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If you are in any doubt as to the course of action to be taken, you should consult your stockbroker, solicitor, accountant, bank manager or other professional adviser immediately.

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ENGINEERS

HSS ENGINEERS BERHAD

*Registration No. 201501003232 (1128564-U)
(Incorporated in Malaysia)*

CIRCULAR TO SHAREHOLDERS

IN RELATION TO

PROPOSED VARIATION AND EXTENSION OF TIMEFRAME FOR THE UTILISATION OF PROCEEDS RAISED FROM THE INITIAL PUBLIC OFFERING OF HSS ENGINEERS BERHAD ("HEB")

AND

NOTICE OF EXTRAORDINARY GENERAL MEETING

The Notice of the Extraordinary General Meeting ("**EGM**") of HEB which will be conducted as a fully virtual meeting through live streaming and online remote voting using Remote Participation and Voting ("**RPV**") facilities via the online meeting platform of TIH Online website at <https://tjih.online> or <https://tjih.com.my> (Domain registration no. with MYNIC: D1A282781) on Wednesday, 8 June 2022 at 12.30 p.m or immediately after the conclusion or adjournment (as the case may be) of the Seventh Annual General Meeting of the Company, scheduled to be held on the same date at 10.00 a.m. whichever is later, or at any adjournment thereof is enclosed together with the Form of Proxy in this Circular.

A member entitled to attend and vote at the EGM is entitled to appoint a proxy/ proxies to attend and vote on his/ her behalf. The Form of Proxy must be completed and deposited at Tricor Investor & Issuing House Services Sdn Bhd at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur or its Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur. Alternatively, to be submitted electronically, vide TIH Online website at <https://tjih.online> not less than forty-eight (48) hours before the time set for holding the EGM or at any adjourned thereof. The lodging of the Form of Proxy will not preclude you from attending and voting in person at the EGM should you subsequently wish to do so. However, you will not be allowed to participate in the EGM together with a proxy appointed by you.

Last date and time for lodging the Form of Proxy ...: Monday, 6 June 2022 at 12.30 p.m.

Date and time of the EGM: Wednesday, 8 June 2022 at 12.30 p.m.

This Circular is dated 20 May 2022

DEFINITIONS

Except where the context otherwise requires, the following definitions shall apply throughout this Circular:-

"ASEAN"	: Association of Southeast Asian Nations
"Board"	: Board of Directors of HEB
"Bursa Securities"	: Bursa Malaysia Securities Berhad
"Circular"	: This circular to shareholders dated 20 May 2022 in relation to the Proposed Variation
"Constitution"	: Constitution of HEB
"EGM"	: Extraordinary General Meeting
"FYE"	: Financial year ended/ending, as the case may be
"HEB" or the "Company"	: HSS Engineers Berhad
"HEB Group" or the "Group"	: HEB and its subsidiary companies, collectively
"IPO"	: Initial public offering exercise in conjunction with the listing of and the quotation of HEB's entire share capital on the ACE Market of Bursa Securities on 10 August 2016
"Listing Requirements"	: Main Market Listing Requirements of Bursa Securities, as amended or modified from time to time
"LPD"	: 6 May 2022, being the latest practicable date prior to the printing and despatch of this Circular
"Proposed Variation"	: Proposed variation and extension of timeframe for the utilisation of proceeds raised from the IPO made pursuant to Paragraph 8.22 of the Listing Requirements
"RM" and "sen"	: Ringgit Malaysia and sen, respectively
"SMHB Engineering"	: SMHB Engineering Sdn Bhd, a wholly-owned subsidiary of the Company

DEFINITIONS (CONT'D)

All references to "**the Company**" in this circular are to HEB and references to "**the Group**" are to our Company and our subsidiaries. All references to "**we**", "**us**", "**our**" and "**ourselves**" are to HEB, and where the context requires, shall include our subsidiaries. All references to "**you**" in this Circular are to our shareholders.

Words incorporating the singular shall, where applicable, include the plural and vice versa. Words incorporating the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa. Any reference to persons shall include a corporation, unless otherwise specified.

Any reference in this Circular to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any reference to a time of day in this Circular shall be a reference to Malaysian time, unless otherwise specified.

Any discrepancies in the tables included in this Circular between the amounts listed, actual figures and the totals thereof are due to rounding.

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ENGINEERS

HSS ENGINEERS BERHAD

Registration No. 201501003232 (1128564-U)
(Incorporated in Malaysia)

Registered Office

12th Floor, Menara Symphony
No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13
46200 Petaling Jaya
Selangor Darul Ehsan

20 May 2022

Board of Directors

Dato' Mohd Zakhir Siddiqy Bin Sidek (*Independent Non-Executive Chairman*)
Tan Sri Ir. Kunasingam A/L V.Sittampalam (*Executive Vice Chairman*)
Dato' Sri Ir. Hj. Ismail Bin Md.Salleh (*Senior Independent Non-Executive Director*)
Tai Keat Chai (*Independent Non-Executive Director*)
Datuk Ir. Teo Chok Boo (*Executive Director*)
Ir. Sharifah Azlina Bt Raja Kamal Pasmah (*Executive Director*)
Ir. Prem Kumar A/L M Vasudevan (*Executive Director*)
Vanessa A/P Santhakumar (*Non-Independent Non-Executive Director*)
Ir. Syed Mohamed Adnan Bin Mansor Alhabshi (*Alternate Director to Datuk Ir. Teo Chok Boo*)

To: Our Shareholders

Dear Sir/Madam,

PROPOSED VARIATION

1. INTRODUCTION

On 13 April 2022, the Board announced the Company's intention to seek the approval of the shareholders to vary the utilisation of proceeds arising from the IPO.

Further details of the Proposed Variation are set in the ensuing sections.

THE PURPOSE OF THIS CIRCULAR IS TO PROVIDE YOU WITH THE RELEVANT INFORMATION PERTAINING TO THE PROPOSED VARIATION AND TO SEEK YOUR APPROVAL BY WAY OF POLL FOR THE RESOLUTION PERTAINING TO THE PROPOSED VARIATION TO BE TABLED AT OUR FORTHCOMING EGM. THE NOTICE OF EGM TOGETHER WITH THE FORM OF PROXY ARE ENCLOSED IN THIS CIRCULAR.

YOU ARE ADVISED TO READ AND CONSIDER CAREFULLY THE CONTENTS OF THIS CIRCULAR TOGETHER WITH THE APPENDICES CONTAINED HEREIN BEFORE VOTING ON THE RESOLUTION PERTAINING TO THE PROPOSED VARIATION TO BE TABLED AT THE FORTHCOMING EGM.

2. DETAILS OF THE PROPOSED VARIATION

2.1 Details of the Variations and Extension of Timeframe

Reference is made to the proposed utilisation of proceeds raised from the IPO as disclosed in the Company's prospectus dated 29 June 2016 that was issued in conjunction with the listing of the Company on the ACE Market of Bursa Securities on 10 August 2016 and the announcements dated 6 February 2018, 23 December 2020 and 18 November 2021 respectively in relation to Variations and Extension of Timeframe ("EOT") for utilisation of proceeds raised from the IPO and Circular to Shareholders of HEB dated 23 May 2019. Details of which are set out in ensuing sections.

Proceeds raised from the IPO and the utilisation of proceeds as disclosed in the Company's prospectus dated 29 June 2016:-

No.	Utilisation of proceeds	Estimated timeframe for utilisation	RM'000
1.	Expansion/venture into same or allied services:- <ul style="list-style-type: none">- Expansion into India- Venture into the provision of Support Services to the water sector in Malaysia- Venture into the provision of Support Services to the power sector in Malaysia	18 months	15,000 6,000 3,000
2.	Repayment of bank borrowings	3 months	4,000
3.	General working capital	12 months	708
4.	Estimated listing expenses	1 months	3,200
	Total proceeds raised from the IPO		31,908

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2. DETAILS OF THE PROPOSED VARIATION

2.1 Details of the Variations and Extension of Timeframe (cont'd)

Details on the announcements dated 6 February 2018, 23 December 2020 and 18 November 2021 and Circular to Shareholders of HEB dated 23 May 2019

Variation of each utilisation of proceeds and extension of timeframe undertaken and its reasons	Date of announcement/ Date of circular	Approval shareholders	Date of approval
Details of the variation and extension of time and its reason please refer to Table A (" Variation A ")	Date of announcement: 6 February 2018	N/A	N/A
Details of the variation and its reason please refer to Table B (" Variation B ")	Date of circular: 23 May 2019	Yes	18 June 2019
Details of the variation and extension of time and its reason please refer to Table C (" Variation C ")	Date of announcement: 23 December 2020	N/A	N/A
Details of the extension of time and its reason please refer to Table D (" EOT D ")	Date of announcement: 18 November 2021	N/A	N/A

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2. DETAILS OF THE PROPOSED VARIATION

2.1 Details of the Variations and Extension of Timeframe (cont'd)

Table A – Details of the Variation A:-

No	Details of Utilisation	IPO Proceeds ⁽ⁱ⁾ (RM'000)	Actual Utilisation (RM'000)	Balance of IPO Proceeds Unutilised (RM'000)	Variation A (RM'000)	IPO Proceeds for Utilisation after Variation A (RM'000)	Timeframe for Utilisation of IPO Proceeds (from the listing date)	Revised Timeframe for Utilisation of IPO Proceeds after Variation A (from the listing date)
1.	(a)Expansion into India	15,000	-	15,000	(10,000) ⁽ⁱⁱ⁾	5,000	18 months	Up to 36 months
	(b)Venture into the water sector in Malaysia	6,000	-	6,000	(6,000) ⁽ⁱⁱ⁾	-	18 months	-
	(c)Venture into the power sector in Malaysia	3,000	-	3,000	-	3,000	18 months	Up to 36 months
	(d)Building Information Modeling	-	-	-	8,000	8,000	-	Up to 36 months
	(e)Facility Management	-	-	-	8,000	8,000	-	Up to 36 months
2.	Repayment of bank borrowings	4,000	4,000	-	-	-	3 months	-
3.	General working capital	708	708	-	-	-	12 months	-
4.	Estimated listing expenses	3,200	3,200	-	-	-	1 month	-
	Total	31,908	7,908	24,000	-	24,000	-	-

According to the table above, **RM7.908 million** of IPO Proceeds has been utilised prior to the Variation A.

Notes:

(i) As per HEB's prospectus dated 29 June 2016 ("IPO Prospectus").

(ii) The excess amount of RM16,000,000 has been re-allocated to Building Information Modeling and Facility Management which form part of HEB's existing business as well as its future plans and prospects as disclosed in the IPO Prospectus.

2. DETAILS OF THE PROPOSED VARIATION

2.1 Details of the Variations and Extension of Timeframe (*cont'd*)

Variation A was due to the following reasons:-

- (a) In line with HEB's expansion into the water industry, HEB entered into a conditional Share Sale Agreement for the acquisition of 100% equity interest in SMHB Engineering ("**SMHB Acquisition**") at RM270 million. Instead of utilising the IPO Proceeds, SMHB Acquisition was financed by debt, private placement of ordinary shares and rights issue which had been approved by the shareholders of HEB at the Extraordinary General Meeting held on 30 January 2018;
- (b) Present market development and geographical growth within Malaysia, ASEAN and India;
- (c) Building Information Modeling will be made mandatory in 2019 for public projects worth RM100 million in Malaysia; and
- (d) Develop a steady long-term income business model through facility management.

In addition, the revised timeframe for the utilisation of the IPO Proceeds allowed HEB to carefully assess its proposed investment into the identified areas of growth.

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2. DETAILS OF THE PROPOSED VARIATION

2.1 Details of the Variations and Extension of Timeframe (cont'd)

Table B – Details of the Variation B:-

No	Details of Utilisation	IPO Proceeds Utilisation after Variation A (RM'000)	Actual Utilisation (RM'000)	Balance of IPO Proceeds Unutilised (RM'000)	Variation B (RM'000)	IPO Proceeds for Utilisation after Variation B (RM'000)	Reasons/ Notes
1.	Expansion into India	5,000	-	5,000	(5,000)	-	
2.	Expansion into India & ASEAN	-	-	-	6,000	6,000	(a)
3.	Venture into the water sector in Malaysia	-	-	-	-	-	
4.	Partial repayment of borrowings for the acquisition of SMHB Engineering	-	-	-	6,000	6,000	(b)
5.	Venture into the power sector in Malaysia	3,000	-	3,000	(3,000)	-	
6.	Building Information Modeling	8,000	-	8,000	(8,000)	-	
7.	Facility Management	8,000	-	8,000	(8,000)	-	
8.	To venture into recurring income and long term based contracts with focus within the power sector	-	-	-	12,000	12,000	(c)
	Total	24,000	-	24,000	-	24,000	

For the avoidance of doubt, no IPO Proceeds has been utilised prior to the Variation B.

2. DETAILS OF THE PROPOSED VARIATION

2.1 Details of the Variations and Extension of Timeframe (*cont'd*)

Reasons/ Notes:-

- (a) The Board increased the allocation of the balance IPO proceeds from RM5.0 million to RM6.0 million for geographical diversification by extending its market presence into India & ASEAN. The Board noted of the business opportunities in Indonesia and Philippines, as it is expected that the construction industry in these countries will witness growth in the near future with significant public investments in large-scale transportation infrastructure projects, private sector development and overall economic development. The proposed business expansion into other ASEAN countries will assist in HEB's efforts to reduce dependency on Malaysia.
- (b) The Board re-allocated RM6.0 million of the balance IPO proceeds to partially repay the bank borrowings for the acquisition of SMHB Engineering which resulted in interest savings of RM0.39 million based on interest rate of 6.5% per annum.
- (c) The Board allocated RM12.0 million of the balance IPO proceeds for venturing into recurring income and long term based contracts with focus within the power sector in light of the current market opportunities. The Board believes that venturing into the renewable energy sector will provide a stable revenue base for HEB Group, considering the vast support given towards this sector by the Government.

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2. DETAILS OF THE PROPOSED VARIATION

2.1 Details of the Variations and Extension of Timeframe (cont'd)

Table C – Details of the Variation C:-

No	Details of Utilisation	IPO Proceeds Utilisation after Variation B (RM'000)	Actual Utilisation (RM'000)	Balance of IPO Proceeds Unutilised (RM'000)	Variation C (RM'000)	IPO Proceeds for Utilisation after Variation C (RM'000)	Timeframe for Utilisation of IPO Proceeds before Variation C	Timeframe for Utilisation of IPO Proceeds after Variation C (c)
1.	Expansion into India & ASEAN	6,000	-	6,000	(3,000)	3,000 (a)	Up to 31 December 2020	Up to 31 December 2021
2.	Partial repayment of borrowings for the acquisition of SMHB Engineering	6,000	(6,000)	-	-	-	-	-
3.	To venture into recurring income and long term based contracts with focus within the power sector	12,000	-	12,000	3,000	15,000 (b)	Up to 31 December 2020	Up to 31 December 2021
	Total	24,000	6,000	18,000	-	18,000	-	-

According to the table above, **RM6.0 million** of IPO Proceeds has been utilised prior to Variation C.

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2. DETAILS OF THE PROPOSED VARIATION

2.1 Details of the Variations and Extension of Timeframe (cont'd)

Reasons/ Notes:-

- (a) The reduction of the allocation for expansion into India & ASEAN from RM6.0 million to RM3.0 million was mainly due to on-going Coronavirus Disease 2019 (“**Covid-19**”) situation in the ASEAN region and the nationalism in Indonesia and Philippines. The Board is of the view that the aforesaid uncertainties is likely to hamper HEB's geographical expansion plans in Philippines, Indonesia and India. In addition, Indonesia and the Philippines are forecasted to see sharp deceleration of growth, with the International Monetary Fund projecting growth in the barely positive range. Hence, the Board reduced HEB Group's exposure to country risks for international expansion and accordingly, decreased the allocation for expansion into India & ASEAN by RM3.0 million (i.e. from RM6.0 million to RM3.0 million), to focus on geographical expansion into Philippines, India and Indonesia and re-allocated the balance RM3.0 million for the venture into recurring income and long term based contracts with focus within the power sector.
- (b) The increase of the allocation for venturing into the renewable energy sector from RM12.0 million to RM15.0 million was made to align with the Government's efforts towards renewable energy in order to reduce reliance on fossil fuel as the Government aims for a new renewable energy target of 20% by 2025. During the year, the Board had identified suitable / viable acquisitions or investments in the renewable energy business and also explored / evaluated new projects and opportunities in relation to renewable energy in Malaysia, which include, amongst other, the following:-
- Net Energy Metering (NEM) for Industrial factories/ Hypermarkets
 - Large Scale Solar Photovoltaic Plant
 - SmallHydro projects in Malaysia
- (c) The revised timeframe for the utilisation of the balance IPO proceeds allowed HEB to have more time to implement the proposals as highlighted above.

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2. DETAILS OF THE PROPOSED VARIATION

2.1 Details of the Variations and Extension of Timeframe (cont'd)

Table D – Details of the EOT D:-

No	Details of Utilisation	IPO Proceeds Utilisation after Variation C (RM'000)	Actual Utilisation (RM'000)	Balance of IPO Proceeds Unutilised (RM'000)	Variation (RM'000)	IPO Proceeds for Utilisation (RM'000)	Timeframe for Utilisation of IPO Proceeds before EOT D	Timeframe for Utilisation of IPO Proceeds after EOT D (a)
1.	Expansion into India & ASEAN	3,000	-	-	-	3,000	Up to 31 December 2021	Up to 31 December 2022
2.	To venture into recurring income and long term based contracts with focus within the power sector	15,000	-	-	-	15,000	Up to 31 December 2021	Up to 31 December 2022
	Total	18,000	-	-	-	18,000	-	-

For the avoidance of doubt, no IPO Proceeds has been utilised prior to the EOT D.

Reasons/ Notes:-

- (a) The Board was of the view the on-going Covid-19 situation in the ASEAN region, closure of international borders among ASEAN countries and the nationalism in Indonesia and Philippines, were likely to hamper HEB's geographical expansion plans particularly in Philippines, Indonesia and India. In addition, Indonesia and the Philippines are forecasted to see sharp deceleration of growth, with the International Monetary Fund projecting growth in the barely positive range. Further, the implementation of the movement control order (MCO), conditional movement control order (CMCO), enhanced movement control order (EMCO) in 2020 and 2021 and National Recovery Plan had resulted in disruption of the power sector.

2. DETAILS OF THE PROPOSED VARIATION

2.1 Details of the Variations and Extension of Timeframe (*cont'd*)

As at to-date, the Company had utilised approximately RM13.908 million from the total IPO proceeds of RM31.908 million ("**Total IPO Proceeds**") and remains a balance of RM18.0 million of IPO proceeds which has yet to be utilised ("**Balance IPO Proceeds**"). Details of which are set out in table below:-

	(RM'000)
Total IPO Proceeds	31,908
Utilisation of IPO Proceeds:-	
- Repayment of bank borrowings	(4,000)
- General working capital	(708)
- Estimated listing expenses	(3,200)
- Partial repayment of borrowings for the acquisition of SMHB Engineering	(6,000)
Balance IPO proceeds	RM18,000

For the avoidance of doubt, the current status and details of the latest utilisation of Balance IPO Proceeds and timeframe for utilisation prior to Proposed Variation are illustrated in the table below:-

Purpose	Status	Balance IPO Proceeds (RM'000)	Timeframe for utilisation of Balance IPO Proceeds
Expansion into India & ASEAN ^(a) Focusing on 1st and 2nd Vertical (Engineering Design /Supervision and Project management) in the rail & water sector	As at the LPD, the Company is in the midst of identifying possible joint ventures/ strategic partnerships/ business alliances/potential acquisitions for the expansion into India & ASEAN. This is in relation to capturing market share for the engineering design and project management services for various major rail and water projects.	3,000	Up to 31 December 2022 ^(a)
To venture into recurring income and long-term based contracts with focus within the power sector in Malaysia	As at the LPD, the Company is in the midst of studying various proposals on recurring and long term based contracts in the renewable energy sector. The Company has participated in for Large Scale Solar project (LSS3 and LSS Mentari) but was not successful in our bid.	15,000	Up to 31 December 2022 ^(a)
Total		18,000 ^(b)	

Notes:-

- (a) The on-going Covid-19 situation in the ASEAN region, closure of international borders among ASEAN countries and the rising nationalism in Indonesia and Philippines had hampered and impacted HEB's geographical expansion plans particularly in Philippines, Indonesia and India. In addition, Indonesia and the Philippines are forecasted to see sharp deceleration of growth, with the International Monetary Fund projecting growth in the barely positive range. Further, the implementation of the movement control order (MCO), conditional movement control order (CMCO), enhanced movement control order (EMCO) in 2020 and 2021 and National Recovery Plan had resulted in disruption of the power sector. The Board believe that the Company's sustainability is vital especially during the circumstances of economic downturns. Any decision made shall take into the account the stakeholders' interest. Hence the Board is more conservative and extensive research must be made prior to resolving the investment projects as the Board wishes to leverage the Balance of IPO Proceeds.
- (b) As at 18 November 2021. While pending the utilisation of the Balance IPO Proceeds for the above purposes, the proceeds has been placed as deposits with financial institutions or short-term money market instruments, as the Board may deem fit. Any interest income earned from such deposits or instruments will be used as working capital of the Company.

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2.2 Details of the Proposed Variation

After due deliberation, the Board had on 13 April 2022 announced the Company's intention to seek the approval of the shareholders to undertake the following variations:-

- (a) vary the utilisation of the Balance IPO Proceeds to be re-allocated for the following purposes:-
 - (i) partial repayment of borrowings for the acquisition of SMHB Engineering; and
 - (ii) expansion into India & ASEAN, and venture into recurring income and long-term based contracts with focus within the power sector.
- (b) extend the timeframe for the utilisation of the Balance IPO Proceeds in accordance with the above until 31 December 2023.

Further details of the Proposed Variation are illustrated in the table below:

Purpose	Status	Balance IPO Proceeds (RM'000)	Timeframe for utilisation after Latest Revision	Proposed Variation (RM'000)	After Proposed Variation (RM'000)	Timeframe for utilisation after Proposed Variation ("Revised Timeframe")
Expansion into India & ASEAN	The Company is still in the midst of identifying possible joint ventures/ strategic partnerships/ business alliances/potential partners for acquisitions for the expansion into India & ASEAN. Till to date, HEB has strategically formed collaboration with leading Japanese consultants to participate in JICA funded projects in these countries. In this regard, the Company through its Japanese partner, Oriental Consultants Global, commenced supervision services for North-South Commuter Railway Extension (NSCR-EX) project in Philippines.	3,000	Up to 31 December 2022	(3,000)	-	N/A

To venture into recurring income and long-term based contracts with focus within the power sector in Malaysia	The Company is in the midst of studying various proposals on recurring and long-term based contracts in the renewable energy sector. As at the LPD, the Company had submitted for LSS 3 and LSS Mentari but was not successful.	15,000	Up to 31 December 2022	(15,000)	-	N/A
Partial repayment of borrowings for the acquisition of SMHB Engineering	N/A	-	N/A	12,000	12,000	Up to 31 December 2023
Expansion into India & ASEAN, and venture into recurring income and long-term based contracts with focus within the power sector	N/A	-	N/A	6,000	6,000 ^(a)	Up to 31 December 2023
Total		18,000			18,000	

Notes:-

(a) In the Proposed Variation, the Board intends to allocate RM6.00 million of the Balance IPO Proceeds to finance acquisition in India and ASEAN and long-term contracts generating recurring income within the power sector collectively, in light of current market conditions.

3. RATIONALE OF THE PROPOSED VARIATION

(a) Partial repayment of borrowings for the acquisition of SMHB Engineering

During the EGM held on 18 June 2019, the shareholders of HEB had approved RM6.00 million of the IPO Proceeds to partially repay the bank borrowings of approximately RM85.00 million for the acquisition of SMHB Engineering. For information purposes, the said proceeds had been fully utilised for aforesaid repayment of borrowings.

In the Proposed Variation, the Board intends to re-allocate RM12.00 million of the Balance IPO Proceeds to partially repay RM41.49 million bank borrowings balance as at 13 April 2022, which will result in potential interest savings of approximately RM0.61 million.

For information purpose, the Company had on 27 October 2017, entered into a conditional share sale agreement to acquire SMHB Engineering for a total consideration of approximately RM270.00 million. The purchase consideration was financed by the following method of settlement:-

Method of settlement for the acquisition of SMHB Engineering:-

	Amount (RM'000)
Issuance of new ordinary shares	108,000
Cash consideration:-	
- Bank borrowings	85,000
- Private placement	52,300
- Rights with bonus issue and warrants	24,700
Total	<u>270,000</u>

SMHB Engineering, in an exclusive collaboration with an associate company, SMHB Sdn Bhd ("**SMHB**"), is principally involved in the provision of civil, structural, mechanical and electrical consultancy services with more than 38 years' experience undertaking major role in various pivotal water sector projects locally. The projects includes the development of Sungai Selangor Phases 1, 2 and 3, the Pahang-Selangor raw water transfer project, the strategic planning for water distribution within Selangor and Kuala Lumpur, the design of water treatment works for Sungai Selangor Supply Scheme Phase 3, the Melaka River Rehabilitation and Beautification Project as well as the design of numerous dams in Malaysia. Accordingly, the acquisition of SMHB Engineering was part of the Company's plan to make further inroads into the water sector in Malaysia.

The acquisition of SMHB Engineering was made under the announcements dated 27 October 2017, 22 November 2017 and 11 January 2018 respectively and the information of which is available in the Circular to Shareholders dated 16 January 2018. Shareholders' approval pertaining to the acquisition was obtained at the EGM held on 30 January 2018.

The acquisition of SMHB Engineering was subsequently completed on 28 March 2018.

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3. RATIONALE OF THE PROPOSED VARIATION

(b) **Expansion into India & ASEAN and venture into recurring income and long-term based contracts with focus within the power sector**

As the Board continued to assess the option to expand HEB's business operations in other ASEAN countries, the Board takes note of the business opportunities in the ASEAN region and India. The Board takes note of the business opportunities in Indonesia and Philippines, as it is expected that the construction industry in these countries will witness growth in the near future with significant public investments in large-scale transportation infrastructure projects, private sector development and overall economic development. The proposed business expansion into other ASEAN countries will assist in HEB's efforts to reduce dependency on Malaysia.

The Company remains committed in its regional expansion plan, but is wary of the impact of the pandemic on regional economies. A certain degree of rising nationalism is expected in India, Indonesia and Philippines, as the governments of these countries aim to preserve domestic interests and internal resources by striking a delicate balance in empowering local talents and employing external expertise. As a result, the Company will need to evaluate the commitment of these countries to their high-growth infrastructure development plans, and as such the realistic mid-to-long term opportunities present to the Company.

The company has identified a target partner in ASEAN region, in where due diligence exercised was carried out by a third party prior to Covid-19. However, this was put on hold due to uncertainties cause by Covid-19 for the past two (2) years.

i. **India**

HEB has targeted India as one of the countries for expansion due to its growing population and urbanisation. The Indian government is poised to spend a total investment of USD1.4 trillion on infrastructure over the next five (5) years. This endeavour will be supported through strategic collaborations with our Japanese partners. This is in relation to capturing market share for the engineering design and project management services for various major rail and water projects.

ii. **Indonesia**

Within the ASEAN region, the Company has prioritised the importance of establishing presence particularly in Indonesia due to the recognised demand for major infrastructure development, which is a field where HEB has vast experience in. The Indonesian government has expressed its intention to continue its focus on developing the state of public infrastructure in Indonesia. At the same time, population growth and urbanisation are also driving demand for residential and commercial property. In particular, under the National Long Term Development Plan (2022-2027), the Indonesian government intends to push an estimated infrastructure investments of IDR 5,500 trillion whereby IDR 6,500 trillion are designated for strategic infrastructures and IDR 1,500 trillion for basic infrastructures. The Company is in the midst of identifying possible joint ventures/ strategic partnerships/ business alliances for the expansion into Indonesia.

iii. **Philippines**

Similar to Indonesia, the Board has identified Philippines as another strategic location for the expansion of its business opportunities in the ASEAN region and hence there is a need for HEB to expand its business presence there. As at the LPD, HSS Engineering Sdn Bhd, a subsidiary of HEB, is in negotiation with a few parties with the intention of collaborating for engineering projects in Philippines.

The Board also believes that venturing into the water and renewable energy sector will provide a stable revenue base for the Group, considering the vast support given towards this sector by the Government. The Company continues to explore and evaluate opportunities in the water and renewable energy business and nothing has been confirmed or materialised at this juncture.

In any event, the Company shall make the necessary announcement in accordance with the Listing Requirements as and when the new business(es) or contracts have been identified and are likely to be material. The Company will also make the necessary announcement as well as seek shareholders' approval if the new business(es) is(are) likely to result in diversification of the Group's business.

In addition, the Revised Timeframe will allow the Company to have more time until the fourth quarter of 2023 to implement the proposals as highlighted above as the Company is in the midst of studying various proposals on recurring and long-term based contracts in the renewable energy sector. Till to date, the Company had submitted for LSS 3 and LSS Mentari tender but was not successful. The Company is currently undertaking the pre-feasibility study stage of a few Net Energy Metering (NEM) industrial projects within the Peninsular Malaysia.

(c) Outlook and prospects of the economy and construction industry in India

Infrastructure sector is a key driver for the Indian economy. Foreign direct investments in the construction development sector (townships, housing, built up infrastructure and construction development projects) and construction (infrastructure) activities stood at US\$ 26.14 billion and US\$ 25.38 billion, respectively, between April 2000 and June 2021. The construction industry in India is expected to grow steadily over the next four quarters. The growth momentum is expected to continue over the forecast period, recording a compound annual growth rate of 9.5% during 2022-2026. India plans to spend US\$ 1.4 trillion on infrastructure to have a sustainable development of the country.

(Source: Invest India (National Investment Promotion and Facilitation Agency))

(d) Outlook and prospects of the economy and construction industry in Indonesia

The Indonesian construction industry had been growing at a relatively fast pace prior to the Covid-19 crisis, with the industry registering growth of 5.8% in real terms in 2019, which was marginally down from growth of 6.1% in the previous year. Growth had been driven by investments on the national strategic projects, mainly in the transport infrastructure sector. In 2020, however, Large-Scale Social Restrictions (PSBB) imposed by the Government to contain the spread of Covid-19 and the global travel restrictions have affected the availability of manpower and raw materials, thereby weighing on the Indonesian construction industry's growth in the first half of 2020. The construction industry declined by 5.4% year over year in the second quarter, following growth of 2.9% in the previous quarter. The publisher expects the industry to grow marginally by 0.5% in real terms this year. The industry will be affected by the delays in project implementation and the re-allocation of part of the Government's budget towards its fight against Covid-19. The Government re-allocated 20.4% of its 2020 budget - IDR24.5 trillion (US\$1.7 billion) to Covid-19 relief measures. On a positive note, the industry's growth is expected to be supported by the Government's focus on infrastructure development to revive the country's economy. In late September 2020, the Indonesian Parliament approved the IDR2.8 quadrillion (US\$185.3 billion) draft budget for 2021. Of the total, it allocated IDR413.8 trillion (US\$29 billion) towards infrastructure development, which will mainly focus on reviving the economy, providing basic services, and improving connectivity. However, a downside risk could arise from the general financing and land acquisition issues in implementing toll road projects, corruption and the surging Covid-19 infections in the country, which could translate into a weaker economy and lower tax revenue, thereby weighing on the government expenditure.

The Government had a plan to begin infrastructure work related to the IDR468.4 trillion (US\$33 billion) capital city relocation project in 2021, but in September 2020, the National Development Planning Agency (Bappenas) announced that the project has been formally put on hold due to the economic impact of the pandemic. Although construction has been temporarily suspended, the Government will continue to move ahead with its planning, with infrastructure work expected to commence in 2022 or 2023. The publisher expects the Indonesian construction industry to stabilise and record an annual average growth of 5.7% between 2021-2024, supported by infrastructure investments under the National Medium-Term Development Plan (2020-2024 RPJMN). The plan is to invest IDR6 quadrillion (US\$412 billion) on the development of transport, industrial, energy and housing infrastructure projects over the next four years.

(Source: Research and Markets)

(e) Outlook and prospects of the economy and construction industry in Philippines

After witnessing a decline of 30.3% in 2020, the Philippine construction industry is expected to record growth of 12.7% in real terms in 2022, supported by improving investor confidence and investment in transport, renewable energy, residential and commercial infrastructure projects. This is a downwards revision of the previously estimated 21.9% growth in 2021, due to the impact of the wave of Covid-19 infections on economic activity in late Quarter 2, and into Quarter 3 of 2021. It is expected that the industry to record growth of 20.7% in 2022, driven by an improvement of economic conditions, consumer and business confidence and foreign direct investment. Prominent downside risks to the outlook in 2022 include the uncertainty surrounding the potential impact of the Omicron variant, and whether it may force a tightening of restrictions, inhibiting the recovery of the construction industry and potentially weighing on the tentative improvement of business and investor confidence. Between 2023 and 2025, the Philippine construction industry is forecast to record a real annual average growth of 7.6%, with real construction output expected to surpass its pre-pandemic value by 2023.

Supporting forecast-period growth will be the government's PHP5.0 trillion (US\$100.8 billion) 2022 proposed budget, which focuses on improving healthcare infrastructure and increasing investment in public and digital infrastructure. In addition, the Government is focusing on the development of renewable energy projects, in line with its target to increase the share of renewable energy in the total energy mix to 50% by 2040, and add additional power generation capacity of 43GW by 2040. Forecast-period growth will also be supported by the Government's "Build, Build, Build" (BBB) program. Under the BBB program, the Government have outlined plans to invest PHP9.0 trillion (US\$170.5 billion) on developing infrastructure between 2017 and 2022, predominantly roads, railways, airports, bridges and seaports. Long-run growth will be driven by the AmBisyon Natin 2040 programme, which promotes the development of affordable housing, transport and renewable energy infrastructure.

(Source: Research and Markets)

(f) Outlook and prospects of the power sector industry in Malaysia

The pandemic has disrupted economies worldwide, and hampered renewable energy's (RE) progress, though the International Energy Agency in November projected its impact to be temporary, with the use of fossil fuels expected to decrease. This places renewables as the largest source of electricity generation globally by 2030, supplying one third of the world's electricity.

In Malaysia, the Budget 2022 highlights sustainable initiatives consistent with the United Nations' (UN) Sustainable Development Goals (SDGs), which puts Malaysia in the right frontier alongside leading nations.

The Company has identified the following key trend that will act as catalysts for the industry.

- **Government Initiatives – Large Scale Solar & NEM 3.0**

The Government has recognised solar generation as a key contributor towards the national 20 percent RE goal by 2025. Industry experts have singled out the 1GW solar development tender by the Energy Commission, expecting it to unlock RM4.0 billion in investment and create an estimated 12,000 new jobs.

Large scale solar (LSS), or solar farms, has been a focus area for Plus Solar as the Company has successfully completed projects with a total capacity of 100MWp, under the government’s LSS projects. These initiatives focused on opportunities for local players, is aimed to stimulate the country’s RE industry in the midst of the pandemic.

Malaysia’s Net Energy Metering scheme has allowed excess solar photovoltaic (PV) generated energy to be exported back to the grid on a “one-on-one” offset basis, recorded in credits. Its next iteration, NEM 3.0, programme introduces three initiatives which include NEM Rakyat (domestic users), NEM GoMen (government buildings) and NOVA (non-domestic premises). It is confident that, NEM 3.0 will drive not just the solar industry and deliver savings for businesses, and increase in terms of public consumption, as well as government buildings.

(Source: Solar Quarter)

4. EFFECTS OF THE PROPOSED VARIATION

The Proposed Variation will not have any effect on the issued share capital, substantial shareholders' shareholdings, net assets and earnings per share of the Group. The Proposed Variation is expected to contribute positively to the future earnings of HEB Group as and when the benefits of the revised utilisation of the proceeds are realised.

Purely for illustration purposes only, the effect of the Proposed Variation on HEB Group's gearing ratio based on the latest audited consolidated financial statements for the FYE 31 December 2021, assuming the Proposed Variation had been effected at the end of that financial period is set out below:-

	Audited as at 31 December 2021 (RM)	Pro Forma I after Proposed Variation (RM)
Share capital	254,291,378	254,291,378
Warrants reserve	29,195,903	29,195,903
Foreign currency translation reserve	224,363	224,363
(Accumulated losses)/ Retained profits	<u>(55,802,073)</u>	<u>(55,802,073)</u>
Total equity	<u>227,909,571</u>	<u>227,909,571</u>
Total borrowings	51,834,461	39,834,461 ^(a)
Gearing ratio (times)	0.23	0.17

Notes:-

- (a) After taking into consideration the utilisation of RM12.00 million of the Balance IPO Proceeds to partially repay the outstanding bank borrowings utilised for the acquisition of SMHB Engineering.

5. APPROVALS REQUIRED

The Proposed Variation is subject to the following approvals being obtained:

- (a) shareholders of HEB at an EGM to be convened; and
- (b) any other relevant authorities/parties, if required.

6. INTER-CONDITIONALITY

The Proposed Variation is not conditional upon any other corporate proposal undertaken or to be undertaken by the Company.

7. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS AND/OR PERSONS CONNECTED TO THEM

None of the Directors and/or major shareholders of HEB and/or persons connected to them has any interest, whether direct or indirect, in the Proposed Variation.

8. DIRECTORS' STATEMENT AND RECOMMENDATION

The Board, after taking into consideration all aspects of the Proposed Variation, including the rationale and effects of the Proposed Variation and after careful deliberation, is of the opinion that the Proposed Variation is in the best interest of the HEB Group. Accordingly, the Board recommends that you vote in favour of the resolution pertaining to the Proposed Variation to be tabled at the forthcoming EGM.

9. ESTIMATED TIMEFRAME FOR COMPLETION

Barring any unforeseen circumstances and subject to all required approvals being obtained, the Proposed Variation is expected to be completed by 31 December 2023.

10. CORPORATE EXERCISE ANNOUNCED BUT PENDING COMPLETION

Save for the Proposed Variation, there is no other outstanding corporate exercise, which has been announced but pending completion as at the LPD.

11. EGM

The notice of the EGM which is enclosed with this Circular, will be conducted as a fully virtual meeting through live streaming and online remote voting using Remote Participation and Voting (“RPV”) facilities via the online meeting platform of TIH Online website at <https://tiah.online> or <https://tiah.com.my> (Domain registration no. with MYNIC: D1A282781) on Wednesday, 8 June 2022 at 12.30 p.m. or immediately after the conclusion or adjournment (as the case may be) of the Seventh Annual General Meeting of the Company, scheduled to be held on the same date at 10.00 a.m. whichever is later, or at any adjournment thereof, for the purposes of considering and if thought fit, passing the resolution to give effect to the Proposed Variation.

If you are unable to attend, speak and vote in person at the EGM, you are requested to complete, sign and return the enclosed Form of Proxy in accordance with the instruction provided thereon. The Form of Proxy must be completed and deposited at Tricor Investor & Issuing House Services Sdn Bhd at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur or its Customer

Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur. Alternatively, to be submitted electronically, vide TIIH Online website at <https://tiih.online> not less than forty-eight (48) hours before the time set for holding the EGM or any adjournment thereof. The lodging of the Form of Proxy will not preclude you from attending and voting in person at the EGM should you subsequently wish to do so. However, you will not be allowed to participate in the EGM together with a proxy appointed by you.

12. FURTHER INFORMATION

Shareholders are advised to refer to the attached Appendix I of this Circular for further information.

Yours faithfully,
For and on behalf of the Board
HSS ENGINEERS BERHAD

Tan Sri Ir. Kunasingam A/L V.Sittampalam
Executive Vice Chairman

FURTHER INFORMATION

1. DIRECTORS' RESPONSIBILITY STATEMENT

This Circular has been seen and approved by the Board, and the Directors collectively and individually accept full responsibility for the accuracy of the information contained herein and confirm that, after making all reasonable enquiries and to the best of their knowledge and belief, there are no other facts, the omission of which would make any statement herein misleading.

2. MATERIAL LITIGATION

As at the LPD, our Group is not engaged, whether as plaintiff or defendant, in any legal action, proceeding, arbitration or prosecution for any criminal offence which has a material effect on the financial position of our Group and our Board is not aware of any proceedings, pending or threatened or any fact likely to give any rise to any proceedings which might materially and adversely affect the financial position and/or the business of our Group

3. MATERIAL COMMITMENTS

As at the LPD, our Board is not aware of any material commitments incurred or known to be incurred by our Group which have not been provided for, which upon becoming enforceable may have a material impact on the financial position of our Group.

4. CONTINGENT LIABILITIES

As at the LPD, the Board is not aware of any contingent liabilities incurred or known to be incurred by the Group which, upon becoming enforceable, may have a material impact on the financial results/position of the Group.

5. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the registered office of HEB at 12th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200, Petaling Jaya, Selangor Darul Ehsan during normal business hours (except public holidays) from the date of this Circular up to the time stipulated for the holding of the EGM:-

- i. Constitution of the Company; and
- ii. Audited consolidated financial statements of the Company for the FYE 31 December 2019, 31 December 2020 and 31 December 2021



ENGINEERS

HSS ENGINEERS BERHAD

201501003232 (1128564-U)

NOTICE OF THE EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT an Extraordinary General Meeting (“**EGM**”) of HSS Engineers Berhad (“**the Company**”) will be conducted as a fully virtual meeting through live streaming and online remote voting using Remote Participation and Voting (“**RPV**”) facilities via the online meeting platform of TIIH Online website at <https://tiih.online> or <https://tiih.com.my> (Domain registration no. with MYNIC: D1A282781) on Wednesday, 8 June 2022 at 12.30 p.m or immediately after the conclusion or adjournment (as the case may be) of the Seventh Annual General Meeting of the Company, scheduled to be held on the same date at 10.00 a.m. whichever is later, or at any adjournment thereof, for the purpose of considering and, if thought fit, passing the following resolution, with or without modifications:-

ORDINARY RESOLUTION

PROPOSED VARIATION AND EXTENSION OF TIMEFRAME FOR THE UTILISATION OF PROCEEDS RAISED FROM THE INITIAL PUBLIC OFFERING (“IPO PROCEEDS”) (“PROPOSED VARIATION”)

“THAT approval be and is hereby given to the Company for the variation and extension of timeframe for the utilisation of the IPO Proceeds, the details of which are set out in the Circular to Shareholders of the Company dated 20 May 2022.

AND THAT the Directors of the Company be and are hereby authorised to do all acts, deeds and things, and execute all necessary documents as they may consider necessary or expedient or in the best interest of the Company with full powers to assent to any conditions, variations, modifications and/or amendments in any manner as may be required or permitted by any relevant authorities and to deal with all matters relating thereto and to take such steps and do all acts and things in any manner as they may deem necessary or expedient to implement, finalise and give full effect to the Proposed Variation.”

BY ORDER OF THE BOARD

TAI YIT CHAN (MAICSA 7009143)
TAN AI NING (MAICSA 7015852)
SULIANA BINTI ROSLI (MAICSA 7057610)
Company Secretaries

Selangor Darul Ehsan
Date: 20 May 2022

NOTES:

1. The EGM will be conducted on a fully virtual basis via TIIH Online website at <https://tiih.online>. Please refer to the Administrative Guide for the EGM for the procedures to register, participate and vote remotely through the RPV facilities.

The Administrative Guide on the conduct of the fully virtual EGM of the Company is available at the Company’s website at <https://www.hssgroup.com.my/>.

2. The conduct of a fully virtual EGM is in line with the revised Guidance Note and Frequently Asked Questions on the conduct of General Meetings for Listed Issuers issued by Securities Commission of Malaysia. An online meeting platform can be recognised as the meeting venue or place under Section 327(2) of the Companies Act 2016 provided that the online platform is located in Malaysia and all meeting participants including Chairman of the meeting, board members, senior management and shareholders are to participate in the meeting online.
3. A member of the Company entitled to participate and vote at the meeting is entitled to appoint a proxy or proxies to participate and vote in his stead. A proxy may but need not be a member of the Company. There shall be no restriction as to the qualification of the proxy.
4. Where a member appoints more than one (1) proxy, the appointments shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy. A proxy appointed to participate and vote at the EGM shall have the same rights as the member to participate at the EGM.

5. Where a member is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account (“**omnibus account**”) as defined under the Securities Industry (Central Depositories) Act, 1991, there shall be no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.
6. The instrument appointing a proxy must be executed under its Common Seal or signed by an officer or attorney so authorised, if the appointor is a corporation.
7. The instrument appointing a proxy or proxies and the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of such power or authority, must be deposited at the Company’s Share Registrar’s office at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur or the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur. Alternatively to be submitted electronically, via TIIH Online website at <https://tiih.online>, not less than forty-eight (48) hours before the time set for holding the EGM or at any adjournment thereof, otherwise the instrument of proxy shall not be treated as valid. Please refer to the Administrative Guide for the EGM for further information on electronic submission of proxy form via TIIH Online.
8. The members, proxies or corporate representatives may submit questions in relation to the resolution to be tabled at the EGM to the Board of Directors at <https://tiih.online> prior to the EGM or to use the query box to transmit questions by typed texts via RPV facilities during live streaming of the EGM.
9. In respect of deposited securities, only members whose names appear on the Record of Depositors on 1 June 2022 (General Meeting Record of Depositors) shall be eligible to attend the meeting or appoint proxy(ies) to attend and/or vote on his behalf.
10. Pursuant to Paragraph 8.29(A) of Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all the resolutions at the EGM of the Company shall be put to vote by way of poll.

Personal data privacy:

*By submitting an instrument appointing a proxy(ies) and/or representative(s) to participate at the EGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member’s personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the EGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the EGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the “**Purposes**”), (ii) warrants that where the member discloses the personal data of the member’s proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member’s breach of warranty.*



ENGINEERS

HSS ENGINEERS BERHAD

Registration No. 201501003232 (1128564-U)
(Incorporated in Malaysia)

PROXY FORM

CDS Account No.	
No. of Shares Held	

I/We _____ NRIC No./ Passport No./ Registration No. : _____

of _____

and telephone no./ email address _____ being a member/members of

HSS ENGINEERS BERHAD, hereby appoint:-

Full Name	NRIC No./Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			
Telephone no./ Email address			

*and him/her (*delete as appropriate)

Full Name	NRIC No./Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			
Telephone no./ Email address			

*or failing him/her/they, the Chairman of the Meeting as *my/our proxy to vote for *me/us on *my/our behalf at the Extraordinary General Meeting (“EGM”) of the Company to be conducted as a fully virtual meeting through live streaming and online remote voting using Remote Participation and Voting (“RPV”) facilities via the online meeting platform of TIH Online website at <https://tjih.online> or <https://tjih.com.my> (Domain registration no. with MYNIC: D1A282781) on Wednesday, 8 June 2022 at 12.30 p.m or immediately after the conclusion or adjournment (as the case may be) of the Seventh Annual General Meeting of the Company, scheduled to be held on the same date at 10.00 a.m. whichever is later, or at any adjournment thereof, in respect of *my/our shareholding(s) in the manner indicated below:-

RESOLUTION		FOR	AGAINST
1. Proposed Variation	Ordinary Resolution		

Please indicate with an “X” in the spaces provided on how you wish your vote to be cast. In the absence of specific instruction, the proxy will vote or abstain from voting at his/her discretion.

If appointment of proxy is under hand Signed by *individual member/*officer or attorney of member/*authorised nominee of _____ (beneficial owner)	No. of shares held: _____ Securities Account No.: _____ (CDS Account No.) (Compulsory) Date: _____
If appointment of proxy is under seal The Common Seal of _____ was hereto affixed in accordance with its Constitution in the presence of:- _____ Director _____ Director/Secretary in its capacity as *member/*attorney of member/*authorised nominee of _____ (beneficial owner)	Seal No. of shares held: _____ Securities Account No.: _____ (CDS Account No.) (Compulsory) Date: _____

Dated this _____ day of _____ 2022.

* Strike out whichever is not applicable. Unless otherwise instructed, the proxy may vote as he/she thinks fit.

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NOTES:

1. The EGM will be conducted on a fully virtual basis via TIH Online website at <https://tjh.online>. Please refer to the Administrative Guide for the EGM for the procedures to register, participate and vote remotely through the RPV facilities.

The Administrative Guide on the conduct of the fully virtual EGM of the Company is available at the Company's website at <https://www.hssgroup.com.my/>.
2. The conduct of a fully virtual EGM is in line with the revised Guidance Note and Frequently Asked Questions on the conduct of General Meetings for Listed Issuers issued by Securities Commission of Malaysia. An online meeting platform can be recognised as the meeting venue or place under Section 327(2) of the Companies Act 2016 provided that the online platform is located in Malaysia and all meeting participants including Chairman of the meeting, board members, senior management and shareholders are to participate in the meeting online.
3. A member of the Company entitled to participate and vote at the meeting is entitled to appoint a proxy or proxies to participate and vote in his stead. A proxy may but need not be a member of the Company. There shall be no restriction as to the qualification of the proxy.
4. Where a member appoints more than one (1) proxy, the appointments shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy. A proxy appointed to participate and vote at the EGM shall have the same rights as the member to participate at the EGM.
5. Where a member is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account") as defined under the Securities Industry (Central Depositories) Act, 1991, there shall be no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.
6. The instrument appointing a proxy must be executed under its Common Seal or signed by an officer or attorney so authorised, if the appointor is a corporation.
7. The instrument appointing a proxy or proxies and the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of such power or authority, must be deposited at the Company's Share Registrar's office at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur or the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur. Alternatively to be submitted electronically, via TIH Online website at <https://tjh.online>, not less than forty-eight (48) hours before the time set for holding the EGM or at any adjournment thereof, otherwise the instrument of proxy shall not be treated as valid. Please refer to the Administrative Guide for the EGM for further information on electronic submission of proxy form via TIH Online.
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10. Pursuant to Paragraph 8.29(A) of Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all the resolutions at the EGM of the Company shall be put to vote by way of poll.

Personal data privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s), the members accepts and agrees to the personal data privacy terms set out in the Notice of Extraordinary General Meeting dated 20 May 2022.

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**AFFIX
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HSS ENGINEERS BERHAD

Registration No.: 201501003232 (1128564-U)

C/O Tricor Investor & Issuing House Services Sdn Bhd
Unit 32-01, Level 32
Tower A, Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Wilayah Persekutuan Kuala Lumpur

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