with the transfer of listing of Steel Hawk from the LEAP Market of Bursa Malaysia Securities Berhad ("Bursa Securities") to the ACE Market of Bursa Securities ("Transfer") and for no other purposes.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Company as at 31 March 2024, 31 December 2023, 31 December 2022 and 31 December 2021, and of its consolidated financial performance and consolidated cash flows for the period and years then ended in accordance with Malaysian Financial Reporting Standards and IFRS Accounting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards").

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Reporting Accountants' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of the Group in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Responsibilities of the Directors for the Consolidated Financial Statements

The Directors of the Company are responsible for the preparation of the consolidated financial statements of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards and IFRS Accounting Standards. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of the consolidated financial statements of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements of the Company, the Directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Reporting Accountants' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue a reporting accountant's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Group.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

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Reporting Accountants' Responsibilities for the Audit of the Consolidated Financial Statements (continued)

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our reporting accountants' report to the related disclosures in the financial statements of the Group or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our reporting accountant's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements of the Company, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements of the Company. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in the internal controls that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

Other Matter

The comparative information for the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows, and notes to the consolidated financial statements of the Company for the three-month financial period ended 31 March 2023 has not been audited.

Restriction on Distribution and Use

This report has been prepared in connection with the Transfer and should not be relied upon for any other purposes. We do not assume responsibility to any other person for the content of this report.

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KPMG PLT	**Vengadesh A/L Jogarajah**
(LLP0010081-LCA & AF 0758)	Approval Number: 03337/12/2025 J
Chartered Accountants	Chartered Accountant

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The Board of Directors
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No. 23-2, Block H, Dataran Prima
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Selangor Darul Ehsan

Date: 17 July 2024

Dear Sirs,

Steel Hawk Berhad ("Steel Hawk" or the "Company") and its subsidiaries (the "Group")

Report on the compilation of pro forma consolidated statement of financial position for inclusion in the Company's prospectus in connection with the initial public offering of 134,700,000 ordinary shares in the Company ("Shares") ("IPO") in conjunction with the transfer of listing of Steel Hawk from the LEAP Market of Bursa Malaysia Securities Berhad ("Bursa Securities") to the ACE Market of Bursa Securities ("Transfer") ("Prospectus")

We have completed our assurance engagement to report on the compilation of the pro forma consolidated statement of financial position of the Company. The pro forma consolidated statement of financial position of the Company as at 31 March 2024 ("Pro Forma Financial Position") and the related notes as set out in Attachment A have been stamped by us for identification purposes. The applicable criteria on the basis on which the Board of Directors of the Company (the "Directors") has compiled the Pro Forma Financial Position is described in the notes to the Pro Forma Financial Position. The Pro Forma Financial Position is prepared in accordance with the requirements of Chapter 9, Part II Division I: Equity of the Prospectus Guidelines issued by the Securities Commission Malaysia ("Prospectus Guidelines") and the Guidance Note for Issuers of Pro Forma Financial Information issued by the Malaysian Institute of Accountants.

The Pro Forma Financial Position has been compiled by the Directors for inclusion in the Prospectus solely to illustrate the impact of events or transactions as set out in the notes of Attachment A on the Group's statement of financial position as at 31 March 2024, as if the events or transactions had taken place on 31 March 2024. As part of this process, information about the Group's financial position have been extracted by the Directors from the audited interim consolidated financial statements of the Company for the period ended 31 March 2024, on which an audit report dated on 15 July 2024 has been issued.

Directors' Responsibility for the Pro Forma Financial Position

The Directors are responsible for compiling the Pro Forma Financial Position on the basis described in the notes of Attachment A as required by the Prospectus Guidelines.

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***Steel Hawk Berhad** ("Steel Hawk" or the "Company")*
Report on the compilation of pro forma consolidated statement of financial position for inclusion in the Prospectus in connection with the IPO
17 July 2024

Reporting Accountants' Quality Management and Independence

Our firm applies Malaysian Approved Standard on Quality Management, ISQM 1, *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements*, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We have complied with the independence and other ethical requirements of the *By-Laws (On Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Reporting Accountants' Responsibilities

Our responsibility is to express an opinion as required by the Prospectus Guidelines about whether the Pro Forma Financial Position has been compiled, in all material respects, by the Directors on the basis described in the notes of Attachment A.

We conducted our engagement in accordance with Malaysian Approved Standard on Assurance Engagement (ISAE) 3420, *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus*. This standard requires that we plan and perform procedures to obtain reasonable assurance about whether the Directors has compiled, in all material respects, the Pro Forma Financial Position on the basis described in the notes of Attachment A.

For the purpose of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Pro Forma Financial Position, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Pro Forma Financial Position.

The purpose of the Pro Forma Financial Position included in the Prospectus is solely to illustrate the impact of significant events or transactions on unadjusted financial information of the Group as if the events had occurred or the transactions had been undertaken at an earlier date selected for purposes of illustration. Accordingly, we do not provide any assurance that the actual outcome of the events or transactions would have been as presented.

A reasonable assurance engagement to report on whether the Pro Forma Financial Position has been compiled, in all material respects, on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the Pro Forma Financial Position provide a reasonable basis for presenting the significant effects directly attributable to the events or transactions, and to obtain sufficient appropriate evidence about whether:

- the related pro forma adjustments give appropriate effect to those criteria; and
- the Pro Forma Financial Position reflect the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on our judgement, having regard to our understanding of the nature of the Group, the events or transactions in respect of which the Pro Forma Financial Position has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Pro Forma Financial Position.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KPMG

Steel Hawk Berhad ("Steel Hawk" or the "Company")
Report on the compilation of pro forma consolidated statement of financial position for inclusion in the Prospectus in connection with the IPO
17 July 2024

Opinion

In our opinion, the Pro Forma Financial Position has been compiled, in all material respects, on the basis described in the notes of Attachment A.

Other Matter

Our report on the Pro Forma Financial Position has been prepared for inclusion in the Prospectus in connection with the IPO and should not be relied upon for any other purposes.

KPMG

KPMG PLT
(LLP0010081-LCA & AF 0758)
Chartered Accountants

Vengadesh A/L Jogarajah
Approval number: 03337/12/2025 J
Chartered Accountant

Attachment A

Steel Hawk Berhad ("Steel Hawk" or the "Company") and its subsidiaries (the "Group")
Pro Forma Financial Position and the notes thereon

Pro Forma Financial Position

The pro forma consolidated statement of financial position of the Company as at 31 March 2024 ("Pro Forma Financial Position") as set out below has been prepared for illustration purposes only to show the effects of the transactions referred to in Note 2 had these transactions been effected on 31 March 2024, and should be read in conjunction with the said notes to the Pro Forma Financial Position.

			Pro Forma I	**Pro Forma II**
	Notes	**As at 31 March 2024* RM'000**	**After the IPO RM'000**	**After Pro Forma I and the utilisation of IPO proceeds RM'000**
Assets				
Property, plant and equipment		6,911	6,911	6,911
Right-of-use assets		1,479	1,479	1,479
Total non-current assets		8,390	8,390	8,390
Inventories		610	610	610
Contract assets		20,310	20,310	20,310
Trade and other receivables		9,240	9,240	9,240
Pledged deposit		6,834	6,834	6,834
Cash and cash equivalents	3(a)	15,618	29,118	25,440
Total current assets		52,612	66,112	62,434
Total assets		61,002	74,502	70,824

** Extracted from the audited interim consolidated financial statements of the Company for the period ended 31 March 2024.*

Attachment A

Steel Hawk Berhad ("Steel Hawk" or the "Company") and its subsidiaries (the "Group")
Pro Forma Financial Position and the notes thereon

Pro Forma Financial Position (continued)

	Notes	As at 31 March 2024* RM'000	Pro Forma I After the IPO RM'000	Pro Forma II After Pro Forma I and the utilisation of IPO proceeds RM'000
Equity				
Share capital	3(b)	7,808	20,369	20,369
Restructuring reserve		(3,108)	(3,108)	(3,108)
Retained earnings	3(c)	19,817	18,687	18,687
Total equity attributable to owners of the Company		24,517	35,948	35,948
Liabilities				
Loans and borrowings		3,753	3,753	3,753
Lease liabilities		466	466	466
Deferred tax liabilities		422	422	422
Total non-current liabilities		4,641	4,641	4,641
Loans and borrowings	3(d)	20,794	20,794	19,794
Lease liabilities		765	765	765
Trade and other payables	3(e)	8,631	10,700	8,022
Current tax liabilities		1,654	1,654	1,654
Total current liabilities		31,844	33,913	30,235
Total liabilities		36,485	38,554	34,876
Total equity and liabilities		61,002	74,502	70,824

** Extracted from the audited interim consolidated financial statements of the Company for the period ended 31 March 2024.*

Attachment A

Steel Hawk Berhad ("Steel Hawk" or the "Company") and its subsidiaries (the "Group")
Pro Forma Financial Position and the notes thereon

Pro Forma Financial Position (continued)

Supplementary information

		Pro Forma II	**Pro Forma III**
	As at 31 March 2024	**After the IPO**	**After Pro Forma I and the utilisation of IPO proceeds**
No. of Shares in issue ('000)*	400,000	490,000	490,000
Net asset per share ^ (RM)	0.06	0.07	0.07
Total borrowings (excluding lease liabilities)*	24,547	24,547	23,547
Gearing ratio # (times)	1.00	0.68	0.66

Notes:

* *Extracted from the audited interim consolidated financial statements of the Company for the period ended 31 March 2024.*
^ *Net assets per share is defined as total equity attributable to owners of the Company over the number of Shares in issue.*
\# *Gearing ratio is calculated based on total borrowings divided by total equity attributable to owners of the Company.*

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Attachment A

Steel Hawk Berhad ("Steel Hawk" or the "Company") and its subsidiaries (the "Group")
Pro Forma Financial Position and the notes thereon

Notes to the Pro Forma Financial Position

The pro forma consolidated statement of financial position of the Company as at 31 March 2024 ("Pro Forma Financial Position") has been prepared for inclusion in the Company's prospectus in connection with the initial public offering of 134,700,000 ordinary shares in the Company ("Shares") ("IPO") in conjunction with the transfer of listing of Steel Hawk from the LEAP Market of Bursa Malaysia Securities Berhad ("Bursa Securities") to the ACE Market of Bursa Securities ("Transfer") ("Prospectus") and should not be relied upon for any other purposes.

1. Basis of preparation

The applicable criteria on the basis of which the Board of Directors of the Company (the "Directors") has compiled the Pro Forma Financial Position are as described below. The Pro Forma Financial Position is prepared in accordance with the requirements of Chapter 9, Part II Division I: Equity of the Prospectus Guidelines issued by the Securities Commission Malaysia and the Guidance Note for Issuers of Pro Forma Financial Information issued by the Malaysian Institute of Accountants.

The Pro Forma Financial Position has been prepared based on the audited interim consolidated financial statements of the Company for the period ended 31 March 2024, which was prepared in accordance with the Malaysian Financial Reporting Standards ("MFRSs") and IFRS Accounting Standards as issued by the International Accounting Standards Board, and in a manner consistent with the format of the statement of financial position and the accounting policies adopted by the Group, and adjusted for the events and transactions detailed in Note 2.

The pro forma adjustments are appropriate for the purpose of preparing the Pro Forma Financial Position.

The auditors' report dated 15 July 2024 on the audited interim consolidated financial statements of the Company for the period ended 31 March 2024 was not subject to any qualification, modification or disclaimer of opinion.

The Pro Forma Financial Position is not necessarily indicative of the financial position that would have been attained had the IPO actually occurred at the respective dates. The Pro Forma Financial Position has been prepared for illustration purposes only.

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Attachment A

Steel Hawk Berhad ("Steel Hawk" or the "Company") and its subsidiaries (the "Group")
Pro Forma Financial Position and the notes thereon

2. Pro forma adjustments to the Pro Forma Financial Position

The Pro-Forma Financial Position illustrates the effects of the following events or transactions:

2.1 Pro Forma I – IPO

The IPO entails the initial public offering of 134,700,000 Shares undertaken in conjunction with the Transfer which comprises the following:

(i) Public Issue

The public issue of 90,000,000 new Shares ("Issue Shares") at an indicative price of RM0.15 per Issue Share.

(ii) Offer for Sale

The offer for sale by Radiant Capital and Dato' Sharman Kristy A/L Michel (the "Offerors") of 44,700,000 existing ordinary shares in the Company ("Offer Share(s)") at a price of RM0.15 per Offer Share by way of private placement to selected investors.

The Company will not receive any proceeds from the Offer for Sale. The total gross proceeds of approximately RM6.71 million from the Offer for Sale will accrue entirely to the Offerors.

(iii) Estimated expenses for the Transfer

The estimated expenses for the Transfer comprises the following:

	RM'000
Professional fees for the Transfer	2,600
Underwriting, placement and brokerage fees	330
Printing, advertising fees and other incidental charges	504
Fees payables to authorities	66
	3,500

The total estimated listing expenses for the Transfer to be borne by the Group is estimated to be RM3.50 million. As at 31 March 2024, RM1.43 million has been charged to the profit or loss account of the Group out of which RM0.82 million of these expenses has been paid.

Upon completion of the IPO, the estimated listing expenses for the Transfer totaling RM0.94 million that is directly attributable to the Public Issue will be debited against the share capital of the Company and the remaining estimated expenses for the Transfer of RM1.13 million will be charged to profit or loss of the Group.

Attachment A

Steel Hawk Berhad ("Steel Hawk" or the "Company") and its subsidiaries (the "Group")
Pro Forma Financial Position and the notes thereon

2. Pro forma adjustments to the Pro Forma Financial Position (continued)

2.2 Pro Forma II – Utilisation of IPO proceeds

The total gross proceeds from the Public Issue of RM13.50 million are intended to be used as follows:

	RM'000
Construction of the Teluk Kalung Facility 2*(1)*	7,000
Working capital*(2)*	2,000
Repayment of bank borrowings*(3)*	1,000
Estimated expenses for the Transfer*(4)*	3,500
Total:	**13,500**

Notes:

(1) *Construction of the Teluk Kalung Facility 2*

The Group intends to expand the fabrication capacity to cater for the expected increase in demand of products and services, which require a larger production space and office space for future increase in work force. Accordingly, the Group intends to construct the Teluk Kalung Facility 2 on part of the Teluk Kalung Land.

The total estimated costs for the construction of the Teluk Kalung Facility 2 is RM13.64 million in which the Group intends to allocate RM7.00 million of the gross proceeds from the Public Issue to partially finance the estimated cost for the construction of the Teluk Kalung Facility 2. The remaining RM6.64 million will be funded via internally generated funds and/ or bank borrowings.

As at the latest practicable date of 17 July 2024, save for the Leasing Agreement (a leasing agreement entered in relation to the construction of the Teluk Kalung Facility 2), the Company has yet to enter into any contractual binding arrangements or issued any purchase orders in relation to its construction. Accordingly, the use of proceeds earmarked for the construction of the Teluk Kalung Facility 2 is not reflected in the Pro Forma Financial Position.

2) *Working capital*

The Group intends to allocate RM2.00 million of the gross proceeds from the Public Issue to finance the Group's expected future working capital requirement.

3) *Repayment of bank borrowings*

The use of proceeds earmarked by the Group for repayment of borrowings is in relation to term loan facilities granted from Koperasi Angkatan Tentera Malaysia Berhad for working capital requirements.

4) *Estimated expenses for the Transfer*

The estimated expenses for the Transfer comprises the following:

	RM'000
Professional fees for the Transfer	*2,600*
Underwriting, placement and brokerage fees	*330*
Printing, advertising fees and other incidental charges	*504*
Fees payables to authorities	*66*
	3,500

The total estimated listing expenses for the Transfer to be borne by the Group is estimated to be RM3.50 million. As at 31 March 2024, RM1.43 million has been charged to the profit or loss account of the Group out of which RM0.82 million of these expenses has been paid.

2. Pro forma adjustments to the Pro Forma Financial Position (continued)

2.2 Pro Forma II – Utilisation of IPO proceeds (continued)

4) Estimated expenses for the Transfer (continued)

Upon completion of the IPO, the estimated listing expenses for the Transfer totaling RM0.94 million that is directly attributable to the Public Issue will be debited against the share capital of the Company and the remaining estimated expenses for the Transfer of RM1.13 million will be charged to profit or loss of the Group.

3. Effects on the Pro Forma Financial Position

(a) Movement in cash and cash equivalents

	RM'000
Balance as at 31 March 2024	15,618
Effects of Pro Forma I:	
- Proceeds from the Public Issue	13,500
Pro Forma I	
Effects of Pro Forma II:	29,118
- Repayment of borrowings using proceeds from the Public Issue	(1,000)
- Payment of estimated expenses for the Transfer	(2,678)
Pro Forma II	**25,440**

(b) Movement in share capital

	RM'000
Balance as at 31 March 2024	7,808
Effects of Pro Forma I:	
- Proceeds from the Public Issue	13,500
- Estimated listing expenses directly attributable to the Public Issue	(939)
Pro Forma I and II	**20,369**

(c) Movement in retained earnings

	RM'000
Balance as at 31 March 2024	19,817
Effects of Pro Forma I:	
- Estimated expenses for the Transfer charged to profit or loss of the Group	(1,130)
Pro Forma I and II	**18,687**

(d) Movement in loans and borrowings – current

	RM'000
Balance as at 31 March 2024/ Pro Forma I	20,794
Effects of Pro Forma II:	
- Repayment of borrowings using proceeds from the Public Issue	(1,000)
Pro Forma II	**19,794**

Attachment A

Steel Hawk Berhad ("Steel Hawk" or the "Company") and its subsidiaries (the "Group")
Pro Forma Financial Position and the notes thereon

3. Effects on the Pro Forma Financial Position (continued)

(e) Movement in trade and other payables

	RM'000
Balance as at 31 March 2024	8,631
Effects of Pro Forma I:	
- Estimated expenses for the Transfer accrued	2,069
Pro Forma I	**10,700**
Effects of Pro Forma II:	
- Reversal of accrued estimated expenses for the Transfer and payment of estimated expenses for the Transfer using proceeds from the Public Issue	(2,678)
Pro Forma II	**8,022**

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15. ADDITIONAL INFORMATION

15.1 SHARE CAPITAL

(i) No Shares will be allotted, issued or offered on the basis of this Prospectus later than 6 months after the date of this Prospectus.

(ii) As at the date of this Prospectus, we only have 1 class of shares, namely ordinary shares, all of which rank equally with one another.

(iii) None of our Group's capital is under any option or agreed conditionally or unconditionally to be put under any option.

(iv) Save for the Pink Form Allocation, no person has been or is entitled to be given an option to subscribe for any share, stock, debenture or other security of our Group.

(v) Save for the Pink Form Allocation, there is no scheme involving our Directors and employees in the capital of our Group.

(vi) No shares, debentures, warrants, options, convertible securities or uncalled capital of our Group have been or are proposed to be issued as fully or partly paid-up, in cash or otherwise than in cash, within the 2 years preceding the date of this Prospectus.

(vii) As at the date of this Prospectus, our Group does not have any outstanding convertible debt securities, options, warrants or uncalled capital.

15.2 EXTRACT OF OUR CONSTITUTION

The following provisions relating to the selected matters are reproduced from our Constitution which complies with the Listing Requirements, the Act and the Rules.

The words, terms and expressions appearing in the following provisions shall bear the same meanings used in our Constitution unless they are otherwise defined herein or the context otherwise requires.

15.2.1 Remuneration, voting and borrowing powers of Directors

(i) Remuneration of Directors

Clause 93 - Remuneration of Directors

(1) The Company may from time to time by an ordinary resolution passed at a General Meeting, approve the remuneration of the Directors, who hold non-executive office with the Company, for their services as non-executive Directors.

(2) Subject to Clause 84, the fees of the Directors and any benefits payable to the Directors shall be subject to annual shareholders' approval at a General Meeting.

(3) If the fee of each such non-executive Director is not specifically fixed by the Members, then the quantum of fees to be paid to each non-executive Director within the overall limits fixed by the Members, shall be decided by resolution of the Board. In default of any decision being made in this respect by the Board, the fees payable to the non-executive Directors shall be divided equally amongst themselves and such a Director holding office for only part of a year shall be entitled to a proportionate part of a full year's fees. The non-executive Directors shall be paid by a fixed sum and not by a commission on or percentage of profits or turnover.

(4) The following expenses shall be determined by the Directors:

(a) Traveling, hotel and other expenses properly incurred by the Directors in attending and returning from meetings of the Directors or any committee of the Directors or General Meetings of the Company or in connection with the business of the Company; and

(b) Other expenses properly incurred by the Directors arising from the requirements imposed by the authorities to enable the Directors to effectively discharge their duties.

(5) Executive Directors of the Company shall be remunerated in the manner referred to in Clause 84 but such remuneration shall not include a commission on or percentage of turnover.

(ii) Voting of Directors

Clause 105 – Directors' Interest in Contracts

(1) A Director shall not vote in regard to any contract or proposed contract or arrangement in which he has, directly or indirectly, an interest.

(2) Every Director shall observe the provisions of Sections 221 and 222 of the Act relating to the disclosure of the interest of the Directors in contracts or proposed contracts with the Company or of any office or property held by the Directors which might create duties or interest in conflict with their duties or interest as Directors and participation in discussion and voting. Such disclosure of material personal interest by the Directors shall be in the form of a notice. Such notice shall be in the form and manner prescribed under Section 221 of the Act.

Clause 118 - Voting at Board meetings

(1) Subject to this Constitution, questions arising at a Board Meeting shall be decided by a majority of votes of Directors present and voting and any such decision shall for all purposes be deemed a decision of the Directors.

(2) Each Director is entitled to cast one (1) vote on each matter for determination.

Clause 119 - Casting Vote

In the case of an equality of votes, the chairperson of the Board Meeting is entitled to a second or casting vote, except where two (2) Directors form a quorum, the chairperson of a meeting at which only such a quorum is present, or at which only two (2) Directors are competent to vote on the question at issue shall not have a casting vote.

(iii) Borrowing powers of Directors

Clause 95 - Powers of Directors

Without limiting the generality of Clause 94(1) and (2), the Directors may, subject to the Act and the Listing Requirements, exercise all the powers of the Company to do all or any of the following for any debt, liability, or obligation of the Company or of any third party:

(1) borrow money;

(2) mortgage or charge its undertaking, property, and uncalled capital, or any part of the undertaking, property and uncalled capital;

(3) issue debentures and other Securities whether outright or as security; and / or

(4) (a) lend and advance money or give credit to any person or company;

(b) guarantee and give guarantees or indemnities for the payment of money or the performance of contracts or obligations by any person or company;

(c) secure or undertake in any way the repayment of moneys lent or advanced to or the liabilities incurred by any person or company;

and otherwise to assist any person or company.

15.2.2 Changes to share capital and variation of rights

The provisions in the Constitution dealing with changes in share capital are as follows:

Clause 46 - Alteration of capital

(1) The Company may from time to time by ordinary resolution and subject to other applicable laws or requirements:

(a) consolidate and divide all or any of its share capital, the proportion between the amount paid and the amount, if any, unpaid on each subdivided share shall be the same as it was in the case of the share from which the subdivided share is derived; or

(b) subdivide its shares or any of them into shares, whichever is in the subdivision, the proportion between the amount paid and the amount, if any, unpaid on each subdivided share shall be the same as it was in the case of the share from which the subdivided share is derived.

(2) The Company may from time to time by special resolution and subject to other applicable requirements:

(a) cancel shares which, at the date of the passing of the resolution in that regard, have not been taken or agreed to be taken by any person or which have been forfeited and diminish the amount of its share capital by the amount of the shares so cancelled or in such other manner allowed by law; or

(b) reduce its share capital in such manner permitted by law, and (where applicable) subject to the relevant required approvals being obtained.

(3) The Company shall have the power, subject to and in accordance with the provisions of the Act, the Listing Requirements and any rules, regulations and guidelines in respect thereof for the time being in force, to purchase its own shares and thereafter to deal with the shares purchased in accordance with the provisions of the Act, the Listing Requirements and any rules, regulations and guidelines thereunder or issued by Bursa Securities and any other relevant authorities in respect thereof.

15.2.3 Transfer of securities

The provisions in the Constitution in respect of the arrangement for the transfer of securities of our Company and restrictions on their free transferability are as follows:

Clause 14 - Transfer of securities

The transfer of any Deposited Security or class of Deposited Security of the Company, shall be by way of book entry by the Depository in accordance with the Rules and, notwithstanding Sections 105, 106 or 110 of the Act, but subject to Section 148(2) of the Act and any exemption that may be made from compliance with Section 148(1) of the Act, the Company shall be precluded from registering and effecting any transfer of the Deposited Securities.

Clause 17 - Transfer of shares or debentures

(1) Subject to this Constitution and other written laws, any Shareholder or debenture holder may transfer all or any of his shares or debentures by instrument of transfer as prescribed under the Act.

(2) The instrument of transfer must be executed by or on behalf of the transferor and the transferee.

(3) The transferor shall remain as the holder of such shares or debentures until the transfer is registered and the name of the transferee is entered in the Register of Members or register of debenture holders in respect of the shares or debentures respectively.

Clause 18 - Items for transfer of shares or debentures

(1) To enable the Company to register the name of the transferee, the following items in relation to the transfer of shares or debentures must be delivered by the transferor to the Office of the Company:

(a) the instrument of transfer duly executed and stamped;

(b) the certificate of the shares or debentures which the instrument of transfer relates; and

(c) any other evidence as the Directors may reasonably require showing the right of the transferor to make the transfer.

(2) Upon receipt of the items referred to in Clause 18(1), the Company shall, upon the approval of the Board and unless otherwise resolved, register the name of the transferee in the Register of Members or register of debenture holders (as applicable).

Clause 19 - Refusal of registration

(1) The Directors may decline or delay to register the transfer of shares within thirty (30) days from the receipt of the instrument of transfer if:

(a) the shares are not fully paid shares;

(b) the Directors passed a resolution with full justification to refuse or delay the registration of transfer;

(c) the Company has a lien on the shares; and / or

(d) the shareholder fails to pay the Company an amount due in respect of those shares, whether by way of consideration for the issue of the shares or in respect of the sums payable by the Shareholder in accordance with this Constitution.

(2) Where applicable, the Company shall send a notice of the resolution referred to in Clause 19(1)(b) to the transferor and transferee, within seven (7) days of the resolution being passed by the Directors.

Clause 20 - Closing the Register of Members or Register of Debenture Holders

On giving at least fourteen (14) days' notice to the Registrar to close the Register of Members or register of debenture holders, the Company may close the Register of Members or register for any class of members or register of debenture holders (collectively, the "**Registers**") for the purpose of updating the Registers. The registration of transfer may be suspended at such time and for such period as the Directors may from time to time determine, provided that no part of the relevant Register(s) be closed for more than thirty (30) days in aggregate in any calendar year.

15.2.4 Rights, preferences and restrictions attached to each class of securities relating to voting, dividend, liquidation and any special rights

The provisions in the Constitution in respect of the rights, preferences and restrictions attached to each class of shares relating to voting, dividend, liquidation and any special rights are as follows:

Clause 8 - Variation of Rights

(1) Subject to the provisions of Section 71 and Section 91 of the Act, if at any time the share capital is divided into different classes of shares, the rights attached to each class of shares (unless otherwise provided by the terms of issue of the shares of that class) may only, whether or not the Company is being wound up, be varied:

(a) with the consent in writing of the holders holding not less than seventy-five percent (75%) of the total voting rights of the holders of that class of shares; or

(b) by a special resolution passed by a separate meeting of the holders of that class of shares sanctioning the variation.

(2) The provisions of this Constitution relating to General Meetings apply with the necessary modifications to every separate meeting of the holders of the shares of the class referred to in Clause 8(1), except that:

(a) for a meeting other than an adjourned meeting, a quorum is constituted by two (2) persons present in person or represented by proxy holding at least one-third (1/3) of the number of issued shares of such class, excluding any shares of that class held as treasury shares;

(b) if that class of shares only has one holder, a quorum is constituted by one (1) person present in person or represented by proxy holding shares of such class; and

(c) for an adjourned meeting, a quorum is constituted by one (1) person present holding share(s) of such class.

(3) The rights attached to an existing class of preference shares shall be deemed to be varied by the issue of new preference shares that rank equally with the existing class of preference shares unless such issuance was authorised by:

(a) the terms of the issue of the existing preference shares; or

(b) this Constitution of the Company as in force at the time when the existing preference shares were issued.

Clause 12 - Issue of Securities

(1) Without prejudice to any special rights previously conferred on the holders of any existing shares or class of shares but subject always to the Act, the Listing Requirements and this Constitution, the Directors have the right to:

(a) issue and allot shares in the Company; and

(b) grant rights to subscribe for shares or options over unissued shares in the Company.

(2) Subject to the Act, the Listing Requirements, this Constitution and the relevant Shareholders' approval being obtained, the Directors may issue any shares (including rights or options over subscription of such shares):

(a) with such preferred, deferred, or other special rights or such restrictions, whether with regard to dividend, voting, return of capital, or otherwise, as the Directors may determine;

(b) to any person, whether a Member or not, in such numbers or proportions as the Directors may determine; and

(c) for such consideration as the Directors may determine.

(3) (a) Subject to the Act, the Listing Requirements and any direction to the contrary that may be given by the Company in General Meeting, all new shares or other convertible securities shall, before issue, be offered to such persons as at the date of the offer are entitled to receive notices from the Company of General Meetings in proportion as nearly as the circumstances admit, to the amount of the existing shares or securities to which they are entitled.

(b) The offer shall be made by notice specifying the number of shares or securities offered, and limiting a time within which the offer, if not accepted, will be deemed to be declined, and, after the expiration of that time, or on the receipt of an intimation from the person to whom the offer is made that he declines to accept the shares or securities offered, the Directors may dispose of those shares or securities in such manner as they think most beneficial to the Company.

(c) The Directors may likewise also dispose of any new share or security which (by reason of the ratio which the new shares or securities bear to shares or securities held by persons entitled to an offer of new shares or securities) cannot, in the opinion of the Directors, be conveniently offered under this Constitution.

(4) Subject to Rule 6.07 of the Listing Requirements and notwithstanding the existence of a resolution pursuant to Sections 75(1) and 76(1) of the Act, the Company must not issue any shares or convertible securities if the total number of those shares or convertible securities, when aggregated with the total number of any such shares or convertible securities issued during the preceding twelve (12) months, exceeds ten percent (10%) of the total number of issued shares (excluding treasury shares) of the Company except where the shares or convertible securities are issued with the prior shareholder approval in a General Meeting of the precise terms and conditions of the issue.

15.3 PUBLIC TAKE-OVERS

None of the following has occurred during the last financial year up to the LPD:

(i) public take-over offers by third parties in respect of our Shares; and

(ii) public take-over offers by us in respect of other company's shares.

15.4 EXCHANGE CONTROLS

All corporations in Malaysia are required to adopt a single-tier system. As such, all dividends distributed by Malaysian corporations under this system are not taxable. Further, the Malaysian Government does not levy withholding tax on dividends payment. Therefore, there is no withholding tax imposed on dividends paid to non-residents by Malaysian corporations. There is no Malaysian capital gains tax arising from the disposal of listed shares. However, in the event the capital gain arising from the disposal of listed shares is revenue in nature, such gain can be subject to income tax.

As at the date of this Prospectus, we do not have any foreign subsidiary or associated company which requires repatriation of capital and remittance of profits by or to our Group.

15.5 LIMITATION ON THE RIGHT TO OWN SECURITIES

Subject to **Section 15.3** above, there is no limitation on the right to own our Shares, including any limitation on the right of a non-resident or non-Malaysian shareholder to hold or exercise their voting rights on our Shares, which is imposed by Malaysian law or by our Constitution.

As our Shares are proposed for quotation on the Official List, such Shares must be prescribed as shares required to be deposited with Bursa Depository. Upon such prescription, a holder of our Shares must deposit his Shares with Bursa Depository on or before the date is fixed, failing which our Share Registrar will be required to transfer his Shares to the Minister of Finance and such Shares may not be traded on Bursa Securities.

Dealing in our Shares deposited with Bursa Depository may only be effected by a Depositor by means of entries in the securities account of that Depositor.

A Depositor whose name appears in the Record of Depositors maintained by Bursa Depository in respect of our Shares shall be deemed to be a shareholder of our Company and shall be entitled to all rights, benefits, powers and privileges and be subject to all liabilities, duties and obligations in respect of, or arising from, such Shares.

15.6 MATERIAL LITIGATION

As at the LPD, our Group is not engaged in any material litigation and / or arbitration, either as plaintiff or defendant, which has a material effect on our financial position, and our Directors are not aware of any proceedings pending or threatened, or of any fact likely to give rise to any proceedings, which might materially and adversely affect our financial position or business.

15.7 MATERIAL CONTRACTS

Save as disclosed below, our Group has not entered into any material contract which is not in the ordinary course of our Group's business during the Financial Years / Period Under Review and up to the date of this Prospectus:

(i) Share Sale Agreement dated 12 April 2021 between Dato' Sharman, Salimi Bin Khairuddin and Khairul Nazri Bin Kamarudin (collectively, as the vendors) and Steel Hawk (as the purchaser) for the Acquisition of Steel Hawk Engineering ("**SSA**"). The SSA was completed on 9 June 2021;

(ii) Sale and Purchase Agreement dated 30 November 2022 between Advance-Parcel Services Sdn Bhd (as the vendor) and Steel Hawk Engineering (as the purchaser) for the acquisition of the Existing Teluk Kalung Facility 1 for a total cash consideration of RM2,400,000. This transaction has been completed as at the LPD and the issue document of title of the property has been registered in favour of Steel Hawk Engineering on 23 August 2023;

(iii) Lease Agreement dated 1 October 2023 between PMINT (as the lessor) and Steel Hawk Engineering (as the lessee) for the leasing of part of the Teluk Kalung Land, measuring approximately 124,629 sq. ft. for a total lease payment of RM1,528,351.31 for the initial period of 30 years from 1 October 2023 to 30 September 2053 with an option to apply for an extension of another 30 years from 1 October 2053 to 30 September 2083;

(iv) Service Agreement dated 1 March 2024 between Steel Hawk and Dato' Sharman, for the appointment of Dato' Sharman as our Deputy Chairman / Executive Director for 5 years commencing from 7 April 2022 at a monthly salary of RM50,000; and

(v) Underwriting Agreement. Further details of the Underwriting Agreement are set out in **Section 4.7** of this Prospectus.

15.8 CONSENTS

(i) The written consents of the Principal Adviser, Sponsor, Underwriter and Placement Agent, Solicitors, Share Registrar, Issuing House and Company Secretaries for the inclusion in this Prospectus of their names in the form and context in which their names appear in this Prospectus have been given before the issuance of this Prospectus, and have not subsequently been withdrawn;

(ii) The written consent of the Auditors and Reporting Accountants for the inclusion in this Prospectus of their name, the Accountants' Report on the consolidated financial statements of Steel Hawk and the Reporting Accountants' letter on the pro forma consolidated statement of financial position in the form and context in which they are contained in this Prospectus has been given before the issuance of this Prospectus, and has not subsequently been withdrawn; and

(iii) The written consent of the IMR for the inclusion in this Prospectus of its name and the IMR Report, and all references thereto in the form and context in which they are contained in this Prospectus has been given before the issuance of this Prospectus, and has not subsequently been withdrawn.

15.9 DOCUMENTS FOR INSPECTION

Copies of the following documents may be inspected at our registered office during office hours for a period of 6 months from the date of this Prospectus:

(i) our Constitution;

(ii) the IMR Report as set out in **Section 8** of this Prospectus;

(iii) the audited consolidated financial statements of our Group for the Financial Years / Period Under Review;

(iv) the audited financial statements of Steel Hawk Engineering for the FYE 2021, FYE 2022 and FYE 2023;

(v) the audited financial statements of Steel Hawk Defence for the FYE 2022 and FYE 2023;

(vi) the Accountants' Report on the consolidated financial statements of Steel Hawk as included in **Section 13** of this Prospectus;

(vii) the Reporting Accountants' letter on the pro forma consolidated statement of financial position referred to in **Section 14** of this Prospectus;

(viii) the material contracts referred to in **Section 15.7** of this Prospectus; and

(ix) the letters of consent referred to in **Section 15.8** of this Prospectus.

15.10 RESPONSIBILITY STATEMENTS

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

(ii) UOBKH, being our Principal Adviser, Sponsor, Underwriter and Placement Agent, acknowledges that, based on all available information and to the best of its knowledge and belief, this Prospectus constitutes a full and true disclosure of all material facts concerning the Transfer.

16. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE

THIS SUMMARY OF PROCEDURES FOR APPLICATION AND ACCEPTANCE DOES NOT CONTAIN THE DETAILED PROCEDURES AND FULL TERMS AND CONDITIONS AND YOU CANNOT RELY ON THIS SUMMARY FOR PURPOSES OF ANY APPLICATION FOR OUR IPO SHARES. YOU MUST REFER TO THE DETAILED PROCEDURES AND TERMS AND CONDITIONS AS SET OUT IN THE "DETAILED PROCEDURES FOR APPLICATION AND ACCEPTANCE" ACCOMPANYING THE ELECTRONIC COPY OF OUR PROSPECTUS ON THE WEBSITE OF BURSA SECURITIES. YOU SHOULD ALSO CONTACT THE ISSUING HOUSE FOR FURTHER ENQUIRIES.

Unless otherwise defined, all words and expressions used here shall carry the same meaning as ascribed to them in our Prospectus.

Unless the context otherwise requires, words used in the singular include the plural, and vice versa.

16.1 OPENING AND CLOSING OF APPLICATIONS

OPENING OF THE APPLICATION PERIOD: 10.00 A.M., 16 AUGUST 2024

CLOSING OF THE APPLICATION PERIOD: 5.00 P.M., 23 AUGUST 2024

Applications for the IPO Shares will open and close at the times and dates stated above.

In the event of any changes to the date or time for closing, we will advertise the notice of changes in a widely circulated daily English and Bahasa Malaysia newspaper in Malaysia, and make an announcement on Bursa Securities' website.

Late Applications will not be accepted.

16.2 METHODS OF APPLICATIONS

16.2.1 Application for our IPO Shares by the Malaysian Public and Eligible Persons

Application must accord with our Prospectus and our Constitution. The submission of an Application Form does not mean that your Application will succeed. You agree to be bound by our Constitution.

Types of application and category of investors	**Application Method**
(a) Applications by the Malaysian Public: (i) Individuals	• White Application form • Electronic Share Application • Internet Share Application
(ii) Corporation or institution	White Application form only
(b) Applications by Eligible Persons:	Pink Application forms only

16.2.2 Application by selected investors via private placement

Types of Application	**Application Method**
Applications by: Selected investors	The Placement Agent will contact the selected investors directly. They should follow the Placement Agent's instructions.

16.3 ELIGIBILITY

16.3.1 General

You must have a CDS Account and a correspondence address in Malaysia. If you do not have a CDS Account, you may open a CDS Account by contacting any of the ADAs set out in the list of ADAs set out in **Section 12** of the Detailed Procedures for Application and Acceptance accompanying the Electronic Prospectus on the website of Bursa Securities. The CDS Account must be in your own name. **Invalid, nominee or third party CDS Accounts will not be accepted** for the Applications.

Only **ONE** Application Form for each category from each applicant will be considered and **APPLICATIONS MUST BE FOR AT LEAST 100 IPO SHARES OR MULTIPLES OF 100 IPO SHARES.**

MULTIPLE APPLICATIONS WILL NOT BE ACCEPTED UNLESS EXPRESSLY ALLOWED IN THESE TERMS AND CONDITIONS. AN APPLICANT WHO SUBMITS MULTIPLE APPLICATIONS IN HIS OWN NAME OR BY USING THE NAME OF OTHERS, WITH OR WITHOUT THEIR CONSENT, COMMITS AN OFFENCE UNDER SECTION 179 OF THE CMSA AND IF CONVICTED, MAY BE PUNISHED WITH A MINIMUM FINE OF RM1,000,000 AND A JAIL TERM OF UP TO 10 YEARS UNDER SECTION 182 OF THE CMSA.

AN APPLICANT IS NOT ALLOWED TO SUBMIT MULTIPLE APPLICATIONS IN THE SAME CATEGORY OF APPLICATION.

16.3.2 Application by the Malaysian Public

You can only apply for our IPO Shares if you fulfill all of the following:

(i) You must be one of the following:

- (a) A Malaysian citizen who is at least 18 years old as at the date of the application for our IPO Shares; or
- (b) A corporation / institution incorporated in Malaysia with a majority of Malaysian citizens on your board of directors / trustees and if you have a share capital, more than half of the issued share capital, excluding preference share capital, is held by Malaysian citizens; or
- (c) A superannuation, co-operative, foundation, provident, pension fund established or operating in Malaysia.

(ii) You must not be a director or employee of the Issuing House or an immediate family member of a director or employee of the Issuing House; and

(iii) You must submit Applications by using only one of the following methods:

- (a) White Application Form; or
- (b) Electronic Share Application; or
- (c) Internet Share Application.

16.3.3 Application by Eligible Persons

Eligible Persons will be provided with Pink Application Forms and letters from us detailing their respective allocation as well as on how to subscribe to the allocated IPO Shares. The applicants must follow the notes and instructions in those documents and where relevant, of our Prospectus.

16.4 APPLICATION BY WAY OF APPLICATION FORMS

The Application Form must be completed in accordance with the notes and instructions contained in the respective category of the Application Form. Applications made on the incorrect type of Application Form or which do not conform **STRICTLY** to the terms of our Prospectus or the respective category of Application Form or notes and instructions or which are illegible will not be accepted.

The FULL amount payable based on the Issue Price of RM0.15 for each IPO Share.

Payment must be made out in favour of **" TIIH SHARE ISSUE ACCOUNT NO. 773"** and crossed **"A/C PAYEE ONLY"** and endorsed on the reverse side with your name and address.

Each completed Application Form, accompanied by the appropriate remittance and legible photocopy of the relevant documents may be submitted using one of the following methods:

(i) despatched by **ORDINARY POST** in the official envelopes provided to the following address:

Tricor Investor & Issuing House Services Sdn Bhd
(Registration No. 197101000970 (11324-H))
Unit 32-01, Level 32, Tower A, Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Malaysia

(ii) **DELIVERED BY HAND AND DEPOSITED** in the drop-in boxes provided at the following address:

Tricor Customer Service Centre
Unit G-3, Ground Floor
Vertical Podium
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur

so as to arrive not later than 5.00 p.m. on 23 August 2024 or by such other time and date specified in any change to the date or time for closing. We will not accept late applications.

We, together with the Issuing House, will not issue any acknowledgement of the receipt of your Application Forms or application monies. Please direct all enquiries in respect of the White Application Form to the Issuing House.

16.5 APPLICATION BY WAY OF ELECTRONIC SHARE APPLICATIONS

Only Malaysian individuals may apply for our IPO Shares offered to the Malaysian Public by way of Electronic Share Application.

Electronic Share Applications may be made through the ATM of the following Participating Financial Institutions and their branches, namely, Affin Bank Berhad, Alliance Bank Malaysia Berhad, AmBank (M) Berhad, CIMB Bank Berhad, Malayan Banking Berhad, Public Bank Berhad and RHB Bank Berhad. A processing fee will be charged by the respective Participating Financial Institutions (unless waived) for each Electronic Share Application.

The exact procedures, terms and conditions for Electronic Share Application are set out on the ATM screens of the relevant Participating Financial Institutions.

16.6 APPLICATION BY WAY OF INTERNET SHARE APPLICATIONS

Only Malaysian individuals may use the Internet Share Application to apply for our IPO Shares offered to the Malaysian Public.

Internet Share Applications may be made through an internet financial services website of the Internet Participating Financial Institutions or Participating Securities Firms, namely, Affin Bank Berhad, Alliance Bank Malaysia Berhad, Malayan Banking Berhad, Public Bank Berhad CGS International Securities Sdn. Bhd. (formerly known as CGS-CIMB Securities Sdn Bhd.), Malacca Securities Malaysia Sdn Bhd and Moomoo Securities Malaysia Sdn Bhd. A processing fee will be charged by the respective Internet Participating Financial Institutions or Participating Securities Firm (unless waived) for each Internet Share Application.

The exact procedures, terms and conditions for Internet Share Application are set out on the internet financial services website of the respective Internet Participating Financial Institutions or Participating Securities Firm.

16.7 AUTHORITY OF OUR BOARD AND THE ISSUING HOUSE

The Issuing House, on the authority of our Board reserves the right to:

(i) Reject Applications which:

  (a) Do not conform to the instructions of our Prospectus, Application Forms, Electronic Share Application and Internet Share Application (where applicable); or

  (b) Are illegible, incomplete or inaccurate; or

  (c) Are accompanied by an improperly drawn up, or improper form of, remittance; or

(ii) Reject or accept any Application, in whole or in part, on a non-discriminatory basis without the need to give any reason; and

(iii) Bank in all Application monies (including those from unsuccessful / partially successful applicants) which would subsequently be refunded, where applicable (without interest), in accordance with **Section 16.9** below.

If you are successful in your Application, our Board reserves the right to require you to appear in person at the registered office of the Issuing House at any time within 14 days of the date of the notice issued to you to ascertain that your Application is genuine and valid. Our Board shall not be responsible for any loss or non-receipt of the said notice nor will it be accountable for any expenses incurred or to be incurred by you for the purpose of complying with this provision.

16.8 OVER / UNDER-SUBSCRIPTION

In the event of over-subscription, the Issuing House will conduct a ballot in the manner approved by our Directors to determine the acceptance of Applications in a fair and equitable manner. In determining the manner of balloting, our Directors will consider the desirability of allotting and allocating our IPO Shares to a reasonable number of applicants for the purpose of broadening the shareholding base of our Company and establishing a liquid and adequate market for our Shares.

The basis of allocation of shares and the balloting results in connection therewith will be furnished by the Issuing House to the SC, Bursa Securities, all major Bahasa Malaysia and English newspapers as well as posted on the Issuing House's website at https://tiih.online within 1 market day after the balloting event.

Pursuant to the Listing Requirements, we are required to have a minimum of 25.00% of our Company's issued share capital to be held by at least 200 public shareholders holding not less than 100 Shares each upon Listing and completion of our IPO. We expect to achieve this at the point of Listing. In the event the above requirement is not met, we may not be allowed to proceed with our Listing. In the event thereof, monies paid in respect of all Applications will be returned in full (without interest).

In the event of an under-subscription of our IPO Shares by the Malaysian Public and / or Eligible Persons, subject to the underwriting arrangement and reallocation as set out in **Sections 4.1.3** and **4.1.4** of this Prospectus, any of the abovementioned IPO Shares not applied for will then be subscribed by the Underwriter based on the terms of the Underwriting Agreement.

16.9 UNSUCCESSFUL / PARTIALLY SUCCESSFUL APPLICANTS

If you are unsuccessful / partially successful in your Application, your Application monies (without interest) will be refunded to you in the following manner.

16.9.1 For applications by way of Application Forms

(i) The Application monies or the balance of it, as the case may be, will be refunded to you through the self-addressed and stamped Official "A" envelope you provided by ordinary post (for fully unsuccessful applications) or by crediting into your bank account (the same bank account you have provided to Bursa Depository for the purposes of cash dividend / distribution) or if you have not provided such bank account information to Bursa Depository, the balance of Application monies will be refunded via banker's draft sent by ordinary / registered post to your last address maintained with Bursa Depository (for partially successful applications) within 10 Market Days from the date of the final ballot at your own risk.

(ii) If your Application is rejected because you did not provide a CDS account number, your Application monies will be refunded via banker's draft sent by ordinary / registered post to your address as stated in the NRIC or any official valid temporary identity documents issued by the relevant authorities from time to time or the authority card (if you are a member of the armed forces or police) at your own risk.

(iii) A number of Applications will be reserved to replace any successfully balloted Applications that are subsequently rejected. The Application monies relating to these Applications which are subsequently rejected or unsuccessful or only partly successful will be refunded (without interest) by the Issuing House as per items (i) and (ii) above (as the case may be).

(iv) The Issuing House reserves the right to bank into its bank account all Application monies from unsuccessful applicants. These monies will be refunded (without interest) within 10 Market Days from the date of the final ballot by crediting into your bank account (the same bank account you have provided to Bursa Depository for the purposes of cash dividend / distribution) or by issuance of banker's draft sent by ordinary post / registered post to your last address maintained with Bursa Depository if you have not provided such bank account information to Bursa Depository or as per item (ii) above (as the case may be).

16.9.2 For applications by way of Electronic Share Application and Internet Share Application

(i) The Issuing House shall inform the Participating Financial Institutions or Internet Participating Financial Institutions or Participating Securities Firm of the unsuccessful or partially successful Applications within 2 Market Days after the balloting date. The full amount of the Application monies or the balance of it will be credited (without interest) into your account with the Participating Financial Institutions or Internet Participating Financial Institutions or Participating Securities Firm (or arranged with the Authorised Financial Institutions) within 2 Market Days after the receipt of confirmation from the Issuing House.

(ii) You may check your account on the 5th Market Day from the balloting date.

(iii) A number of Applications will be reserved to replace any successfully balloted Applications that are subsequently rejected. The Application monies relating to these Applications which are subsequently rejected will be refunded (without interest) by the Issuing House by crediting into your account with the Participating Financial Institution or Internet Participating Financial Institutions (or arranged with the Authorised Financial Institutions) not later than 10 Market Days from the date of the final ballot. For Applications that are held in reserve and which are subsequently unsuccessful or partially successful, the relevant Participating Financial Institutions will be informed of the unsuccessful or partially successful Applications within 2 Market Days after the final balloting date. The Participating Financial Institutions will credit the Application monies or any part thereof (without interest) within 2 Market Days after the receipt of confirmation from the Issuing House.

16.10 SUCCESSFUL APPLICANTS

If you are successful in your Application:

(i) Our IPO Shares allotted to you will be credited into your CDS account.

(ii) A notice of allotment will be despatched to you at your last address maintained with the Bursa Depository, at your own risk, before our Listing. This is your only acknowledgement of acceptance of your Application.

(iii) In accordance with Section 14(1) of the SICDA, Bursa Securities has prescribed our Shares as Prescribed Securities. As such, our IPO Shares issued / offered through our Prospectus will be deposited directly with Bursa Depository and any dealings in these Shares will be carried out in accordance with the SICDA and Rules of Bursa Depository.

(iv) In accordance with Section 29 of the SICDA, all dealings in our Shares will be by book entries through CDS accounts. No physical share certificates will be issued to you and you shall not be entitled to withdraw any deposited securities held jointly with Bursa Depository or its nominee as long as our Shares are listed on Bursa Securities.

16.11 ENQUIRIES

Enquiries in respect of the applications may be directed as follows:

Mode of application	Parties to direct the enquiries
Application Form	Issuing House Enquiry Services Telephone at telephone no. 03-2783 9299
Electronic Share Application	Participating Financial Institution
Internet Share Application	Internet Participating Financial Institution or Participating Securities Firms and Authorised Financial Institution

The results of the allocation of IPO Shares derived from successful balloting will be made available to the public at the Issuing House website at https://tiih.online, one Market Day after the balloting date.

You may also check the status of your Application, **5 Market Days** after the balloting date by calling your respective ADA during office hours at the telephone number as stated in the list of ADAs set out in **Section 12** of the Detailed Procedures for Application and Acceptance accompanying the Electronic Prospectus on the website of Bursa Securities.