

HSS ENGINEERS BERHAD ("HEB" OR THE "COMPANY")

PROPOSED PRIVATE PLACEMENT OF UP TO 49,590,000 NEW ORDINARY SHARES IN THE COMPANY, REPRESENTING UP TO 10% OF THE TOTAL ISSUED AND PAID-UP SHARE CAPITAL OF THE COMPANY ("PROPOSED PRIVATE PLACEMENT")

Abbreviations used herein shall, unless otherwise redefined, mean the same as those defined in the Company's announcement date 17 November 2023.

Further to the Company's announcement dated 17 November 2023 ("**Initial Announcement**"), the Company wishes to further clarify and/or elaborate on the utilisation of proceeds raised from the Proposed Private Placement, particularly with regards to its expansion of business, for which **RM24,434,000** is allocated from the total proceeds of RM51.57 million to be raised (based on an indicative issue price of RM1.04 per Placement Share). The additional information is set out in the following amended section.

Section 2.5 of the Initial Announcement

(For your ease of reference, we have prepared a table with an excerpt of Note (1) from the Initial Announcement in the first column (with deletions highlighted), and the amendments to Note (1) with additional information in bold and underlined in the second column.)

2.5 Utilisation of proceeds

Based on the indicative issue price of RM1.04 per Placement Share, the Company is expected to raise gross proceeds of up to RM51.57 million from the Proposed Private Placement, which are expected to be utilised by HEB and its subsidiaries ("**HEB Group**" or "**Group**") in the following manner:

<u>Details</u>	<u>RM'000</u>	<u>Expected timeframe of utilisation from the listing of the Placement Shares</u>
Expansion of business ⁽¹⁾	24,434	Within 24 months
Working capital requirements ⁽²⁾	12,000	Within 12 months
Repayment of loans ⁽³⁾	14,000	Within 12 months
Estimated expenses in relation to the Proposed Private Placement ⁽⁴⁾	1,140	Within 1 month
Total	<u>51,574</u>	

Notes:

Note (1) – Initial Announcement	Note (1) – Additional Announcement
⁽¹⁾ The Group has been seeking for suitable and viable business projects/investment opportunities in high growth sectors such as the digital technology sector as well as pursuing geographical expansion to countries outside Malaysia such as Indonesia, the Philippines, India, and the United Kingdom and to expand our venture into recurring income and long-term based contracts focused within the renewable energy, water and Operations and Maintenance / Facilities Management	⁽¹⁾ The Group has been seeking for suitable and viable business projects/investment opportunities in high growth sectors such as the digital technology sector as well as pursuing geographical expansion to countries outside Malaysia such as Indonesia, the Philippines, India, and the United Kingdom and to expand our venture into recurring income and long-term based contracts focused within the renewable energy, water and Operations and Maintenance / Facilities Management

Service Contract (Highly Skilled Engineering) sectors, to grow and complement its existing business. In line with the above, up to RM24,434,000 of the proceeds raised from the Proposed Private Placement shall be utilised to finance **any** suitable and viable business project(s)/investment(s), within 24 months from completion of the Proposed Private Placement. **The amount allocated is intended to serve as a "war-chest" for the Company to embark on future business projects, acquisitions and/or investments.**

These potential projects, acquisitions and/or investments may include those relating to the Group's existing business, or such other businesses and/or assets which the Board may deem beneficial and are complementary to the Group's existing businesses.

Currently, the Group is in the midst of discussions with several prospective partners, investors and business associates relating to viable business projects/investment opportunities. The Company will make the necessary announcements as and when any contract or agreement is signed with these prospective investments.

In addition to the above **acquisition/investment** costs, the business expansion may also involve essential start-up costs including but not limited to expenses in regulatory compliance, office set-up costs, marketing initiatives, employee training, staff costs and operational expenses.

Apart from the above, if the Company has not identified other new project/investments, the Board has decided to earmark the proceeds from the Proposed Private Placement at this juncture as standby funds to fund its future acquisitions, business projects

Service Contract (Highly Skilled Engineering) sectors, to grow and complement its existing business.

In line with the above, up to RM24,434,000 of the proceeds raised from the Proposed Private Placement shall be utilised to finance **the short to medium term business expansion plans of the Group, and any other** suitable and viable business project(s)/investment(s), within 24 months from completion of the Proposed Private Placement.

These expansions are reflective of the dynamic business landscape, with the Group actively identifying and pursuing business projects and investment opportunities. The Group is committed to exploring potential areas that align with its growth strategy and highlight in the subsequent paragraphs the current avenues that may provide viable business opportunities for expansion. While these areas are deemed potentially viable, the Group also commits to actively seeking further and other opportunities within the previously identified sectors.

Simultaneously, the Group actively participates in bidding for projects in the digital technology arena particularly the telecommunications and data centers sectors, acknowledging the potential for significant short-term profits and has further strategically positioned itself to enter the 5G enterprise solutions and digital healthcare segments, with announcements for any successful projects to be made once secured. Moreover, the Group is actively exploring opportunities in the Building Information Modelling (BIM) sector, both locally and regionally.

and/or participation of new potential business ventures.

The Company shall make the requisite announcements and/or shall seek shareholders' approval in accordance with the Listing Requirements as and when new investment(s) are identified and the terms of negotiations are finalised.

However, in the event our Group is unable to identify any suitable and viable investment opportunities within the permitted timeframe, the proceeds earmarked for business projects/investment opportunities will continue to be placed as deposits with licensed financial institutions or short-term money market instruments, until such time when our management is able to identify a suitable and viable investment opportunity. Any interest income earned from such deposits or instruments will be used to fund the working capital of the Group.

Alternatively, if no suitable investment opportunities materialise, and the Board wishes to vary the utilisation of proceeds for any other purpose of the Group, HEB shall make the necessary announcements and/ or seek the approval of its shareholders in accordance with Paragraph 8.22 of the Listing Requirements in the event of a material variation.

The Group has also pinpointed the United Kingdom as part of its strategic initiatives to expand into that region and offer professional services to construction projects in Europe. The Group anticipates making formal announcements when this strategic plan materializes into profitable ventures.

In pursuit of long-term sustainability and recurring income, the Group is also actively seeking opportunities in the renewable energy sector. Leveraging the success of the Corporate Green Power Programme, which secured the development of a Large Scale Solar Power Plant at Daerah Kuala Muda Kedah in collaboration with consortium partners, the Group is now exploring additional investment opportunities in solar projects. Aligned with the Government's National Energy Transition Road (NETR), guiding Malaysia towards a brighter, cleaner, and more resilient future, the Group has identified renewable energy projects as a current key focus for pursuit.

Should the Group secure any of the above opportunities, it envisages to allocate its funds for expansion in a strategic manner. This may include, but is not limited to, acquiring tangible assets, investing in shares of promising ventures, or covering development costs associated with the secured project. Costs associated with expansion may also involve essential start-up costs including but not limited to expenses in regulatory compliance, office set-up costs, marketing initiatives, employee training, staff costs and operational expenses. The allocation of funds will be guided by a comprehensive evaluation of potential returns, risk assessments, and alignment with the overall business objectives, the details of which may only be finalised upon the securing of such projects, which will

	<p><u>be announced in accordance with the Listing Requirements as necessary.</u></p> <p><u>Apart from the identified areas above,</u> the Group is in the midst of discussions with several prospective partners, investors and business associates relating to viable business projects/investment opportunities.</p> <p>If the Board wishes to vary the utilisation of proceeds for any other purpose of the Group other than as set out above, HEB shall make the necessary announcements and/ or seek the approval of its shareholders in accordance with Paragraph 8.22 of the Listing Requirements in the event of a material variation.</p>
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Save for the details set out in this announcement, all the other terms of the Proposed Private Placement as set out in the Initial Announcement shall remain unchanged.

This announcement is dated 22 November 2023.