

HSS ENGINEERS BERHAD
(Company No. 1128564-U)
(Incorporated in Malaysia under the Companies Act, 1965)

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ENGINEERS

HSS ENGINEERS BERHAD

(Company No. 1128564-U)

(Incorporated in Malaysia under the Companies Act, 1965)



INITIAL PUBLIC OFFERING IN CONJUNCTION WITH OUR LISTING ON THE ACE MARKET OF BURSA MALAYSIA SECURITIES BERHAD ("BURSA SECURITIES") COMPRISING:-

- (I) PUBLIC ISSUE OF 63,816,200 NEW ORDINARY SHARES OF RM0.10 EACH IN OUR COMPANY ("SHARES") ALLOCATED IN THE FOLLOWING MANNER:-
- 15,954,000 NEW SHARES AVAILABLE FOR APPLICATION BY THE MALAYSIAN PUBLIC;
 - 7,977,000 NEW SHARES AVAILABLE FOR APPLICATION BY OUR ELIGIBLE DIRECTORS, EMPLOYEES AND BUSINESS ASSOCIATES/PERSONS WHO HAVE CONTRIBUTED TO THE SUCCESS OF OUR GROUP; AND
 - 39,885,200 NEW SHARES BY WAY OF PRIVATE PLACEMENT TO SELECTED INVESTORS;

AND

- (II) OFFER FOR SALE OF 31,908,100 SHARES MADE AVAILABLE FOR APPLICATION BY WAY OF PRIVATE PLACEMENT TO SELECTED BUMIPUTERA INVESTORS APPROVED BY THE MINISTRY OF INTERNATIONAL TRADE AND INDUSTRY,

AT AN ISSUE/OFFER PRICE OF RM0.50 PER SHARE, PAYABLE IN FULL UPON APPLICATION.

PROSPECTUS

Adviser, Sponsor, Underwriter and Placement Agent



M&A SECURITIES SDN BHD (15017-H)
(A Wholly-Owned Subsidiary of Insas Berhad)
(A Participating Organisation of Bursa Malaysia Securities Berhad)

YOU ARE ADVISED TO READ AND UNDERSTAND THE CONTENTS OF THIS PROSPECTUS. IF IN DOUBT, PLEASE CONSULT A PROFESSIONAL ADVISER.

THERE ARE CERTAIN RISK FACTORS WHICH PROSPECTIVE INVESTORS SHOULD CONSIDER. PLEASE REFER TO "RISK FACTORS" AS SET OUT IN SECTION 4 HEREIN.

YOU ARE ADVISED TO NOTE THAT COMPANIES LISTED ON THE ACE MARKET OF BURSA SECURITIES MAY BE OF HIGH INVESTMENT RISK.

THIS PROSPECTUS IS NOT TO BE DISTRIBUTED OUTSIDE MALAYSIA.

THIS PROSPECTUS IS DATED 29 JUNE 2016

Our Directors, Promoters and Offerors (as defined herein) have seen and approved this Prospectus. They collectively and individually accept full responsibility for the accuracy of the information contained in this Prospectus. Having made all reasonable enquiries, and to the best of their knowledge and belief, they confirm that there is no false or misleading statement or other facts which if omitted, would make any statement in this Prospectus false or misleading.

M&A Securities Sdn Bhd, being our Adviser, Sponsor, Underwriter and Placement Agent to our IPO (as defined herein), 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 our IPO.

A copy of this Prospectus has been registered with the Securities Commission Malaysia ("SC"). The registration of this Prospectus should not be taken to indicate that the SC recommends our IPO or assumes responsibility for the correctness of any statement made or opinion or report expressed in this Prospectus. The SC has not, in any way, considered the merits of the securities being offered for investment.

The SC is not liable for any non-disclosure on our part and takes no responsibility for the contents of this Prospectus, makes no representation as to its accuracy or completeness, and expressly disclaims any liability for any loss that you may suffer arising from or in reliance upon the whole or any part of the contents of this Prospectus. A copy of this Prospectus, together with the Application Form (as defined herein), has also been lodged with the Registrar of Companies who takes no responsibility for its contents.

Companies listed on the ACE Market of Bursa Malaysia Securities Berhad ("Bursa Securities") may have a limited operating history or may not have any profit track record prior to listing. Such companies may be of high investment risk. As with all investments, you should be aware of all potential risks in investing in such companies and should make the decision to invest after giving due and careful consideration by referring to, among others, this Prospectus, latest financial statements and corporate announcements. You are strongly recommended to seek advice from securities professional/adviser.

YOU SHOULD RELY ON YOUR OWN EVALUATION TO ASSESS THE MERITS AND RISKS OF OUR IPO AND YOUR INVESTMENT IN OUR SHARES. IF YOU ARE IN ANY DOUBT AS TO THE ACTION TO BE TAKEN, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISERS IMMEDIATELY.

Our IPO is an exempt transaction under Section 212(8) of the Capital Markets and Services Act 2007 ("CMSA") and is therefore not subject to the approval of the SC.

You are advised to note that recourse for false or misleading statements or acts made in connection with this Prospectus is directly available through Sections 248, 249 and 357 of the CMSA.

Approval has been obtained from Bursa Securities for the listing of and quotation for our IPO Shares (as defined herein) on 1 June 2016. Our admission to the Official List of the ACE Market of Bursa Securities is not to be taken as an indication of the merits of our IPO, our Company or our Shares. Bursa Securities shall not be liable for any non-disclosure on our part and takes no responsibility for the contents of this Prospectus, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Prospectus.

Securities listed on Bursa Securities are offered to the public premised on full and accurate disclosure of all material information concerning our IPO for which any of the persons set out in Section 236 of the CMSA, e.g. Directors and Advisers, are responsible.

This Prospectus has not been and will not be made to comply with the laws of any jurisdiction other

than Malaysia, and has not been and will not be lodged, registered or approved pursuant to or under any applicable securities or equivalent legislation or by any regulatory authority or other relevant body of any jurisdiction other than Malaysia.

We will not, prior to acting on any acceptance in respect of our IPO, make or be bound to make any enquiry as to whether you have a registered address in Malaysia and will not accept or be deemed to accept any liability in relation thereto whether or not any enquiry or investigation is made in connection therewith.

It shall be your sole responsibility if you are or may be subject to the laws of countries or jurisdictions other than Malaysia, to consult your legal and/or other professional advisers as to whether our IPO would result in the contravention of any law of such countries or jurisdictions.

Further, it shall also be your sole responsibility to ensure that your application for our IPO would be in compliance with the terms of our IPO as stated in our Prospectus and the Application Form and would not be in contravention of any laws of countries or jurisdictions other than Malaysia to which you may be subjected. We will further assume that you had accepted our IPO in Malaysia and will be subjected only to the laws of Malaysia in connection therewith.

However, we reserve the right, in our absolute discretion to treat any acceptance as invalid if we believe that such acceptance may violate any law or applicable legal or regulatory requirements.

No action has been or will be taken to ensure that this Prospectus complies with the laws of any country or jurisdiction other than the laws of Malaysia. It shall be your sole responsibility to consult your legal and/or other professional adviser on the laws to which our IPO or you are or might be subjected to. Neither us nor our Adviser nor any other advisers in relation to our IPO shall accept any responsibility or liability in the event that any application made by you shall become illegal, unenforceable, avoidable or void in any country or jurisdiction.

ELECTRONIC PROSPECTUS

This Prospectus can be viewed or downloaded from Bursa Securities' website at www.bursamalaysia.com. The contents of the Electronic Prospectus and the copy of this Prospectus registered with the SC are the same.

You may also obtain a copy of the Electronic Prospectus from the websites of Malayan Banking Berhad at www.maybank2u.com.my, RHB Bank Berhad at www.rhbbank.com.my, CIMB Investment Bank Berhad at www.eipocimb.com, CIMB Bank Berhad at www.cimbclicks.com.my, Affin Bank Berhad at www.affinonline.com and Public Bank Berhad at www.pbebank.com.

You are advised that the internet is not a fully secured medium, and that your Internet Share Application (as defined herein) may be subject to the risks of problems occurring during the data transmission, computer security threats such as viruses, hackers and crackers, faults with computer software and other events beyond the control of the Internet Participating Financial Institutions (as defined herein). These risks cannot be borne by the Internet Participating Financial Institutions.

If you are in doubt of the validity or integrity of an Electronic Prospectus, you should immediately request from us, the Adviser or issuing house, a paper printed copy of this Prospectus.

In the event of any discrepancy arising between the contents of the electronic and the contents of the paper printed copy of this Prospectus for any reason whatsoever, the contents of the paper printed copy of this Prospectus which are identical to the copy of the Prospectus registered with the SC shall prevail.

In relation to any reference in this Prospectus to third party internet sites (referred to as "Third Party Internet Sites"), whether by way of hyperlinks or by way of description of the third party internet sites, you acknowledge and agree that:-

- (a) We and our Adviser do not endorse and is not affiliated in any way with the Third Party Internet Sites and is not responsible for the availability of, or the contents or any data, information, files or other material provided on the third party internet sites. You shall bear all risks associated with the access to or use of the Third Party Internet Sites;
- (b) We and our Adviser are not responsible for the quality of products or services in the Third Party Internet Sites, for fulfilling any of the terms of your agreements with the Third Party Internet Sites. We and our Adviser are also not responsible for any loss or damage or costs that you may suffer or incur in connection with or as a result of dealing with the Third Party Internet Sites or the use of or reliance of any data, information, files or other material provided by such parties; and
- (c) Any data, information, files or other material downloaded from Third Party Internet Sites is done at your own discretion and risk. We and our Adviser are not responsible, liable or under obligation for any damage to your computer system or loss of data resulting from the downloading of any such data, information, files or other material.

Where an Electronic Prospectus is hosted on the website of the Internet Participating Financial Institutions, you are advised that:-

- (a) The Internet Participating Financial Institutions are only liable in respect of the integrity of the contents of an Electronic Prospectus, to the extent of the contents of the Electronic Prospectus situated on the web server of the Internet Participating Financial Institutions and shall not be responsible in any way for the integrity of the contents of an Electronic Prospectus which has been downloaded or otherwise obtained from the web server of the Internet Participating Financial Institutions and thereafter communicated or disseminated in any manner to you or other parties; and
- (b) While all reasonable measures have been taken to ensure the accuracy and reliability of the information provided in an Electronic Prospectus, the accuracy and reliability of an Electronic Prospectus cannot be guaranteed as the internet is not a fully secured medium.

The Internet Participating Financial Institutions shall not be liable (whether in tort or contract or otherwise) for any loss, damage or costs, you or any other person may suffer or incur due to, as a consequence of or in connection with any inaccuracies, changes, alterations, deletions or omissions in respect of the information provided in an Electronic Prospectus which may arise in connection with or as a result of any fault or faults with web browsers or other relevant software, any fault or faults on your or any third party's personal computer, operating system or other software, viruses or other security threats, unauthorised access to information or systems in relation to the website of the internet participating financial institutions, and/or problems occurring during data transmission, which may result in inaccurate or incomplete copies of information being downloaded or displayed on your personal computer.

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INDICATIVE TIMETABLE

All terms used are defined under "Definitions" commencing from page vii.

The indicative timing of events leading to the listing of and quotation for our entire enlarged issued and paid-up share capital on the ACE Market of Bursa Securities is set out below:-

Events	Tentative Dates
Issuance of this Prospectus/Opening of Application for our IPO	29 June 2016
Closing of application for our IPO	22 July 2016
Balloting of the application for our IPO Shares	27 July 2016
Allotment of our IPO Shares to successful applicants	8 August 2016
Date of Listing	10 August 2016

This timetable is indicative and is subject to changes which may be necessary to facilitate the implementation procedures. The application period for our IPO will close at the date stated above or such later date as our Directors, Promoters, Offerors and Underwriter in their absolute discretion may mutually decide.

In the event the closing date of the application is extended, we will advertise the notice of the extension in a widely circulated English and Bahasa Malaysia daily newspaper in Malaysia prior to the original closing date of the application. Following this, the dates for the balloting of the application for our IPO Shares, allotment of our IPO Shares and Listing would be extended accordingly.

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PRESENTATION OF FINANCIAL AND OTHER INFORMATION

All terms used are defined under "Definitions" commencing from page vii.

All references to "HEB" and the "Company" in this Prospectus are to HSS Engineers Berhad (1128564-U). Unless otherwise stated, references to "Group" are to our Company and our subsidiaries taken as a whole; and references to "we", "us", "our" and "ourselves" are to our Company, and, save where the context otherwise requires, our subsidiaries. Unless the context otherwise requires, references to "Management" are to our Directors, key management and key technical personnel as at the date of this Prospectus, and statements as to our beliefs, expectations, estimates and opinions are those of our Management.

The word "approximately" used in this Prospectus is to indicate that a number is not an exact one, but that number is usually rounded off to the nearest hundredth or one (1) decimal place. Any discrepancies in the tables included herein between the amounts listed and the totals thereof are due to rounding.

Certain abbreviations, acronyms and technical terms used are defined in "Definitions" appearing after this section. Words denoting the singular only shall include the plural and vice versa and words denoting the masculine gender shall, where applicable, include the feminine gender and vice versa. Reference to persons shall include companies and corporations.

All reference to dates and times are references to dates and times in Malaysia.

Any reference in this Prospectus to any enactment is a reference to that enactment as for the time being amended or re-enacted.

This Prospectus includes statistical data provided by our management and various third parties and cites third party projections regarding growth and performance of the industry in which our Group operates. This data is taken or derived from information published by industry sources and from our internal data. In each such case, the source is stated in this Prospectus, provided that where no source is acknowledged, it can be assumed that the information originates from us. In particular, certain information in this Prospectus is extracted or derived from report(s) prepared by the Independent Market Researcher. We believe that the statistical data and projections cited in this Prospectus are useful in helping you to understand the major trends in the industry in which we operate. However, neither we nor our advisers have independently verified these data. Neither we nor our advisers make any representation as to the correctness, accuracy or completeness of such data and accordingly, you should not place undue reliance on the statistical data cited in this Prospectus. Similarly, third party projections, including the projections from the Independent Market Researcher, cited in this Prospectus are subject to significant uncertainties that could cause actual data to differ materially from the projected figures. Hence, you should not place undue reliance on the third-party projections cited in this Prospectus.

The information on our website, or any website directly or indirectly linked to such websites does not form part of this Prospectus and you should not rely on it.

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FORWARD LOOKING STATEMENTS

All terms used are defined under "Definitions" commencing from page vii.

This Prospectus contains forward-looking statements. All statements other than statements of historical facts included in this Prospectus, including, without limitation, those regarding our financial position, business strategies, plans and objectives for future operations, are forward-looking statements. Such forward looking statements involve known and unknown risks, uncertainties, contingencies and other factors which may cause our actual results, our performance or achievements, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding our present and future business strategies and the environment in which we will operate in the future. Such forward-looking statements reflect our Management's current view with respect to future events and are not a guarantee of future performance.

Forward-looking statements can be identified by the use of forward-looking terminology such as "may", "will", "would", "could", "believe", "expect", "anticipate", "intend", "estimate", "aim", "plan", "forecast", "project" or similar expressions and include all statements that are not historical facts.

Such forward-looking statements include, without limitations, statements relating to:

- (a) Demand for our services;
- (b) Our business strategies;
- (c) Our future plans and objectives for future operations;
- (d) Our financial position;
- (e) Our future earnings, cash flows and liquidity; and
- (f) Our ability to pay future dividends.

Our actual results may differ materially from information contained in such forward-looking statements as a result of a number of factors beyond our control, including, without limitation:-

- (a) The economic, political and investment environment in Malaysia and globally; and
- (b) Government policy, legislation or regulation.

Additional factors that could cause our actual results, performance or achievements to differ materially include, but are not limited to, those discussed in Section 4 "Risk Factors" and Section 11-"Historical Financial Information" of this Prospectus. We cannot give any assurance that the forward-looking statements made in this Prospectus will be realised. Such forward-looking statements are made only as at the date of this Prospectus.

You will be deemed to have read and understood the descriptions of the assumptions and uncertainties underlying the forward-looking statements that are contained herein.

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DEFINITIONS

The following terms in this Prospectus bear the same meanings as set out below unless otherwise defined or the context requires otherwise:-

COMPANIES WITHIN OUR GROUP:-

"HEB" or "Company"	:	HSS Engineers Berhad (1128564-U)
"HEB Group" or "Group"	:	HEB and its wholly-owned subsidiaries, collectively
"HSSE"	:	HSS Engineering Sdn Bhd (450753-X)
"HBS"	:	HSS BIM Solutions Private Limited (U74900TN2012PTC086741)
"BGV"	:	BIM Global Ventures Sdn Bhd (1008362-V)
"HSSI"	:	HSS Integrated Sdn Bhd (173262-T), a 30% owned associated company of HSSE
"HSSME"	:	HSS Mekanikal & Elektrikal Sdn Bhd (228667-K), a 30% owned associated company of HSSE

GENERAL:-

"10MP"	:	Tenth Malaysia Plan
"11MP"	:	Eleventh Malaysia Plan
"ACE Market"	:	ACE Market of Bursa Securities
"Acquisitions of Subsidiaries"	:	Collectively, the Acquisition of HSSE, Acquisition of HBS and Acquisition of BGV
"Acquisition of BGV"	:	Acquisition by HEB of the entire issued and paid-up share capital of BGV for a purchase consideration of RM1,142,593 which was wholly satisfied by the issuance of 11,425,930 new Shares at an issue price of RM0.10 per Share, which was completed on 14 June 2016
"Acquisition of HBS"	:	Acquisition by HEB of the entire issued and paid-up share capital of HBS for a purchase consideration of RM1,644,102 which was satisfied by the issuance of 11,508,714 new Shares at an issue price of RM0.10 per Share and a cash consideration of RM493,231, followed by the HEB Shares Subscription, which were respectively completed on 8 June 2016 and 13 June 2016
"Acquisition of HSSE"	:	Acquisition by HEB of the entire issued and paid-up share capital of HSSE for a purchase consideration of RM22,739,776 which was wholly satisfied by the issuance of 227,397,760 new Shares at an issue price of RM0.10 per Share, which was completed on 7 June 2016
"Acquisition of HSSI"	:	Acquisition by HSSE of 600,000 ordinary shares of RM1.00 each in HSSI, representing 30% of the issued and paid-up share capital of HSSI from Datuk Ir. Kunasingam A/L V. Sittampalam and Dato' Ir. Nitchiananthan A/L Balasubramaniam for a cash consideration of RM897,710, which was completed on 30 May 2016

DEFINITIONS (Cont'd)

"Acquisition of HSSME"	:	Acquisition by HSSE of 15,000 ordinary shares of RM1.00 each in HSSME, representing 30% of the issued and paid-up share capital of HSSME from Ir. Azman Bin Ab. Rahman for a cash consideration of RM8,784, which was completed on 30 May 2016
"Act"	:	Companies Act, 1965, as amended from time to time, and any re-enactments thereof
"ADA"	:	Authorised Depository Agent
"ADI Capital"	:	ADI Capital Sdn Bhd (538826-P)
"Application"	:	The application for our IPO Shares by way of Application Form, Electronic Share Application or Internet Share Application
"Application Form(s)"	:	The printed application form(s) for the application of our IPO Shares accompanying this Prospectus
"ASEAN"	:	Association of Southeast Asian nations
"ATM(s)"	:	Automated Teller Machine(s)
"Board"	:	Board of Directors of HEB
"Board of Engineers Malaysia"	:	Board of Engineers as defined in the REA
"BOT"	:	Build-operate-transfer
"Bursa Depository" or "Depository"	:	Bursa Malaysia Depository Sdn Bhd (165570-W)
"Bursa Securities"	:	Bursa Malaysia Securities Berhad (635998-W)
"CAGR"	:	Compounded annual growth rate
"CCM"	:	Companies Commission of Malaysia
"CDS"	:	Central Depository System
"CDS Account"	:	An account established by Bursa Depository for a depositor for the recording of securities and for dealing in such securities by the depositor
"Closing Date"	:	The date adopted in the Prospectus as the last date for acceptance and receipt of application for the subscription to our IPO Shares or such other later date as our Board, our Offerors, our Promoters and our Underwriter may agree upon
"CMSA"	:	Capital Markets & Services Act 2007, as amended from time to time, and any re-enactments thereof

DEFINITIONS (Cont'd)

"Collaboration"	: The exclusive strategic business collaboration between HSSI and HSSME with HSSE to bid for, procure, obtain, or otherwise provide services for engineering and construction projects with each party contributing to the said collaboration, their relevant areas of competency and expertise pursuant to the Teaming and Support Services Agreement
"DDWG"	: Due diligence working group for the purpose of our IPO
"Dominant Sphere"	: Dominant Sphere Sdn Bhd (527343-M)
"Depository Rules"	: The Rules of Bursa Depository and any appendices thereto as they may be amended from time to time
"Director"	: Either an executive director or a non-executive director of our Company within the meaning of Section 4 of the Act
"EBIT"	: Earnings before interest and taxation
"EBITDA"	: Earnings before interest, taxation, depreciation and amortisation
"ECU"	: Equity Compliance Unit of the SC
"Electronic Prospectus"	: Copy of this Prospectus that is issued, circulated or disseminated via the internet and/or an electronic storage medium
"Electronic Share Application"	: Application for our IPO Shares through a Participating Financial Institution's ATM
"EPS"	: Earnings per share
"ETP"	: Economic Transformation Programme
"Flamingo"	: Flamingo Works Sdn Bhd (1136271-T)
"FDI"	: Foreign direct investment
"FYE(s)"	: Financial year(s) ended/ending 31 December, as the case may be
"GP"	: Gross profit
"HEB Shares Subscription"	: Subscription of 4,932,306 HEB Shares at an issue price of RM0.10 each by Ganesh Balasubramanian and Jagannathan Ragunathan, the Indian shareholders of HBS who received a total cash consideration of RM493,231 from HEB as part of the Acquisition of HBS, which was completed on 13 June 2016
"ICT"	: Information and communications technology
"IFRS"	: International Financial Reporting Standards
"IMR" or "Protégé"	: Protégé Associates Sdn Bhd (675767-H), our Independent Market Researcher

DEFINITIONS (Cont'd)

"IMR Report"	:	Independent Market Research Report titled "Strategic Analysis of the Engineering and Project Management Services Market and Overview of the Water Services Industry and Energy Sector in Malaysia, Market Overview of the Construction Industry in the Middle East, India and Indonesia"
"Internet Share Application"	:	Application for our IPO Shares through an online share application service provided by the Internet Participating Financial Institutions
"Internet Participating Financial Institutions"	:	The participating financial institutions for Internet Share Application as listed in Section 16 of this Prospectus
"Initial Public Offering" or "IPO"	:	Our initial public offering comprising our Public Issue and Offer for Sale
"IPO Price"	:	Our issue/offer price of RM0.50 per Share pursuant to our Public Issue and Offer for Sale
"IPO Share(s)"	:	The Issue Share(s) and Offer Share(s), collectively
"ISO"	:	International Organization for Standardisation
"Issue Share(s)"	:	The new Share(s) to be issued pursuant to our Public Issue and subject to the terms and conditions of this Prospectus
"Issuing House"	:	Tricor Investor & Issuing House Services Sdn Bhd (11324-H)
"IT"	:	Information technology
"km"	:	Kilometres
"Listing"	:	Listing of and quotation for our entire enlarged issued and paid-up share capital of RM31,908,101 comprising 319,081,010 Shares on the ACE Market of Bursa Securities
"Listing Requirements"	:	ACE Market Listing Requirements of Bursa Securities, as amended from time to time
"Listing Scheme"	:	Comprising our Public Issue, Offer for Sale, Special RSP and Listing, collectively
"LPD"	:	31 May 2016, being the latest practicable date for ascertaining certain information contained in this Prospectus
"LRT"	:	Light Rail Transit
"M&A Securities"	:	M&A Securities Sdn Bhd (15017-H)
"Malaysian Public"	:	Malaysian citizens and companies, co-operatives, societies and institutions incorporated or organised under the laws of Malaysia
"Market Day"	:	Any day between Monday to Friday (both days inclusive) which is not a public holiday and on which Bursa Securities is open for the trading of securities
"Memorandum and Articles"	:	Memorandum and Articles of Association of our Company

DEFINITIONS (Cont'd)

"MFRS"	:	Malaysian Financial Reporting Standards
"MITI"	:	Ministry of International Trade and Industry Malaysia
"MLD"	:	Million litres per day
"MRT"	:	Mass Rapid Transit
"MRT Line 1"	:	MRT Lembah Kelang: Sungai Buloh-Kajang
"MRT Line 2"	:	MRT Lembah Kelang: Sungai Buloh-Serdang-Putrajaya
"NA"	:	Net assets
"NBV"	:	Net book value
"NTA"	:	Net tangible assets
"Offerors"	:	Collectively, Victech and Flamingo, being the offerors pursuant to our Offer for Sale
"Offer for Sale"	:	The offer for sale by our Offerors of 31,908,100 Offer Shares at our IPO Price
"Offer Share(s)"	:	31,908,100 existing Share(s) to be offered pursuant to our Offer for Sale
"Official List"	:	The list specifying all securities which have been admitted for listing of Bursa Securities and not removed
"OHSAS"	:	Occupational, Health & Safety Management System
"Participating Financial Institution(s)"	:	Participating financial institution(s) for Electronic Share Application, as listed in Section 16 of this Prospectus
"PAT"	:	Profit after taxation
"PBT"	:	Profit before taxation
"PE Multiple"	:	Price-to-earnings multiple
"PFI"	:	Private finance initiative
"Pink Form Allocations"	:	The allocation of 7,977,000 Issue Shares to our eligible Directors, employees and business associates/persons who have contributed to the success of our Group pursuant to the Public Issue
"Placement Agent"	:	M&A Securities
"Placement Shares"	:	The 39,885,200 Issue Shares and 31,908,100 Offer Shares to be placed by the Placement Agent by way of private placement to selected investors pursuant to the Public Issue and Offer for Sale respectively
"PPP"	:	Public-private partnership

DEFINITIONS (Cont'd)

"Principal Adviser" or "Sponsor"	:	M&A Securities
"Private Placement"	:	The issuance of 39,885,200 Issue Shares at our IPO Price by way of private placement to selected investors pursuant to the Public Issue
"Promoters"	:	Collectively, Vitech, Flamingo and Datuk Ir. Kunasingam A/L V. Sittampalam
"Prospectus"	:	This prospectus dated 29 June 2016 in relation to our IPO
"Public Issue"	:	The public issue of 63,816,200 Issue Shares at our IPO Price
"REA"	:	Registration of Engineers Act 1967, as amended from time to time, and any re-enactments thereof
"R&D"	:	Research and development
"ROC"	:	Registrar of Companies
"SC"	:	Securities Commission Malaysia
"Share(s)" or "HEB Share(s)"	:	Ordinary share(s) of RM0.10 each in HEB
"Shareholding Agreements"	:	Separate shareholding agreements entered into between HSSE with:- <ul style="list-style-type: none"> (a) (i) HSSI and the then shareholders of HSSI on 19 June 2015, namely Datuk Ir. Kunasingam A/L V. Sittampalam, the late Datuk Ir. Santhakumar A/L C. Sivasubramaniam and Dato' Ir. Khairudin Bin Sidek; (ii) HSSI and all the current shareholders of HSSI on 6 April 2016, namely Datuk Ir. Kunasingam A/L V. Sittampalam, Dato' Ir. Nitchianathan A/L Balasubramaniam and Dato' Ir. Khairudin Bin Sidek; and (b) HSSME and all the shareholders of HSSME on 19 June 2015, namely Dato' Ir. Khairudin Bin Sidek and Ir. Azman Bin Ab. Rahman, to secure the interests of HSSE under the Teaming and Support Services Agreement, the continuity of the Collaboration and the continued viability of projects undertaken pursuant to the Teaming and Support Services Agreement
"SICDA" or "Depository Act"	:	Securities Industry (Central Depositories) Act, 1991, as amended from time to time, and any re-enactments thereof
"Special RSP"	:	The special restricted share plan pursuant to which our Offerors will grant 10,816,584 HEB Shares to our selected employees, at zero consideration

DEFINITIONS (Cont'd)

"sq ft"	:	Square feet
"Support Services"	:	The support services provided by HSE to HSSI and HSSME under the Teaming and Support Services Agreement including but are not limited to administration, human resource, finance, accounting, management support, marketing and sales, technical support and related manpower support in the preparation of all tender bids or procurement documents, project management, construction supervision services, legal support and BIM services. Please refer to Section 6.2.1 (b) of this Prospectus for further details
"Teaming and Support Services Agreement"	:	The teaming and support services agreement between HSE, HSSI and HSSME dated 2 January 2015 including the supplemental agreement dated 19 June 2015 which formalises the Collaboration
"toe"	:	tonnes oil equivalent
"Underwriter"	:	M&A Securities
"Underwriting Agreement"	:	The underwriting agreement dated 15 June 2016 entered into between our Company and M&A Securities pursuant to our IPO
"UAE"	:	United Arab of Emirates
"UK"	:	United Kingdom
"USA"	:	United States of America
"Victech"	:	Victech Solutions Sdn Bhd (1137771-A)

Currencies

"AED"	:	United Arab Emirates Dirham
"BND"	:	Brunei Dollar
"RM" and "sen"	:	Ringgit Malaysia and sen respectively
"IDR"	:	Indonesian Rupiah
"INR"	:	Indian Rupee
"SGD"	:	Singapore Dollar
"USD"	:	United States Dollars

DEFINITIONS (Cont'd)

Technical Glossary

- "2D" : 2 dimensional
- "3D" : 3 dimensional
- "AutoCAD" : AutoCAD is a commercial software application for 2D and 3D computer-aided design (CAD) and drafting
- "BIM" : Building information modelling involves generation and management of digital representations of physical and functional characteristics of places, which can be exchanged or networked to support decision making. BIM services extend beyond the planning and design phase of a project, extending throughout the building life cycle, supporting processes, including cost management, construction management, project management and facility operation
- "Total Stations" : Total station is an electronic / optical instrument used in modern surveying and building construction. The Total Station is an electronic theodolite (transit) integrated with an electronic distance meter to read slope distances from the instrument to a particular point

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1. CORPORATE DIRECTORY**BOARD OF DIRECTORS**

Name	Designation	Residential Address	Nationality/ Profession	Gender
Dato' Mohd Zakhir Siddiqy Bin Sidek	Independent Non-Executive Chairman	143, Jalan Sepuluh Taman Ampang Utama Jalan Ampang 68000 Ampang Selangor Darul Ehsan	Malaysian/ Director	Male
Datuk Ir. Kunasingam A/L V. Sittampalam	Executive Director	Unit 22-2, Block A Menara Bangsar Jalan Maarof Bangsar 59000 Kuala Lumpur Wilayah Persekutuan (KL)	Malaysian/ Engineer	Male
Dato' Ir. Nitchiananthan A/L Balasubramaniam	Executive Director / Chief Executive Officer	No. 49, Jalan 5/58A Gasing Indah Section 5 46000 Petaling Jaya Selangor Darul Ehsan	Malaysian/ Engineer	Male
Dato' Ir. Khairudin Bin Sidek	Executive Director	No. 10, SS22/27A Damansara Jaya 47400 Petaling Jaya Selangor Darul Ehsan	Malaysian/ Engineer	Male
Mohan A/L Ramalingam	Independent Non-Executive Director	No. 94, Jalan SS22/32 Damansara Jaya 47400 Petaling Jaya Selangor Darul Ehsan	Malaysian/ Director	Male
Foo Lee Khean	Independent Non-Executive Director	7-1-12A, Kiara Green Townhouses Taman Tun Dr Ismail 60000 Kuala Lumpur Wilayah Persekutuan (KL)	Malaysian/ Director	Male
Ir. Sharifah Azlina Bt Raja Kamal Pasmah	Alternate Director to Dato' Ir. Nitchiananthan A/L Balasubramaniam / Chief Operating Officer	Lot 4103 Jalan Haji Hussin Batu 7, Jalan Kebun Seksyen 30 40460 Shah Alam Selangor Darul Ehsan	Malaysian/ Engineer	Female

1. CORPORATE DIRECTORY (Cont'd)**AUDIT COMMITTEE**

Name	Designation	Directorship
Foo Lee Khean	Chairman	Independent Non-Executive Director
Dato' Mohd Zakhir Siddiqy Bin Sidek	Member	Independent Non-Executive Chairman
Mohan A/L Ramalingam	Member	Independent Non-Executive Director

REMUNERATION COMMITTEE

Name	Designation	Directorship
Mohan A/L Ramalingam	Chairman	Independent Non-Executive Director
Dato' Mohd Zakhir Siddiqy Bin Sidek	Member	Independent Non-Executive Chairman
Dato' Ir. Nitchiananthan A/L Balasubramaniam	Member	Executive Director / Chief Executive Officer
Foo Lee Khean	Member	Independent Non-Executive Director

NOMINATION COMMITTEE

Name	Designation	Directorship
Mohan A/L Ramalingam	Chairman	Independent Non-Executive Director
Dato' Mohd Zakhir Siddiqy Bin Sidek	Member	Independent Non-Executive Chairman
Foo Lee Khean	Member	Independent Non-Executive Director

REGISTERED OFFICE

: No. 2-1, Jalan Sri Hartamas 8
Sri Hartamas
50480 Kuala Lumpur
Wilayah Persekutuan (KL)

Telephone number: +603-6201 1120

HEAD OFFICE

: Wisma HSS Integrated
B1 (1-4) Block B, Plaza Dwitasik
No. 21, Jalan 5/106
Bandar Sri Permaisuri
56000 Kuala Lumpur
Wilayah Persekutuan (KL)

Telephone number: +603-9173 0355

EMAIL ADDRESS AND WEBSITE

: Email address: heb@hss.com.my
Website: www.hssgroup.com.my

1. CORPORATE DIRECTORY (Cont'd)

COMPANY SECRETARIES : Jenny Wong Chew Boey (MAICSA 7006120)
Ng Kuan Yee (MIA 17693)
No. 2-1, Jalan Sri Hartamas 8
Sri Hartamas
50480 Kuala Lumpur
Wilayah Persekutuan (KL)

Telephone number: +603-6201 1120

AUDITORS AND REPORTING ACCOUNTANTS FOR OUR IPO : Azman, Wong, Salleh & Co. (AF0012)
12th Floor, Wisma Tun Sambanthan
No. 2, Jalan Sultan Sulaiman
50000 Kuala Lumpur
Wilayah Persekutuan (KL)

Telephone number: +603-2273 2688

SOLICITORS FOR OUR IPO : Deol & Gill
Suite 19-03-03, 3rd Floor
Wisma Tune
No. 19, Lorong Dungun
Damansara Heights
50490 Kuala Lumpur
Wilayah Persekutuan (KL)

Telephone number: +603-2095 9980

PRINCIPAL BANKER : Affin Bank Berhad (25046-T)
17th Floor, Menara Affin
80, Jalan Raja Chulan
50200 Kuala Lumpur
Wilayah Persekutuan (KL)

Telephone No.: +603 2055 9000

INDEPENDENT MARKET RESEARCHER : Protégé Associates Sdn Bhd (675767-H)
Suite C-06-06, Plaza Mont' Kiara
2, Jalan Kiara
Mont' Kiara
50480 Kuala Lumpur
Wilayah Persekutuan (KL)

Telephone No: +603 6201 9301

ADVISER, SPONSOR, UNDERWRITER AND PLACEMENT AGENT : M&A Securities Sdn Bhd (15017-H)
No. 45-11, The Boulevard
Mid Valley City
Lingkaran Syed Putra
59200 Kuala Lumpur
Wilayah Persekutuan (KL)

Telephone number: +603-2284 2911

1. CORPORATE DIRECTORY (Cont'd)

ISSUING HOUSE AND SHARE REGISTRAR : Tricor Investor & Issuing House Services Sdn Bhd
(11324-H)
Unit 32-01, Level 32, Tower A
Vertical Business Suite, Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Wilayah Persekutuan (KL)

Telephone number: +603-2783 9299

LISTING SOUGHT : ACE Market of Bursa Securities

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2. INFORMATION SUMMARY

THE INFORMATION CONTAINED IN THIS SECTION IS INTENDED ONLY TO BE A SUMMARY OF SOME SALIENT INFORMATION RELATING TO US AND OUR IPO, AND THE INFORMATION CONCERNED IS DERIVED FROM AND SHOULD BE READ IN CONJUNCTION WITH THE FULL TEXT OF THIS PROSPECTUS. YOU SHOULD READ AND UNDERSTAND THE WHOLE PROSPECTUS PRIOR TO DECIDING WHETHER OR NOT TO INVEST IN OUR SHARES. YOU ARE ALSO ADVISED TO READ THE RISK FACTORS DESCRIBED IN SECTION 4 OF THIS PROSPECTUS FOR AN UNDERSTANDING OF THE RISKS ASSOCIATED WITH THE INVESTMENT IN OUR GROUP.

2.1 HISTORY AND BUSINESS

We were incorporated in Malaysia on 23 January 2015 under the Act as a private limited company under the name of HSS Engineers Sdn Bhd. We were subsequently converted into a public limited company on 31 March 2015 and assumed our present name.

We are an investment holding company. Through our subsidiaries, we are principally involved in the provision of engineering and project management services (through the Collaboration) including engineering design, project management, construction supervision and BIM services.

In 1988, our founders, Datuk Ir. Kunasingam A/L V. Sittampalam and the late Datuk Ir. Santhakumar A/L C. Sivasubramaniam incorporated HSSI which was registered under the REA to provide civil and structural engineering consultancy services.

The REA required a sole trader, partnership or body corporate providing professional engineering services to be registered as an engineering consultancy practice under the REA.

HSSE was established in 2001 to enter the international markets where the REA does not apply, particularly, the restriction on equity structure and multi-disciplinary services by a single firm. In such markets, service providers offer full complementary services, including architectural, engineering and quantity surveying. Consequently, all of HSSI's operating assets including employees were transferred to HSSE, which is not registered under the REA.

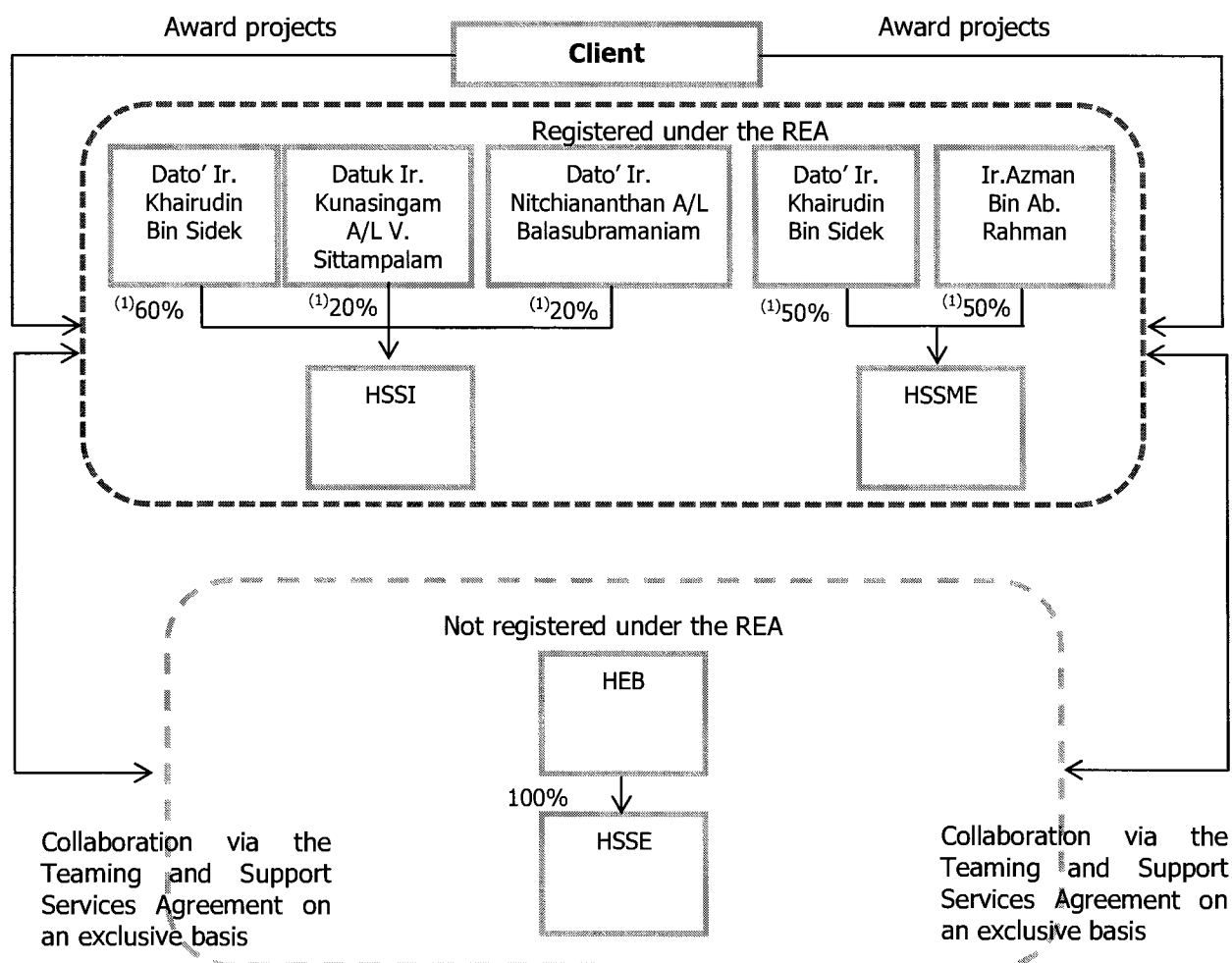
Thereafter, HSSI collaborated exclusively with HSSE wherein HSSE provided Support Services to HSSI.

Subsequently in 2004, HSSME was established and registered under the REA to provide mechanical and electrical consultancy services. HSSME also collaborated exclusively with HSSE.

The Collaboration continued until today and is now governed by the Teaming and Support Services Agreement dated 2 January 2015 (supplemented on 19 June 2015). On 19 June 2015, HSSE entered into the Shareholding Agreements with HSSI, HSSME, and all the shareholders of HSSI and HSSME to ensure the continuity and the continued viability of the Collaboration and to secure HSSE's interests. The Shareholding Agreements with HSSI was supplemented on 6 April 2016 to replace the late Datuk Ir. Santhakumar A/L C. Sivasubramaniam with Dato' Ir. Nitchiananthan A/L Balasubramaniam.

2. INFORMATION SUMMARY (Cont'd)

The diagram below depicts the Collaboration between the parties under the Teaming and Support Services Agreement:-



Note:-

(1) Prior to the Acquisition of HSSI and Acquisition of HSSME

For further information of the Teaming and Support Services Agreement and Shareholding Agreements, please refer to Section 6.2 of this Prospectus.

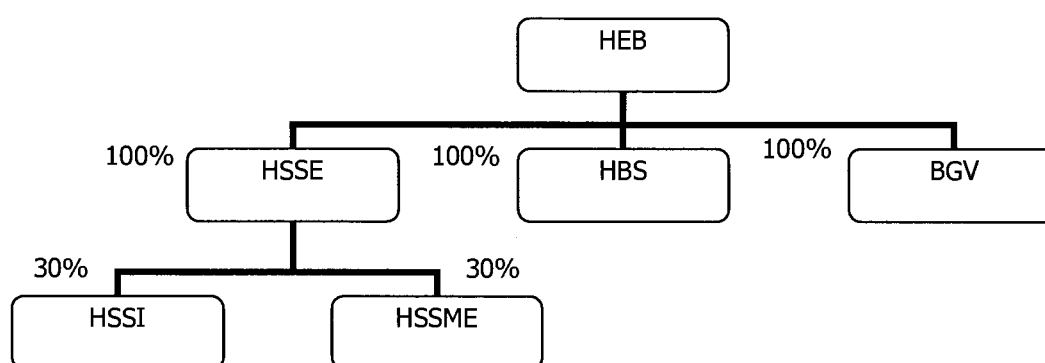
Some of the notable projects which we have recently participated through the Collaboration with HSSI and HSSME, include MRT Line 1, MRT Line 2, Kwasa Damansara Township Development, LRT Ampang Line Extension, North-South Expressway (proposed fourth lane widening between Nilai (U) Interchange and Seremban Interchange), West Coast Expressway from Tg. Karang to Banting, Westports expansion and temporary common camp facilities and infrastructure for refinery and petrochemicals integrated development project in Pengerang, Johor.

2. INFORMATION SUMMARY (Cont'd)

In 2012, our Group adopted BIM, a computer-aided design and modelling technology which encompasses all areas of design, build and project management. Marking our Group's foray into BIM, BGV was incorporated to provide BIM services to our Malaysian clientele, while HBS which was incorporated in India is poised to tap the international market and particularly in the Indian sub-continent and Middle East markets.

In 2015, the REA was amended pursuant to the Registration of Engineers (Amendment) Regulations 2015 to allow non professional engineers to hold thirty percent (30%) shares in an engineering consultancy practice and as such, on 30 May 2016, HSSE completed the Acquisition of HSSI and Acquisition of HSSME after which HSSI and HSSME became our thirty percent (30%)-owned associated companies. Please refer to Section 5.3.6 for further details on the above mentioned acquisitions.

As at the LPD, our Group structure is as follows:-



The details of our Group as at the LPD are summarised as follows:-

Company	Principal activities
Our subsidiaries	
HEB	Investment holding
HSSE	Provision of engineering and project management services ⁽¹⁾
HBS	Provision of BIM services
BGV	Provision of BIM services
Our associated companies held through HSSE	
HSSI	An engineering consultancy company registered under the REA to provide civil and structural consultancy services
HSSME	An engineering consultancy company registered under the REA to provide mechanical and electrical consultancy services

Note:-

⁽¹⁾ Notwithstanding our technical expertise and capacity, in light of Malaysia's regulatory framework as elaborated in Section 2.1 and 6.1 of this Prospectus, our local services offering is limited to providing the Support Services which forms a significant portion of engineering services. Through the Collaboration with HSSI and HSSME, we assist HSSI and HSSME to deliver comprehensive engineering services to their clients.

2. INFORMATION SUMMARY (Cont'd)

Further details of our Group and our business overview are set out in Sections 5 and 6 of this Prospectus, respectively.

2.2 PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT

Our Promoters, substantial shareholders, Directors and key management are as follows:-

Name	Designation
Promoters and substantial shareholders	
Victech	-
Flamingo	-
Datuk Ir. Kunasingam A/L V. Sittampalam	Executive Director
Directors	
Dato' Mohd Zakhir Siddiqy Bin Sidek	Independent Non-Executive Chairman
Datuk Ir. Kunasingam A/L V. Sittampalam	Executive Director
Dato' Ir. Nitchiananthan A/L Balasubramaniam	Executive Director / Chief Executive Officer
Dato' Ir. Khairudin Bin Sidek	Executive Director
Mohan A/L Ramalingam	Independent Non-Executive Director
Foo Lee Khean	Independent Non-Executive Director
Ir. Sharifah Azlina Bt Raja Kamal Pasmah	Alternate Director to Dato' Ir. Nitchiananthan A/L Balasubramaniam / Chief Operating Officer
Key Management	
Datuk Ir. Kunasingam A/L V. Sittampalam	Executive Director
Dato' Ir. Nitchiananthan A/L Balasubramaniam	Executive Director / Chief Executive Officer
Dato' Ir. Khairudin Bin Sidek	Executive Director
Ir. Sharifah Azlina Bt Raja Kamal Pasmah	Chief Operating Officer
Ir. Vimalanathan A/L Perumal	General Manager (Special Projects)
Ganesh Balasubramanian	Director, HBS
Jagannathan Ragunathan	Director, HBS
Ng Kuan Yee	General Manager (Finance)
Suliana Binti Rosli	Legal Manager
Thavaseelan A/L Nadarajah	Human Resource & Administration Manager
Ir. Mathew Phillip A/L V. C Phillip	Group General Manager
Ir. Ten Fui Chan @ Kenneth	General Manager (Transportation)

Further details of the aforementioned persons are set out in Section 8 of this Prospectus.

2. INFORMATION SUMMARY (Cont'd)

2.3 COMPETITIVE STRENGTHS

Our Directors believe that our business sustainability and growth is built on the following competitive strengths:-

- (a) Strong and experienced key management team comprising Executive Directors who have an average of more than thirty (30) years of experience in the engineering consultancy services industry;
- (b) Established and proven track record with over fifteen (15) years of Group's operating history and participation in various landmark projects;
- (c) Extensive and diverse experience and capabilities spanning from conception to commissioning including master planning, detailed design, supervision and project management;
- (d) Emphasis on human capital development with focus and commitment towards continuous improvement in the quality of our workforce;
- (e) Application of the latest technologies which has enabled greater efficiency and performance in service delivery as well as adding value to our services;
- (f) Established relationships with clients via the Collaboration which has enabled us to secure recurring projects from existing clients as well as new clients through recommendations and referrals of existing clients;
- (g) Focus on high quality service delivery which has enabled us to secure ISO certifications; and
- (h) Positioning in the industry as a comprehensive engineering and project management services company which has enabled us to be fully involved in both the infrastructure and building spectrum of the construction and building industry.

Further details of our competitive strengths are set out in Section 6.3 of this Prospectus.

2.4 FUTURE PLANS

Our future plans are as follows:-

- (a) Geographical expansion into India, Middle East and ASEAN regions;
- (b) Continuous enhancement on our three (3) existing core services (i.e. engineering services, project management and BIM services) and proposed venture into a fourth (4th) core service i.e. facility management; and
- (c) Venturing into the provision of Support Services to the water and power generation sectors which are expected to continue receiving strong government support given their strategic importance to the country.

Further details of our future plans are set out in Section 6.4 of this Prospectus.

2. INFORMATION SUMMARY *(Cont'd)*

2.5 RISK FACTORS

Before investing in our Shares, you should carefully consider, along with other matters in this Prospectus, the risks factors in particular risks relating to our business and operations as set out in Section 4 of this Prospectus, which are summarised below:-

(a) Dependency on the Teaming and Support Services Agreement, HSSI and HSSME

Given our reliance on HSSI and HSSME under the Teaming and Support Services Agreement, we will be subject to risk factors affecting HSSI's and HSSME's operations. Failure by HSSI and HSSME to keep or renew their certificate of registration under the REA could result in disruptions in our operations, thereby materially and adversely affecting our business, financial position, results of operations and prospects.

(b) Risk relating to growth and expansion

We plan to venture into the provision of Support Services to the water and power generation sectors, expand our core services offering to include the provision of facility management, and enhance our presence in India, the Middle East and ASEAN regions. Any failure in managing future growth and expansion may adversely affect our business operations and financial performance.

(c) Continuity of our order book

Our services are engaged on project-basis. Should we fail to secure new projects of similar or larger value on a continuous basis, our financial performance may be adversely affected.

(d) Potential liability claims

In view that HSSI and HSSME are the contracting parties with the clients, HSSI and HSSME shall indemnify and hold HSSE harmless against all claims in the course of providing services in accordance with the instructions and directions of HSSI and HSSME. On the contrary, indemnities provided by HSSI and HSSME shall not apply where the infringement arises if the services provided by HSSE are not in accordance to the instructions and directions of HSSI and HSSME.

(e) Dependency on key management and technical team

Our key management and technical team are vital to maintain the quality of our Group's services and to retain the clients' confidence. The loss of a few key personnel simultaneously or within a short time may create an unfavourable or material impact on our Group's operations.

Further risk factors on the industry in which we operate in and risk relating to investment in our shares are set out in Section 4 of this Prospectus.

2. INFORMATION SUMMARY (Cont'd)**2.6 PRINCIPAL STATISTICS RELATING TO OUR IPO**

The following statistics relating to our IPO are derived from the full text of this Prospectus and should be read in conjunction with that text:-

Details	No. of Shares	Par value RM	RM
Authorised share capital	1,000,000,000	0.10	100,000,000
Issued and fully paid-up			
As at the date of this Prospectus	255,264,810	0.10	25,526,481
To be issued pursuant to our Public Issue	63,816,200	0.10	6,381,620
Enlarged issued and paid-up share capital upon our Listing	319,081,010	0.10	31,908,101
IPO Price per Share (RM)			0.50
Market capitalisation⁽¹⁾			159,540,505
Pro forma NA based on our pro forma consolidated statements of financial position as at 31 December 2015			
Pro forma NA upon Listing (RM'000) ⁽²⁾			64,648
Pro forma NA per Share upon Listing (RM) ⁽³⁾			0.20

Notes:-

- (1) Based on our IPO Price and our enlarged issued and paid-up share capital upon Listing.
- (2) After taking into account the Acquisitions of Subsidiaries and Public Issue.
- (3) Based on our enlarged issued and paid-up share capital upon Listing.

Further details on our IPO are set out in Section 3 of this Prospectus.

2. INFORMATION SUMMARY (Cont'd)**2.7 UTILISATION OF PROCEEDS**

The gross proceeds arising from the Public Issue of approximately RM31.9 million shall accrue entirely to us and will be utilised in the following manner:-

Utilisation of proceeds	⁽¹⁾Estimated timeframe for utilisation	RM'000	%
Expansion / venture into same or allied services:-			
- Expansion into India	} 18 months	15,000	47.0
- Venture into the provision of Support Services to the water sector in Malaysia		6,000	18.8
- Venture into the provision of Support Services to the power sector in Malaysia		3,000	9.4
Repayment of bank borrowings	3 months	4,000	12.6
General working capital	12 months	708	2.2
Estimated listing expenses	1 month	3,200	10.0
Total		31,908	100.0

Note:-

⁽¹⁾ From the date of listing of our Shares.

There is no minimum subscription to be raised from our IPO.

Detailed information on our utilisation of proceeds is set out in Section 3.10 of this Prospectus.

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2. INFORMATION SUMMARY (Cont'd)

2.8 FINANCIAL HIGHLIGHTS

2.8.1 Combined Statements of Profit or Loss and Other Comprehensive Income

The following table sets out a summary of our audited combined statements of profit or loss and other comprehensive income for the FYEs 2013 to 2015. The following selected historical financial information should be read in conjunction with the "Management's Discussion and Analysis of Financial Condition and Results of Operations" set out in Section 11.2 of this Prospectus and the Accountants' Report set out in Section 12 of this Prospectus.

The selected historical financial information included in this Prospectus does not purport to predict our Group's financial position, results and cash flows.

	Combined Group		
	FYE 2013	FYE 2014	FYE 2015
	RM'000		
Revenue	101,449	104,575	121,503
Cost of sales	(71,828)	(67,373)	(80,775)
GP	29,621	37,202	40,728
Other income	423	1,248	1,156
Operating expenses	(20,313)	(23,935)	(26,868)
Profit from operations	9,731	14,515	15,016
Finance costs	(842)	(1,095)	(1,296)
PBT	8,889	13,420	13,720
Taxation	(2,181)	(4,271)	(3,586)
PAT	6,708	9,149	10,134
EBIT	9,731	14,515	15,016
Depreciation and amortisation	1,215	1,252	1,430
EBITDA	10,946	15,767	16,446
Gross profit margin (%)	29.2	35.6	33.5
PBT margin (%)	8.7	12.8	11.3
PAT margin (%)	6.6	8.7	8.3
Effective tax rate (%)	24.5	31.8	26.1
Gross EPS (sen) ⁽¹⁾	3.48	5.26	5.37
Net EPS (sen) ⁽¹⁾	2.63	3.58	3.97
Diluted net EPS (sen) ⁽²⁾	2.10	2.86	3.17

Notes:-

- (1) Calculated based on our issued and paid-up share capital of 255,264,810 Shares in issue before our IPO.
- (2) Calculated based on our enlarged issued and paid-up share capital of 319,081,010 Shares after our IPO.

There were no exceptional or extraordinary items during the financial years under review. Our audited combined financial statements for the financial years under review were not subject to any audit qualifications.

2. INFORMATION SUMMARY (Cont'd)

2.8.2 Pro forma Consolidated Statements of Financial Position

The following table sets out a summary of the pro forma consolidated statements of financial position of our Group based on our audited combined financial statements as at 31 December 2015 to show the effects of the Acquisitions of Subsidiaries and Public Issue.

The pro forma consolidated statements of financial position is presented for illustrative purposes only and should be read in conjunction with the Reporting Accountants' letter on the Pro forma Consolidated Statements of Financial Position as set out in Section 12 and 13 of this Prospectus.

	HEB	Pro forma Group	
		I	II
	As at 31 December 2015	After Acquisitions of Subsidiaries	After I and Public Issue
	RM'000		
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	-	5,492	5,492
Intangible assets	-	1,122	1,122
Deferred tax assets	-	48	48
	-	6,662	6,662
CURRENT ASSETS			
Trade receivables	-	53,296	53,296
Other receivables, deposits and prepayments	1,430	5,883	4,453
Tax recoverable	-	566	566
Short term deposits with licensed banks	-	10,284	34,284
Cash and bank balances	*	611	2,749
	1,430	70,640	95,348
TOTAL ASSETS	1,430	77,302	102,010
EQUITY AND LIABILITIES			
EQUITY			
Share capital	*	25,526	31,908
Share premium	-	-	22,326
Foreign currency translation reserve	-	265	265
(Accumulated losses)/retained profits	(7)	10,149	10,149
	(7)	35,940	64,648
NON-CURRENT LIABILITIES			
Hire purchase payables	-	917	917
Retirement benefit obligations	-	60	60
Deferred tax liabilities	-	177	177
	-	1,154	1,154

2. INFORMATION SUMMARY (Cont'd)

	HEB	Pro forma Group	
		I	II
	As at 31 December 2015	After Acquisitions of Subsidiaries	After I and Public Issue
	RM'000		
CURRENT LIABILITIES			
Trade payables	-	19,212	19,212
Other payables, accruals and provisions	4	4,034	4,034
Amount due to related parties	1,433	2,368	2,368
Hire purchase payables	-	749	749
Taxation	-	77	77
Bank overdraft (secured)	-	13,768	9,768
	1,437	40,208	36,208
TOTAL LIABILITIES	1,437	41,362	37,362
TOTAL EQUITY AND LIABILITIES	1,430	77,302	102,010
Number of Shares in issue ('000)	^	255,265	319,081
NA / (Net Liabilities)	(7)	35,940	64,648
NA / (Net Liabilities) per Share (RM)	(70.0)	0.14	0.20
Borrowings (All interest bearing debts)	-	15,434	11,434
Gearing (times)	-	0.43	0.17
Current ratio (times)	1.00	1.76	2.63

Notes:-

* Representing RM10 only.

^ Representing 100 Shares only.

2.8.3 Dividend Policy

Our Company presently does not have any formal dividend policy. Upon Listing, our Board intends to adopt a stable and sustainable dividend policy to allow our shareholders to participate in the profits of our Group while maintaining an optimal capital structure and ensuring sufficient funds for our future growth.

Further details of our dividend policy are set out in Section 11.14 of this Prospectus.

3. PARTICULARS OF OUR IPO

3.1 INTRODUCTION

This Prospectus is dated 29 June 2016. Our IPO is subject to the terms and conditions of this Prospectus.

We have registered a copy of this Prospectus with the SC. We have also lodged a copy of this Prospectus, together with the Application Forms with the ROC. Neither the SC nor the ROC takes any responsibility for its contents.

We have obtained the approval from Bursa Securities vide its letter dated 1 June 2016 for, *inter-alia*, our admission to the Official List of the ACE Market of Bursa Securities and for the permission to deal in and for the listing of and quotation for all our entire enlarged issued and paid-up share capital on the ACE Market of Bursa Securities.

Our Shares will be admitted to the Official List of the ACE Market of Bursa Securities and an official quotation will commence after, *inter-alia*, the receipt of confirmation from Bursa Depository that all of our IPO Shares have been duly credited into the respective CDS Accounts of the successful applicants and the notices of allotment have been issued and despatched to all the successful applicants.

Pursuant to Section 14(1) of the SICDA, Bursa Securities has prescribed our Shares as securities to be deposited into the CDS. Following this, we will deposit our Shares directly with Bursa Depository and any dealings in our Shares will be carried out in accordance with the SICDA and Depository Rules. We will not issue any share certificates to successful applicants.

Pursuant to the Listing Requirements, at least 25.0% of our enlarged issued and paid-up share capital for which listing is sought must be in the hands of a minimum number of 200 public shareholders, each holding not less than 100 Shares each upon admission to the ACE Market of Bursa Securities. We expect to meet the public shareholding requirement at the point of our Listing. In the event we fail to meet the said requirement pursuant to our IPO, we may not be allowed to proceed with our Listing on the ACE Market of Bursa Securities. In such an event, we will return in full, without interest, all monies paid in respect of all applications. If any such monies are not repaid within fourteen (14) days after we become liable to do so, the provision of sub-section 243(2) of the CMSA shall apply accordingly.

You should rely only on the information contained in this Prospectus or any applicable Prospectus supplement. Neither we nor our advisers have authorised anyone to provide you with information that is different and not contained in this Prospectus. The delivery of this Prospectus or any issue made in connection with this Prospectus shall not, under any circumstances, constitute a representation or create any implication that there has been no change in our affairs since the date of this Prospectus. Nonetheless, should we become aware of any subsequent material change or development affecting a matter disclosed in this Prospectus arising from the date of issue of this Prospectus up to the date of our Listing, we shall further issue a supplemental or replacement prospectus, as the case may be, in accordance with the provisions of Section 238 of the CMSA.

3. PARTICULARS OF OUR IPO (Cont'd)

We are not making any invitation to subscribe for our IPO Shares in any jurisdiction and in any circumstances in which such offer or invitation are authorised or lawful to any person to whom it is unlawful to make such an offer or invitation. As the distribution of this Prospectus and the sale of our IPO Shares in certain other jurisdictions may be restricted by law, persons who may be in possession of this Prospectus are required to inform themselves of and to observe such restrictions. The distribution of this Prospectus and the making of our IPO in certain jurisdictions outside Malaysia may be restricted by law. The distribution of this Prospectus and the sale of any part of our IPO Shares are subject to the Malaysian laws and we, together with M&A Securities as our Adviser, Sponsor, Underwriter and Placement Agent, take no responsibility for the distribution of this Prospectus and the offer of any part of our IPO Shares outside Malaysia, which may be restricted by law in certain other jurisdictions.

You must have a CDS account when applying for our IPO Shares. In the case of an application by way of Application Form, you must state your CDS account number in the space provided in the Application Form. If you do not presently have a CDS account, you should open a CDS account at an ADA prior to making an application for our IPO Shares. Please refer to Section 16 of this Prospectus for further details on the procedures for application for our IPO Shares.

In the case of an application by way of Electronic Share Application, only an applicant who is an individual and has a CDS account can make an Electronic Share Application and the applicant shall furnish your CDS account number to the Participating Financial Institution by way of keying in your CDS account number if the instructions on the ATM screen at which you enter your Electronic Share Application require you to do so. A corporation or institution cannot apply for our IPO Shares by way of Electronic Share Application.

In the case of an Application by way of Internet Share Application, only an applicant who has a CDS account and an existing account to their internet financial services with the Internet Participating Financial Institutions can make an Internet Share Application. You shall furnish your CDS account number to the Internet Participating Financial Institutions by keying your CDS account number into the online application form. A corporation or institution cannot apply for our IPO Shares by way of Internet Share Application.

Our IPO is subject to the terms and conditions of this Prospectus and upon acceptance, our IPO Shares are expected to be allocated in the manner described below.

The SC and Bursa Securities assume no responsibility for the correctness of any statement made or of any opinion or report expressed in this Prospectus. Our admission to the Official List of the ACE Market of Bursa Securities shall not be taken as an indication of the merits of our Group, our Shares and/or our IPO exercise. This Prospectus can also be viewed or downloaded from the website of Bursa Securities at www.bursamalaysia.com.

YOU SHOULD RELY ON YOUR OWN EVALUATION TO ASSESS THE MERITS AND RISKS OF THE INVESTMENT. IF YOU ARE IN ANY DOUBT AS TO THE ACTION TO BE TAKEN, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR ANY OTHER PROFESSIONAL ADVISERS IMMEDIATELY.

3. PARTICULARS OF OUR IPO (Cont'd)

3.2 OPENING AND CLOSING OF APPLICATION PERIOD

The Application period will open at 10.00 a.m. on 29 June 2016 and will remain open until at 5.00 p.m. on 22 July 2016 or such further period or periods as our Directors, Promoters, Offerors and Underwriter may in their absolute discretion mutually decide. **LATE APPLICATIONS WILL NOT BE ACCEPTED.**

3.3 IMPORTANT TENTATIVE DATES

Events	Tentative Dates
Issuance of this Prospectus/Opening of Application for our IPO	29 June 2016
Closing of application for our IPO	22 July 2016
Balloting of the application for our IPO Shares	27 July 2016
Allotment of our IPO Shares to successful applicants	8 August 2016
Date of Listing	10 August 2016

These dates are tentative and are subject to changes which may be necessary to facilitate the implementation procedures. Our Directors, Promoters, Offerors and Underwriter may, in their absolute discretion, mutually decide to extend the closing date of the Application to a further date or dates. Should the closing date of the Application be extended, the dates for the balloting, allotment of our IPO Shares and the listing of and quotation for our entire enlarged issued and paid-up share capital on the ACE Market of Bursa Securities would be extended accordingly. Any changes to the closing date of the Application will be advertised in a widely circulated English and Bahasa Malaysia daily newspaper in Malaysia prior to the original closing date of the Application.

3.4 DETAILS OF OUR IPO

3.4.1 Public Issue

A total of 63,816,200 Issue Shares representing approximately 20.0% of our enlarged issued and paid-up share capital are offered at our IPO Price. Our Public Issue is subject to the terms and conditions of this Prospectus. The Issue Shares shall be allocated in the following manner:-

(a) Malaysian Public

15,954,000 Shares, representing 5.0% of our enlarged issued and paid-up share capital, will be made available for application by the Malaysian Public, to be allocated via balloting process.

(b) Eligible Directors, employees and business associates/persons who have contributed to the success of our Group

7,977,000 Shares, representing 2.5% of our enlarged issued and paid-up share capital, will be reserved for our eligible Directors, employees and business associates/persons who have contributed to the success of our Group under the Pink Form Allocations. Further details of our Pink Form Allocations are set out in Section 3.4.3 of this Prospectus.

3. PARTICULARS OF OUR IPO (Cont'd)

(c) Private placement to selected investors

39,885,200 Shares, representing 12.5% of our enlarged issued and paid-up share capital, have been reserved for private placement to selected investors.

The basis of allocation for the Issue Shares shall take into account our Board's intention to distribute the Issue Shares to a reasonable number of applicants to broaden our Company's shareholding base to meet the public spread requirements, and to establish a liquid and adequate market for our Shares. Applicants will be selected in a fair and equitable manner to be determined by our Directors. There is no over-allotment or 'greenshoe' option that will result in an increase in the number of our IPO Shares.

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3. PARTICULARS OF OUR IPO (Cont'd)**3.4.2 Offer for Sale**

31,908,100 Offer Shares, representing 10.0% of our enlarged issued and fully paid-up share capital, are offered by our Offerors to selected Bumiputera investors approved by MITI by way of private placement at our IPO Price. Our Offer for Sale is subject to the terms and conditions of this Prospectus.

The details of our Offerors, who are also our Promoters and their relationship with our Group are as follows:-

Name and registered address	Material relationship with our Group	⁽¹⁾ Before IPO		Offer Shares offered		HEB Shares granted under the Special RSP		⁽³⁾ After IPO	
		No. of Shares	%	No. of Shares	(⁽²⁾)%	No. of Shares	(⁽²⁾)%	No. of Shares	%
Victech No. 2-1, Jalan Sri Hartamas 8 Sri Hartamas 50480 Kuala Lumpur Wilayah Persekutuan (KL)	Promoter and substantial shareholder	121,362,342	47.5	(15,954,050)	5.0	(5,408,292)	1.7	100,000,000	31.3
Flamingo No. 2-1, Jalan Sri Hartamas 8 Sri Hartamas 50480 Kuala Lumpur Wilayah Persekutuan (KL)	Promoter and substantial shareholder	121,362,342	47.5	(15,954,050)	5.0	(5,408,292)	1.7	100,000,000	31.3

Notes:-

- (1) After completion of the Acquisitions of Subsidiaries and the transfer of the 10 subscriber shares in HEB from Ir. Mathew Phillip A/L V. C. Phillip and Ir. Vimalanathan A/L R. Perumal, both of whom are our employees ("Subscribers") to each of the Offerors, but before the Offer for Sale and Special RSP. The Subscribers are merely first shareholders of the Company.

3. PARTICULARS OF OUR IPO (Cont'd)

- (2) Based on our enlarged issued and paid-up share capital of 319,081,010 Shares after our IPO.
- (3) After our Offer for Sale and Special RSP.

The Offerors shall bear all expenses such as placement fee, share transfer fee and miscellaneous fees estimated at approximately RM0.5 million relating to the Offer Shares and HEB Shares granted under the Special RSP. The Offer Shares are not underwritten by our Underwriter.

Further details of our Offerors, who are also our Promoters and substantial shareholders can be found in Section 8.1 of this Prospectus.

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3. PARTICULARS OF OUR IPO (Cont'd)**3.4.3 Pink Form Allocations**

We have allocated 7,977,000 Issue Shares to our eligible Directors, employees and business associates/persons who have contributed to the success of our Group under the Pink Form Allocations as follows:-

Category	No. of eligible persons/ corporations	Aggregate no. of Issue Shares allocated
Eligible Directors	6	2,400,000
Eligible employees	487	4,577,000
Business associates/persons who have contributed to the success of our Group	10	1,000,000
Total	503	7,977,000

The criteria for allocation to our eligible Directors are based on amongst others, the length of their service and their past, recent, anticipated contributions and contributions to our Group. Datuk Ir. Kunasingam A/L V. Sittampalam has opted out of the Pink Form Allocations. Details of the allocation to our Directors are as follows:-

Name	Designation	No. of Issue Shares allocated
Dato' Mohd Zakhir Siddiqy Bin Sidek	Independent Non-Executive Chairman	500,000
Dato' Ir. Nitchiananthan A/L Balasubramaniam	Executive Director / Chief Executive Officer	500,000
Dato' Ir. Khairudin Bin Sidek	Executive Director	500,000
Mohan A/L Ramalingam	Independent Non-Executive Director	200,000
Foo Lee Khean	Independent Non-Executive Director	200,000
Ir. Sharifah Azlina Bt Raja Kamal Pasmah	Alternate Director to Dato' Ir. Nitchiananthan A/L Balasubramaniam	500,000
Total		2,400,000

The criteria of allocation to our eligible employees (as approved by our Board) are based on, *inter-alia*, the following factors:-

- The employee must be at least eighteen (18) years of age;
- The employee must have his/her employment confirmed in writing; and
- The employees' seniority, position, length of service and contribution to our Group.

The number of Issue Shares to be allotted to those business associates/persons who have contributed to the success of our Group shall be based on amongst others, the nature and terms of their business relationship with us, length of their relationship with us and the level of contribution and support to our Group. Business associates/persons who have contributed to the success of our Group include business contacts, suppliers and clients.

3. PARTICULARS OF OUR IPO (Cont'd)

3.4.4 Special RSP

In conjunction with our Listing, 10,816,584 HEB Shares, representing approximately 3.4% of our enlarged issued and fully paid-up share capital, will be granted by our Offerors to our selected employees at zero consideration.

Only Executive Directors and certain eligible employees are selected for the Special RSP. Datuk Ir. Kunasingam A/L V. Sittampalam has opted out of the Special RSP.

Details of the grant of HEB Shares under the Special RSP are as follows:-

Category	No. of eligible persons	Aggregate no. of HEB Shares granted
Eligible Directors	2	7,319,959
Eligible employees	80	3,496,625
Total	82	10,816,584

The Special RSP is a one-off share plan for selected employees as a gesture of our Promoter's goodwill due to their long term and/or close working relationship with these employees. The HEB Shares granted pursuant to the Special RSP will be transferred in full from our Promoters to the selected employees concurrent with our Public Issue and Offer for Sale.

Details of the proposed grant of HEB Shares under the Special RSP to our Directors and key management are as follows:-

Name	Designation	Length of service in HEB Group (years)	No. of HEB Shares granted
Dato' Ir. Nitchiananthan A/L Balasubramaniam	Executive Director / Chief Executive Officer	16	5,213,305
Ir. Sharifah Azlina Bt Raja Kamal Pasmah	Chief Operating Officer	15	2,106,654
Ir. Mathew Phillip A/L V. C Phillip	Group General Manager	16	514,200
Ir. Vimalanathan A/L Perumal	General Manager (Special Projects)	15	514,200
Ir. Ten Fui Chan @ Kenneth	General Manager (Transportation)	16	471,300

3. PARTICULARS OF OUR IPO (Cont'd)

Name	Designation	Length of service in HEB Group (years)	No. of HEB Shares granted
Ng Kuan Yee	General Manager (Finance)	5	361,300
Thavaseelan A/L Nadarajah	Human Resource & Administration Manager	10	364,225
Sub-total			9,545,184
Other eligible employees to be identified			1,271,400
Total			10,816,584

3.4.5 Underwriting Arrangement

Our Underwriter will underwrite 23,931,000 Issue Shares made available for application by the Malaysian Public and Pink Form Allocations. The balance 39,885,200 Issue Shares from the Public Issue and 31,908,100 Offer Shares available for application by selected investors shall be placed out by our Placement Agent.

Any of our Issue Shares which are not subscribed for under Sections 3.4.1(a) and 3.4.1(b) will be made available to selected investors via private placement. Thereafter, any remaining Issue Shares that are not subscribed for will be subscribed by our Underwriter based on the terms of the Underwriting Agreement. However, in the event that all of our Issue Shares under Section 3.4.1(a) are oversubscribed, shares not subscribed for under Sections 3.4.1(b) and 3.4.1(c), if any, will be made available for application by the Malaysian Public.

3.5 SHARE CAPITAL, CLASSES OF SHARES AND RANKINGS

Upon completion of our IPO, our share capital would be as follows:-

Details	No. of Shares	Par value RM	RM
Authorised share capital	1,000,000,000	0.10	100,000,000
Issued and fully paid-up			
As at the date of this Prospectus	255,264,810	0.10	25,526,481
To be issued pursuant to our Public Issue	63,816,200	0.10	6,381,620
Enlarged issued and paid-up share capital upon our Listing	319,081,010	0.10	31,908,101
Offer for Sale⁽¹⁾	31,908,100	0.10	3,190,810
Special RSP⁽¹⁾	10,816,584	0.10	1,081,658
Market capitalisation⁽²⁾			159,540,505

3. PARTICULARS OF OUR IPO (Cont'd)

Notes:-

- (1) Our Offer for Sale and Special RSP would not have any effect on our issued and paid-up share capital.
- (2) Based on our IPO Price and our enlarged issued and paid-up share capital upon Listing.

As at the date of this Prospectus, we have only one (1) class of shares, being ordinary shares of RM0.10 each, all of which rank *pari passu* amongst one another.

The Issue Shares will, upon allotment and issue, rank *pari passu* in all respects with our existing issued and paid-up ordinary shares including voting rights and will be entitled to all rights and dividends and other distributions that may be declared subsequent to the date of allotment of the Issue Shares.

The Offer Shares rank *pari passu* in all respects with our existing issued and paid-up ordinary shares including voting rights and will be entitled to all rights and dividends and other distributions that may be declared subsequent to the date of transfer of the Offer Shares.

The HEB Shares granted pursuant to the Special RSP rank *pari passu* in all respects with our existing issued and paid-up ordinary shares including voting rights and will be entitled to all rights and dividends and other distributions that may be declared subsequent to the date of transfer of the said HEB Shares.

Subject to any special rights attaching to any Shares which may be issued by us in the future, our shareholders shall, in proportion to the amount paid-up on the Shares held by them, be entitled to share in the whole of the profits paid out by us as dividends and other distributions and any surplus in the event of the liquidation of our Group, in accordance with our Memorandum and Articles of Association.

Each of our shareholders shall be entitled to vote at any of our general meeting in person, or by proxy or by attorney or by other duly authorised representative. On a show of hands, every person present who is a shareholder or representative or proxy or attorney of a shareholder shall have one (1) vote, and in the case of a poll, every shareholder present in person or by proxy or by attorney or other duly authorised representative shall have one (1) vote for each ordinary share held. A proxy may but need not be a member of our Group and the provisions of Section 149(1)(b) of the Act shall not apply to our Group.

3.6 OBJECTIVES OF OUR IPO

The objectives of our IPO are as follows:-

- (a) To provide an opportunity for the Malaysian Public, our eligible Directors, our employees and business associates to participate in our equity;
- (b) To enable our Group to raise funds for the purposes specified in Section 3.10 herein;
- (c) To enable us to tap into the equity capital market for future fund raising and to provide us the financial flexibility to pursue future growth opportunities as when they arise;
- (d) To enhance our Group's reputation in the marketing of our services, and to retain and attract new, skilled employees particularly in the engineering and project management services industry; and

3. PARTICULARS OF OUR IPO (Cont'd)

- (e) To enable our Group to gain recognition through our listing status and further enhance our corporate reputation and image to expand our customer base in Malaysia and abroad.

3.7 BASIS OF ARRIVING AT OUR IPO PRICE

Our IPO Price was determined and agreed upon by us and M&A Securities, as our Adviser, Sponsor, Underwriter and Placement Agent, after taking into consideration the following factors:-

- (a) The PE Multiple of approximately 15.8 times based on our Group's pro forma net EPS of approximately 3.17 sen for the FYE 2015 and our enlarged issued and paid-up share capital of 319,081,010 Shares upon Listing. The PE Multiple was benchmarked to the average PE Multiple of approximately 11.7 times of listed construction companies in Malaysia with market capitalisation between RM100.0 million to RM210.0 million as at the LPD in view that our Group's principal activities are dependent on the construction industry and there are no listed companies in Malaysia which has similar principal activities as our Group;
- (b) Our pro forma consolidated NA per Share as at 31 December 2015 after our IPO is RM0.20 based on our pro forma audited consolidated NA as at 31 December 2015 of approximately RM64.6 million and our enlarged issued and paid-up share capital of 319,081,010 Shares upon Listing;
- (c) Our historical financial track record for the past three (3) FYEs 2013 to 2015 summarised as follows:-

	FYE 2013	FYE 2014	FYE 2015
	RM'000		
Revenue	101,449	104,575	121,503
Gross profit	29,621	37,202	40,728
PAT	6,708	9,149	10,134
Net EPS (sen) ⁽¹⁾	2.63	3.58	3.97

Note:-

- (1) Based on our issued and paid-up share capital of 255,264,810 Shares before our IPO.
- (d) Our current order book value (i.e. total value of unbilled contracts already secured) of RM365.9 million as at LPD, details of which are set out in Section 11.11 of this Prospectus;
- (e) Our competitive strengths as set out in Section 6.3 of this Prospectus; and
- (f) Our Group's prospects and future plans as further described in Section 6.4 of this Prospectus.

You should note that our market price upon Listing is subject to the vagaries of market forces and other uncertainties that may affect the price of our Shares. You should form your own views on the valuation of our IPO Shares before deciding to invest in them. You are reminded to carefully consider the risk factors as set out in Section 4 of this Prospectus before deciding to invest in our Shares.

3. PARTICULARS OF OUR IPO (Cont'd)**3.8 TOTAL MARKET CAPITALISATION UPON LISTING**

Based on our IPO Price and our enlarged issued and paid-up share capital of 319,081,010 Shares upon Listing, our total market capitalisation is estimated to be RM159,540,505 upon Listing.

3.9 DILUTION

Dilution is the amount by which our IPO Price exceeds the consolidated NA per Share immediately after our IPO.

Our pro forma consolidated NA per Share as at 31 December 2015 before the Public Issue is RM0.14. After giving effect to the Public Issue including adjustments for the estimated listing expenses, our pro forma consolidated NA per Share as at 31 December 2015 is RM0.20.

This represents an immediate increase in the pro forma consolidated NA per Share to our existing shareholders of RM0.06 and an immediate dilution in the pro forma consolidated NA per Share of RM0.30 to our new public investors. The following table illustrates such dilution on a per Share basis:-

	RM
Pro forma consolidated NA per Share as at 31 December 2015 before Public Issue	0.14
Pro forma consolidated NA per Share as at 31 December 2015 after taking into account the Acquisitions of Subsidiaries and Public Issue	0.20
Increase in the pro forma consolidated NA per Share attributable to existing shareholders	0.06
IPO Price	0.50
Pro forma consolidated NA per Share as at 31 December 2015 after taking into account the Acquisitions of Subsidiaries and Public Issue	0.20
Dilution in the pro forma consolidated NA per Share to our new public investors	0.30
Dilution in the pro forma consolidated NA per Share as a percentage of our IPO Price	60.0%

Further details of our pro forma consolidated NA per Share as at 31 December 2015 is set out in Section 13 of this Prospectus.

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3. PARTICULARS OF OUR IPO (Cont'd)

The following table shows the average effective cost per Share paid by our existing shareholders for Shares acquired by them since our incorporation prior to the date of this Prospectus:-

Shareholders	⁽¹⁾ No. of Shares	Total consideration	Average effective cost per Share
		RM	
Victech	⁽²⁾ 121,362,342	12,136,234	0.10
Flamingo	⁽²⁾ 121,362,342	12,136,234	0.10
Dato' Ir. Nitchiananthan A/L Balasubramaniam	⁽³⁾ 2,786,695	278,669	0.10
Ir. Sharifah Azlina Bt Raja Kamal Pasmah	⁽³⁾ 1,393,346	139,335	0.10
Ganesh Balasubramanian	5,573,390	557,340	0.10
Jagannathan Ragunathan	2,786,695	278,669	0.10
Total	255,264,810	25,526,481	0.10

Notes:-

- (1) Issued pursuant to the Acquisitions of Subsidiaries.
- (2) Including the subscription of 40 shares in HEB by each of the Offerors and the transfer of 10 subscriber shares in HEB by the subscribers to each of the Offerors. The subscribers of the subscriber shares are merely first shareholders of the Company and their shares were transferred to the Offerors pursuant to our Listing.
- (3) Does not include the HEB Shares granted under the Special RSP, as such Shares are granted by the Offerors to selected employees at zero consideration.

Save for the:-

- (a) Shares received by our Offerors/Directors/shareholders pursuant to the Acquisitions of Subsidiaries;
- (b) the subscription of 40 shares in HEB by each of the Offerors and transfer of 10 subscriber shares in HEB to each of the Offerors; and
- (c) the HEB Shares granted to selected employees under the Special RSP and the Pink Form Allocations,

there has been no acquisition or subscription of any of our Shares by our Directors or key management, substantial shareholders or persons connected to them, or any transaction entered into by them which grants them the right to acquire any of our existing Shares, in the past three (3) years up to the LPD.

There is no minimum subscription to be raised from our IPO. However, in order to comply with the public spread requirements of Bursa Securities, the minimum subscription in terms of the number of IPO Shares will be the number of IPO Shares required to be held by public shareholders to comply with the public spread requirements as per the Listing Requirements or as approved by Bursa Securities.

3. PARTICULARS OF OUR IPO (Cont'd)**3.10 UTILISATION OF PROCEEDS****3.10.1 Public Issue**

The estimated gross proceeds arising from the Public Issue of approximately RM31.9 million shall accrue entirely to us and will be utilised in the following manner:-

Utilisation of proceeds	Reference	⁽¹⁾Estimated timeframe for utilisation	RM'000	%
Expansion / venture into same or allied services:-				
- Expansion into India		18 months	15,000	47.0
- Venture into the provision of Support Services to the water sector in Malaysia	(a)		6,000	18.8
- Venture into the provision of Support Services to the power sector in Malaysia			3,000	9.4
Repayment of bank borrowings	(b)	3 months	4,000	12.6
General working capital	(c)	12 months	708	2.2
Estimated listing expenses	(d)	1 month	3,200	10.0
Total			31,908	100.0

Note:-

(1) From the date of listing of our Shares.

Pending the deployment of the proceeds raised from our Public Issue as aforementioned, the funds will be placed in short-term deposits with financial institutions, used to invest in short-term money market instruments as our Directors may deem appropriate.

(a) Expansion into Same or Allied Services

Our expansion into same or allied services comprises our proposed geographical expansion into India and venture into the provision of Support Services to the water and power generation sectors in Malaysia.

We have allocated a total of RM24.0 million of the proceeds raised from our Public Issue to finance our abovementioned proposed expansion into India and venture into the provision of Support Services to the water and power generation sectors in Malaysia. In this regard, our Directors will ensure that the proceeds will not be utilised to finance any ancillary cost in relation to the proposed expansions but will be earmarked towards the actual realisation of the proposed expansion plans. In the event the utilisation of these proceeds departs significantly from this purpose, the relevant announcements shall be made on Bursa Securities and the relevant approvals shall be sought if necessary. In the event that the cash investment sum of our proposed expansion shall exceed the amount allocated, we will seek other alternative form of

3. PARTICULARS OF OUR IPO (Cont'd)

financing, including but not limited to bank borrowing or new issue of HEB Shares and/or other securities.

Geographical Expansion into India

Our Group's existing operations are primarily focused in Malaysia, which contributed approximately 97.5% of our Group's revenue for the FYE 2015. To reduce the dependence on a single market and to ensure long term sustainability, we intend to extend our market presence internationally by expanding our business operations in India.

Our expansion model to India is to acquire existing companies or to establish strategic partnership/joint venture with companies which are already operating in India. RM15.0 million of the IPO proceeds has been allocated for this purpose. As at the LPD, we are in the midst of identifying suitable Indian targets that possess the requisite track record and experience for the potential joint venture or acquisition.

We have identified India as part of our expansion programme because of its large population size and the Indian government's plans to invest in urbanisation. Particularly, under the "Make-in-India" vision as per India Union Budget 2015, the government of India has identified twenty five (25) priority sectors which include amongst others, construction, railways, ports and roads and highways. Further details are set out in the Economic Overview of India in Section 7 of this Prospectus.

(Source: IMR Report)

We have identified areas of growth in industrial building and infrastructure development based on the construction, railways, ports and roads and highways priority sectors.

Please refer to Sections 6.4.1(a) and 6.4.4 of this Prospectus for further details on our future plans to expand into India and the prospects of our Group respectively.

Venturing into the provision of Support Services to the Water and Power Generation Sectors in Malaysia

At present, most of our projects revolve around the highways and transportation sectors with 75% revenue contribution. As part of our medium-term business plan and strategy, we intend to leverage on our established track record and competency together with those of local or foreign partners to further venture into the provision of Support Services to the water and power generation sectors in Malaysia. We have completed several projects in the water and power generation sectors in Malaysia. Kindly refer to Section 6.4.3 for details of these projects.

In terms of our proposed expansion into the provision of Support Services to the water sector, we are currently identifying suitable target companies that have the requisite track record and experience in the water sector for potential joint venture or acquisition. RM6.0 million is allocated towards this purpose, whereby the target company should have experience in areas such as water resources study, water and waste water engineering, dam and hydroelectric power plant engineering, flood mitigation and drainage.

3. PARTICULARS OF OUR IPO (Cont'd)

In terms of our proposed venture into the provision of Support Services to the power generation sector, we are currently seeking to collaborate with local / foreign partners with the relevant expertise and track record for projects within this sector. With the acquired knowledge and track record, we plan to establish a power division within our Group. RM3.0 million is allocated towards this purpose, which will be utilised towards the minimum staffing and rental of office space for this division. The size of the team will be determined according to assessment of the division's business potential, in terms of complexity and value of projects.

Our proposed expansion into the power generation sector will be spearheaded by Dato' Ir. Khairudin Bin Sidek, our Executive Director who has operational experience with power plants during his tenure with Lembaga Letrik Negara (now known as Tenaga Nasional Berhad). In addition, he also has sales, construction and advisory experience with power plants, which stems from his previous working experience with Jurutera Konsultant (SEA) Sdn Bhd, Hyco Worldwide (M) Sdn Bhd and Wahlco Environmental Systems Incorporated, whereby he was involved in various aspects of power plant projects from the construction of power plants to the supply of power plant equipment.

We have carefully identified the water and power generation sectors in Malaysia as part of our expansion programme based on the growing opportunities in these sectors which are illustrated in the IMR Report. Please refer to Sections 6.4.3 and 6.4.4 of this Prospectus for further details on our future venture into the provision of Support Services to the water and power generation sectors in Malaysia and the prospects of our Group respectively.

(b) Repayment of Bank Borrowings

We intend to utilise the proceeds of RM4.0 million to pare down and reduce the utilisation of our bank overdraft facilities. The details of the bank overdraft are set out below:-

Type of banking facility	Interest rate	Tenure	Amount outstanding as at LPD	Proposed repayment	Purpose of borrowings
			RM'000		
Bank overdraft	Base lending rate + 0.75% to 1.25% per annum	On demand	11,249	4,000	Working capital

We have historically and will continue to rely on bank overdraft facilities to supplement our working capital given the payment schedule of our fees (which is based on milestones and deliverables) do not generally match our payment obligations or the cost of our services, for example monthly payment of our employees' salaries.

The proposed repayment will reduce our overall gearing level and result in an annual interest savings of approximately RM0.31 million per annum, assuming the average effective interest rate of 7.85% per annum. However, the actual interest savings may vary depending on the then applicable interest rate.

3. PARTICULARS OF OUR IPO (Cont'd)

(c) General Working Capital Requirements

Approximately RM0.7 million of the proceeds raised from our Public Issue has been earmarked to supplement the working capital requirements of our Group such as payment of salaries, operating expenses and office overheads deemed necessary for the smooth running of our operations.

(d) Estimated Listing Expenses

The amount allocated of RM3.2 million is allocated to meet the estimated cost for our Listing. If our actual listing expenses are higher than the amount budgeted, the deficit will be funded out of the portion allocated for our general working capital requirements. Conversely, if our actual listing expenses are lower than the amount budgeted, the excess will be utilised for our general working capital requirements. The following summarises the estimated expenses incidental to our Listing to be borne by us:-

Estimated listing expenses	RM'000
Fees payable to authorities	150
Printing and advertising fees	55
Professional fees ⁽¹⁾	2,000
Underwriting, placement and brokerage fees	900
Issuing house expenses	50
Miscellaneous ⁽²⁾	45
Total	3,200

Notes:-

- (1) Includes advisory fees for, amongst others, our Principal Adviser, Solicitors, Reporting Accountants and IMR.
- (2) Other incidental or related expenses in connection with our IPO.

3.10.2 Offer for Sale and Special RSP

The Offer for Sale is expected to raise gross proceeds of approximately RM15,954,050 which will accrue entirely to our Offerors and we will not receive any of the proceeds. The Offerors will not receive any proceeds from the Special RSP as the HEB Shares will be granted to the selected employees at zero consideration.

The Offerors shall bear all of the expenses such as stamp duty, placement fee, registration and share transfer fee relating to the Offer Shares and HEB Shares to be granted under the Special RSP, the aggregate of which is estimated to be approximately RM0.5 million.

3. PARTICULARS OF OUR IPO (Cont'd)

3.10.3 Financial Impact from Utilisation of Proceeds

(a) Interest Savings

Interest expense is expected to reduce by approximately RM0.31 million per annum assuming the effective interest rate of 7.85% per annum. However, the actual interest savings may vary depending on the then applicable interest rate.

(b) Enhancement of Working Capital

We intend to utilise approximately RM0.7 million from our IPO proceeds for our working capital requirements which will be used to part finance our day-to-day operations such as payment of salaries, operating expenses and office overheads deemed necessary for the smooth running of our operations.

(c) Business Growth

We intend to utilise approximately RM24.0 million from our IPO proceeds to expand / venture into same or allied services, in which case, we have identified our proposed expansion to India and into the provision of Support Services to the water and power generation sectors in Malaysia for our engineering and project management services. This will in turn provide growth and increase in revenue and contribute positively to our earnings.

3.11 BROKERAGE, PLACEMENT AND UNDERWRITING COMMISSION

Underwriting Commission

Our Underwriter has agreed to underwrite 23,931,000 Issue Shares made available for application by the Malaysian Public and Pink Form Allocations. We are obliged to pay our Underwriter an underwriting commission of 3.0% of the total value of the underwritten Shares at our IPO Price.

Placement Fees

Our Placement Agent has agreed to place out the balance 39,885,200 Issue Shares from the Public Issue and 31,908,100 Offer Shares to be offered to selected investors. We are obliged to pay our Placement Agent a placement fee of 2.5% of the value of the 39,885,200 Issue Shares placed out to investors selected by our Placement Agent, at our IPO Price. The placement fee of 2.5% of the value of the 31,908,100 Offer Shares placed out to investors selected by our Placement Agent will be borne entirely by the Offerors.

Brokerage Fees

Brokerage is payable in respect of the Issue Shares at the rate of 1.0% of our IPO Price in respect of successful applicants which bear the stamp of member companies of Bursa Securities, member of the Association of Banks in Malaysia, members of the Malaysia Investment Banking Association in Malaysia or Issuing House.

3. PARTICULARS OF OUR IPO (Cont'd)

3.12 SALIENT TERMS OF THE UNDERWRITING AGREEMENT

We have entered into the Underwriting Agreement with M&A Securities, to underwrite 23,931,000 Issue Shares ("Underwritten Shares") as set out in Section 3.4.5 of this Prospectus.

The salient terms of the Underwriting Agreement are set out below:-

3.12.1 Conditions Precedent

- (a) The obligations of the Underwriter under the Underwriting Agreement is conditional upon:-
 - (aa) The Underwriter being provided with such reports or confirmation and being satisfied on the Closing Date that:-
 - (i) no material change or any development likely to result in a material adverse change in the financial position, business operations or conditions (financial or otherwise) of the Group; or
 - (ii) there has not occurred any event or the discovery of any facts or circumstances which would render any representations, warranties or undertakings in the Underwriting Agreement to be materially untrue or inaccurate or result in a material breach of the Underwriting Agreement by the Company;
 - (ab) The Underwriter receiving a certificate in the format provided in the Underwriting Agreement signed by the duly authorised officers of the Company stating there has been no such change, development or occurrence of/the warranties or undertakings stated in the Underwriting Agreement;
 - (ac) The Underwriter receiving certified true copy of the Board's resolution:-
 - (i) approving the Prospectus and the Application Forms, the Underwriting Agreement and the transactions contemplated by it; and
 - (ii) authorising a person to sign and deliver the Underwriting Agreement on behalf of the Company;
 - (ae) The Shares not being prohibited or impeded in any manner whatsoever and all consents, approvals, authorisations or other orders required by the Company under all relevant laws for or in connection with the Shares and/or the Listing have been obtained and are in force on the Closing Date or the Underwriter being reasonably satisfied that the same will be in force on the Closing Date;
 - (af) The Underwriter being satisfied that the Company has complied with and that the Shares are in compliance with the policies, guidelines and requirements of the SC and Bursa Securities and all revisions, amendments and/or supplements to it;
 - (ag) The FTSE Bursa Malaysia Kuala Lumpur Composite Index ("Index") is, at the close of normal trading on Bursa Securities, on any Market Day:-
 - (i) on or after the date of the Underwriting Agreement;

3. PARTICULARS OF OUR IPO (Cont'd)

- (ii) prior to the allotment of the Issue Shares, and
- (iii) not lower than ninety percent (90%) of the level of the Index at the last close of normal trading on the relevant exchange on the Market Day immediately prior to such date and remains at or below that level for at least three (3) consecutive Market Days;
- (ah) There being no breach of and/or failure to perform any of the terms and/or the undertakings contained in the Underwriting Agreement by the Company;
- (ai) SC having registered the Prospectus;
- (aj) The offering of the Issue Shares and Offer Shares having been approved by Bursa Securities and any other relevant authority or authorities and remaining in full force and effect and that all conditions precedent to the approvals (except for any which can only be complied with after the Public Issue and Offer for Sale have been completed) have been complied with;
- (ak) Upon the Underwriter's (in this regard, in its capacity as the placement agent for the Placement Shares) receipt of the full subscription monies for the Placement Shares on or before the last date for payment of the Placement Shares;
- (al) The delivery to the Companies Commission of Malaysia of the Prospectus for registration in accordance with the requirements of Section 42 of the Act; and
- (am) The launching of Prospectus taking place within three (3) months from the date of the Underwriting Agreement or such other later date mutually agreed by the Underwriter and the Company.

(collectively, "Conditions Precedent").

- (b) If any of the conditions in Sections 3.12.2(ac), (ad), (al) and/or (am) are not satisfied within three (3) months from the date of the Underwriting Agreement or such other later date as mutually agreed by the Underwriter and the Company and/or if any of the conditions in Sections 3.12.2(aa), (ab), (ae) to (aj) to the extent not waived are not satisfied by the Closing Date, the Underwriter after consultation with the Company shall be entitled to terminate the Underwriting Agreement and thereafter the parties shall be released and discharged from their obligations hereunder but without prejudice to the rights of the Underwriter under Section 3.12.3(b).

3.12.2 Termination by Underwriter due to Adverse Changes

- (a) Notwithstanding anything contained in the Underwriting Agreement, the Underwriter may at any time on or before the Closing Date, terminate its obligations under the Underwriting Agreement if:-
 - (aa) in the reasonable opinion of the Underwriter, there shall have been such a change in national or international monetary, financial, political or economic conditions or exchange control or currency exchange rates that would materially prejudice the success of the IPO; or
 - (ab) there shall have occurred, happened or come into effect any event or series of events beyond the reasonable control of the Underwriter (including but not limited to, acts of government, strikes, national disorder, declaration of a state of emergency, lockouts, fire, explosion, flooding, landslide, civil commotion,

3. PARTICULARS OF OUR IPO (Cont'd)

- hurricanes/typhoons, tsunami, widespread diseases, acts of war, sabotage, acts of God etc) which would have, or can reasonably be expected to have, a material adverse effect on the business or the operations of the Company or company in the Group or the success of the IPO, or which is likely to have the effect of making any material part of the Underwriting Agreement incapable of performance in accordance with its terms; or
- (ac) there shall be the imposition of any moratorium, suspension or material restriction on trading in all securities generally on Bursa Securities which would materially prejudice the success of the IPO; or
- (ad) there shall be any development, occurrence or any change or prospective change in or any introduction or prospective introduction of any legislation, regulation, policy, directive, guideline, ruling or any request or interpretation by the SC, or any other regulatory authority, whether or not having the force of law, or occurrence of any other nature, which will materially and adversely affect the Company or any company in the Group and the success of the IPO, the business and/or prospects of the Company and/or any company in the Group, or which is likely to have the effect of making any material part of the Underwriting Agreement incapable of performance in accordance with its terms; or
- (ae) there is any government requisition or occurrence of any other nature which materially and adversely affects or will materially and adversely affect the business and/or financial position of the Company and/or any company in the Group; or
- (af) the Index is, at the close of normal trading on Bursa Securities, on any Market Day:-
- (i) on or after the date of the Underwriting Agreement;
 - (ii) prior to the allotment of the Issue Shares, and
 - (iii) lower than ninety percent (90%) of the level of the Index at the last close of normal trading on the relevant exchange on the Market Day immediately prior to such date and remains at or below that level for at least three (3) Market Days; or
- (ag) there is any breach by the Company of any of the representations, warranties and undertakings set forth in the Underwriting Agreement which materially and adversely affects the success of the IPO, or which is likely to have the effect of making any material part of the Underwriting Agreement incapable of performance in accordance with its terms; or
- (ah) there is any failure on the part of the Company to perform any of its obligations under the Underwriting Agreement; or
- (ai) there is any withholding by the Company of any information of a material nature from the Underwriter which will have or may reasonably be expected to have a material and adverse effect on the success of the IPO, the business and/or prospects of the Company and/or any company in the Group, or which is likely to have the effect of making any material part of the Underwriting Agreement incapable of performance in accordance with its terms; or

3. PARTICULARS OF OUR IPO (Cont'd)

- (aj) there is any material and adverse change to the business and/or financial position of the Company and/or any company in the Group.
- (b) If the Underwriter terminates its obligation pursuant to Section 3.12.3(a), the parties shall be released and discharged from their respective obligations hereunder save for the Underwriter's rights to the following:-
 - (a) full payment of the underwriting commission of 3.0% of the Issue Price of the Underwritten Shares;
 - (b) costs and expenses incurred by the Underwriter (i) in connection with the underwriting of the Underwritten Shares (including marketing costs) or (ii) prior to Closing Date if the Underwriter terminates this Agreement or treats itself as discharged or released from its obligations under this Agreement (including late interest payment, if applicable); and
 - (c) right to be indemnified by the Company pursuant to the Underwriting Agreement.

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4. RISK FACTORS

NOTWITHSTANDING THE PROSPECTS OF OUR GROUP AS OUTLINED IN THIS PROSPECTUS, YOU SHOULD CAREFULLY CONSIDER THE FOLLOWING RISK FACTORS (WHICH MAY NOT BE EXHAUSTIVE) THAT MAY HAVE A SIGNIFICANT IMPACT ON OUR FUTURE PERFORMANCE, IN ADDITION TO ALL OTHER RELEVANT INFORMATION CONTAINED ELSEWHERE IN THIS PROSPECTUS, BEFORE MAKING AN APPLICATION FOR OUR IPO SHARES.

4.1 RISKS RELATING TO OUR BUSINESS AND OUR OPERATIONS

4.1.1 Dependency on the Teaming and Support Services Agreement, HSSI and HSSME

Since the establishment of HSSE's business in 2001, HSSE has been co-operating and working in a strategic business collaboration with HSSI and subsequently with HSSME under the Teaming and Support Services Agreement.

Pursuant to the Teaming and Support Services Agreement, both HSSI and HSSME are bound under an exclusive arrangement to collaborate, co-operate and work together with HSSE to bid for, procure, obtain, or otherwise provide engineering and project management services. HSSE currently derives all of its revenues from HSSI and HSSME via the Teaming and Support Services Agreement. Under the Teaming and Support Services Agreement, HSSE shall identify, source and select potential projects and provide the Support Services to HSSI and HSSME; whereas HSSI and HSSME, each an engineering consultancy practice registered under the REA, shall provide professional engineering services for the projects.

Given our reliance on HSSI and HSSME under the Teaming and Support Services Agreement, we will be subject to those risk factors affecting the operations of HSSI and HSSME, details as follows:-

(a) REA Registration

Under the REA, a body corporate providing professional engineering services may only practise as an engineering consultancy practice if it is registered with the Board of Engineers Malaysia and has been issued with a certificate of registration. HSSI is registered under the REA to provide civil engineering consultancy services while HSSME is registered under the REA to provide mechanical and electrical consultancy services.

If the Board of Engineers Malaysia finds that:-

- (i) the engineering consultancy practice or any of its director or shareholder has breached, or failed to comply with or carry out, any of the terms, conditions or restrictions imposed by the Board of Engineers Malaysia upon registration of that engineering consultancy practice;
- (ii) the composition of the board of directors or shareholders of the engineering consultancy practice does not comply with provisions of the REA;
- (iii) the engineering consultancy practice has failed to furnish information relating to any change in the composition of its board of directors or shareholders to the Board of Engineers Malaysia within thirty (30) days of such change; or
- (iv) the director, shareholder or employee of an engineering consultancy practice, being a person registered under the REA, has committed, or is guilty of, or has contributed to, any of the acts or things set out in the REA, which includes *inter-alia*:-

4. RISK FACTORS (Cont'd)

- (aa) if he is convicted of any offence involving fraud or dishonesty or moral turpitude in Malaysia or elsewhere; or
- (ab) if he offers or accepts any commission which in the opinion of the disciplinary committee of the Board of Engineers Malaysia is an illicit commission; or
- (ac) if his registration under the REA has been obtained by fraud or misrepresentation; or
- (ad) if he is found to be incapable or no longer able to perform his professional duties effectively; or
- (ae) if he becomes a bankrupt; or
- (af) if he fails to discharge his professional duties with due skill, care and diligence,

the Board of Engineers Malaysia may by written notice to the engineering consultancy practice, order, the issuance of a written warning or reprimand to; the imposition of a fine not exceeding RM50,000 on; the suspension of the registration for a period not exceeding two (2) years of; the cancellation of the registration of; or any combination of the above sanctions on, the engineering consultancy practice.

HSSI and HSSME must comply with the restrictions and conditions imposed by the Board of Engineers Malaysia under the REA in order to keep its certificate of registration. If HSSI and HSSME fail to comply with the applicable conditions and restrictions imposed by the Board of Engineers Malaysia, then its certificate of registration may be suspended or cancelled. Separately, HSSI and HSSME may also encounter delays in the annual renewal of their respective certificate of registration.

Given our reliance on the Teaming and Support Services Agreement, any failure by HSSI and HSSME to keep or renew their certificate of registration under the REA could result in suspension of our business operations, restriction or prohibition of certain business activities, or commencement of new business, thereby materially and adversely affecting our business, financial position, results of operations and prospects.

Notwithstanding the above, HSSI and HSSME have not experienced any instances of failure and/or delays in renewing their certificate of registration under the REA from the date they were first registered with the Board of Engineers Malaysia.

The DDWG is of the view that HSSE's role under the Teaming and Support Services Agreement is not under the purview of REA and hence HSSE is not required to be registered as an engineering consultancy practice under the REA.

4. RISK FACTORS (Cont'd)

(b) Continuity of HSSI and HSSME

As at LPD, pursuant to the Registration of Engineers (Amendment) Regulations 2015:-

- (i) at least seventy percent (70%) of shares of a body corporate registered as an engineering consultancy practice under the REA must be held by Professional Engineers (as defined by the REA) with Practising Certificate (as defined by the REA); and
- (ii) at least two third (2/3) of the board of directors of a body corporate registered as an engineering consultancy practice under the REA are Professional Engineers (as defined by the REA) with Practising Certificate (as defined by the REA).

The continuity of HSSI and HSSME is dependent on its succession planning to ensure that the shareholdings and directorships requirements under the REA are met at all times. Failure by HSSI and HSSME to comply with these requirements may result in its certificate of registration being suspended or cancelled, which could then result in suspension of our business operations, restriction or prohibition of certain business activities, or commencement of new business, thereby materially and adversely affecting our business, financial position, results of operations and prospects.

To ensure continuity of the Collaboration:-

- (i) HSSI and HSSME will continuously groom and develop younger members of the management team of HSSE (as nominated by HSSE) to gradually assume greater responsibilities as part of its succession planning. In this regard, HSSE has identified first and second line of successors for HSSI and HSSME. HSSI and HSSME have tailored a structured plan for the continuous grooming of their identified successors which includes enhancing their relevant management and technical skills through proper training and development programmes. As an integral part of their succession planning programme, HSSI and HSSME also undertake regular and constant monitoring of the progress of their identified successors; and
- (ii) HSSE has entered into the Shareholding Agreements with HSSI, HSSME, and all the shareholders of HSSI and HSSME. The Shareholding Agreements seek to deal with three (3) circumstances:-
 - (aa) Upon the death or incapacity of any shareholder of HSSI and HSSME or where any shareholder of HSSI and HSSME shall be deregistered as a registered professional engineer under the REA or any applicable law, HSSE shall have the option to purchase all of the shares in HSSI or HSSME held by that shareholder or to nominate a registered engineer of its choice to purchase the shares in HSSI or HSSME (subject always to compliance with the requirements of the REA or any other applicable laws).
 - (ab) In the event the REA / Board of Engineers Malaysia allow equity holding by a non-registered entity, HSSE has the option to purchase shares in HSSI / HSSME. The option may be exercised by HSSE at any time or from time to time and there is no limit in time for HSSE to exercise this option. The existing shareholders of HSSI / HSSME shall sell their shares in equal proportions to HSSE pursuant to the exercise of the option.

4. RISK FACTORS *(Cont'd)*

- (ac) No new allotment or issuance of shares in HSSI or HSSME shall be carried out without the written consent of HSSE. No shares held by the shareholders in HSSI and HSSME may be sold, transferred, assigned, disposed, or dealt with without the written consent of HSSE. In addition, the shareholders of HSSI and HSSME have also undertaken not to pledge, charge, or howsoever encumber their shares in HSSI and HSSME.

The Shareholding Agreements shall be binding on the estates, heirs, administrators, executors, lawful successors, receivers or managers, lawful representatives, and legal assigns of HSSI, HSSME and all the shareholders of HSSI and HSSME. Further details of the Shareholding Agreements including the price of the options are set out in Section 6.2.2 of this Prospectus.

In 2015, the REA was amended pursuant to the Registration of Engineers (Amendment) Regulations 2015 to allow non-professional engineers to hold thirty percent (30%) shares in an engineering consultancy practice. As such, on 30 May 2016, HSSE acquired thirty percent (30%) of the ordinary shares in HSSI and HSSME, after which HSSI and HSSME became our associated companies. Please refer to Section 5.3.6 of this Prospectus for further details on the above mentioned acquisitions.

4.1.2 Reliance on Infrastructure Projects Awarded by Governmental Bodies

We are principally involved in the provision of engineering and project management services to governmental bodies and private sectors particularly. For the FYE 2015, as much as 71% of our revenue was contributed by Government in line with our major revenue contribution from infrastructure projects. As such, failure to continue securing projects awarded from governmental bodies could adversely affect our financial performance. Factors that could affect our prospects of securing future contracts from governmental bodies include but are not limited to changes in government framework and curtailments in government expenditures towards the construction industry, as well as competition from new and existing market players.

Notwithstanding the above, we have established cordial relationships with the clients in the government bodies, agencies and government-linked companies. We are confident that we are able to compete with new and existing market players in securing new projects from governmental bodies by leveraging on our proven track record, experience and our competitive advantages in the engineering and project management services industry. Nevertheless, there can be no assurance that we will continue securing projects from governmental bodies moving forward.

4.1.3 Risk Relating to our Growth and Expansion

Our growth and expansion plans are subject to the opportunity risks as they have yet to materialise. Further, as and when these plans materialise, we would be exposed to the relevant risks associated with each respective area of expansion.

At present, most of our projects revolve around infrastructure developments including highways, rail transit systems and railways, ports, retail and commercial development. Moving forward, as part of our medium-term business plan and strategy, we intend to expand our engineering and project management services to the water and power generation sectors and expand our core services offering with the addition of a fourth (4th) core service i.e. provision of facility management. In addition, we also aim to enhance our business presence in India, the Middle East and ASEAN regions. Please refer to Sections 6.4.1 to 6.4.3 of this Prospectus for further details of these plans.

4. RISK FACTORS (Cont'd)

Although we have allocated proceeds towards these expansion plans as set out in Section 3.10.1, there is no assurance that these plans will successfully materialise within the stipulated time expected. Our Board will proceed with the plans in each respective area of expansion as and when a feasible opportunity arises.

Details of the risks in our growth and expansion plans are further set out below.

Enhancing our Business Presence in India, the Middle East and ASEAN Regions

Our future geographical expansion plans to India, Middle East and ASEAN regions expose us to the uncertainties of the foreign region and their respective business environment, which depend on the respective country's economic, social and political conditions. The financial performance of our operations and the success of our expansion plans may be adversely affected by any political or economic reforms that may arise. This may have adverse effect on our financial, management and operational resources. Any failure to accurately assess the abovementioned issues, amongst others, could affect our Group's business, financial condition and operating results.

We strive to familiarise ourselves with the relevant business requirements and conditions of the respective foreign markets, namely amongst others, the present condition of the local economy and construction industry, the required compliance of all laws and regulations for our business operations in a foreign market, the respective restrictions imposed on a foreign business and knowledge of local industry practices, as well as carefully assess the investment viability of an expansion into new foreign markets. The assessment of our proposed expansion to each foreign market is outlined in Section 6.4.1 of this Prospectus.

Furthermore, we also had hands-on experience in these foreign markets in collaboration with various strategic partners in the past as detailed in Section 6.4.1 of this Prospectus. We believe that through cooperation with and/or acquisition of local strategic partners who have experience in the local business environment, our Group will then be able to minimise the risks associated with expanding in India, the Middle East and ASEAN regions as described above.

Continuous Expansion on our Three (3) Existing Core Services and Proposed Venture into a Fourth (4th) Core Service i.e. Facility Management

We are well-positioned to venture into the provision of facility management services, as we believe that our existing multi-disciplinary engineering expertise can be translated directly towards the provision of facility management as a fourth core service. However, there can also be no assurance that we can compete successfully with other market players despite our existing expertise, especially against market players that possess extensive experience in the provision of facility management service.

We believe that our track record in the engineering and project management services market could serve as a basis for existing clients under the Collaboration to incline towards engaging us for future projects for our existing three (3) core services. Notwithstanding the repeat business that we have experienced with existing clients to date, there can be no assurance that these existing client relationships will continue and that our track record will directly result in more business opportunities within our three (3) existing core services.

4. RISK FACTORS (Cont'd)

Venturing into the provision of Support Services to the Water and Power Generation Sectors in Malaysia

Our venture to provide Support Services to both the water and power generation sectors will expose us to the business risks associated with these sectors. Factors that affect these sectors include, but are not limited to the demand for water services and energy consumption, government spending in these sectors and industrial activity.

To accelerate our venture in the water sector, we intend to undertake a joint venture or acquisition exercise as detailed in Section 3.10.1 of this Prospectus. As at the LPD, we are in the midst of identifying suitable targets that possess the requisite track record and experience in the water sector for the potential joint venture or acquisition.

To provide Support Services to the power generation sector, we intend to set up a power division within our Group by recruiting experienced engineers in the said sector as detailed in Section 3.10.1 of the Prospectus. The power division, upon formation, will be spearheaded by our Executive Director, Dato' Ir. Khairudin Bin Sidek who has experience in power generation sector as detailed in his profile in Section 8.2.2 of this Prospectus.

Notwithstanding the aforementioned plans, there can be no assurance that the successful acquisition of or joint venture with a target in the water sector nor the setting up of a power division will directly result in successful project tenders within these sectors in future.

4.1.4 Continuity of our Existing Order Book

The services provided by our key subsidiary, HSSE are on project basis, ranging between twenty four (24) to sixty (60) months depending on the nature, size and complexity of each project. Given the nature of such appointment, it is necessary for us to secure new projects through the Collaboration on a continuous basis. Should we fail to do so, our financial performance may be adversely affected.

Notwithstanding the above risks, we have not experienced any such failure that has an adverse effect on our operating activities, results of operations and financial condition in the past due to good continuous relationship with the clients, our experience and specialisation. Such relationship, experience and specialisation have encouraged recurring business with the clients and also business with new clients through recommendations and referrals from existing clients via the Collaboration.

4.1.5 Potential Liability Claims

HSSE may be subject to potential liability claims indirectly pursuant to the Teaming and Support Services Agreement. In this respect, both HSSI and HSSME are the contracting parties with the clients and sub-consultants and hence, will be the first party to face potential claims / litigation, credit risks and other liabilities.

Notwithstanding the potential claims against HSSE, pursuant to the Teaming and Support Services Agreement, HSSI and HSSME shall indemnify and hold HSSE harmless against all claims in the course of providing services in accordance with the instructions and directions of HSSI and HSSME. On the contrary, indemnities provided by HSSI and HSSME shall not apply where the infringement arises if the services provided by HSSE are not in accordance to the instructions and directions of HSSI and HSSME.

In each project, we will endeavour to limit our liability to the lower of our fees or the limit of our professional indemnity insurance.

4. RISK FACTORS (Cont'd)

There can be no assurance that our existing insurance coverage is sufficient to compensate for the claims, and in such circumstances, could have a material adverse effect on our results of operations or financial condition.

Notwithstanding the above, we have not experienced any claim for damages arising from our Group's operations which are not sufficiently covered by insurance nor any claim that has had a material adverse impact on our financial performance in the past.

4.1.6 Dependency on Key Management and Technical Team

We believe that our continued and future success largely depends on our continued ability to hire, develop, motivate and retain engineers and other qualified personnel needed to develop new services, support our existing range of services and provide quality services to the clients. Having a strong key management and technical team are vital to maintain the quality of our Group's services whilst retaining the business confidence of the clients. The loss of a few key personnel simultaneously or within a short time may create an unfavourable or material impact on our Group's operations, if there is lack of succession planning or timely replacement or an inability to attract and retain personnel.

We believe that by increasing our profile through the Listing together with continuous development of corporate culture, remuneration, promotion, succession planning and benefits policies, we will be able to retain, attract and hire more talent to drive the growth of the Group.

Notwithstanding the above, we have not experienced any departure of any key management or technical team member which has had a material effect on our business operations in the past.

4.2 RISKS RELATING TO OUR INDUSTRY

4.2.1 Dependency on the Construction Industry

Our Group is predominantly involved in the provision of engineering and project management services to the construction industry. As such, our Group is exposed to the vagaries of the construction industry caused by certain risks inherent in the said industry which include, *inter-alia*, construction delays and cost over-runs which could in turn, adversely affect our business, operations and financial performance.

According to the IMR Report, the Malaysian economy is expected to grow by 4.0 to 4.5% in 2016. The Malaysian construction industry is expected to expand by 7.9% in 2016. The construction industry in Malaysia is also expected to benefit from the implementation of various projects and initiatives by the Malaysian Government to boost domestic investment. Malaysia is undergoing continuous expansion as the economy is expected to maintain moderate growth moving forward whilst the construction industry is expected to benefit tremendously from government-led spending.

However, there can be no assurance for changes in the industry which are beyond our control and our Group will continue to adopt prudent management and efficient operating procedures to adapt to any negative changes in the construction industry.

4. RISK FACTORS (Cont'd)

4.2.2 Political, Regulatory and Economic Risks

The performance of our Group is correlated to the overall economic and political conditions both domestically and internationally, as it is largely dependent on the performance of the construction industry. Like all other business entities, adverse developments in the political, economic and regulatory conditions in Malaysia and the countries in which we operate in could unfavourably affect our financial position and business prospects. These risks include, among others, risks of war, changes in economic conditions, changes in interest rates and unfavourable changes in government policies such as introduction of new regulations, import duties and tariffs.

However, there can be no assurance that adverse political, economic and regulatory changes, which are beyond our control, will not materially affect our Group's businesses despite having prudent financial management and diversification of businesses.

Further, as we also aim to enhance our business presence internationally to India, the Middle East and ASEAN regions, our international expansion will also be subject to the policies of the relevant governments on foreign investment. There can be no assurance that any change in the policies on foreign investment will not have any material effect on our proposed expansion plans.

4.2.3 Competition Risk

Our Group faces competition from existing competitors within the industry we operate in. Some of these existing competitors may have fundamentally similar capabilities and compete on key attributes which include resource ability, competency, reliability, range of services provided, experiences as well as a good track record for timely completion of projects. We compete with diverse competitors ranging from major international players to local players.

Although competition exists in the engineering services industry, it is imperfect due to licencing and registration requirements which partly inhibit absolute free competition. In addition, there are numerous barriers to entry in the industry, including requirements of pre qualifications by clients based on technical compliance, capacity, proven track record, registration with various regulatory bodies, safety record and experiences in the required areas of expertise.

Notwithstanding the competitive environment of the industry, our Group is confident that our competitive advantages, reputable track record and strength give our Group the edge needed to maintain or secure more contracts and market share within the scope of engineering and project management services. We are constantly reviewing our service offering and marketing strategies in response to the ever-changing market conditions and the adoption of new information technology to improve and value-add our service offering.

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4. RISK FACTORS (Cont'd)

4.3 RISKS RELATING TO THE INVESTMENT IN OUR SHARES

4.3.1 No Prior Market for our Shares

Prior to our Listing, there was no public trading for our Shares. Accordingly, there can be no assurance that an active market for our Shares will develop upon our Listing or, if developed, that such market will be sustained. Our IPO Price was determined after taking into consideration a number of factors including but not limited to our historical earnings, prospects and future plans and our financial and operating history. There can be no assurance that our IPO Price will correspond to the price at which our Shares will be traded on the ACE Market of Bursa Securities upon or subsequent to our Listing or that an active market for our Shares will develop and continue upon or subsequent to our Listing.

The price at which our Shares will trade on the ACE Market of Bursa Securities may be influenced by a number of factors including, amongst others, the depth and liquidity of the market for our Shares, investors' individual perceptions of our Group, market and economic conditions.

4.3.2 Failure/Delay in or Abortion of our Listing

Our Listing is exposed to the risk that it may be aborted or delayed on the occurrence of any one or more of the following events:-

- (a) The identified investors fail to subscribe for the portion of our IPO Shares;
- (b) Our Underwriter in exercising its rights pursuant to the Underwriting Agreement discharges itself from their obligations therein; and
- (c) We are unable to meet the public shareholding spread requirement as determined by Bursa Securities, whereby at least 25.0% of our total number of Shares for which listing is sought must be held by a minimum number of 200 public shareholders each holding not less than 100 Shares upon the completion of our IPO and at the point of our Listing.

In this respect, we will exercise our best endeavour to comply with the various regulatory requirements, including, *inter-alia*, the public shareholding spreads requirement in paragraph (c) above for our successful Listing. However, there can be no assurance that the abovementioned factors / events will not cause a delay in or non-implementation of our Listing.

Upon the occurrence of any of these events, investors will not receive any Shares and we will return in full without interest, all monies paid in respect of any application for our Shares within fourteen (14) days, failing which the provisions of sub-sections 243(2) and 243(6) of the CMSA will apply accordingly and we will be liable to repay the monies with interest at the rate of 10.0% per annum or such other rate as may be prescribed by the SC upon expiration of that period until full refund is made.

In the event our Listing is aborted and/or terminated, and our Shares have been allotted to the shareholders, a return of monies to all holders of our Shares could only be achieved by way of cancellation of share capital as provided under the Act and its related rules. Such cancellation requires the sanction of our shareholders by special resolution in a general meeting, consent of 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. There can be no assurance that such monies can be recovered within a short period of time or at all in such circumstances.

4. RISK FACTORS (Cont'd)

4.3.3 Dividend Payment

Our Company, an investment holding company, derives its income mainly from dividends received from our subsidiaries. Hence, our ability to pay future dividend is largely dependent on the performance of our subsidiaries. In determining the size of any dividend recommendation, we will also take into consideration a number of factors, including but not limited to our financial performance, cash flow requirements, debt servicing and financing commitments, availability of distributable reserves and tax-exempt profits / tax credits, future expansion plans, loan covenants and compliance with regulatory requirements.

4.3.4 Trading Price and Volume of our Shares

The trading prices and volume of our Shares could be subject to fluctuations in response to various factors, some of which are not within our control and may be unrelated or disproportionate to our operating results. These factors may include variations in the results of our operations, changes in analysts' recommendations or projections, changes in general market conditions and broad market fluctuations.

In addition, the performance of Bursa Securities is very much dependent on external factors such as the performance of the regional and world bourses and the inflow or outflow of foreign funds. Sentiments are also largely driven by internal factors such as economic and political conditions of the country as well as the growth potential of the various sectors of the economy. These factors invariably contribute to the volatility of trading volumes witnessed on Bursa Securities, thus adding risks to the market price of our listed shares.

Nevertheless, the profitability of our Group is not dependent on the performance of Bursa Securities as the business activities of our Group have no direct correlation with the performance of securities listed on Bursa Securities.

4.4 OTHER RISKS**4.4.1 Continued Control by our Promoters**

Our Promoters will collectively hold 62.6% of our enlarged issued and paid-up share capital upon Listing. Because of the size of their shareholdings, our Promoters will have significant influence on the outcome of certain matters requiring the vote of our shareholders unless they are required to abstain from voting by law and/or as required by the relevant authorities. Nevertheless, as a step towards good corporate governance, we have appointed three (3) Independent Non-Executive Directors which are members of our Audit Committee. The Audit Committee's role is to ensure that, *inter-alia*, all future transactions involving related parties are entered into at arm's length basis, on normal commercial terms which are not more favourable to the related parties than those generally available to the public and are not to the detriment of our minority shareholders.

4.4.2 Future Fund Raising May Dilute Shareholders' Equity

Our capital requirements are dependent on, amongst others, our business, the availability of our resources for attracting, maintaining and enlarging client base and the need to maintain and expand our service offering. Thus, we may need additional capital expenditure for mergers and acquisitions or investments. An issue of new HEB Shares or other securities to raise funds will dilute shareholders' equity interest and may, in case of a rights issue, require additional investment by shareholders.

4. RISK FACTORS (Cont'd)

4.4.3 Forward-Looking/Prospective Statements

Certain statements in this Prospectus are based on historical data which may not be reflective of future results and others are forward-looking in nature that are based on assumptions and subject to uncertainties and contingencies which may or may not be achievable. Whether such statements would ultimately prove to be accurate depends upon a variety of factors that may affect our businesses and operations, and such forward-looking statements also involve known and unknown risks, uncertainties and other factors which may cause our actual results, performance and achievements, or industry results, to be materially different from any future results, plans, performances and achievements, expressed or implied, by such prospective statements. Although we believe that the expectations reflected in such future statements are reasonable at this time, there can be no assurance that such prospective statements or expectations will prove to be correct in the future. Any deviation from the expectations may have a material adverse effect on our business and financial performance.

The above is not an exhaustive list of challenges we are currently facing or that may develop in the future. Additional risks whether known or unknown, may in the future have a material adverse effect on us and/or our Shares.

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5. GENERAL INFORMATION ON OUR GROUP

5.1 INCORPORATION AND HISTORY

We were incorporated in Malaysia on 23 January 2015 under the Act as a private limited company under the name of HSS Engineers Sdn Bhd. We were subsequently converted into a public limited company on 31 March 2015 and assumed our present name.

We are an investment holding company. Through our subsidiaries, we are principally involved in the provision of engineering and project management services (through the Collaboration) including engineering design, project management, construction supervision and BIM services.

There have been no material changes in the manner in which our Company conducts its business or activities since our incorporation up to the LPD.

Please refer to Section 6.1 of this Prospectus for detailed information of our Group's history.

5.2 SHARE CAPITAL

Our authorised share capital is RM100,000,000 comprising 1,000,000,000 ordinary shares of RM0.10 each, of which RM25,526,481 comprising 255,264,810 Shares have been issued and fully paid-up as at the date of this Prospectus. The movements in our issued and paid-up share capital since the date of our incorporation are set out below:-

Date of Allotment	No. of Shares Allotted	Consideration/ Types of Issue	Par Value	Cumulative Issued and Paid-up Share Capital
				RM
23 January 2015	2	RM2 / Subscribers' shares	1.00	2
20 March 2015	20	⁽¹⁾ N/A / Subdivision of shares	0.10	2
1 April 2015	⁽²⁾ 80	RM8 / Cash	0.10	10
7 June 2016	227,397,760	RM22,739,776/ Acquisition of HSSE	0.10	22,739,786
8 June 2016	11,508,714	RM1,150,871 / Acquisition of HBS	0.10	23,890,657
13 June 2016	4,932,306	RM493,231 / Cash pursuant to the HEB Shares Subscription	0.10	24,383,888
14 June 2016	11,425,930	RM 1,142,593 / Acquisition of BGV	0.10	25,526,481

Notes:-

- (1) Not applicable as the subdivision of shares does not involve any consideration.
- (2) The issuance of 80 Shares was undertaken to achieve a board lot of 100 Shares prior to the Acquisitions of Subsidiaries.

As at the LPD, we do not have any outstanding warrants, options, convertible securities and uncalled capital. In addition, there are no discounts, special terms or instalment payment terms applicable to the payment of the consideration for the allotment.

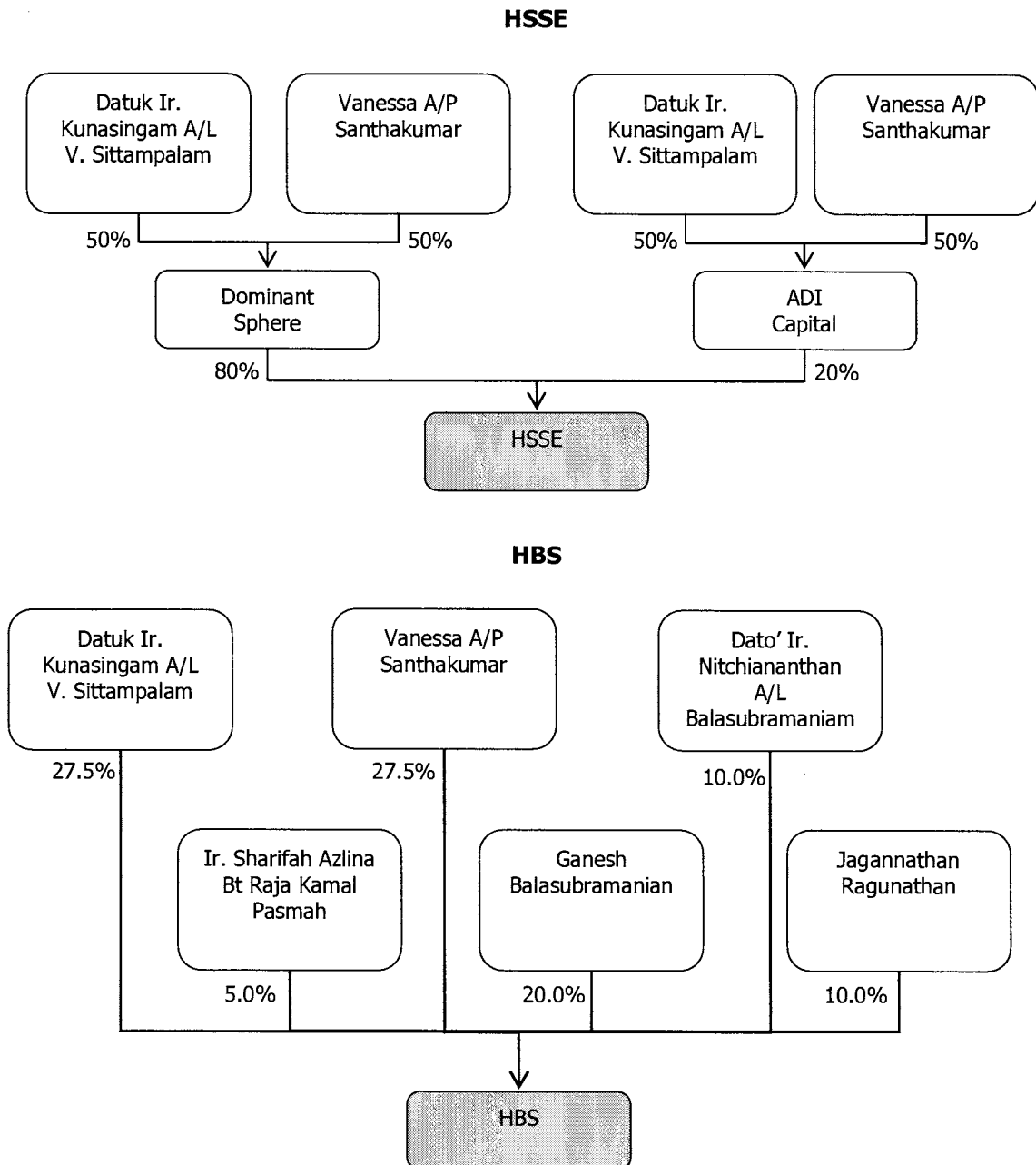
5. GENERAL INFORMATION ON OUR GROUP (Cont'd)

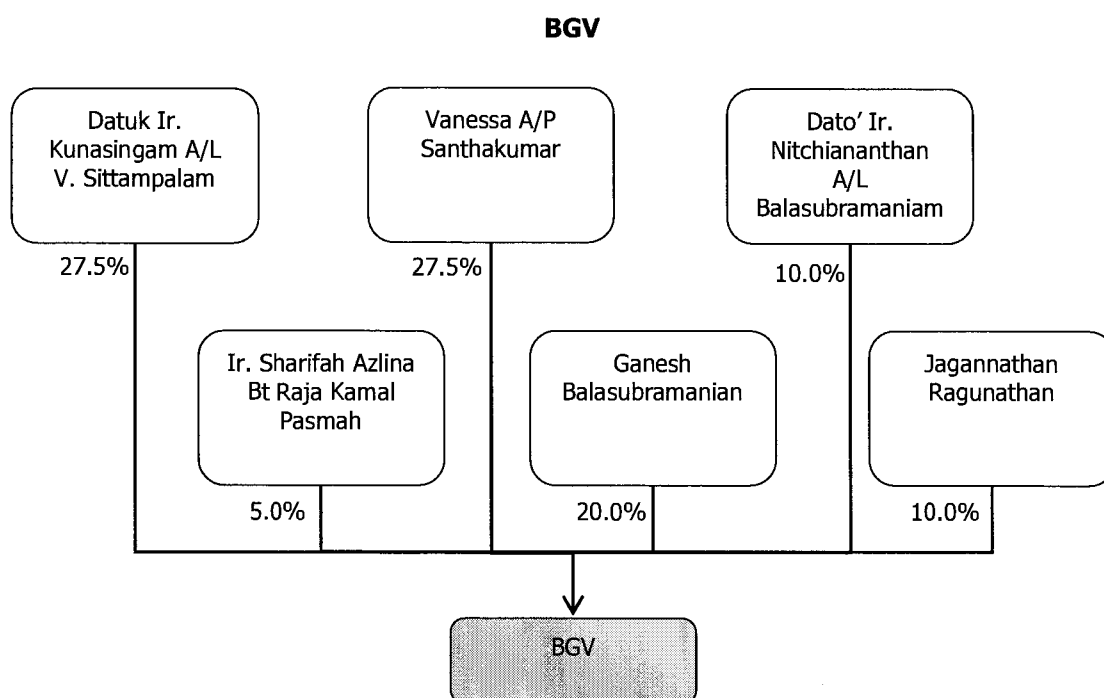
Upon completion of our IPO, our enlarged issued and paid-up share capital will be increased to RM31,908,101 comprising 319,081,010 Shares from the issuance of 63,816,200 Issue Shares.

5.3 ACQUISITIONS OF SUBSIDIARIES AND ASSOCIATED COMPANIES

Prior to our Acquisitions of Subsidiaries, our Group structure was as follows:-

Before the Acquisitions of Subsidiaries



5. GENERAL INFORMATION ON OUR GROUP (Cont'd)

In preparation for our Listing, we have undertaken the Acquisitions of Subsidiaries. Under the Acquisitions of Subsidiaries, our Company had entered into three (3) share sale agreements on 16 April 2015 (as supplemented by supplemental share sale agreements dated 11 April 2016) to acquire the entire equity interest in HSSE, HBS and BGV and a share subscription agreement dated 11 April 2016 for the HEB Shares Subscription. The Acquisition of HSSE, Acquisition of HBS and Acquisition of BGV were completed on 7 June 2016, 8 June 2016 and 14 June 2016 respectively. Thereafter, HSSE, HBS and BGV became our wholly owned subsidiaries. The HEB Shares Subscription was completed on 13 June 2016.

5.3.1 Acquisition of HSSE

We had on 7 June 2016 acquired 100% equity interest in HSSE comprising 5,000,000 ordinary shares of RM1.00 each from Dominant Sphere and ADI Capital for a total purchase consideration of RM22,739,776, details as follows:-

Vendor	No. of shares acquired	% of share capital	Purchase consideration RM
Dominant Sphere	4,000,000	80.0	18,191,821
ADI Capital	1,000,000	20.0	4,547,955
Total	5,000,000	100.0	22,739,776

5. GENERAL INFORMATION ON OUR GROUP (Cont'd)

Pursuant to the Acquisition of HSSE, each of the vendors of HSSE had irrevocably agreed that the total consideration payable by us to the vendors shall be satisfied by the issuance of 227,397,760 new Shares at an issue price of RM0.10 per Share to Victech and Flamingo respectively:-

	Allocation of HEB Shares	
	No. of HEB Shares issued	% allocation
Victech	113,698,880	50.0
Flamingo	113,698,880	50.0
Total	227,397,760	100.0

Prior to the Acquisition of HSSE, HSSE was effectively owned by Datuk Ir. Kunasingam A/L V. Sittampalam (50.0%) and Vanessa A/P Santhakumar (50.0%) via their direct shareholdings in Dominant Sphere and ADI Capital. Pursuant to the Acquisition of HSSE, Datuk Ir. Kunasingam A/L V. Sittampalam and Vanessa A/P Santhakumar had agreed for the consideration (in the form of the new HEB Shares) to be received by their private investment holding companies, Victech and Flamingo respectively. Victech and Flamingo are substantially owned by Datuk Ir. Kunasingam A/L V. Sittampalam (99.0%) and Vanessa A/P Santhakumar (99.0%) respectively. Please refer to Section 8.1.2 of this Prospectus for the background information of Victech and Flamingo.

5.3.2 Acquisition of HBS

We had on 8 June 2016 acquired 100% equity interest in HBS comprising 33,333 ordinary shares of INR10.00 each for a purchase consideration of RM1,644,102 equivalent to INR29,725,684 which was satisfied by cash consideration of RM493,231 (in respect of the acquisition of the equity stake held by Ganesh Balasubramanian and Jagannathan Ragunathan in HBS) and by the issuance of 11,508,714 new Shares at an issue price of RM0.10 per Share (in respect of the acquisition of the equity stake held by Datuk Ir. Kunasingam A/L V. Sittampalam, Vanessa A/P Santhakumar, Dato' Ir. Nitchiananthan A/L Balasubramaniam and Ir. Sharifah Azlina Bt Raja Kamal Pasmah in HBS). Details are as follows:-

Vendor	No. of shares acquired	% of share capital	Purchase consideration RM	No. of HEB Shares issued	Cash RM
Datuk Ir. Kunasingam A/L V. Sittampalam	9,166	27.5	452,128	4,521,281	-
Vanessa A/P Santhakumar	9,167	27.5	452,128	4,521,281	-
Dato' Ir. Nitchiananthan A/L Balasubramaniam	3,333	10.0	164,410	1,644,102	-
Ir. Sharifah Azlina Bt Raja Kamal Pasmah	1,667	5.0	82,205	822,050	-
Ganesh Balasubramanian	6,667	20.0	328,821	-	328,821
Jagannathan Ragunathan	3,333	10.0	164,410	-	164,410
Total	33,333	100.0	1,644,102	11,508,714	493,231

5. GENERAL INFORMATION ON OUR GROUP (Cont'd)

Pursuant to the Acquisition of HBS, Datuk Ir. Kunasingam A/L V. Sittampalam and Vanessa A/P Santhakumar have agreed that all the new HEB Shares to be issued to them are to be received by Victech and Flamingo respectively as detailed below:-

Vendor	Nominee	No. of HEB Shares issued
Datuk Ir. Kunasingam A/L V. Sittampalam	Victech	4,521,281
Vanessa A/P Santhakumar	Flamingo	4,521,281
Total		9,042,562

As mentioned in Section 5.3.1 above, Victech and Flamingo are private investment holding companies of Datuk Ir. Kunasingam A/L V. Sittampalam and Vanessa A/P Santhakumar respectively. Victech and Flamingo are substantially owned by Datuk Ir. Kunasingam A/L V. Sittampalam (99.0%) and Vanessa A/P Santhakumar (99.0%) respectively.

The Acquisition of HBS is subject to the approval of the Foreign Investment Promotion Board, India ("FIPB") pursuant to the requirements of the Consolidated Foreign Direct Investment Policy issued by the Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, Government of India ("Consolidated FDI Policy"). The FIPB had on 25 August 2015 issued a press release stating that the Acquisition of HBS has been approved. In FIPB's formal approval letter dated 3 September 2015, FIPB stated that the Acquisition of HBS is approved subject to the condition that no HEB Shares will be issued to the Indian shareholders in HBS (namely Ganesh Balasubramanian and Jagannathan Ragunathan) through share swap arrangement.

HEB had acquired the equity stake held by the Indian shareholders in HBS for a total cash consideration of RM493,231. Subsequently, the Indian shareholders entered into the share subscription agreement dated 11 April 2016 with HEB for the HEB Shares Subscription.

Details of the HEB Shares Subscription are as follows:-

	Cash consideration	No. of HEB Shares issued
	RM	
Ganesh Balasubramanian	328,821	3,288,204
Jagannathan Ragunathan	164,410	1,644,102
Total	493,231	4,932,306

The HEB Shares Subscription is subject to the approval of The Reserve Bank of India, which approval was obtained vide its letter dated 16 October 2015.

5. GENERAL INFORMATION ON OUR GROUP (Cont'd)**5.3.3 Acquisition of BGV**

We had on 14 June 2016 acquired 100% equity interest in BGV comprising 10,000 ordinary shares of RM1.00 each for a purchase consideration of RM1,142,593 which was wholly satisfied by the issuance of 11,425,930 new Shares at an issue price of RM0.10 per Share. Details are as follows:-

Vendor	No. of shares acquired	% of share capital	Purchase consideration	No. of HEB Shares issued
			RM	
Datuk Ir. Kunasingam A/L V. Sittampalam	2,750	27.5	314,213	3,142,131
Vanessa A/P Santhakumar	2,750	27.5	314,213	3,142,131
Dato' Ir. Nitchiananthan A/L Balasubramaniam	1,000	10.0	114,259	1,142,593
Ir. Sharifah Azlina Bt Raja Kamal Pasmah	500	5.0	57,130	571,296
Ganesh Balasubramanian	2,000	20.0	228,519	2,285,186
Jagannathan Ragunathan	1,000	10.0	114,259	1,142,593
Total	10,000	100.0	1,142,593	11,425,930

Pursuant to the Acquisition of BGV, Datuk Ir. Kunasingam A/L V. Sittampalam and Vanessa A/P Santhakumar have agreed that all the new HEB Shares to be issued to them are to be received by Victech and Flamingo respectively as detailed below:-

Vendor	Nominee	No. of HEB Shares issued
Datuk Ir. Kunasingam A/L V. Sittampalam	Victech	3,142,131
Vanessa A/P Santhakumar	Flamingo	3,142,131
Total		6,284,262

As mentioned in Section 5.3.1 above, Victech and Flamingo are private investment holding companies of Datuk Ir. Kunasingam A/L V. Sittampalam and Vanessa A/P Santhakumar respectively. Victech and Flamingo are substantially owned by Datuk Ir. Kunasingam A/L V. Sittampalam (99.0%) and Vanessa A/P Santhakumar (99.0%) respectively.

As at the LPD, Dominant Sphere and ADI Capital do not hold investments in any other companies. They will be dormant after the completion of the Acquisitions of Subsidiaries.

5. GENERAL INFORMATION ON OUR GROUP (Cont'd)**5.3.4 Basis of Arriving at the Purchase Consideration for the Acquisitions of Subsidiaries**

The total purchase consideration of RM25,526,471 for the Acquisitions of Subsidiaries was arrived based on a "willing-buyer willing-seller" basis after taking into consideration the audited NA of HSSE, HBS and BGV as at 31 December 2014. Details are as follows:-

Company	% of equity interest acquired	Audited NA as at	Purchase consideration
		31 December 2014	
		RM	RM
HSSE	100.0	22,739,776	22,739,776
HBS	100.0	1,644,102	1,644,102
BGV	100.0	1,142,593	1,142,593
Total		25,526,471	25,526,471

5.3.5 Status of the Shares Issued Pursuant to the Acquisitions of Subsidiaries

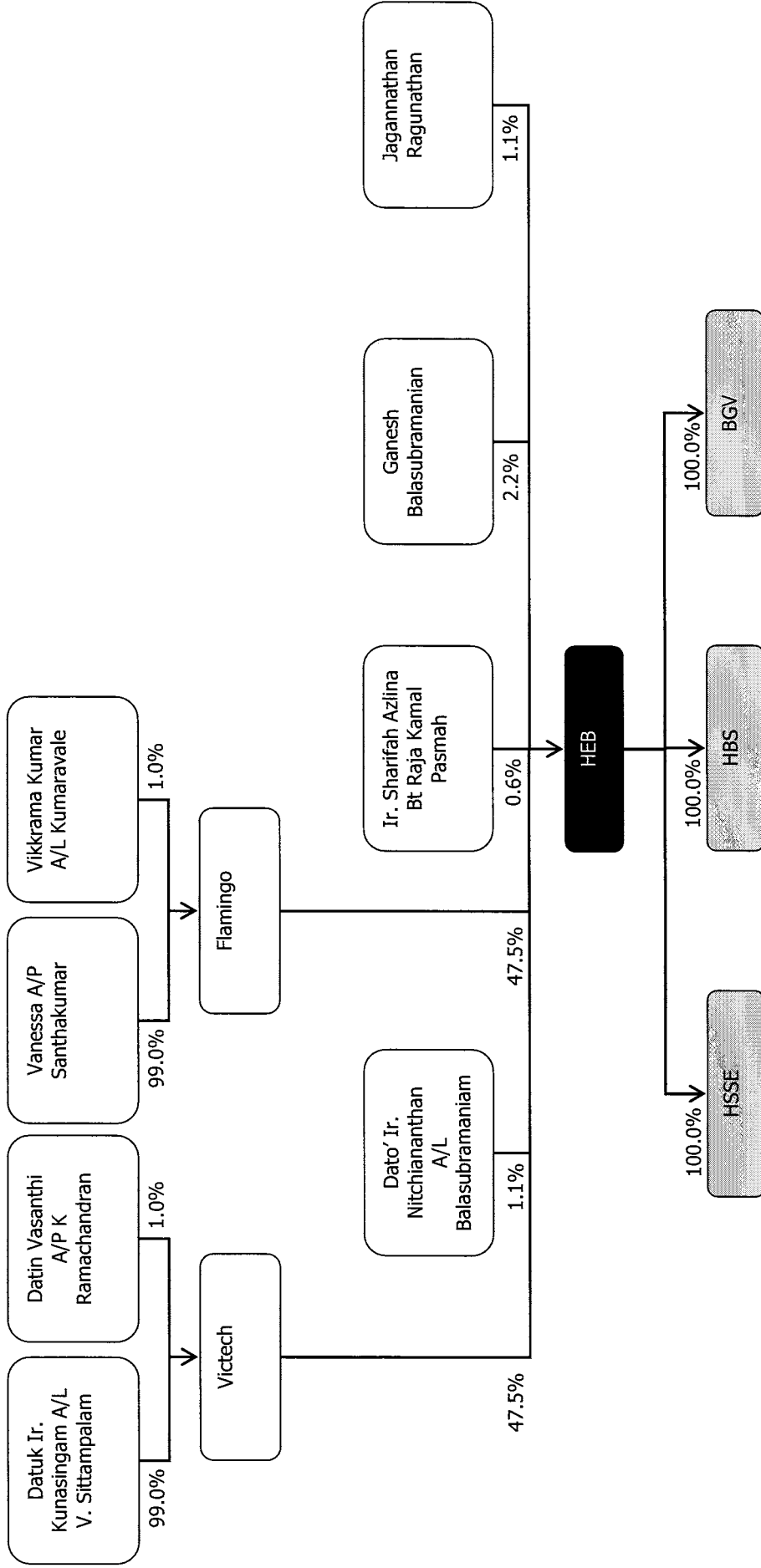
The new Shares issued pursuant to the Acquisitions of Subsidiaries and HEB Shares Subscription rank *pari passu* in all respects with our existing issued and paid-up Shares including voting rights and will be entitled to all rights and dividends and/or other distributions, the entitlement date of which is subsequent to the date of issuance of the new Shares.

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5. GENERAL INFORMATION ON OUR GROUP (Cont'd)

Our Group structure after the Acquisition of Subsidiaries is as follows:-

After the Acquisitions of Subsidiaries



5. GENERAL INFORMATION ON OUR GROUP (Cont'd)

5.3.6 Acquisition of HSSI and Acquisition of HSSME

In 2015, the REA was amended to allow non-professional engineers to hold thirty percent (30%) shares in an engineering consultancy practice. On 30 May 2016, HSSE entered into two (2) share sale agreements to acquire thirty percent (30%) equity interest in HSSI and HSSME.

(a) Acquisition of HSSI

HSSE had on 30 May 2016 acquired thirty percent (30%) equity interest in HSSI comprising 600,000 ordinary shares of RM1.00 each for a purchase consideration of RM897,710 which was wholly satisfied by cash. Details are as follows:-

Vendor	No. of shares acquired	% of share capital	Cash consideration RM
Datuk Ir. Kunasingam A/L V. Sittampalam	300,000	15.0	448,855
Dato' Ir. Nitchiananthan A/L Balasubramaniam	300,000	15.0	448,855
Total	600,000	30.0	897,710

The purchase consideration of RM897,710 was arrived at based on the audited NA of HSSI as at 31 December 2015 of RM2,992,367.

(b) Acquisition of HSSME

HSSE had on 30 May 2016 acquired thirty percent (30%) equity interest in HSSME comprising 15,000 ordinary shares of RM1.00 each for a purchase consideration of RM8,784 which was wholly satisfied by cash. Details are as follows:-

Vendor	No. of shares acquired	% of share capital	Cash consideration RM
Ir. Azman Bin Ab. Rahman	15,000	30.0	8,784

The purchase consideration of RM8,784 was arrived at based on the audited NA of HSSME as at 31 December 2015 of RM29,279.

Further details of HSSI and HSSME are set out in Sections 5.5.4 and 5.5.5 of this Prospectus.

5. GENERAL INFORMATION ON OUR GROUP (Cont'd)

5.4 LISTING SCHEME

In conjunction with, and as an integral part of our Listing, the details of our Listing Scheme are as follows:-

(a) Public Issue

Pursuant to our Public Issue, we shall issue 63,816,200 Issue Shares at our IPO Price to be allocated in the following manner:-

- (i) 15,954,000 Issue Shares will be made available for application by the Malaysian Public, to be allocated via balloting;
- (ii) 7,977,000 Issue Shares will be made available to our eligible Directors, employees and business associates/persons who have contributed to the success of our Group; and
- (iii) 39,885,200 Issue Shares will be made available for private placement to selected investors.

Upon completion of our Public Issue, our issued and paid-up share capital will increase from RM25,526,481 comprising 255,264,810 Shares to RM31,908,101 comprising 319,081,010 Shares.

(b) Offer for Sale

Concurrent with our Listing, the Offerors will undertake an offer for sale of 31,908,100 Offer Shares at our IPO Price to selected Bumiputera investors approved by MITI.

(c) Special RSP

Concurrent with our Listing, the Offerors will grant 10,816,584 HEB Shares to our selected employees at zero consideration.

(d) Listing

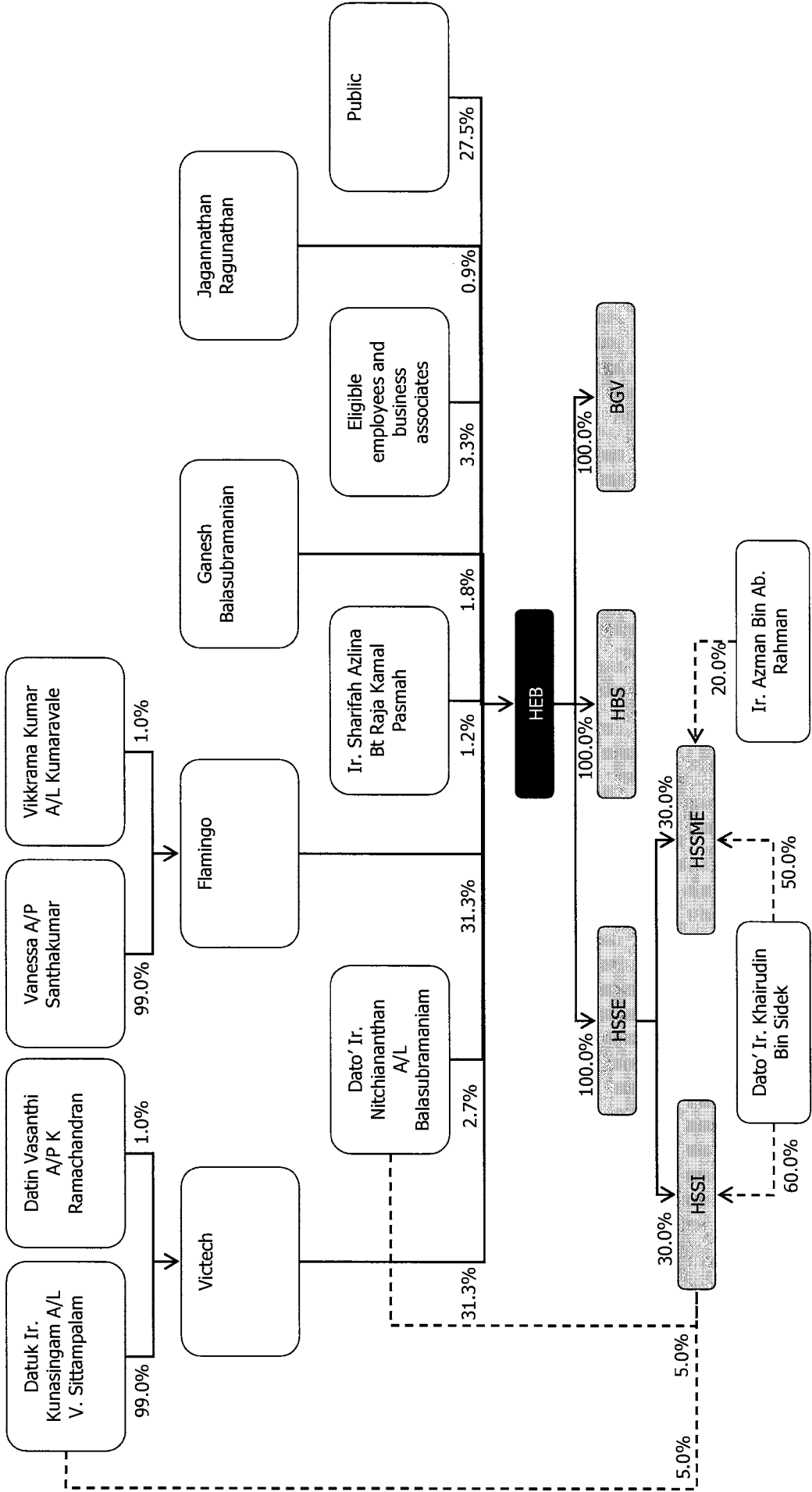
Upon completion of our IPO, our Company's entire enlarged issued and paid-up share capital of RM31,908,101 comprising 319,081,010 Shares shall be listed on the ACE Market of Bursa Securities.

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5. GENERAL INFORMATION ON OUR GROUP (Cont'd)

Our Group structure upon completion of the Acquisitions of Subsidiaries, Acquisition of HSSI, Acquisition of HSSME and Public Issue is as follows:-

After the Acquisitions of Subsidiaries, Acquisition of HSSI, Acquisition of HSSME and Public Issue



5. GENERAL INFORMATION ON OUR GROUP (Cont'd)**5.5 SUBSIDIARIES AND ASSOCIATED COMPANIES**

All of our subsidiaries are wholly-owned by our Company. Details of our subsidiaries and associated companies are summarised as follows:-

Company	Company No.	Date / Place of incorporation	Date of commencement of business	Authorised share capital	Issued and paid-up share capital	Effective equity interest	Principal activities	RM	
								(unless otherwise stated)	%
Our subsidiaries									
HSSE	450753-X	21 October 1997 / Malaysia	May 2001	10,000,000	5,000,000	100.0	Provision of engineering and project management services ⁽¹⁾		
HBS	U74900TN2012PTC 086741	13 July 2012 / India	July 2012	INR 500,000	INR 333,330	100.0	Provision of BIM services		
BGV	1008362-V	3 July 2012 / Malaysia	July 2012	100,000	10,000	100.0	Provision of BIM services		
Our associated companies held through HSSE									
HSSI	173262-T	23 August 1988/ Malaysia	September 1988	5,000,000	2,000,000	30.0	An engineering consultancy company registered under the REA to provide civil and structural consultancy services		
HSSME	228667-K	11 November 1991/ Malaysia	February 2007	100,000	50,000	30.0	An engineering consultancy company registered under the REA to provide mechanical and electrical consultancy services		

Note:-

⁽¹⁾ Notwithstanding our technical expertise and capacity, in light of Malaysia's regulatory framework as elaborated in Section 2.1 and 6.1 of this Prospectus, our local services offering is limited to providing the Support Services which forms a significant portion of engineering services. Through the Collaboration with HSSI and HSSME, we assist HSSI and HSSME to deliver comprehensive engineering services to their clients.

5. GENERAL INFORMATION ON OUR GROUP (Cont'd)

5.5.1 HSSE

(a) History and Business

HSSE was incorporated in Malaysia under the name of Windsor Inn Sdn Bhd on 21 October 1997 under the Act as a private limited company. HSSE changed its name to HSS Engineering Sdn Bhd on 2 May 2001 and commenced business thereafter.

HSSE is principally involved in the provision of engineering and project management services, both locally (in collaboration with HSSI and HSSME) as well as overseas.

There have been no material changes in the manner in which HSSE conducts its business or activities since the last three (3) years prior to the LPD.

(b) Share Capital

As at the LPD, HSSE's authorised share capital is RM10,000,000 comprising 10,000,000 ordinary shares of RM1.00 each. Its issued and paid-up share capital is RM5,000,000 comprising 5,000,000 ordinary shares of RM1.00 each.

The changes in the issued and paid-up share capital of HSSE since its incorporation are as follows:-

Date of allotment	No. of Shares allotted	Consideration/ Types of issue	Par value	Cumulative issued and paid-up share capital
			RM	
21 October 1997	2	RM2 / Cash	1.00	2
24 April 2001	1,399,998	RM1,399,998 / Cash	1.00	1,400,000
24 April 2001	2,000,000	⁽¹⁾ For consideration other than cash	1.00	3,400,000
29 November 2001	1,600,000	RM1,600,000 / Cash	1.00	5,000,000

Note:-

⁽¹⁾ Being new shares issued to satisfy the purchase consideration of various fixed assets acquired by HSSE.

As at the LPD, there are no outstanding warrants, options, convertible securities or uncalled capital in HSSE.

(c) Directors

HSSE is a wholly-owned subsidiary of our Company. As at the LPD, the Directors of HSSE are as follows:-

Name	Date of Appointment
Datuk Ir. Kunasingam A/L V. Sittampalam	21 October 1997
Dato' Ir. Nitchiananthan A/L Balasubramaniam	22 September 2015

5. GENERAL INFORMATION ON OUR GROUP (Cont'd)**(d) Subsidiaries and Associated Companies**

As at the LPD, HSSE does not have any subsidiary. The associated companies of HSSE are HSSI and HSSME.

5.5.2 HBS**(a) History and Business**

HBS was incorporated in India on 13 July 2012 under the Indian Companies Act 1956 with the Registrar of Companies, Chennai as a private limited company under its present name. HBS is principally involved in the provision of BIM services and is based in Chennai, Tamil Nadu, India. HBS commenced operations on 19 July 2012.

There have been no material changes in the manner in which HBS conducts its business or activities since its incorporation.

(b) Share Capital

As at the LPD, HBS' authorised share capital is INR 500,000 comprising 50,000 ordinary shares of INR 10.00 each. Its issued and paid-up share capital is INR 333,330 comprising 33,333 ordinary shares of INR 10.00 each.

The changes in the issued and paid-up share capital of HBS since its incorporation are as follows:-

Date of allotment	No. of Shares allotted	Consideration/ Types of issue	Par value	Cumulative issued and paid-up share capital
			INR	
14 July 2012	5,000	INR 50,000 / Cash	10.00	50,000
14 July 2012	3,333	INR 33,330 / Cash	10.00	83,330
23 August 2012	1,667	INR 16,670 / Cash	10.00	100,000
19 January 2013	9,167	INR 91,670 / Cash	10.00	191,670
19 January 2013	9,166	INR 91,660 / Cash	10.00	283,330
19 January 2013	3,333	INR 33,330 / Cash	10.00	316,660
19 January 2013	1,667	INR 16,670 / Cash	10.00	333,330

As at the LPD, there are no outstanding warrants, options, convertible securities or uncalled capital in HBS.

(c) Directors

HBS is a wholly-owned subsidiary of our Company. As at the LPD, the Directors of HBS are as follows:-

Name	Date of Appointment
Ganesh Balasubramanian	13 July 2012
Jagannathan Ragunathan	13 July 2012
Datuk Ir. Kunasingam A/L V. Sittampalam	27 July 2012

5. GENERAL INFORMATION ON OUR GROUP (Cont'd)

(d) Subsidiaries and Associated Companies

As at the LPD, HBS does not have any subsidiary or associated companies.

5.5.3 BGV

(a) History and Business

BGV was incorporated in Malaysia on 3 July 2012 under the Act as a private limited company under its present name. BGV is principally involved in the provision of BIM services. BGV commenced operations on 10 July 2012.

There have been no material changes in the manner in which BGV conducts its business or activities since its incorporation.

(b) Share Capital

As at the LPD, BGV's authorised share capital is RM100,000 comprising 100,000 ordinary shares of RM1.00 each. Its issued and paid-up share capital is RM10,000 comprising 10,000 ordinary shares of RM1.00 each.

The changes in the issued and paid-up share capital of BGV since its incorporation are as follows:-

Date of allotment	No. of Shares allotted	Consideration/ Types of issue	Par value	Cumulative issued and paid-up share capital
			RM	
3 July 2012	10,000	RM10,000 / Cash	1.00	10,000

As at the LPD, there are no outstanding warrants, options, convertible securities or uncalled capital in BGV.

(c) Directors

BGV is a wholly-owned subsidiary of our Company. As at the LPD, the Directors of BGV are as follows:-

Name	Date of Appointment
Thavaseelan A/L Nadarajah	15 August 2013
Ng Kuan Yee	15 August 2013
Jagannathan Ragunathan	25 July 2012
Ganesh Balasubramanian	25 July 2012

(d) Subsidiaries and Associated Companies

As at the LPD, BGV does not have any other subsidiary or associated companies.

5. GENERAL INFORMATION ON OUR GROUP (Cont'd)

5.5.4 HSSI

(a) History and Business

HSSI was incorporated in Malaysia under its present name on 23 August 1988 as a private limited company under the Act, and commenced business thereafter.

HSSI is principally an engineering consultancy company registered under the REA to provide civil and structural consultancy services.

There have been no material changes in the manner in which HSSI conducts its business or activities since its incorporation.

(b) Share Capital

As at the LPD, HSSI's authorised share capital is RM5,000,000 comprising 4,000,000 ordinary shares of RM1.00 each and 1,000,000 redeemable shares of RM1.00 each. As at the LPD, the issued and paid-up share capital of HSSI is RM2,000,000 comprising 2,000,000 ordinary shares of RM1.00 each.

The changes in the issued and paid-up share capital of HSSI since its incorporation are as follows:-

Date of allotment	No. of shares allotted / (redeemed)	Consideration/ Types of issue	Par value	Cumulative issued and paid-up share capital
			RM	
Ordinary shares				
23 August 1988	2	RM2/ Cash	1.00	2
5 October 1988	499,998	RM499,998 / Cash	1.00	500,000
30 March 1989	250,000	RM250,000 / Cash	1.00	750,000
30 December 1994	500,000	RM500,000 / Cash	1.00	1,250,000
31 December 2009	750,000	RM750,000 / Cash	1.00	2,000,000
Redeemable preference shares				
29 July 2009	750,000	RM750,000 / Others ⁽¹⁾	1.00	750,000
31 December 2009	(750,000)	Redemption of preference shares	1.00	-

Note:-

⁽¹⁾ Represents debt capitalisation of advances from shareholders / directors

As at the LPD, there are no outstanding warrants, options, convertible securities or uncalled capital in HSSI.

5. GENERAL INFORMATION ON OUR GROUP (Cont'd)**(c) Directors and Shareholders**

As at the LPD, the Directors and shareholders of HSSI and their respective shareholdings in HSSI as at the LPD are as follows:-

Name	Designation	Direct		Indirect	
		No. of shares	%	No. of shares	%
HSSE	Shareholder	600,000	30.0		
Dato' Ir. Khairudin Bin Sidek	Director	1,200,000	60.0	-	-
Datuk Ir. Kunasingam A/L V. Sittampalam	Director	100,000	5.0	⁽³⁾ 600,000	30.0
Dato' Ir. Nitchiananthan A/L Balasubramaniam	Director	100,000	5.0	-	-
HEB	Shareholder	-	-	⁽¹⁾ 600,000	30.0
Victech	Shareholder	-	-	⁽²⁾ 600,000	30.0
Flamingo	Shareholder	-	-	⁽²⁾ 600,000	30.0
Vanessa A/P Santhakumar	Shareholder	-	-	⁽⁴⁾ 600,000	30.0

Notes:-

- (1) Deemed interest by virtue of its shareholdings in HSSE
- (2) Deemed interest by virtue of its substantial shareholdings in HEB
- (3) Deemed interest by virtue of his substantial shareholdings in Victech
- (4) Deemed interest by virtue of her substantial shareholdings in Flamingo

(d) Subsidiaries and Associated Companies

As at the LPD, HSSI does not have any subsidiary or associated companies.

5.5.5 HSSME**(a) History and Business**

HSSME was incorporated in Malaysia under the name Speed Glory Sdn Bhd on 11 November 1991 as a private limited company under the Act. HSSME adopted its present name on 19 August 2004, and commenced business thereafter.

HSSME is principally an engineering consultancy company registered under the REA to provide mechanical and electrical consultancy services.

There have been no material changes in the manner in which HSSME conducts its business or activities since its incorporation.

(b) Share Capital

As at the LPD, HSSME's authorised share capital is RM100,000 comprising 100,000 ordinary shares of RM1.00 each, of which RM50,000 comprising 50,000 ordinary shares of RM1.00 each have been issued and are fully paid-up.

5. GENERAL INFORMATION ON OUR GROUP (Cont'd)

The changes in the issued and paid-up share capital of HSSME since its incorporation are as follows:-

Date of allotment	No. of Shares allotted	Consideration/ Types of issue	Cumulative issued and paid-up share capital	
			Par value	RM
11 November 1991	2	RM2 / Cash	1.00	2
3 September 2004	49,998	RM49,998 / Cash	1.00	50,000

As at the LPD, there are no outstanding warrants, options, convertible securities or uncalled capital in HSSME.

(c) Directors and Shareholders

As at the LPD, the Directors and shareholders of HSSME and their respective shareholdings in HSSME as at the LPD are as follows:-

Name	Designation	Direct		Indirect	
		No. of shares	%	No. of shares	%
HSSE	Shareholder	15,000	30.0	-	-
Dato' Ir. Khairudin Bin Sidek	Director	25,000	50.0	-	-
Ir. Azman Bin Ab. Rahman	Director	10,000	20.0	-	-
HEB	Shareholder	-	-	⁽¹⁾ 15,000	30.0
Victech	Shareholder	-	-	⁽²⁾ 15,000	30.0
Flamingo	Shareholder	-	-	⁽²⁾ 15,000	30.0
Datuk Ir. Kunasingam A/L V. Sittampalam	Shareholder	-	-	⁽³⁾ 15,000	30.0
Vanessa A/P Santhakumar	Shareholder	-	-	⁽⁴⁾ 15,000	30.0

Notes:-

- (1) Deemed interest by virtue of its shareholdings in HSSE
- (2) Deemed interest by virtue of its substantial shareholdings in HEB
- (3) Deemed interest by virtue of his substantial shareholdings in Victech
- (4) Deemed interest by virtue of her substantial shareholdings in Flamingo

(d) Subsidiaries and Associated Companies

As at the LPD, HSSME does not have any other subsidiary or associated companies.

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5. GENERAL INFORMATION ON OUR GROUP (Cont'd)**5.6 MAJOR APPROVALS AND LICENCES**

Save for the general business licenses possessed by our Group as disclosed below, as at the LPD there are no other major approvals, major licenses and permits issued to our Group in order for us to carry out our operations other than those pertaining to the general business requirements.

As at the LPD, details of our general business licenses are as follows:-

No.	Licensee	Issuing Authority / Registration No.	Date of issue	Date of expiry	Nature of approval/ Licenses	Equity and/or major conditions imposed	Compliance status
1.	BGV	Multimedia Development Corporation ("MDeC")/ 3416	12 May 2014	Not applicable	MSC Malaysia status	(a) Must complete business registration of the proposed entity as a locally incorporated company under the Companies Act 1965 within one (1) month from the Date of Issue, commence operations of the proposed entity within six (6) months from the date of issue and undertake "MSC Malaysia Qualifying Activities" within six (6) months from the date of issue.	Complied

Note: MSC Malaysia Qualifying Activities are as follows:-

- establish and operate a shared services/ outstanding centre rendering knowledge process outsourcing services as below:-
- provision of implementation, maintenance and technical services and maintenance related to the above mentioned services;

5. GENERAL INFORMATION ON OUR GROUP (Cont'd)

No.	Licensee	Issuing Authority / Registration No.	Date of issue	Date of expiry	Nature of approval/ Licenses	Equity and/or major conditions imposed	Compliance status
						(b) BGV must operate in an office space located in Designated Premises in an office space of at least 2,500 square feet within MSC Malaysia Cybercities/ Cybercentres within six (6) months from the date of issue.	Complied
						(c) BGV must ensure that at all times at least eighty five percent (85%) of total number of its employees (excluding support staff) shall be "knowledge workers".	Complied
						(d) BGV must ensure that any products pursuant to the MSC Malaysia Qualifying Activities are original, and that no part or portion of such Product is an infringement or violation of any intellectual property or any proprietary rights of any third party, or constitutes a misappropriation of knowhow belonging to any third party.	Complied
						(e) BGV must submit a copy of its audited financial statements in parallel with submission to the Companies Commission of Malaysia.	Complied
						(f) BGV must inform MDeC of any change in the equity or shareholding structure.	Complied

5. GENERAL INFORMATION ON OUR GROUP (Cont'd)

No.	Licensee	Issuing Authority / Registration No.	Date of issue	Date of expiry	Nature of approval/ Licenses	Equity and/or major conditions imposed	Compliance status
2.	BGV	MITI/ 4710	6 March 2015	5 years and another 5 years upon application	Pioneer status	(g) BGV must ensure at least thirty percent (30%) of its investment is in the location referred to item (b) above within six (6) months from the date of issue. MSC Malaysia status	Complied

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5. GENERAL INFORMATION ON OUR GROUP (Cont'd)

5.7 PROPERTIES OF OUR GROUP

5.7.1 Properties Occupied and Owned by our Group

As at LPD, we do not own any property.

5.7.2 Properties Occupied which are Rented by our Group

Details of material properties rented by us as at the LPD are set out below:-

No.	Address	Owner/ Tenant	Description/ Existing Use	Built-up area sq ft	Period of tenancy / Rental per annum RM	Date of issuance of certificate of fitness for occupation
(a)	Level 2, Tower Block Plaza Dwitasik Jalan 5/106 Bandar Sri Permaisuri 56000 Kuala Lumpur	PPC Glomac Sdn Bhd / HSSE	Whole of 2 nd floor of a 12-storey building/ office tower block/ Business operations	5,595	2 years expiring 14 January 2017 / 162,000	10 April 2001
(b)	B1-1, B1-2, B1-3, B1-4, B1-5, B1-6, B2-1, B2-2, B2-3, B2-4, B2-5, B2-6, B3-5, B3-6, B3-1, B3-2, B3-3, B3-4, B4-1, B4-2, B4-3, B4-4, B4-5, B4-6, B5-1, B5-2, B5-3, B5-4, B5-5, B5-6, B6-1, B6-2, B6-3, B6-4, B6-5, B6-6, B7-1, B7-2, B7-3, B7-4, B8-1 and B8-2 of Plaza Dwitasik Jalan 5/106 Bandar Sri Permaisuri 56000 Kuala Lumpur	Matmer Corporation Sdn Bhd / HSSE	Whole of 1 st to 8 th floors of a 8-storey office block/ Business operations	55,316	3 years expiring 31 December 2017 / 1,991,376	10 April 2001

5. GENERAL INFORMATION ON OUR GROUP (Cont'd)

No.	Address	Owner/ Tenant	Description/ Existing Use	Built-up area sq ft	Period of tenancy / Rental per annum RM	Date of issuance of certificate of fitness for occupation
(c)	Unit 1-04, 1st Floor Primera Suite Block 3520 Jalan Teknokrat 6 63000 Cyberjaya Selangor Darul Ehsan	Primera Management Services Sdn Bhd / BGV	One of the office units located on the 1 st floor of a 7- storey building/ Business operations	470	2 years expiring 30 September 2017 / 45,792	18 January 2011
(d)	Level 10 Tower Block, Plaza Dwitasik, Jalan 5/106, Bandar Sri Permaisuri 56000 Kuala Lumpur	Matmer Corporation Sdn Bhd / HSSE	Whole of 10th floor of a 12-storey building office tower block/ Business operations	5,595	30 months expiring on 31 December 2017 / 168,000	10 April 2001
(e)	Level 3, Tower Block, Plaza Dwitasik, Jalan 5/106, Bandar Sri Permaisuri 56000 Kuala Lumpur	PPC Glomac Sdn Bhd / HSSE	Whole of 3rd floor of a 12-storey building office tower block/ Business operations	5,595	2 years expiring on 31 July 2017 / 162,000	10 April 2001
(f)	Unit 14.02A Menara Boustead Penang 39, Jalan Sultan Ahmad Shah 10500 Pulau Pinang	Boustead Holdings Bhd / HSSE	One of the office units located on the 14 th floor of a 22- storey office building/ Business operations	1,440	24 months expiring 31 December 2016 / 46,656	4 May 1994

5. GENERAL INFORMATION ON OUR GROUP (Cont'd)

No.	Address	Owner/ Tenant	Description/ Existing Use	Built-up area sq ft	Period of tenancy / Rental per annum RM	Date of issuance of certificate of fitness for occupation
(g)	Ganesh Towers B-1, 2 nd Floor, 1st Avenue 100ft Road Ashok Nagar Chennai Tamil Nadu 600083 India	Mrs L. Radhika / HBS	Whole of 2 nd floor of a 4-storey office building/ Business operations	2,500	33 months expiring 31 December 2016 / (approx) 88,160 (INR1,500,000)	30 March 2004
(h)	Ganesh Towers B-1, 3 rd Floor, 1st Avenue 100ft Road Ashok Nagar Chennai Tamil Nadu 600083 India	Sri C. Senthil / HBS	Whole of 3 rd floor of a 4-storey office building/ Business operations	2,500	33 months expiring 15 February 2018 / (approx) 88,160 (INR1,500,000)	30 March 2004

The DDWG is of the view that there is no non-compliance with current statutory requirements, land rules or building regulations in respect of the landed properties leased by our Group. In addition, none of the above land has breached any land use condition or permissible land use.

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5. GENERAL INFORMATION ON OUR GROUP (Cont'd)**5.7.3 Acquisitions of Properties**

Our Group has not acquired any properties during the past two (2) years preceding the date of this Prospectus.

5.7.4 Material Plant and Equipment

Save for office equipment, computer equipment and software, furniture and fittings, office renovation and motor vehicles, our Group does not employ the use of any other plant and equipment in our business.

5.7.5 Regulatory Requirements and Environmental Issues

To the best of our Directors' knowledge and belief, there are no regulatory requirements and/or major environmental issues which may affect our Company's operations arising from the utilisation of our assets.

5.7.6 Material Capital Expenditures and Divestitures

Save as disclosed below, there were no other material capital expenditures (including interests in other corporations) made by us for the past three (3) FYEs up to 2015:-

Description	At cost		
	FYE 2013	FYE 2014	FYE 2015
	RM'000	RM'000	RM'000
Property, plant and equipment ⁽¹⁾	1,524	927	2,388
Intangible assets (software)	604	407	217
Total	2,128	1,334	2,605

Note:-

⁽¹⁾ Mainly consist of office equipment, computer equipment and software, furniture and fittings, office renovation and motor vehicles.

The above material capital expenditures were mainly for our Malaysian operations and primarily financed by a combination of hire purchase, finance lease and internally generated funds.

Save as disclosed below, there were no other material capital divestitures and write-offs (including interest in other corporations) made by our Group for the past three (3) FYEs up to 2015:-

Description	At net book value		
	FYE 2013	FYE 2014	FYE 2015
	RM'000	RM'000	RM'000
Property, plant and equipment ⁽¹⁾	230	178	1
Intangible assets (software)	16	-	-
Total	246	178	1

5. GENERAL INFORMATION ON OUR GROUP (Cont'd)

Note:-

- (1) Mainly consist of office equipment, computer equipment and software, furniture and fittings, office renovation and motor vehicles.

The above capital divestitures and write-offs were carried out in the ordinary course of business as part of our periodic review of our fixed asset register to identify and eliminate those assets which have been fully depreciated and no longer in use or obsolete or surpassed their useful lives.

Save for our proposed expansions of our engineering and project management services into India and water and power generation sectors as set out in Section 3.10 of this Prospectus and our capital commitment as set out in Section 11.6 of this Prospectus, we do not have any material capital expenditures and divestitures currently in progress, within or outside Malaysia. Our abovementioned proposed expansions may be in the form of outright acquisition of companies and/or strategic partnership/joint venture with companies which are already operating in this segment or which have experience in this segment.

5.7.7 Material Plans to Construct, Expand or Improve Facilities

Save for the capital commitments of RM2.5 million for renovations and prospective acquisition of computers, motor vehicles, office equipment, furniture and fittings and computer software as set out in Section 11.6 of this Prospectus, as at the LPD, our Group has no immediate plans to construct, expand and improve our facilities. These capital commitments will be financed from cash generated from our operations, as well as external sources of funds which mainly comprise bank borrowings.

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6. BUSINESS OVERVIEW

6.1 OUR HISTORY

We are an investment holding company. Through our subsidiaries, we are principally involved in the provision of engineering and project management services including engineering design, project management, construction supervision and BIM services.

In 1988, our founders, Datuk Ir. Kunasingam A/L V. Sittampalam and the late Datuk Ir. Santhakumar A/L C. Sivasubramaniam, incorporated HSSI which was registered under the REA to provide civil and structural engineering consultancy services. The REA regulates the provision of professional engineering services in Malaysia and required a sole trader, partnership or body corporate providing professional engineering services to be registered as an engineering consultancy practice under the REA, and prior to 2015, required such entities to be wholly-owned by professional engineers (as defined under the REA).

As business grew, HSSI began to offer new solutions such as the use of design reports and computer aided design software, namely AutoCAD. The early adoption of the AutoCAD software allowed HSSI to execute engineering designs through the use of 2D computer aided design platforms. Further, the use of Total Stations (an electronic instrument used in modern surveying and building construction) enables the digital topographic survey of project sites, and aids in construction planning and activity. By 1989, HSSI had a workforce in excess of 100 employees.

The business continued to grow and in 1992, HSSI was appointed as the Master Plan Study and Detailed Design Consultant for infrastructure for the Kuala Lumpur International Airport 1 project, for which HSSI was awarded a contract of RM69.0 million in value. This was a major milestone given the competition from larger, more reputable market participants.

In 1996, HSSI introduced and adopted value engineering and risk management methodologies in its engineering design processes. HSSI's objective in adopting value engineering is to maximise the value of the project through optimisation of the design and materials used. The risk management methodologies involve structured processes being carried out to manage any foreseeable risks over the entire project duration. In 1997, HSSI further adopted 3D design capabilities into its engineering design services.

HSSE was established in 2001 with the objective of entering the international markets where the REA does not apply, particularly on the restriction on equity structure and multi-disciplinary services by a single firm. In such markets, service providers offer full complementary services, including architectural, engineering and quantity surveying. Consequently, in 2001, all of HSSI's operating assets including employees were transferred to HSSE, which is not registered under the REA.

Thereafter, HSSI collaborated exclusively with HSSE, wherein HSSE provided Support Services to HSSI.

In 2004, HSSME was established and registered under the REA to provide mechanical and electrical consultancy services. Similar to HSSI, HSSME also collaborated exclusively with HSSE.

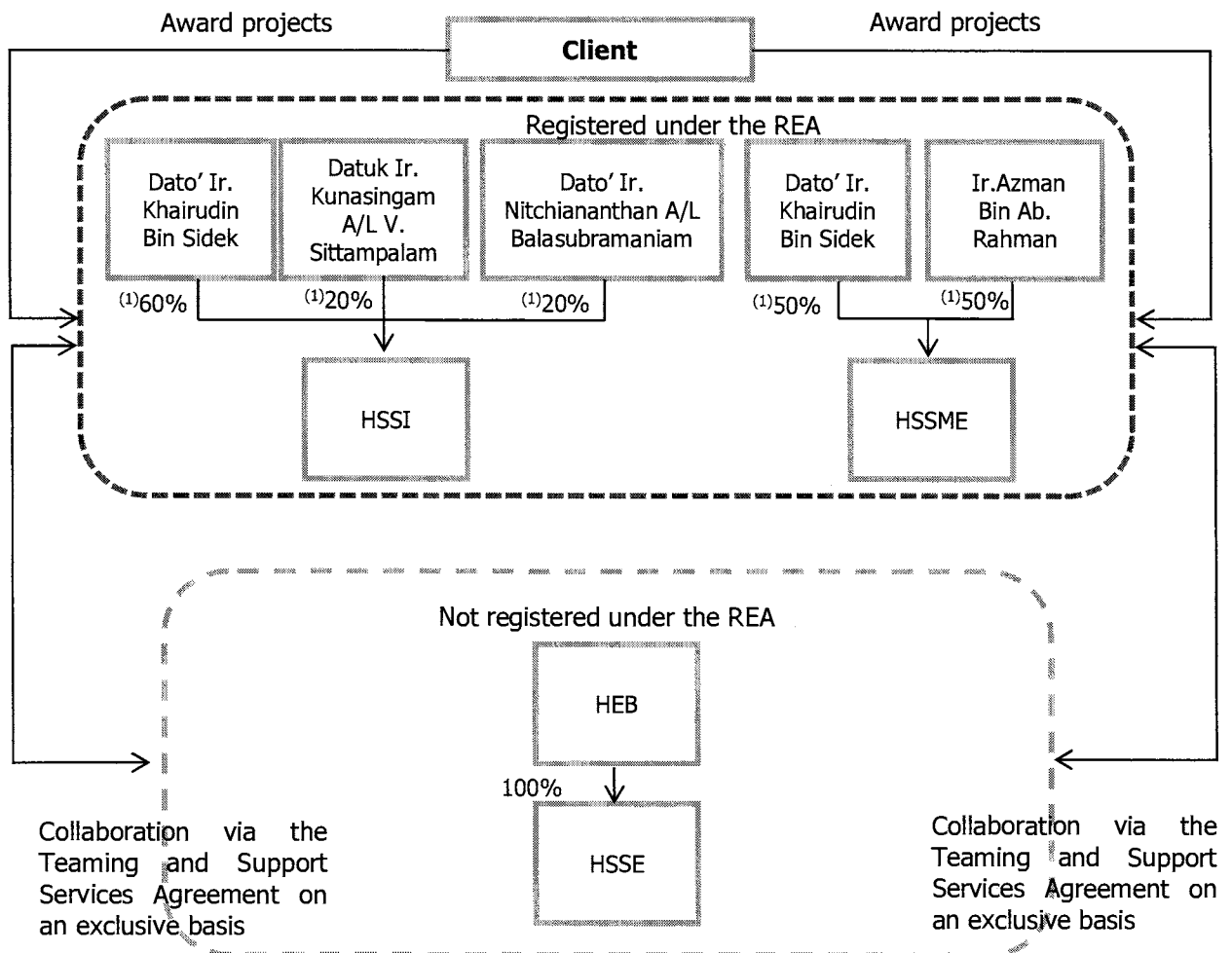
The Collaboration between HSSE, HSSI and HSSME has continued to this day and is now governed by the Teaming and Support Services Agreement. Please refer to Section 6.2.1 for full details of the Teaming and Support Services Agreement.

6. BUSINESS OVERVIEW (Cont'd)

Separately, on 19 June 2015, HSSE has also executed the Shareholding Agreements with all the shareholders of HSSI and HSSME. The Shareholding Agreements with HSSI was supplemented on 6 April 2016 to replace the late Datuk Ir. Santhakumar A/L C. Sivasubramaniam with Dato' Ir. Nitchiananthan A/L Balasubramaniam.

The Shareholding Agreements grants HSSE priority in acquiring the shares in HSSI and HSSME in the event of a loss of shareholder in HSSI and HSSME or if the REA is amended to allow HSSE to own shares in HSSI and HSSME. The Shareholding Agreements also restrict any issuance of new share and the sale or transfer of any shares in HSSI and HSSME without the prior consent of HSSE. This is to ensure the continuity of the Collaboration, the orderly succession or transition in the control of HSSI and HSSME as well as to secure HSSE's interests. For further information of the Shareholding Agreements, please refer Section 6.2.2 of this Prospectus.

The diagram below depicts the Collaboration between the parties under the Teaming and Support Services Agreement:-



Note:-

(1) Prior to the Acquisition of HSSI and Acquisition of HSSME

6. BUSINESS OVERVIEW *(Cont'd)*

Through the Collaboration, we continued to expand our portfolio of projects including notable ones such as MRT Line 1, MRT Line 2, Kwasa Damansara Township Development, LRT Ampang Line Extension, North-South Expressway (proposed fourth lane widening between Nilai (U) Interchange and Seremban Interchange), West Coast Expressway from Tg. Karang to Banting, Westports expansion and temporary common camp facilities and infrastructure for refinery and petrochemicals integrated development project in Pengerang, Johor.

In 2012, our Group adopted BIM, a computer-aided design and modelling technology which encompasses all areas of design, build and project management. In tandem with this development, both BGV and HBS were incorporated in the same year. BGV was incorporated specifically to provide BIM services to our Malaysian clientele, while HBS which was incorporated in Chennai, India is poised to tap the vast international market, particularly in the Indian sub-continent and Middle East markets. HBS houses our BIM operations including coding and modelling, and is our outsourcing centre for the continued development and expansion of our BIM services. India was chosen as the location for our outsourcing centre for the development and expansion of our BIM services due to the available and affordable engineering talent pool in India as compared to Malaysia which yields us cost savings mainly arising from wage differentials between India and Malaysia.

In 2015, the REA was amended pursuant to the Registration of Engineers (Amendment) Regulations 2015 where at least seventy percent (70%) of shares of a body corporate registered as an engineering consultancy practice under the REA must be held by Professional Engineers (as defined by the REA) and that at least two third (2/3) of the board of directors are Professional Engineers (as defined by the REA).

As such, on 30 May 2016, HSSE completed the Acquisition of HSSI and Acquisition of HSSME after which HSSI and HSSME became our 30%-owned associated companies. Please refer to Section 5.3.6 for further details on the above mentioned acquisitions.

6.2 DETAILS OF THE COLLABORATION

6.2.1 Teaming and Support Services Agreement

Pursuant to the Teaming and Support Services Agreement, both HSSI and HSSME are bound under an exclusive arrangement to collaborate, co-operate and work together with HSSE to bid for, procure, obtain, or otherwise provide engineering and project management services. HSSE currently derives all of its revenues from HSSI and HSSME via the Teaming and Support Services Agreement. Under the Teaming and Support Services Agreement, HSSE shall identify, source and select potential projects and provide the support services to HSSI and HSSME; whereas HSSI and HSSME, each an engineering consultancy practice registered under the REA, shall provide professional engineering services for the projects.

(a) Sharing of Project Income

All revenues, income, payments, fees, and charges whatsoever accrued, received, or resulting from Collaboration and the projects ("Project Income") shall be utilised, paid, shared, and distributed between the parties in accordance with the provisions set out in the Teaming and Support Services Agreement. In consideration of the services provided by HSSE to HSSI and HSSME, HSSE is entitled to:-

- (i) 98.75% of the total professional fees; and
- (ii) 100.0% of all other monies such as reimbursable and disbursement payments and all allowances and other payments including overtime payments incurred by HSSE and billed to the client;

6. BUSINESS OVERVIEW (Cont'd)

earned from every project undertaken through the Collaboration pursuant to the Teaming and Support Services Agreement.

The balance 1.25% of the total professional fees will be retained by HSSI and HSSME subject to a combined maximum retention of RM1,250,000 per annum.

Prior to FYE 2014, HSSI and HSSME charged a fee calculated based on a fixed percentage of 2.5% applied to all billings except for reimbursable income invoiced by HSSE. As HSSE's revenue continued to grow, the Board saw the need to adjust the retention amount to HSSI and HSSME. The adjusted retention rate of 1.25% was arrived at based on the following factors:-

- (i) an expected annual revenue of RM100 million based on our historical revenue growth;
- (ii) an estimation of the overheads of HSSI and HSSME which comprises amongst others, directors fees, legal and professional fees, REA license fees, registration fees for memberships, ISO certification annual audit fees payable to SIRIM, software support charges and other statutory compliance fees. For the past three (3) FYEs 2015, the annual overheads of HSSI and HSSME amounted to an average of RM390,000 and RM10,000 respectively; and
- (iii) additional profits to be retained with HSSI and HSSME as consideration for their responsibilities in the Teaming and Support Services Agreement as well as to reflect good individual financial standing when bidding for projects.

The maximum retention amount of RM1,250,000 was set in anticipation of our revenue growing beyond RM100 million.

The DDWG and our Directors (save for Datuk Ir. Kunasingam A/L V. Sittampalam, Dato' Ir. Nitchiananthan A/L Balasubramaniam and Dato' Ir. Khairudin Bin Sidek) are of the view that the retention amount by HSSI and HSSME is reasonable having considered the following:-

- (i) HSSI's and HSSME's scope of work under the Teaming and Support Services Agreement which include the review, approval, sign off, and submission of plans, drawings, scheme, proposals, reports, designs or studies to any person or relevant authority in Malaysia within their area of expertise in accordance with and subject to the REA and all other applicable laws, rules and regulations;
- (ii) Both HSSI and HSSME are the contracting parties with clients and sub-consultants and hence, will be the first party to face potential claims / litigation, credit risks and other liabilities. As HSSI and HSSME are appointed by clients and responsible for the provision of services governed by the REA, HSSI and HSSME are exposed to non-monetary contingent liabilities which cannot be recovered from HSSE even if the fault lies with HSSE, solely or partially. These contingent liabilities include *inter-alia*, cancellation or suspension of registration by the Board of Engineers Malaysia, investigation by the Board of Engineers Malaysia following a complaint, including having to attend hearing(s), loss / damage to reputation, image and goodwill, loss of future potential income, and conviction of criminal offence(s) or any other offences under applicable statutory provisions (not limited to only the REA) which carry imprisonment for the directors / shareholders of HSSI and HSSME in their capacity as registered engineers signing off on any plans, drawings, scheme, proposals, reports, designs or studies; and

6. BUSINESS OVERVIEW (Cont'd)

- (iii) The risks and liabilities of HSSI and HSSME will increase in tandem with the contract value of the projects undertaken and hence a fixed percentage of the total professional fees are a fair basis for revenue sharing. Furthermore, the monies retained by HSSI and HSSME are subject to a maximum of RM1,250,000 per annum. It is also necessary for HSSI and HSSME to demonstrate their financial standing and financial growth when tendering for new projects.

(b) Support Services

The support services provided by HSSE to HSSI and HSSME under the Teaming and Support Services Agreement include but are not limited to the following:-

- (i) Administration and human resource;
- (ii) Finance and accounting;
- (iii) Management support;
- (iv) Marketing and sales (including identifying, sourcing and selecting potential projects);
- (v) Technical support and related manpower support in the preparation of all tender, bids, or procurement documents;
- (vi) Project management;
- (vii) Construction supervision services;
- (viii) Providing lead, expertise, and input in all commercial and legal negotiations;
- (ix) Legal support; and
- (x) BIM services.

The DDWG and our Directors are of the view that the provisions in the REA do not prohibit an engineering consultancy practice duly registered under REA to enter into an exclusive arrangement with a third party to procure support services, including those being provided by HSSE to HSSI and HSSME under the Teaming and Support Services Agreement.

(c) Other Salient Terms

The other salient terms of the Teaming and Support Services Agreement are as follows:-

Term

The Teaming and Support Services Agreement shall take effect from the date of the agreement and shall continue unless otherwise terminated in accordance with the provisions of the agreement.

6. BUSINESS OVERVIEW (Cont'd)

Responsibilities of HSSE

- (i) For Support Services that are directly in connection with any matter under the purview and responsibility of HSSI and/or HSSME under the Teaming and Support Services Agreement, HSSE will at all times carry out the Support Services strictly in accordance with the direction and instructions given by HSSI and/or HSSME and always under HSSI's and/or HSSME's direct supervision.
- (ii) It shall be responsible to procure and maintain all approvals, permits, and licenses (if any) necessary and/or incidental for the due and lawful performance of the Support Services and its obligations under the Teaming and Support Services Agreement.
- (iii) The Support Services shall be performed in compliance with all applicable laws, enactments, orders, and regulations and further, it shall not do or cause any act or thing to be done which will cause HSSI and/or HSSME to be in breach of the provisions of the REA or any other applicable law, enactment, orders, or regulations.
- (iv) Not represent itself in any manner as having authority to act as professional engineers in Malaysia and duly registered under the REA or any other applicable laws.

Responsibilities of HSSI and HSSME

The Directors of HSSI and HSSME are solely responsible to discharge all the responsibilities of the respective company under the Teaming and Support Services Agreement. However, given the division of work for each projects secured by HSSI and HSSME pursuant to the Teaming and Support Services Agreement, the employees are employed by HSSE.

The responsibilities of HSSI and HSSME are as follows:-

- (i) They shall be responsible to procure and maintain all approvals, permits, and licenses (if any) necessary and/or incidental for the due and lawful performance of their obligations under the Teaming and Support Services Agreement.
- (ii) They shall furnish all pertinent data and information and provide clear unambiguous instructions and direction to HSSE in respect of the Support Services to be performed, in particular instructions and directions connected with, related to, or involves any matter under their purview and responsibility under the Teaming and Support Services Agreement, and shall further render all such assistance as shall be reasonably required by HSSE for carrying out its obligations under the Teaming and Support Services Agreement.
- (iii) They are each an engineering consultancy practice duly registered under the REA to provide professional engineering services and shall at all times observe and comply with the provisions of the REA and all other applicable laws, rules, and regulations governing or having authority over them and further, they shall not do or cause any act or thing to be done which will cause HSSE to be in breach of the provisions of the REA or any other applicable law, enactment, orders, or regulations.

6. BUSINESS OVERVIEW (Cont'd)

- (iv) Each of them shall be solely responsible to approve, sign off on, and submit any plans, engineering surveys, drawings, schemes, proposals, reports, designs, or studies to any person or relevant authority in Malaysia within their area of expertise in accordance with and subject to the REA and all other applicable laws, rules, and regulations.

Project Income

- (i) HSSI and HSSME shall procure the Project Income to be credited into a bank account nominated by HSSE ("Bank Account").
- (ii) The mandate for the Bank Account shall include a mandatory signatory of HSSE and such mandate cannot be changed, amended or revoked without HSSE's prior written consent.
- (iii) HSSI and HSSME shall procure that the monies be transferred into HSSE's nominated bank account within fourteen (14) days of receipt by HSSI and HSSME of the monies. HSSE shall thereafter make the necessary payments of each HSSI's and HSSME's revenue share into each of their nominated bank account.

Termination

HSSE may terminate the Teaming and Support Services Agreement without the need to assign any reason for such termination by giving sixty (60) days written notice.

Only HSSE has the contractual right to terminate the Teaming and Support Services Agreement.

Exclusivity and Restrictions

- (i) As HSSE has invested significant amount of resources in developing the Support Services and the capacity and capability in providing the Support Services, HSSE shall be the sole and exclusive provider of the Support Services for the Collaboration and the projects and no other party shall be appointed to provide any services which are similar, related, or ancillary to the Support Services.
- (ii) HSSI and HSSME agree, that during the continuance of the Teaming and Support Services Agreement, they shall carry out their respective businesses solely and exclusively within and for the Collaboration between the parties therein and the projects, and further undertakes not to appoint or be engaged by any third party, directly or indirectly resulting in their said respective business to be in competition with the Collaboration.
- (iii) Pursuant to the restrictions imposed upon them under this section, HSSI and HSSME covenant that during the continuance of the Teaming and Support Services Agreement, they will not without the consent of HSSE in writing first had and obtained:-
 - (aa) Undertake or permit any merger, consolidation or re-organisation whatsoever which may prejudice the continuation of the Collaboration;
 - (ab) Change the nature of their businesses;

6. BUSINESS OVERVIEW (Cont'd)

- (ac) Enter into any arrangement, partnership, joint venture or arrangement whereby control including management and operational control, of HSSI and/or HSSME is transferred to or, assumed or undertaken by any other person who is not controlling or managing HSSI and/or HSSME as at the date of the Teaming and Support Services Agreement, which may prejudice the continuation of the Collaboration;
 - (ad) Permit any change of their Board of Directors, key personnel (including its registered professional engineers), senior management, and present shareholding structure or shareholders;
 - (ae) Form any subsidiaries or have any interests (whether direct or indirect) in any other party, entity, or company (whether through equity participation or otherwise); or
 - (af) Amend, add to, delete or vary its Memorandum and Articles of Association in any manner which would be inconsistent with the provision of the Teaming and Support Services Agreement.
- (iv) HSSI and HSSME further covenant and undertake with HSSE that without the prior written consent of HSSE, they will not either on their own account or in conjunction with or on behalf of any other person, firm or company, directly or indirectly, for a period of two (2) years commencing from the termination or expiry of the Teaming and Support Services Agreement:-
- (aa) Solicit or endeavour to entice away from dealing with HSSE, any person who was at any time a customer or supplier of HSSE;
 - (ab) Hire, employ, or endeavour to entice away from being employed or hired, any employee(s) of HSSE; and
 - (ac) Seek to circumvent the restrictions of this section in any other way including but not limited to providing confidential information, assistance, expertise, knowledge, or know how to any third party.

6.2.2 Shareholding Agreements

HSSE had entered into:-

- (a)
 - (i) a shareholding agreement dated 19 June 2015 with HSSI and all the shareholders of HSSI at the time, namely, Datuk Ir. Kunasingam A/L V. Sittampalam, the late Datuk Ir. Santhakumar A/L C. Sivasubramaniam and Dato' Ir. Khairudin Bin Sidek;
 - (ii) supplemental shareholding agreement dated 6 April 2016 with HSSI and all the current shareholders of HSSI, namely Datuk Ir. Kunasingam A/L V. Sittampalam, Dato' Ir. Nitchiananthan A/L Balasubramaniam, and Dato' Ir. Khairudin Bin Sidek; and
- (b) a shareholding agreement dated 19 June 2015 with HSSME and all the shareholders of HSSME, namely, Dato' Ir. Khairudin Bin Sidek and Ir. Azman Bin Ab. Rahman,

to secure the interests of HSSE under the Teaming and Support Services Agreement, the continuity and the continued viability of projects undertaken pursuant to the Teaming and Support Services Agreement.

6. BUSINESS OVERVIEW (Cont'd)

The Shareholding Agreements shall be binding on the estates, heirs, administrators, executors, lawful successors, receivers or managers, lawful representatives, and legal assigns of HSSI, HSSME and all the shareholders of HSSI and HSSME.

The key features of the Shareholding Agreements are set out below:-

(a) Restriction on the shares in HSSI and HSSME

No new allotment or issuance of shares in HSSI or HSSME shall be carried out without the written consent of HSSE.

No shares held by the shareholders in HSSI and HSSME may be sold, transferred, assigned, disposed, or dealt with without the written consent of HSSE. In addition, the shareholders of HSSI and HSSME have also undertaken not to pledge, charge, or howsoever encumber their shares in HSSI and HSSME.

(b) Grant of Option to HSSE to Purchase Shares of HSSI and HSSME ("Share Option")

(i) Each shareholder of HSSI and HSSME ("First Option Grantor") has granted HSSE an irrevocable and exclusive option to purchase ("First Share Option") all the HSSI and/or HSSME shares held by the First Option Grantor ("First Option Shares"). The First Share Option shall be exercisable by HSSE or its nominee against a First Option Grantor after the occurrence of any Trigger Event (as hereinafter defined) affecting that First Option Grantor.

For the purposes of the First Share Option, a "Trigger Event" shall mean any one of the following:-

- (aa) the death of any of the shareholder of HSSI and HSSME;
- (ab) the incapacity of any of the shareholder of HSSI and HSSME (including any mental or physical incapacity or disability); and
- (ac) the deregistration or suspension of any of the shareholder of HSSI and HSSME or the revocation of any licenses or approvals granted to any of the shareholder of HSSI and HSSME as a registered engineer under the REA or under any applicable laws which results in or which prohibits any of the shareholder of HSSI and HSSME from continuing to hold the shares in HSSI and/or HSSME.

(ii) Each shareholder of HSSI and HSSME ("Second Option Grantor") has granted HSSE an irrevocable and exclusive option ("Second Share Option") to purchase such number of HSSI and HSSME shares held by each of them to the maximum aggregate number of HSSI and HSSME shares permitted to be purchased and held by HSSE pursuant to the REA or under any applicable laws ("Second Option Shares"). The Second Share Option shall be applied to each Second Option Grantor in proportion to the HSSI and HSSME shares held by them vis-à-vis each other.

(iii) There shall be no limit in time for HSSE to exercise the First Share Option or Second Share Option;

(iv) The price for the First Option Shares or Second Option Shares shall be determined based on the latest audited NA of the relevant company (i.e. HSSI / HSSME) at the time the respective share option is exercised;

6. BUSINESS OVERVIEW (Cont'd)

- (v) Where applicable, HSSE shall be entitled to purchase or to nominate a registered engineer of its choice to purchase the First Option Shares (subject always to compliance with the requirements of the REA or any other applicable laws); and
- (vi) The shareholders of HSSI and HSSME have granted irrevocable power of attorney to HSSE for the purpose of enabling HSSE to transfer the First Option Shares or Second Option Shares in the event the respective share option is exercised.

In the event that the REA is further amended to allow non-professional engineers to hold more than thirty percent (30%) shares in an engineering consultancy practice, HSSE shall be entitled to further exercise the Second Share Option up to the maximum aggregate number of HSSI and HSSME shares permitted to be purchased and held by HSSE pursuant to the REA, as amended from time to time.

6.2.3 Conflict of Interest

The DDWG and our Directors (save for Datuk Ir. Kunasingam A/L V. Sittampalam, Dato' Ir. Nitchiananthan A/L Balasubramaniam and Dato Ir. Khairudin Bin Sidek) are of the view that the Teaming and Support Services Agreement and Shareholding Agreements do not result in any conflict of interest between HSSE, HSSI and HSSME as the commercial objectives of the Collaboration is to maximise the potential revenues and financial incomes for the benefit of all parties under the Collaboration. Furthermore, the Teaming and Support Services Agreement does not preclude HSSE from collaborating with any other party if the opportunity arises whereas the same is not afforded to HSSI and HSSME who is bound under the Teaming and Support Services Agreement to carry out its business solely and exclusively for the Collaboration, and that HSSI and HSSME shall not work with, for, or be engaged by any other third party, directly or indirectly, which will result in their respective businesses being in competition with the Collaboration.

Although not all deliverables by HSSI and HSSME to its clients are REA-regulated, the terms of reference for most contracts awarded by their clients involve the provision of both REA-regulated and non-regulated services. In few instances where there was a separate contract for non-regulated services, it usually stems from a prior contract which involves the provision of REA-regulated services.

As such, for non-regulated services where our Group has the technical expertise and capacity, we can bid for the projects directly.

6.3 COMPETITIVE STRENGTHS

Our business is supported by the following competitive strengths to sustain the business as well as to support our growth:-

6.3.1 Experienced Key Management Team

As a service provider, our ability to compete effectively lies, amongst others, with the strength of our key management team. Our Group has assembled an experienced management team comprising qualified professionals with extensive management, operating and tacit industry expertise and experience in their respective fields. In addition, our Executive Directors have an average of more than thirty (30) years of experience in the engineering consulting services industry.

6. BUSINESS OVERVIEW (Cont'd)

Please refer to Section 8.3.3 of this Prospectus for further details of the credentials of our key management team.

Our management team is a key factor contributing to the quality of our service delivery. Our experience and combined expertise has enabled us to execute projects in accordance to project specifications, safety procedures, time and cost, as well as allowing us to submit knowledgeable, accurate and realistic cost (estimates) to the client, based on our accumulated experience in value engineering solutions.

By engaging us either directly or through the Collaboration, clients will have access to our key management's experience, resources and knowledge. Through their experience in various types of construction projects in sectors like roads, highways, transportations, township design and development projects, we are able to offer different expertise and skillsets to the clients. This, together with our ability to collaborate as a team have contributed positively to our operations and growth as it plays a large role in garnering repeat business and new clients, which are reflected in our financial performance over the years.

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6. BUSINESS OVERVIEW (Cont'd)

6.3.2 Established and Proven Track Record

Through the Collaboration, we have contributed to HSSI's and HSSME's success in the engineering and project management services market which has contributed well to their reputation and goodwill in various industries and sectors in Malaysia. The consistent track record has earned HSSI and HSSME many recurring clients and new ones through favourable referrals and recommendations from existing clients. We have participated, through the Collaboration, in providing the contracted services via HSSI and HSSME to top ten (10) clients in 2015 who have relationships with HSSI and HSSME spanning an average of twelve (12) years.

Some of the notable projects we have participated include the following whereby we have provided the Support Services through the Collaboration and BIM services:-

Sector	Project	Project Description	Scope of work	Contract value RM' million	Timeline of our scope of work	
					Start	End
Project Management						
Railway	MRT Line 1	<ul style="list-style-type: none"> • Client: Mass Rapid Transit Corporation Sdn Bhd • MRT Line 1 connecting Sg. Buloh to Kajang • Pass through KL City Centre • 51 km • Integrates with existing KTM Komuter, Ampang LRT Line and Kelana Jaya LRT Line • 24 elevated stations • 2 depots • Involves facilities and systems works 	Support Services to HSSI for its appointment as the independent consultant engineer to provide independent engineering review during the following stages:- <ul style="list-style-type: none"> • Pre-Design & planning stage • Design stage • Pre-Construction & tender stage • Construction stage 	100.6	Feb 2011	2017

6. BUSINESS OVERVIEW (Cont'd)

Sector	Project	Project Description	Scope of work	Contract value RM' million	Timeline of our scope of work	
					Start	End
Railway	MRT Line 2	<ul style="list-style-type: none"> Client: Mass Rapid Transit Corporation Sdn Bhd MRT Line 2 connecting Sg. Buloh to Putrajaya 52.2 km Integrates with existing KTM Komuter, Ampang LRT Line, Kelana Jaya LRT Line, MRT Line 1 and future high speed rail 36 stations 2 depots (including a shared depot with MRT Line 1 at Sg Buloh) Involves facilities and systems works 	<p>Support Services to HSSI for its appointment as the independent consultant engineer to provide independent engineering review during the following stages:-</p> <ul style="list-style-type: none"> Pre-Design & planning stage Design stage Pre-Construction & tender stage Construction stage 	186.2	Apr 2015	March 2022
Township Development	Kwasa Damansara Township Development	<ul style="list-style-type: none"> Client: Kwasa Land Sdn Bhd Township development over 2,330 acres of land in the vicinity of Kota Damansara and Petaling Jaya Projected 150,000 in residential households and commercial work force 	<p>Support Services to HSSI for its engagement to provide project management services for the proposed common infrastructure works for the development in the Shah Alam areas.</p> <ul style="list-style-type: none"> Planning and design management Procurement management and contract administration Construction management 	12.1	Jul 2014	2020

6. BUSINESS OVERVIEW (Cont'd)

Sector	Project	Project Description	Scope of work	Contract value RM' million	Timeline of our scope of work	
					Start	End
Engineering Services - Design and Construction Supervision						
Railway	LRT Ampang Line Extension	<ul style="list-style-type: none"> Client: Prasarana Malaysia Bhd Extension from existing Sri Petaling station to a new station in Putra Heights 18 km 13 stations (2 have been deferred) 7 stations with park & ride facility Depot with heavy and light maintenance facilities New operating control centre Involves facilities and systems works 	<ul style="list-style-type: none"> Environmental monitoring and enforcement Interface management Risk management 	183.5	Dec 2008	2016
		<ul style="list-style-type: none"> Support Services to HSSI for its engagement to provide the following:- Preliminary stage (i.e. Conceptual stage) Preliminary design Detailed design Specifications and procurement As-built drawings Construction supervision 				
Highway	North-South Expressway Proposed fourth lane widening between Nilai (U) Interchange and Seremban Interchange (from 3 lanes to 4 lanes)	<ul style="list-style-type: none"> Client: Projek Lebuhraya Usahasama Bhd Approximate length is 27 km consisting of 2 Packages:- - Package D : 5 km - Package E : 22 km 	<ul style="list-style-type: none"> Support Services to HSSI for its engagement to provide the following:- Preliminary design Detailed design Specifications and procurement Construction supervision As-built drawings 	26.0	Jul 2011	2016

6. BUSINESS OVERVIEW (Cont'd)

Sector	Project	Project Description	Scope of work	Contract value	Timeline of our scope of work	
					RM' million	Start
Highway	West Coast Expressway from Tg. Karang to Banting (excluding section from Sg. Rasau to NNKSB1 interchange)	<ul style="list-style-type: none"> • Client: DJMC-KEB Joint Venture • 93.80 km • 9 interchanges • 2 rest and service area • Approximately 42 bridges (including road, river and railway bridges) • The alignment is divided into three (3) phase as listed below: <ul style="list-style-type: none"> - Phase 1 : Section 3 & 5 - Phase 2 : Section 1,2 & 6 - Phase 3 : Section 7 	Support Services to HSSI for its engagement to provide the following:- <ul style="list-style-type: none"> • Conceptual & preliminary design • Detailed design • Specifications and procurement • Construction supervision • As built drawings 	39.8	Jun 2011	2019
Port	Construction and Completion	<ul style="list-style-type: none"> • Client : Westports Malaysia Sdn Bhd • Reclamation works inclusive of revetment, dredging and ground improvement works • Extension of total 2,400m wharf structure from CT6 Terminal to CT9 Terminal • 8 access bridges from Land Side to Wharf Structure • Stacking area for container boxes in Yard with associated pavement and structural work • Associated mechanical and electrical works (ie. Water Supply, Fire Fighting, Power Supply & 11 kV Substation) 	Support Services to HSSI for its engagement to provide the following:- <ul style="list-style-type: none"> • Preliminary design • Detailed design • Construction supervision • As-built drawings 	41.1	2010	2017
	i. Land Reclamation works at CT6, CT7, CT8 and CT9					
	ii. 600m Wharf each at CT6, CT7, CT8 and CT9 and Access Bridges					
	iii. CT6 Yard (Zone Q, R & S), CT7 Yard (Zone T & U), CT8 Yard (Zone W & X) and CT9 Yard (Zone Y & Z)					

6. BUSINESS OVERVIEW (Cont'd)

Sector	Project	Project Description	Scope of work	Contract value RM' million	Timeline of our scope of work	
					Start	End
Petro-chemical	Temporary Common Camp Facilities and Infrastructure for Refinery and Petrochemicals Integrated Development Project ("RAPID"), Pengerang, Johor	<ul style="list-style-type: none"> Client: UEMB – PROPEL Consortium Area: 535 acres (out of approximately 7,000 acres of RAPID total area). The camp to serve approximately 70,000 workers Camp development comprising of accommodation and various facilities such as sport complex, cinema, central medical facilities, fire station, barber, laundry facility and canteen 	Support Services to HSSI for its engagement to provide the following:- <ul style="list-style-type: none"> Preliminary design Detailed design Specifications and procurement Construction supervision As-built drawings 	9.8	Oct 2014	2016

BIM Services

Railway	MRT Line 1	<ul style="list-style-type: none"> Client: Mass Rapid Transit Corporation Sdn Bhd MRT line connecting Sg. Buloh to Kajang Pass through KL City Centre 51 km Integrates with existing KTM Komuter, Ampang LRT Line and Kelana Jaya LRT Line 24 elevated stations 2 depots 	BGV was appointed to provide BIM services covering the following stages:- <ul style="list-style-type: none"> Design Analysis Construction 	7.8	Apr 2013	Feb 2016
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6. BUSINESS OVERVIEW (Cont'd)

6.3.3 Extensive and Diverse Experience and Capabilities in Engineering and Project Management

Through the Collaboration, we have longstanding experience in project design and project management, construction management and turnkey implementation for a wide array of sectors including, but not limited to, building and structures, urban infrastructure, roads and highways, railways and metro systems, airports, ports and harbours, transportation planning, power generation and distribution, water resources and supply, and sewerage and public health. The undertaking and successful completions of such a diverse range of projects have endowed us with multiple in-depth and tacit industry knowledge and strong technical capabilities. In addition, we have also expanded and successfully undertaken projects abroad and as such, are not confined solely to serving the domestic market.

The extensive and diverse portfolio of engineering and project management experience and capabilities have also given us the flexibility to pursue various types of projects across industries and sectors under the Collaboration, thereby minimising any overdependence on any single industry or sector. The same flexibility also allows us to capitalise on opportunities arising from changing market conditions.

6.3.4 Emphasis on Human Capital Development

We value our employees as our most important asset, being the driving force to the success of our Group since inception. Our Group's principal business activity revolves around the provision of professional services and therefore requires a competent workforce. As at LPD, more than a third of our workforce consists of engineers. In order to provide excellent service to clients, we have identified the importance of continuously improving the quality of our workforce through our commitment towards providing the necessary training in areas such as computer technologies, relevant technical knowledge, regulatory / statutory requirements, legal documentation, quality control and management, safety and finance.

Having a diversified workforce and talent within our Group, we recognise the internal breadth of knowledge, experience and expertise which can be leveraged. Therefore, we encourage cross functional and inter-company collaboration / cooperation which enables knowledge transfer across our Group.

Our Group is also an authorised Autodesk Training and Certification Centre in India as we fulfilled the following criteria:-

- (a) Training centre should be equipped with the relevant hardware and software tools in accordance to the training modules provided;
- (b) Trainers are degree holders with at least three (3) years of experience in software utilisation and training or have hands on industry experience; and
- (c) Approval is required from local municipality.

The Autodesk certification programme was developed to objectively validate the skills and knowledge of anyone—student or professional—who uses Autodesk software. The Autodesk certification can enhance the competitive edge and reputation of organisations that adopt its use, while providing an industry-accepted credential that students and professionals can use to achieve academic success and advance their careers.

6. BUSINESS OVERVIEW (Cont'd)

Autodesk Inc. ("Autodesk") is an American multinational software company, a leading company in 3D design, engineering and entertainment software. Customers across the manufacturing, architecture, building, construction, and media and entertainment industries use Autodesk software to design, visualise, and simulate their ideas before they are built or created. Since its introduction of the AutoCAD software in 1982, Autodesk continues to develop the broadest portfolio of state-of-the-art 3D software for global markets. Their top products include the AutoCAD and Revit software.

Our Autodesk Training and Certification Centre specialises in the training of the Autodesk Revit software, which is a BIM software for architects, structural engineers, mechanical, electrical and plumbing engineers, designers and contractors. The Autodesk Revit software allows users to design a building and structure and its components in 3D, annotate the model with 2D drafting elements, and access building information from the building model's database. The Autodesk Revit software enables engineers to plan and track various stages in the building's lifecycle, from concept to construction and later demolition.

Our Group being an authorised Autodesk Training and Certification Centre in India is able to maximise potential within our workforce by providing the Autodesk Training Programme to our employees. As the Autodesk Training Programme is also available to university students, we are able to scout for talented individuals from the pool of university students that apply for the training course. This provides us with an advantage over our competitors as we will have greater chance of securing competent individuals into our workforce. We have set up an authorised Autodesk Training and Certification Centre in Malaysia in December 2015.

Through our human capital development efforts, we currently have a professional team of over 100 experienced professionals of which thirty (30) of them are certified Autodesk professionals. Our professional team has accumulated vast experience through the execution of over 150 projects including residential, commercial, institutional, hospitality spaces and others. The team of professionals is also adept in the provision of modelling services, including presentations for clients.

6.3.5 Application of the Latest Technologies

Our Group has always placed importance to adopt latest technologies in order to maintain our competitive edge within the industry. Over the years, we have introduced and adopted new technologies and methodologies into our business operations which have enabled greater efficiency and performance in service delivery while at the same time adding value to our services.

Our history in introducing and applying new solutions began back in late 1980s when HSSI began using what was at that time a relatively new solution, the AutoCAD for design reports and 2D drawings and Total Stations for surveying. In 1996, HSSI adopted and implemented value engineering and risk management methodologies into its engineering processes. HSSI adopted and incorporated 3D design capabilities in 1997. The continuous and early adoption of new design tools or methods allowed us to stay ahead of competition while at the same time offering value added services to clients. More recently, in 2012, our Group introduced and successfully incorporated the use of BIM technology as part of our principal service offering. The adoption of BIM as part of our service offerings played a contributing role which enabled us to secure major landmark projects such as the MRT Line 1, Kwasa Damansara township, various development projects by Malaysian Resources Corporation Berhad and the exclusive Banyan Tree Signatures development. The use of BIM allows us to manage projects in a more effective manner from design and documentation, to implementation and even in support/facilities management.

6. BUSINESS OVERVIEW (Cont'd)

The continued track record in successful adoption of such technologies as BIM is testament to our Group's ability to evolve and capitalise on the latest development in engineering and project management solutions, and this correspondingly, puts us in good stead to continue profiting from the early adoption of the competitive edge offered as well as enabling us to attract and retain clients through value-added service offerings and deliveries.

6.3.6 Established Relationships with Clients

Our Group places great importance in maintaining strong relationship with our existing clients and those of HSSI and HSSME. Our Group believes that our success in completing projects within the predetermined deadlines and budget, while maintaining a high quality of work has helped build trust with the clients. This has resulted in the establishment of strong and mutually beneficial relationships with the clients.

The strong relationship between us, HSSI and HSSME with clients has resulted in recurring sales throughout our years of business operations as we, HSSI and HSSME have been receiving invites for the clients' new projects. For the past three (3) years, HSSI and HSSME have been successful in securing projects with eight (8) of the major clients who have been dealing with us, HSSI and HSSME for ten (10) years or more. We, HSSI and HSSME also receive new clients through recommendations and referrals of the clients, hence ensuring a constant flow of incoming projects.

6.3.7 Focus on High Quality Service Delivery

Our Group strongly believes in upholding superior service quality and ensuring client satisfaction. Through the Collaboration, we have long established reputation as a reliable and trustworthy engineering and project management service provider, whereby we are capable of delivering quality services in line with client's requirements in a timely manner. While striving to provide excellence of quality to clients, we place great importance on the health and safety practices in our operations. We seek to ensure construction activities carried out under our supervision comply with the environmental regulations of the respective country.

As testament to our commitment towards delivering superior, quality services and solutions, please refer to Sections 6.14 and 6.15 of the Prospectus for HSSE's notable recognitions received.

We strictly enforce these ISO policies to ensure that our quality standards are consistent and to ensure that all our business operations do not violate any laws and regulations of the region.

6.3.8 Positioning in the Industry – Comprehensive Engineering and Project Management Services

Construction and building industry requires participation of various professionals from engineering and non-engineering sector. The engineering sector can be divided into two (2) main categories, core and non-core. Core category includes engineering design and construction supervision, project management services, BIM services and facility management. Meanwhile, non-core category includes planning, architectural services, quantity survey, interior design, environmental study, traffic consultancy, building valuation and survey and land survey. Non-engineering sector includes legal, financial analysis and management and market research.

6. BUSINESS OVERVIEW (Cont'd)

The involvement of various professionals providing such core and non-core services within the engineering sector would be dependent on whether the project is primarily an infrastructure or building project. There could be instances wherein the project is a combination of infrastructure and building.

The four (4) core services in the construction and building industry (i.e. where there is full involvement in both the infrastructure and building spectrum) are engineering services, project management, BIM and facility management. We are currently involved in engineering services, project management services and BIM services. Hence, our plan is to pursue facility management as part of our future plans. Please refer to Section 6.4.2 of this Prospectus for further details.

6.4 FUTURE PLANS AND PROSPECTS

The following plans will assist us to leverage on our strengths to capture future growth opportunities locally and abroad. Our future plans set out in this Section 6.4 are expected to be fully implemented within three (3) years from the date of our Listing.

We have allocated RM24.0 million of the proceeds raised from our Public Issue to realise part of our future plans as set out in this Section 6.4 in particular our geographical expansion to India, as well as our venture into the provision of Support Services to the water and power generation sectors in Malaysia. Further details of our proposed utilisation of proceeds are set out in Section 3.10.1 of this Prospectus.

We estimate that the timeline for our future plans to materialise as and when the respective opportunities arise. As such, the precise timing of our future plans are uncertain at the moment. However, we do expect to utilise the proceeds of our IPO within the stipulated timeframe as set out in Section 3.10.1 of this Prospectus, which will mark the beginning of our future plans.

We may finance the additional requirements for our future plans via a combination of future fund raising in the capital market, internally generated funds, bank borrowings and/or issuance of new securities to our prospective partners, as and when such future plans are realised.

6.4.1 Geographical Expansion via Local and/or Foreign Acquisitions Including Strategic Partnerships

Our Group existing operations are primarily focused in Malaysia, which contributed approximately 97.5% of our Group's revenue for the FYE 2015. To reduce the dependence on a single market and to ensure long term sustainability, we intend to extend our market presence internationally by expanding our business operations in India, Middle East and ASEAN regions (listed in terms of priority).

Our geographical expansion model is to acquire existing companies or to establish strategic partnership/joint venture with companies which are already operating in India, Middle East and ASEAN regions. The choice of partnership and acquisition is borne out of the need to ensure a fast and effective market penetration given that local companies are likely to have already established an existing presence and network in their respective countries.

The selection of countries was based on our internal analysis of demographic and other economic data as well as that of the IMR Report. These analyses focus on the various opportunities available to us based on the economic growth and development of these countries. To successfully do so, we believe the experience and knowledge of local strategic partners in each respective region will be required.

6. BUSINESS OVERVIEW *(Cont'd)*

The following factors explain in detail how each region's development translates to opportunities for us. Particularly, we choose to expand our operations in India, the Middle East and Indonesia:-

- (a) We have targeted India as one of the countries for our expansion due to its growing population and urbanisation. Based on the IMR Report, the Indian government is poised to spend a total investment of USD1.2 trillion over the next twenty (20) years in development of the country. This will likely result in various development projects for the years to come, and present an attractive opportunity to us to partake in, especially in the sectors of transportation, energy and public security. Please refer to Section 3.10.1 for further details on our utilisation of proceeds to expand our operations in India.

Our plans to expand in India also follow closely the "Make-in-India" vision as per the India Union Budget 2015 which is intended to boost the domestic manufacturing industry and attract foreign investors to invest into the Indian economy by providing incentives. Please refer to Section 7 of this Prospectus for further details of the growth potential in India as well as its population growth factors.

- (b) We will continue to selectively expand our presence in the Middle East region, in particular UAE, Saudi Arabia and Qatar and expect to do so via local strategic partnerships. Our past involvement in notable design projects in UAE will serve as strong testimonies of our capabilities in this region.

With our partners, we expect to be able to bid for various contracts for the ongoing and future development plans in the region such as the King Abdullah Economic City development in Saudi Arabia which is currently in development and is expected to be completed in 2035; the World Cup 2022 to be held in Qatar; and the Expo 2020 Dubai which is expected to involve USD7 billion in spending. These developments are expected to involve many construction projects such as cities, commercial buildings and facilities, which will require project management and/or engineering services.

(Source: IMR Report)

Please refer to the IMR Report for further details of the developments in the countries mentioned above.

- (c) We also intend to progressively develop our market presence regionally in ASEAN as it is expected that the construction industry in ASEAN especially in emerging countries will witness growth in the near future with significant public investments in large-scale transportation infrastructure construction projects, private sector development and overall economic development.

Within the ASEAN region, we have prioritised the establishing of our presence particularly in Indonesia due to the recognised need for major infrastructure development, which is an area where we have significant experience in.

We have premised our expansion plans based on the opportunities described in the IMR Report. The Indonesian government is reportedly to continue its focus on improving the state of public infrastructure in Indonesia. At the same time, population growth and urbanisation are also driving demand for residential and commercial property.

6. BUSINESS OVERVIEW (Cont'd)

In particular, under the National Medium Term Development Plan (2015 – 2019), the Indonesian government intends to push an estimated infrastructure investments of IDR4,886 trillion whereby IDR3,386 trillion are earmarked for strategic infrastructures and IDR1,500 trillion for basic infrastructures. Please refer to the IMR Report for further details.

The opportunities in (a) to (c) above span various developments in each respective region, which would translate to the need for our services for the projects arising therefrom.

We expect to be bidding for contracts in this respect and intend to rely on our past track record in this region as well as those of the local partners' to strengthen our bids. We have in the past successfully secured various projects internationally in collaboration with various strategic partners, some of which are as follows:-

Strategic Partners / Alliances	Type of Collaboration / Alliance	Projects under collaboration / Scope of work	Contract value RM' 000	Year to date Project revenue / Profit contribution to HSS Group	Project timeline	
				RM' 000	Start	End
Synergy Property Development Services Pvt Ltd, India	Strategic partnership to collaborate on real estate and infrastructure development projects in Malaysia, India and rest of Asia	Post Office Towers, Abu Dhabi / Provision of BIM services	1,000.0	879/ 88.0	Nov 2014	Feb 2017
AutoDesk Asia Pte Ltd, Singapore	Master subcontract agreement to provide BIM services	Disease Prevention & Screening Centre, Abu Dhabi / Provision of BIM services	150.0	150.0 / 15.1	Sep 2013	Nov 2014
		International Convention Centre, Saudi Arabia / Provision of BIM services	199.1	199.1 / 20.0	Sep 2014	Jul 2015
Cadnet Limited, UK	Strategic partnership to collaborate on building projects in UK	Battersea power station, UK / Provision of BIM services	51.1	51.1 / 5.2	Dec 2014	Jan 2015

The scope of work of the above projects relates to the provision of BIM services on a non-exclusive basis, a new growth area which we have embarked on since 2012. Our present collaborations with various strategic partners are geographical and/or industry/sector focused, and are not project specific.

6. BUSINESS OVERVIEW (Cont'd)

6.4.2 Continuous Expansion on our Three (3) Existing Core Services and Proposed Venture into a Fourth (4th) Core Service i.e. Facility Management

- (a) Our Group's primary thrust moving forward is to continue expanding within the engineering services, project management services and BIM consultancy services market.

Through the Collaboration, HSSI and HSSME have been repeatedly engaged by existing clients (a few with relationships spanning more than twelve (12) years). This is testimony of their stature as a reliable and quality engineering and project management services provider which stems from our provision of Support Services to HSSI and HSSME. We therefore intend to leverage on the existing list of clients for us, HSSI and HSSME to tender for more projects from them. In addition, we intend to capture more business opportunities through their recommendations to other prospective clients. Below are a few of the latest projects which have been secured by HSSI for which we are providing the Support Services:-

- Project management work package for the East Klang Valley Expressway (EKVE) project with a contract value of RM6.1 million which had commenced in April 2015 and is expected to be completed by 2019;
- Construction supervision services for the West Coast Expressway – Tanjung Karang – Banting section. The project has a total contract value of RM19.2 million which had commenced in December 2015 with an expected completion date of 2019; and
- Independent consultant engineer services for the MRT Line 2 project. Our estimated fees for this project is RM186.2 million. Our services had commenced in April 2015 and the project is expected to complete by 2022.

It is likely that the liberalisation of services in Malaysia under the General Agreement on Trade in Services (GATS) will result in consolidation and rationalisation within the engineering and project management services industry. To maintain our competitive edge within Malaysia with the increasing participation by foreign firms, we are taking a proactive approach to identify other major industry players in Malaysia for possibility of potential merger or acquisition to expand our existing core services.

- (b) Our proposed venture into the fourth (4th) core service i.e. facility management will enable our Group to position ourselves as a total engineering and project management service provider and to build a steady recurring income business model. Facility management is a professional service encompassing multiple disciplines to ensure the functionality of the built environment by integrating people, place, process and technology. Facility management is also an elaboration of the engineering services pertaining to the air conditioning, refrigeration, sanitary and pollution control, etc.

We are well-positioned to provide facility management services given our existing multi-disciplinary engineering expertise and involvement from conception to commissioning. Our involvement in the conception stage of a project allows us to define the optimum requirements before and during the project's development. Hence, we are naturally positioned to venture into facilities management as a natural progression towards services that continue after the completion/commissioning of a project. The foregoing explains how facility management is complementary to our existing capabilities and competencies.

6. BUSINESS OVERVIEW (Cont'd)

We shall provide multi-disciplinary services focused on the on-going management and operations of infrastructure, building and plant assets. Our aim is to provide a single point of accountability, enabling clients to reduce and control operating costs by leveraging on our engineering expertise in order to maximise the value of their assets. Towards achieving this goal, we would be using BIM as an enabler to complement facility management throughout the project life cycle.

Please refer to the Section 7 of this Prospectus for an outlook of the demand for facilities management services as well as a detailed explanation of facilities management services as a part of the overall engineering and project management services market.

6.4.3 Venturing into the provision of Support Services to the Water and Power Generation Sectors in Malaysia

Currently, most of the projects our Group has participated in revolve around highways and transportation sectors with 75% revenue contribution for the FYE 2015. However, we have also provided Support Services in respect of several projects in both the water and power generation sectors undertaken by HSSI, but with relatively lower contract value as compared to our other projects. Below are a few of such projects:-

Sector	Project	Scope of work	Contract value RM' million	Timeline of our scope of work	
				Commence-ment	Com-pletion
Drainage and Irrigation	Sungai Muar Flood Mitigation Works, Johor	Support Services provided to HSSI for engineering design - master plan and detailed design	8.5	Oct 2008	2010
Drainage and Irrigation (Overseas)	Al-Abdally Farm Irrigation, Kuwait	Support Services provided to HSSI for engineering services - design and construction management	0.8	Jan 2012	May 2012
Power Plant	Balance of Plant for the 100 megawatts Coal Fired Power Plant Extension	Support Services provided to HSSI for engineering design – detailed design for civil, structural, mechanical and electrical	6.6	July 2013	Feb 2015
Power Plant	Panglima Combined-Cycle Gas Turbine Power Plant, Melaka	Support Services provided to HSSI for engineering design - engineering consultancy services	0.9	Feb 2001	Apr 2002
Water	Pipes Replacement Works To Reduce Non-	Support Services provided to HSSI for engineering services – detailed design and	3.6	Apr 2005	Apr 2006

6. BUSINESS OVERVIEW (Cont'd)

Sector	Project	Scope of work	Contract value	Timeline of our scope of work	
	Revenue-Water For Districts Of Kuala Selangor, Kuala Langat & Sepang	construction supervision			
Water	Kuantan Port Expansion- Package 1 -One (1) Elevated Water Storage Tank (R9), Pipelines And All Associated Works	Support Services provided to HSSI for engineering services – detailed design and construction supervision	0.4 (part of RM5.0 million for Kuantan Port Expansion)	Dec 2014	2016

We believe that there are ample opportunities for us to further venture into other sectors and have accordingly, identified water and power generation sectors in Malaysia. Based on the outlook described in Section 7 of this Prospectus, both sectors are expected to continue receiving strong government support given their strategic importance to the country.

The following illustrates certain opportunities available to us in the water and power generation sectors in Malaysia based on, among others, government spending and local utility company budget plans, which are further detailed in the IMR Report:-

- (a) A higher demand for water services in Malaysia will translate to greater expansion in water treatment and sewerage facilities. The Malaysian government continued to exert strong support to the water service industry during the 10MP period. For example, as outlined in 10MP, the capacity of Pantai 2 sewage treatment plant is set to upgrade from its existing design and is expected to be completed in 2017. In addition, a total of RM1.26 billion is also allocated in the implementation of Mengkuang Dam Expansion Enlargement project.

The 11MP reiterated the government's commitment for the continued expansion and investment in new water and sewerage networks and treatment capacity. Under the same plan, continued emphasis will be placed towards extending provision of rural basic infrastructure including expanding coverage of access to clean and treated water. Focus will also be given to a holistic non-revenue water reduction programme and improving the performance of the sewerage system.

- (b) The government has targeted solar power to contribute a minimum of 220 megawatts by 2020 as outlined under the National Renewable Energy Policy. The government has also highlighted in the ETP on the need to build approximately 4 gigawatts of additional power capacity in Peninsular Malaysia in ensuring an adequate power supply and a healthy power reserve margin in long term.

Tenaga Nasional Berhad, being the main utility in Peninsular Malaysia, has invested RM10.8 billion in its capital expenditure in 2015. Approximately half of the capital expenditure was allocated towards ensuring system efficiency, security and reliability through investments in system maintenance and enhancements. The remaining expenditure was spent on generation projects towards meeting future capacity requirement.

6. BUSINESS OVERVIEW (Cont'd)

Under the 11MP, a total of RM28.0 billion will be allocated to build three (3) coal plants in Johor, Perak and Negeri Sembilan, and two (2) gas plants in Penang and Johor. These power plants, upon completion, will top up a total of 7,626 megawatts of electricity generation to the nation.

Based on the above, we can expect growing opportunities for us to provide Support Services to the water and power generation sectors in Malaysia in the future and we plan to use our relevant expertise and existing track record together with those of local or foreign partners to bid for new projects.

We are currently identifying suitable targets and/or partners that have the requisite track record and experience in the water sector for potential joint venture or acquisition. As disclosed in Section 3.10.1 of this Prospectus, RM6.0 million is allocated towards this purpose, whereby the target company should have experience in areas such as water resources study, water and waste water engineering, dam and hydroelectric power plant engineering, flood mitigation and drainage.

In terms of our proposed venture into the provision of Support Services to the power generation sector, we are currently seeking to collaborate with local / foreign partners with the relevant expertise and track record for projects within this sector. With the acquired knowledge and track record, we plan to establish a power division within our Group. RM3.0 million is allocated towards this purpose, which will be utilised towards the minimum staffing and rental of office space for this division. The size of the team will be determined according to assessment of the division's business potential, in terms of complexity and value of projects.

As evident from our track record in other sectors, we had and continue to participate in Malaysia's large infrastructure projects, which have helped to build our, HSSI's and HSSME's positive image and good relationship with various government agencies. Hence, we are confident that we would be able to leverage on that track record, experience and capabilities to secure more projects within the power and water sector, which are expected to provide recurring income to us. To this effect, we would undertake more efforts to ensure successful expansion into these sectors whereby we expect accelerated growth in these two (2) sectors as existing and on-going water and power development projects will not be able to meet the increased demands due to population growth and industrialisation.

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6. BUSINESS OVERVIEW (Cont'd)

6.4.4 Prospects of our Group

Our Group operates within the engineering and project management services market in Malaysia, and our prospect remains favourable in relation to the outlook of the industry. According to the IMR Report, the outlook for the engineering and project management services market remains positive throughout the forecast period of 2015 to 2020 with an estimated CAGR of 6.5% throughout the said period. Growth within the engineering and project management services market is likely to stem from government-led initiatives and spending, sustained economic growth to support spending and investment in properties, steady population growth, increasing participation by professionals into the provision of engineering and project management services and the strategic need for project management services. According to the IMR Report, moving forward, growth momentum in the Malaysian construction industry is expected to moderate slightly to 7.9% in 2016, with much of its prospects hinging upon the effective implementation of various projects identified under the 11MP and ETP, along with the continued execution of various public-private partnership (PPP) projects.

The Malaysian Government expects private investment to play a more significant role in economic development going forward, and PPP will continue to be one of the key instruments in helping the country achieve growth and development not just until the year 2020 but also beyond. The Government noted that PPP is only possible through smart partnership ventures between private and public sector with high level commitment from the Government. To this effect, the Government's commitment is clearly manifested with the establishment of Unit Kerjasama Awam Swasta (UKAS) as a dedicated agency responsible for PPP implementation in Malaysia and the allocation of RM20.0 billion for the Facilitation Fund to encourage private sector investment in strategic key economic areas.

We possess extensive experience and track record from our previous participation in government funded projects as detailed in Section 6.3.2 of this Prospectus. For the FYE 2015, as much as 71% of our Group's revenue was contributed from government funded projects. Leveraging on our past track record and reputation in this segment, we expect ample opportunities for us to expand our current revenue base in relation with the shift in government spending towards PPP.

Furthermore, we have adopted BIM technology since 2012 and it became a key element to our core service offerings since then. The adoption of BIM technology represents our ability to capitalise on the latest technology development. More importantly, we are able to reap the benefit of early adoption of the competitive edge offered should the proposed mandatory BIM submission for architect and engineering in 2017 and 2018 materialise.

Moving forward, we have in place a series of business plans that are focused in expanding our presence and service offerings both domestically and overseas in India, Middle East and the ASEAN regions (listed in terms of priority). These future plans will help us to sustain our business and provide growth opportunities for our Group.

Prospect of the Indian Construction Industry

The construction industry in India remains favourable in long term; growth is likely to stem from various government-led initiatives and policies for industrialisation, urbanisation and economic development. More importantly, the Indian population is projected to continue flourishing to 1.35 billion by 2022 from the estimated 1.28 billion in 2016. Accordingly, this would spur the demand for shelter and better infrastructures. The large amounts allocated by the Indian government for spending in the development of smart cities, construction of industrial and economic corridors, as well as investment in the power and transportation infrastructure are anticipated to spur the demand for activities and services within the construction industry.

6. BUSINESS OVERVIEW (Cont'd)

Being one of the mega infrastructure projects in India, the development of Delhi-Mumbai Industrial Corridor (DMIC) which encompasses nine (9) mega industrial zones, high speed freight line, three (3) ports, six (6)-lane intersection-free expressway connecting Mumbai and Delhi, and a 4,000 megawatts power plant are planned and spread in two (2) phases. In addition to DMIC, another four (4) corridors have been conceptualised for the same purpose, namely the Bengaluru-Mumbai Economic Corridor, the Amritsar-Kolkata Industrial Development Corridor, the Chennai-Bengaluru Industrial Corridor and the Vizag-Chennai Industrial Corridor. Other major transportation projects in India include the development of Kochi Metro with its first phase being planned for a distance of 25 km with 22 stations running from Aluva to Petta. The Indian government also strives to increase the electricity supply to rural population. Accordingly, the Indian government aims to generate 100,000 megawatts of solar power, 60,000 megawatts of wind power, 10,000 megawatts of small hydro power and 5,000 megawatts of biomass-based power by 2022.

In terms of funding, the ease of access to foreign direct investment is expected to have a positive impact on the construction industry in India. Its latest Consolidated FDI Policy Circular of 2015, the Indian government targets to attract more investment by allowing foreign direct investment of up to 100.0% for the construction, operation and maintenance of railway infrastructure.

(Source: IMR Report)

Prospect of the Construction Industry in the Middle East

The construction industry in the Middle East continued to expand until the second half of 2014 when dipping oil prices, political succession in the Kingdom of Saudi Arabia and heightened geopolitical tensions resulted in business uncertainties and restrained its growth. As the downward pricing trend persisted in 2015, investors sentiments were adversely affected thus resulting in cancellation and deferment of construction projects for budget revision. Nonetheless, major developments in the Middle East include those from countries leading the growth in the region – including the Kingdom of Saudi Arabia, Qatar and the UAE, are expected to provide the impetus to the industry's growth in the long run.

Announced in 2005, the King Abdullah Economic City development in the Kingdom of Saudi Arabia is a measure outlined to reduce their dependency on the oil industry. This mega project is developed on an area of 168 square km with an estimated cost of USD95 billion. The construction work of the said development has commenced since 2006, and is targeted to complete by 2035.

Meanwhile, the construction industry in Qatar has seen the implementation of various developments as preparations begin for the World Cup 2022. Amongst the preparation, the Lusail City is a massive planned community encompassing a 80,000 seat Lusail Iconic Stadium for the final game. Other developments in pipeline include four (4) exclusive islands and nineteen (19) multi-purpose residential, mixed use, entertainment and commercial districts. The total estimated capacity of Lusail City is estimated to reach 450,000 people.

Likewise in the UAE, the hosting right of the 2020 World Expo in Dubai (also known as Expo 2020 Dubai) provides the impetus to grow within the local construction. With an estimated spending of USD7.0 billion, the expo, like those in the past, enables the sharing of ideas in architecture, science and technology, and other fields by countries across the world. World Expo was first held in London in 1851, and the event was subsequently hosted in different countries at irregular intervals of time before 2000, and every five (5) years thereafter.

6. BUSINESS OVERVIEW *(Cont'd)*

Furthermore, the population in the Middle East and North Africa region is projected to escalate from 440 million in 2010 to 618 million by 2040. Accordingly, the construction industry in the Middle East is set to witness increasing demand for properties and infrastructure demand in long term.

(Source: IMR Report)

Prospect of the Indonesian Construction Industry

The Indonesian construction industry registered an expansion of 6.7% in 2015, on the back of increased spending in infrastructure by the government. Growth within the construction industry is also supported by improved investor sentiment subsequent to the introduction of the Masterplan for Acceleration and Expansion of Indonesia's Economic Development. Launched in 2011, the Masterplan outlines various strategies, among others, encouraging private sector participation to develop the country towards achieving the status of developed nation by 2025.

Various highway and railway projects were also introduced in order to improve the connectivity in the country. The proposed construction of the Jakarta Mass Rapid Transportation project constituting the North-South line and the East-West line stretches across over 110 km is expected to complete by 2027. Other infrastructures development in the pipeline, among others, are the construction of the 2,600 km Trans-Sumatra Highway, the 1,000 km Trans Jawa Highway, the 4,325 km Trans-Papua highway, the 2,168 km Trans-Sumatra Railway, the 2,428 km Trans-Kalimantan Railway, and the 145 km Trans-Sulawesi Railway.

The construction industry in Indonesia is also set to benefit from the strong government support towards developing its energy infrastructure in order to meet its increasing energy demand subsequent to economic expansion, rapid urbanisation and population growth. With a current population of around 250 million, the Indonesian population is projected to exceed 290 million by 2045, with majority living in urban areas.

(Source: IMR Report)

6.5 KEY ACHIEVEMENTS AND MILESTONES

Our key achievements and milestones are as follows:-

Period	Achievement or Milestones
2001	<ul style="list-style-type: none"> • HSSE commenced operations
2008	<ul style="list-style-type: none"> • Successfully secured contract to provide Support Services for the LRT Ampang Line Extension project via HSSI
2011	<ul style="list-style-type: none"> • Successfully secured contract to provide Support Services for MRT Line 1 project via HSSI
2012	<ul style="list-style-type: none"> • BGV was incorporated and commenced operations
2012	<ul style="list-style-type: none"> • HBS was incorporated and commenced operations
2012	<ul style="list-style-type: none"> • Successfully incorporated BIM services into principal activities
2012	<ul style="list-style-type: none"> • Successful registered as Autodesk Subcontractor for BIM project deliveries
2013	<ul style="list-style-type: none"> • Registered turnover of more than RM100 million
2015	<ul style="list-style-type: none"> • Successfully awarded the ISO 9001:2008 for quality management system, ISO 14001:2004 for environmental management system and occupational health and safety policies OHSAS 18001: 2007

6. BUSINESS OVERVIEW (Cont'd)

Period	Achievement or Milestones
2015	<ul style="list-style-type: none"> • Successfully secured contract to provide Support Services for the MRT Line 2 project via HSSI

6.6 DESCRIPTION OF OUR BUSINESS

Our Group is principally involved in the provision of comprehensive engineering and project management services from conception to commissioning including geotechnical survey, feasibility studies, master planning, environmental impact/economic/financial assessments, preliminary and detailed design, computer modelling (BIM), construction supervision and project management. Currently, our total staff strength amount to approximately 600 employees of which 250 of them are engineers. We operate from three (3) main offices namely Kuala Lumpur, Penang and Chennai.

We have longstanding experiences in wide array of sectors including, but not limited to, building and structures, urban infrastructure, roads and highways, railways and metro systems, airports, ports and harbours, transportation planning, power generation and distribution, water resources and supply, and sewerage and public health. We provide our services on a global scale, and have completed projects both locally and internationally in countries such as India and the Middle East.

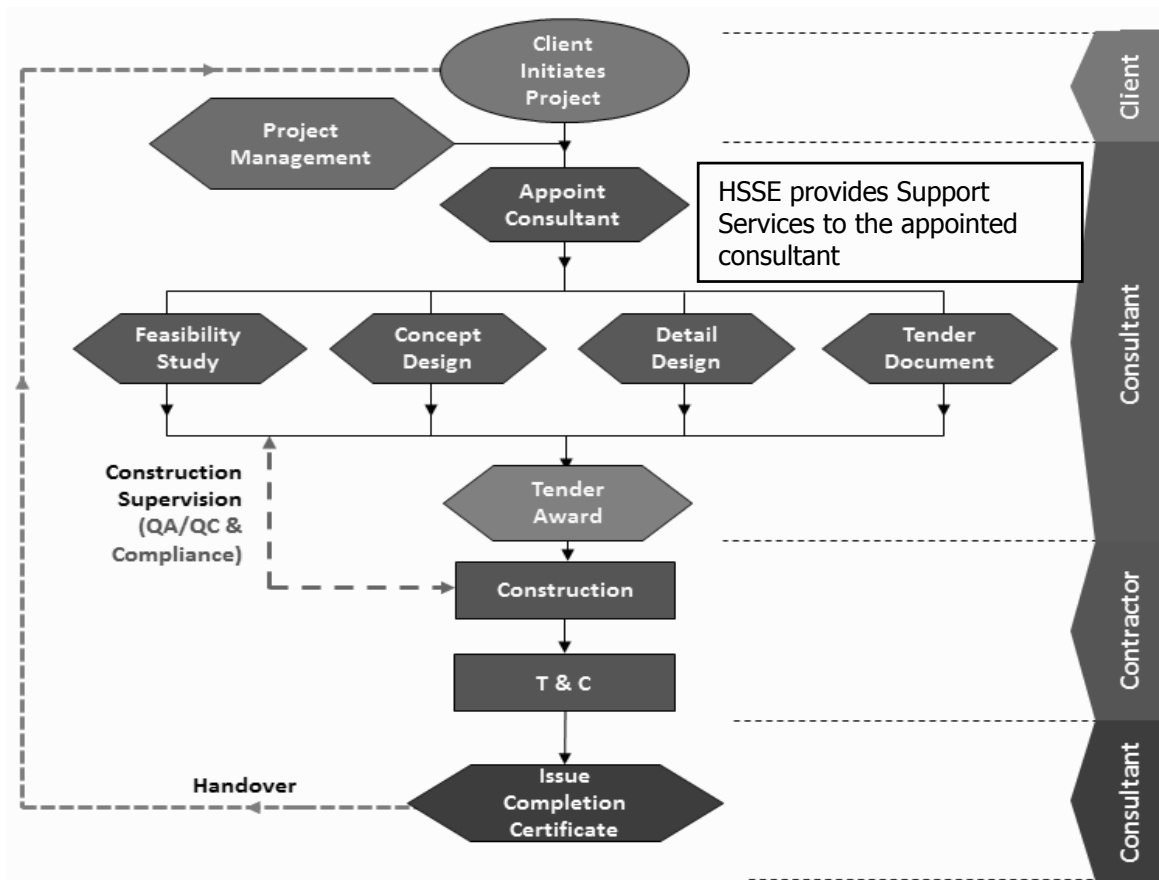
Our range of services can be segmented into three (3) core services categories:-

- (a) Engineering services comprising:-
 - (i) Engineering design;
 - (ii) Construction supervision;
- (b) Project management; and
- (c) BIM services.

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6. BUSINESS OVERVIEW (Cont'd)

The following diagram illustrates a general construction project workflow from its initiation to handover.



6.6.1 Engineering Services

Notwithstanding our technical expertise and capacity, in light of Malaysia's regulatory framework as elaborated in Section 6.1 of this Prospectus, our local services offering is limited to providing the Support Services which forms a significant portion of engineering services. Through the Collaboration with HSSI and HSSME, we assist HSSI and HSSME to deliver comprehensive engineering services to their clients.

(a) Engineering Design

Engineering design is done prior to the commencement of the construction phase and involves the planning and design of the entire project. Upon acceptance of the client's appointment, we work with the client on the scope and details of the project and adopt a zero-based management to ensure that the design is formulated to suit the client's requirements.

The scope of services for engineering design will generally cover the following (note: scope may vary depending on the client's needs and nature of the project):-

(i) Concept Design

Our assigned design team will work closely with the client to first identify the particulars of the project, such as the purpose and location. Various surveys and studies will be undertaken to establish the technical and financial feasibility of the project. For example, topographical survey, geotechnical investigation, traffic

6. BUSINESS OVERVIEW (Cont'd)

study, utilities mapping, infrastructure conditions survey, preliminary financial modelling, financial feasibility study and risk assessment / management. We will formulate the terms of references for the conduct of these surveys and studies, and assist the client in procuring the surveyors.

If the project is feasible, a conceptual design or master plan will be prepared based on the client's requirements and the results of the said surveys and studies. All the necessary documentation for submission to the relevant authorities for the required approvals are prepared simultaneously which will be reviewed and endorsed by HSSI or HSSME.

An environmental impact assessment may also be undertaken to assess any impacts to the environment caused by the project including identifying mitigating steps.

(ii) Preliminary and Detailed Design

The design team will work with HSSI or HSSME to prepare a detailed design which includes civil, structural, mechanical and electrical design. From there, a total cost estimation will be established and value engineering performed to explore possible areas to minimise cost and maximise efficiency. HSSI or HSSME will review and endorse all the necessary documentation we prepare for submission to the relevant authorities for the required approval. Depending on the complexity of a project, we may be required to prepare a preliminary design before proceeding with a detailed design.

(iii) Specification and Procurement

Contracts, bill of quantities and tender documents will be prepared by our contract department, collating all the relevant specifications and procurement activities of the project as required according to the design. Assistance is also offered to the client during the procurement process, including evaluation of tender submissions received by the client.

(b) Construction Supervision

In providing construction supervision services we seek to ensure, *inter alia*, the following:-

- Works performed are in compliance with the approved drawings and specifications, and the prescribed guidelines;
- Work completion and handover is done in accordance with the agreed work programme / implementation schedule; and
- Monitoring the construction process to ensure that the project cost is in accordance with the approved budget.

6. BUSINESS OVERVIEW (Cont'd)

The scope of construction supervision services provided by us is generally as below:-

(i) Quality and Safety

- (aa) Inspect (including sampling, checking, and testing) all materials and workmanship to ensure that the completed works comply with the approved drawings and specifications. Report and monitor the remedial of any defects or deficiencies, including result of quality control tests;
- (bb) Monitor all personnel on site to ensure compliance to the prescribed safety and environment policy / programmes that is implemented;
- (cc) Ensure all works is performed in accordance with the prescribed guidelines and policies to minimise inconvenience to the public within the affected areas;
- (dd) Collect information on daily labour and equipment utilisation; and
- (ee) Make recommendations to the client for any changes to the approved drawings, specifications and/or work programme / implementation schedule which will benefit the client or the project.

(ii) Work Progress, Finance and Coordination

- (aa) Monitor, supervise and report on progress of all works at agreed intervals;
- (bb) Assist HSSI and HSSME to liaise with all relevant authorities and government agencies, whenever necessary;
- (cc) Coordinate activities of all the contractors and other parties which may be working within the same vicinity or location;
- (dd) Report on critical issues and any causes of delay, and recommend remedial / mitigating steps;
- (ee) Assess any request for extension of time by contractors and make recommendation to the client;
- (ff) Advise the client of any requirement for a variation including any potential incremental costs;
- (gg) Check and verify quantities of accepted works for preparation of certification in respect of any payment due;
- (hh) Issue recommendation to HSSI or HSSME for the issuance of Take-Over Certificate and Certificate of Completion and Compliance;
- (ii) Prepare list of defective works and outstanding works, and issue recommendation to HSSI or HSSME for the issuance of Certificate of Making Good Defects;
- (jj) Monitor the execution and completion of defective and outstanding works to ensure all are completed within the agreed period; and
- (kk) Vet through the final account prepared by the contractors before certification by the client.

6. BUSINESS OVERVIEW (Cont'd)

6.6.2 Project Management

We are also involved in the provision of project management and construction management services. We have diversified project experiences and are able to undertake and cater for a wide array of sectors. All project management solutions are tailor made to best suit each project, thus producing efficient and effective results.

For each project, we will assemble a dedicated project management team to oversee and manage the execution of the project. We provide a total project management solution from pre-implementation to completion phase, including turnaround management solutions for projects which are under performing.

Notwithstanding our technical expertise and capacity, in light of Malaysia's regulatory framework as elaborated in Section 6.1 of this Prospectus, our local services offering is limited to providing the Support Services which forms a significant portion of project management services. Through the Collaboration with HSSI and HSSME, we assist HSSI and HSSME to deliver comprehensive project management services to their clients.

The scope of project management services throughout a typical project cycle is as detailed below which may be customised according to the client's needs and the project's requirements:-

(a) Planning and Design Management

The dedicated project management team will work closely with the client to establish the client's requirements and develop the project master implementation plan which includes all the project's milestones and the budget allocated. All the design deliverables (including all relevant studies) submitted by the client's design consultants will be reviewed to ensure its technical compliances are met and the functionality and practicality of the same, and the client's requirements are fulfilled. The project management team will oversee the value engineering exercise by the design consultant to explore areas where cost can be minimised and efficiency maximised. We will liaise with the relevant authorities and other stakeholders for approvals and/or feedbacks. Based on the approved designs, drawings, calculations and proposals, a cost estimation will be prepared which is used to maintain control over the project's total cost.

(b) Procurement Management and Contract Administration

Based on the project master implementation plan, a procurement strategy will be prepared to establish the various contract of services which will need to be procured for the project and a project budget will be prepared for monitoring purposes. This exercise is critical so as to ensure efficient execution of the project, in terms of time and cost. Suitable contractors, consultants and suppliers are identified to be invited for the bidding. Contract documents, bill of quantities and tender documents will be prepared by our contract department.

The project management team will evaluate all bids received and make recommendations to the client based on the bidder's capacity, capability, bidding price and track record. It will be at the client's sole and absolute discretion to accept or reject any recommendations made by the project management team.

All documents submitted by the bidder which include drawings, product data, samples and other submissions will be reviewed by the project management team. The materials specified will also be reviewed by the project management team through means of material testing to ensure that all information, description and particulars are consistent with those specified in the contract.

6. BUSINESS OVERVIEW (Cont'd)

The project management team will continually review and update the budget and make recommendations in respect of any payment requests / certificates from the appointed contractors, consultants and suppliers to ensure the same accurately reflect their completed services and consistent with agreed payment schedule.

(c) Construction Management

The project management team is responsible to ensure that the project is completed within the agreed time period and the established project budget. The team will provide administrative and management services to facilitate coordination of the work between all parties. A constructability assessment will be undertaken which involves the review of the construction methods / implementation programme prepared by the appointed contractors, consultants and suppliers.

A project schedule will be established and the team will set up an effective communication system to allow clear communication between all parties involved. The project management team will monitor and supervise the progress of the project and the project schedule will be regularly updated to reflect the progress of the project.

The project management team will formulate a safety and health programme which conforms to the related law and regulations. Each process and works done during the construction will be studied to identify potential hazards and dangers. Proper safety and health measures will be implemented to mitigate the dangers to any personnel.

Where testing and commissioning are necessary, the project management team will oversee the same. In consultation with the client and any other relevant party(ies), the project manager will determine the time at which each phase is completed, upon which appropriate completion certificate (if any) will be issued. Where necessary, a list of defective / outstanding works will be prepared, and the project manager will monitor to ensure that the same are completed within the agreed period.

(d) Interface Management

The project management team is required to manage the interface between various parties which are detailed below but may not be limited to the following:-

- client;
- regulatory authorities / stakeholders;
- design consultants;
- contractors; and
- suppliers & vendors.

During this time, the project management team will maintain a tracking sheet indicating all the various official correspondences between all parties and the current status of any application or discussions held.

(e) Risk Management

During the project life cycle, the project management team maintains and monitors a risk register which identifies potential technical issues that may cause delays in the implementation of the project. The project management team will highlight these potential issues to the client and propose mitigation / corrective measures to address them.

The risk register is updated on a monthly or fortnightly basis and circulated to the client and any relevant stakeholders for reference and records.

6. BUSINESS OVERVIEW (Cont'd)

For projects with multiple stakeholders, other than the client, for example, the government, regulatory agencies and financiers, an independent engineering review of the project may be required to ensure all the stakeholders' interest is protected. In these circumstances, HSSI may be appointed to undertake such a review in the capacity of an Independent Consultant Engineer. Our role is to provide Support Services to HSSI for the review of identified deliverables by the client's consultants and contractors involved in the project against the terms of reference provided to HSSI.

Below is a typical scope of independent engineering review services which may vary according to the terms of reference provided by the client:-

(i) Pre-Design / Planning Stage

Review the following prepared by the consultant(s) appointed by the client:-

- The client's requirements;
- Value engineering strategies and design optimisation adopted;
- Master implementation plan;
- Project budget; and
- Procurement strategy.

(ii) Design Stage

Review the following prepared by the consultant(s) appointed by the client:-

- Conceptual design;
- Preliminary and detailed design;
- Technical specifications;
- Quality assurance plan;
- Safety and compliance standards; and
- Constructability of the works based on the design.

(iii) Pre-Construction and Tender Stage

Review:-

- Contract documents, bill of quantities and tender documents prepared by the client's consultant(s);
- Tender evaluation criteria prepared by the client's consultant(s);
- Tender submissions by the bidders; and
- Risk management plan prepared by the client's consultant(s).

(iv) Construction Stage

- Verify all progress payment requests from all the client's consultant(s) and contractor(s);
- Monitor the works and undertake performance and material audits;
- Review and issue Statement of No Objection for factory acceptance test / site acceptance test submitted by the client's consultant;
- Review the testing & commissioning plan and operational readiness plan prepared by the client's consultant; and
- Review operational plans and procedures prepared by the client's consultant.

6. BUSINESS OVERVIEW (Cont'd)

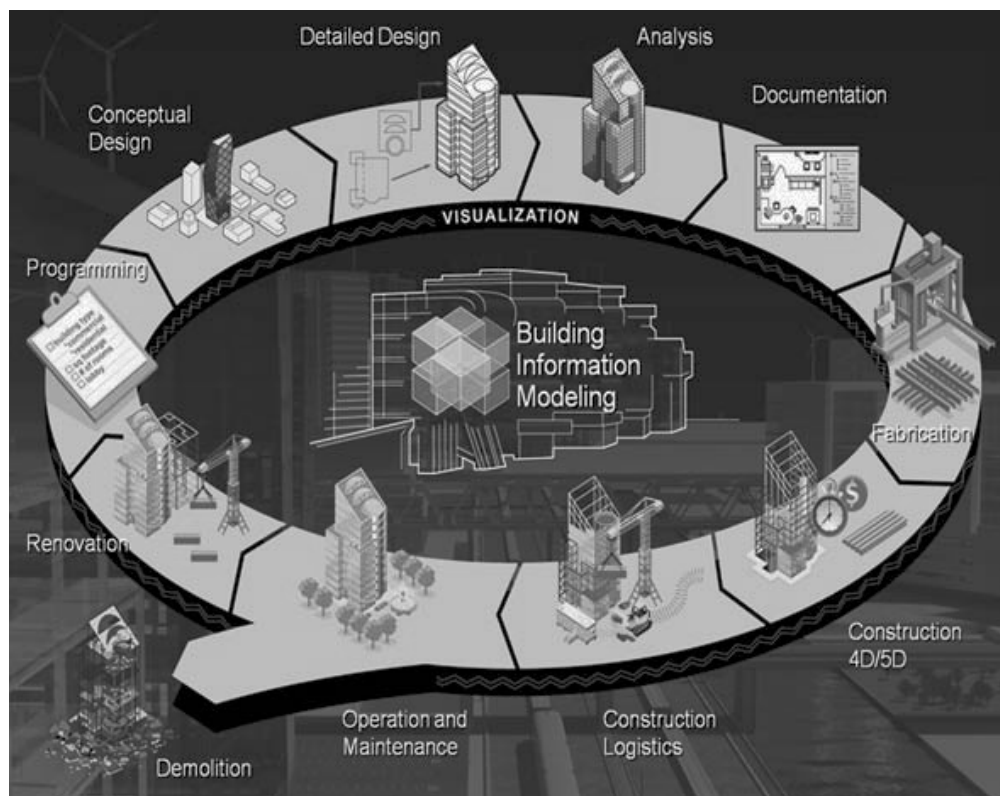
6.6.3 BIM Services

BIM is the process of designing a building or facility collaboratively using an intelligent system of 3D modelling and computer simulation. It involves the integration of various project participants at various levels; this includes the owners, architects, structural engineers, and mechanical, electrical and plumbing systems engineer, and builders.

Provision of BIM services involves the generation of computer simulations to full characteristics of a building or infrastructure of facility which are coordinated and rectified during planning and designing stage to achieve its desired intent. By identifying design issues during planning and designing stage, construction errors and costs of rework can be reduced which will lead to ultimate savings.

BIM services may also be implemented beyond the planning and design phase of the project, throughout the building life cycle, supporting processes including cost management, construction management, project management and facility operation.

Our Group through BGV and HBS provides BIM services which enhance our engineering and project management processes with the goal of maximising client value, improve project efficiency, reduce time for project delivery, and to reduce client's cost through the use of clash detection. We have a team of nearly 100 professionals who have executed over thirty (30) projects including residential, commercial, institutional, hospitality spaces, and others.



6. BUSINESS OVERVIEW *(Cont'd)*

The figure above shows the lifecycle of the BIM process. There are many stages involved in the BIM process. The details involved in these stages can be seen below:-

(a) BIM Execution Plan

The overall BIM execution plan to be implemented throughout the project will be developed with the design team and the client to form the platform from which the BIM process will be derived.

The BIM execution plan will establish the complete BIM process, workflows, communication and methodology where by the project objective will be achieved.

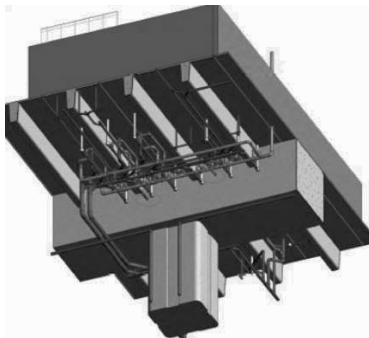
(b) Design

The design stage is the first stage of the BIM process where project identification and assessments are carried out. Meetings will be held with all parties involved in the process to identify the variables of the project which include the functionality of the construct, project location and geotechnical implications, technical and engineering aspects, specification of procurement, preliminary and detailed design, economic and financial appraisals and environmental impact assessment. This will allow the BIM design build team to produce the 3D model.

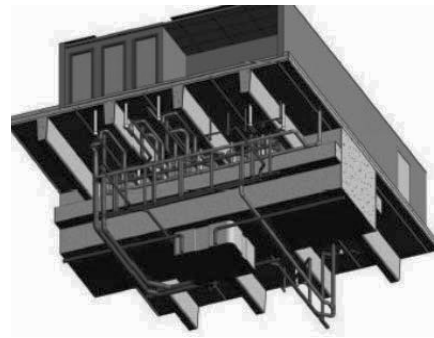
(c) Analysis

(i) Clash Detection

At this stage, the completed 3D model will be analysed thoroughly to check for any defects and clashes. Any clashes in the 3D model will be resolved in this phase after consulting the relevant parties and the 3D model will be updated accordingly.



Clash Detected: Soil waste and vent pipe passing through beam.



Resolution: Changed pipe elevation based on clarification.

The figure above shows an example of a clash and its resolution in a design. As seen above, any missed coordination / clashes in the design can be rectified by the design team prior to the construction.

6. BUSINESS OVERVIEW (Cont'd)

(ii) Documentation and Fabrication

After all rectification in the 3D model, shop drawings will be created based on client standards. The 2D or 3D drawings can be extracted out of the 3D model. The drawings generated will be useful for contractors, fabricators, suppliers and manufacturers as it is detailed enough to use for workshop fabrication, on-site installations and procurement.

The 3D model will also allow accurate information on the manufacturing and procurement with quantity take-off. The quantity take-off is detailed and tabulated as per client requirement. As it is software generated, any updates will be done automatically based on the latest 3D model.

(d) Construction

(i) Construction 4D/5D

With the 3D model, we will produce a simulation of the entire construction of the project. Any complications which might cause delay to the project will be projected and extra cost such as labour cost can be calculated using 4D/5D model. Through simulation, the most efficient method of construction will be identified and the actual construction will commence according to the simulation.

(ii) Construction Logistics

The logistics of all the materials from the warehouse to the construction site as well as how the building materials should be placed or elevated to the proper location during construction will also be calculated and decided upon through simulation. The simulated logistics will be applied in the actual construction process to maximise efficiency.

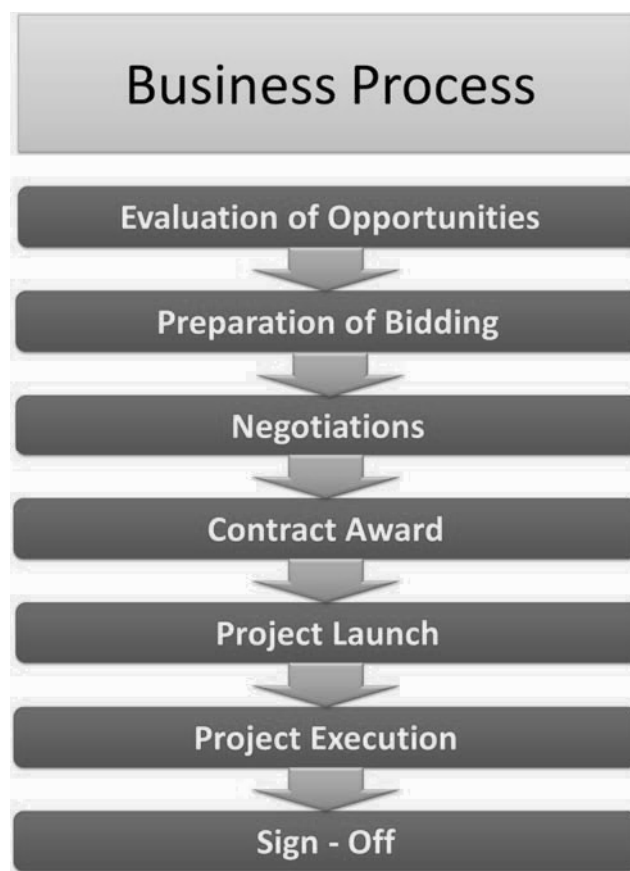
(e) Operation and Maintenance

Similar for the construction stage, the operation and maintenance post-completion can also be simulated. The structure will be tested through the simulation to see if it serves its intended purpose. The detailed look and feel of the intended architecture as well as its functionality will be tested using the simulation. The building operations will be simulated over time and any wear and tear of the construct will be noted. Cost of maintenance of the building can also be estimated in this process.

(f) Demolition and Renovation

Finally, any demolition or renovation can also be simulated using the 3D model. The demolition or renovation process can be simulated to allow the involved parties to understand the implication faced in case of any decision to demolish or renovate based on the present design. This includes cost, logistics, and other structural constraints.

6. BUSINESS OVERVIEW (Cont'd)

6.6.4 Business Process**(a) Evaluation of Opportunities**

Upon receiving a bidding invitation or any plans to engage with a client, we will conduct a background check on the potential client to ensure that the client's financial background is healthy and whether its business practices are compatible with our Group.

Upon confirmation of the potential client's creditworthiness, we will prepare the required documents fees and arrange for collection of documents from the potential client's premise.

(b) Preparation for Bidding

We will conduct a meeting to evaluate the project's requirements in terms of the project timeline, schedule, location and the project's technical aspects. Our Group will take into consideration our current project workload and the project timeline to ensure that we will be able to undertake the project without compromising any prior projects undertaken. After considering the availability of resources for the project, our documents will be prepared for submission.

The processes are as detailed below:-

- (i) Identifying requirements, specifications and timeline of the project;
- (ii) To clarify any ambiguities with the client or principal;

6. BUSINESS OVERVIEW (Cont'd)

- (iii) Evaluate the availability of manpower and other resources according to the project timeline and schedule; and
- (iv) Internal costing and budgetary evaluations on sub-consultant(s) costs, service providers reimbursable and overheads to determine the pricing of bid.

The final pricing of the bid quoted in the submission is determined after having evaluated all the related costs, including indicative prices sub-consultant(s) and service providers. Once our management has confirmed the bid price, the bid will be submitted to the client, on or before the prescribed submission deadline.

(c) Negotiations

Before the Letter of Award is awarded, the client will generally call for an interview for clarification on details on the proposed bid. Among the issues to be discussed are our technical capabilities and quality control, related project experience, availability of resources, project-budgeted cost and timeliness. Upon satisfactory clearance of all the issues mentioned above, the negotiation is completed and finalised.

(d) Contract Award

Upon successfully securing the contract, we will generally be notified through the issuance of the Letter of Award within sixty (60) to ninety (90) days from the final date of bid submission.

(e) Project Launch

Once the Letter of Award is received, our project team will be assembled for the planning of project implementation. Depending on the project scope, the project management team will proceed to have meetings with stakeholders to discuss project design, execution, or other related matters.

(f) Project Execution

After the commencement of the project, our project team through the use of various software, will monitor the project's progress to ensure it is moving according to schedule and that sufficient resources are made available until the completion of the project. The project team will work closely with the service providers to ensure that the quality of work is up to the established standard. Weekly reports on the progress of the project will be monitored by our project manager. Meetings with the client's representative will be done periodically to discuss the progress of the project, changes, and issues. In the event of any changes to the original scope, a variation order must be drafted by the client to make any amendments to the previously agreed terms of the project.

(g) Sign-off

A sign-off indicates the successful handover of a project. Project sign-offs are usually conducted by the client or the client's representative and there may be more than one (1) sign-off required depending on the terms and conditions stated in the Letter of Award.

6. BUSINESS OVERVIEW (Cont'd)**6.6.5 Engineering Services, Project Management and BIM Projects**

For the past three (3) FYEs 2013 to 2015, we have completed various infrastructures and building construction projects of varying size, scope and contract value. The table below highlights our completed projects within the past three (3) FYEs 2013 to 2015 and major on-going projects:-

Past Projects (Completed within FYEs 2013 to 2015)**(a) Support Services for Engineering and Project Management Services**

The table below highlights the projects within the engineering and project management services segment which were completed within the past three (3) FYEs:-

Project details	Clients ⁽¹⁾	Contract value (RM' million)	Commencement/ Completion Date	HSSSE's role is to provide Support Services for the following scope
South Klang Valley Expressway (SKVE)	SKVE Holdings Sdn Bhd	20.8	October 2006/ September 2015	Project Management (RM20.8 million)
Lebuhraya Kajang – Seremban (LEKAS)	WCT Construction Sdn Bhd and IJM Construction Sdn Bhd	19.4	April 2004 / July 2014	Engineering Design (RM12.0 million) and Construction Supervision (RM7.4 million)
LCCT-New Cost Carrier Terminal	Malaysia Airports Holdings Berhad	9.7	December 2009/ October 2015	Engineering Design (RM6.0 million) and Construction Supervision (RM3.7 million)
East Coast Railway	East Coast Economic Region Development Council (ECERDC)	8.7	December 2009/ December 2015	Engineering Design (RM8.7 million)
Manjung Power Plant	Mudajaya Corporation Sdn Bhd	6.7	September 2011/ December 2015	Engineering Design (RM5.1 million) and Construction Supervision (RM1.6 million)
Structural Assessment and Condition Monitoring for LRT - Kelana Jaya Line - Civil & Structural	Prasarana Malaysia Bhd	3.5	July 2008 / July 2013	Engineering Design (RM3.3 million) and Construction Supervision (RM0.2 million)

6. BUSINESS OVERVIEW (Cont'd)

Project details	Clients ⁽¹⁾	Contract value (RM' million)	Commencement/ Completion Date	HSSE's role is to provide Support Services for the following scope
Construction of a New Ikea Store	Ikano Cochrane Sdn Bhd	3.0	July 2013/ November 2015	Project Management (RM3.0 million)
	Total	71.8		

Note:-

⁽¹⁾ Being clients of HSSI, for which we are providing the Support Services to HSSI pursuant to the Teaming and Support Services Agreement.

(b) BIM Services

The table below highlights the project within the BIM services segment which was completed within the past three (3) FYEs:-

Project details	Clients	Contract value (RM' million)	Commencement/ Completion Date	BGV's role
Mass Rapid Transit (MRT) Line 1 - Jajaran Sg. Buloh - Kajang Stations/Depots - Northern package	Mass Rapid Transit Corporation Sdn Bhd	4.0	April 2013 / 2014	Provision of BIM services

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6. BUSINESS OVERVIEW (Cont'd)**Major Current Projects (On-going)****(a) Support Services for Engineering and Project Management Services**

The table below highlights the major current projects within the engineering and project management services segment with contract value of above RM1.0 million:-

Project details	Clients ⁽¹⁾	Contract value	Accumulated billings up to 31 December 2015	Unbilled as at 31 December 2015	Commencement / Completion Date	HSSE's role is to provide Support Services for the following scope
			RM' million			
Bukit Raja - Integrated Township	Sime Darby USJ Development Sdn Bhd	16.0	14.2	1.8	December 1999 / 2020	Engineering Design (RM8.4 million) and Construction Supervision (RM7.6 million)
LRT - Ampang Line Extension	Prasarana Malaysia Bhd	183.5	147.8	35.7	December 2008 / 2016	Engineering Design (RM67.9 million) and Construction Supervision (RM115.6 million)
Maju Expressway (MEX) Extension to Kuala Lumpur International Airport	Maju Holdings Sdn Bhd	11.1	1.5	9.6	May 2010 / 2020	Engineering Design
5,500 Houses for the National Housing Scheme of Brunei Darussalam	Brunei Economic Development Board	22.6	22.1	0.5	September 2010 / 2016	Project Management
Mass Rapid Transit (MRT) Line 1 - Jajaran Sg. Buloh - Kajang	Mass Rapid Transit Corporation Sdn Bhd	100.6	83.2	17.4	February 2011 / 2017	Project Management
West Coast Expressway from Tg. Karang to Banting	IJMC-KEB Joint Venture	20.6	11.0	9.6	June 2011 / 2018	Engineering Design

6. BUSINESS OVERVIEW (Cont'd)

Project details	Clients ⁽¹⁾	Contract value	Accumulated billings up to 31 December 2015	Unbilled as at 31 December 2015	Commencement / Completion Date	HSSE's role is to provide Support Services for the following scope
RM' million						
Westports Construction and Completion on Land Reclamation works, Wharf and Yard	Westports Malaysia Sdn Bhd	41.1	28.4	12.7	July 2010 / 2016	Engineering Design (RM36.1 million) and Construction Supervision (RM5.0 million)
North-South Expressway Fourth Lane Widening between Nilai (Utara) Interchange and Seremban (from 3 lanes to 4 lanes)	Projek Lebuhraya Utara-Selatan Berhad	26.0	22.4	3.6	July 2011 / 2016	Engineering Design (RM10.8 million) and Construction Supervision (RM15.2 million)
Sungei Besi – Ulu Kelang Elevated Expressway (SUKE)	Turnpike Synergy Sdn Bhd	50.7	7.8	42.9	January 2012 / 2019	Engineering Design (RM12.7 million) and Construction Supervision (RM38.0 million)
Implementation of 3 Major Roads Project And Undersea Third Link Tunnel In Penang	Unit Perancang Ekonomi Negeri Penang	19.7	7.6	12.1	October 2014 / 2019	Engineering Design
Metro Project In Northern State (Penang)	Gamuda Bhd	13.0	2.5	10.5	December 2014 / 2018	Engineering Design
Temporary Common Camp Facilities and Infrastructure for Refinery And Petrochemicals Integrated Development (RAPID) Project, Pengerang, Johor	UEMB-PROPEL Consortium	9.8	6.4	3.4	October 2014 / 2016	Engineering Design (RM6.9 million) and Construction Supervision (RM2.9 million)
Kwasa Damansara Township Development	Kwasa Land Sdn Bhd (a wholly owned subsidiary of Employees Provident Fund)	12.1	2.0	10.1	July 2014 / 2020	Project Management

6. BUSINESS OVERVIEW (Cont'd)

Project details	Clients ⁽¹⁾	Contract value	Accumulated billings up to 31 December 2015	Unbilled as at 31 December 2015	Commencement / Completion Date	HSSSE's role is to provide Support Services for the following scope
			RM' million			
East Klang Valley Expressway	Ahmad Zaki Sdn Bhd	6.1	1.5	4.6	April 2015/ 2019	Project Management
Mass Rapid Transit (MRT) Line 2 - Jajaran Sg. Buloh - Serdang- Putrajaya	Mass Rapid Transit Corporation Sdn Bhd	186.2	5.9	180.3	April 2015/ 2022	Project Management
West Coast Expressway from Tg. Karang to Banting	IJMC-KEB Joint Venture	19.2	-	19.2	December 2015/ 2019	Construction Supervision
	Total	738.3	364.3	374.0		

Note:-

⁽¹⁾ Being clients of HSSI, for which we are providing the Support Services to HSSI pursuant to the Teaming and Support Services Agreement.

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6. BUSINESS OVERVIEW (Cont'd)**(b) BIM Services**

The table below highlights the major current projects within the BIM services segment:-

Project details	Clients	Contract value	Accumulated billings up to 31 December 2015	Unbilled as at 31 December 2015	Commencement / Completion Date
RM' million					
Mass Rapid Transit (MRT) Line 1 - Jajaran Sg. Buloh - Kajang Stations/Depots - Southern Package	Mass Rapid Transit Corporation Sdn Bhd	3.8	2.7	1.1	December 2013 / 2016
Mixed Development of Retail Mall, Shop Office And Service Apartment at Mukim Setapak, Kuala Lumpur	Malaysian Resources Corporation Bhd	0.5	-(1)	0.5	2015 / 2016
Serviced Apartment At Kajang Utama Phase 7, Kajang, Selangor	Malaysian Resources Corporation Bhd	0.3	0.2	0.1	December 2014 / 2016
Development of High End Condominium at Lot 82 Jalan Kia Peng, Kuala Lumpur	Malaysian Resources Corporation Bhd	0.2	-(1)	0.2	January 2015 / 2016
Mixed Development of Retail, Hotel, Service Apartment and SOHO at Lots 266 & 349, Brickfield, Kuala Lumpur	Malaysian Resources Corporation Bhd	0.8	-	0.8	2015 / 2016

6. BUSINESS OVERVIEW (Cont'd)

Project details	Clients	Contract value	Accumulated billings up to 31 December 2015 RM' million	Unbilled as at 31 December 2015	Commencement / Completion Date
UDA Corporate Office & Retail on Lots 3344 & 3345, Section 41, Jalan Sultan Ismail, Kuala Lumpur	UDA Holdings Bhd	0.9	0.4	0.5	January 2015 / 2016
Banyan Tree Signature Project	BUCG (M) Sdn Bhd	0.6	0.4	0.2	March 2014 / 2016
Development of 13-Storey Office Tower With 2 Storey Basement Carpark At Lot 2C4, Precinct 2, Putrajaya	Malaysian Resources Corporation Bhd	0.2	-(1)	0.2	August 2015/ 2016
	Total	7.3	3.7	3.6	

Note:-

(1) Represents less than RM100,000

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6. BUSINESS OVERVIEW (Cont'd)

6.7 PRINCIPAL MARKETS

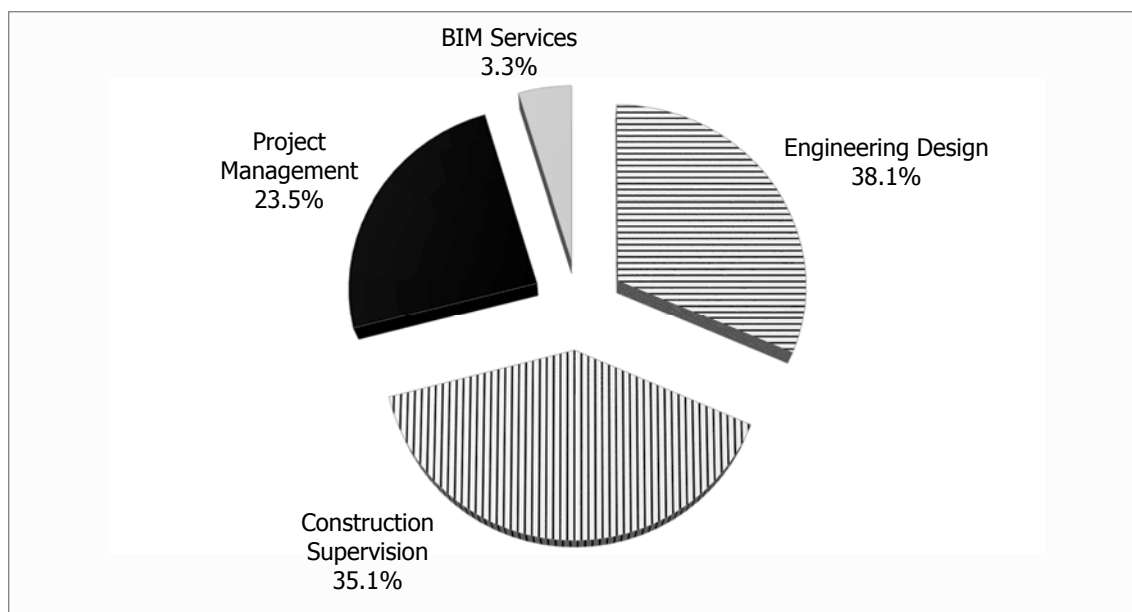
We analyse the principal markets for our services based on our revenue segments according to four (4) categories:-

- (a) Geographical locations;
- (b) Core services;
- (c) Market discipline; and
- (d) Sources of project funding.

6.7.1 Geographical Locations

Our principal market of operations is the Malaysian market while we also have office in India. For the FYE 2015, approximately 97.5% of our Group's revenue (excluding HSSI and HSSME) was generated locally, while approximately 2.5% was generated overseas from India, Brunei and the Middle East.

6.7.2 Core Services

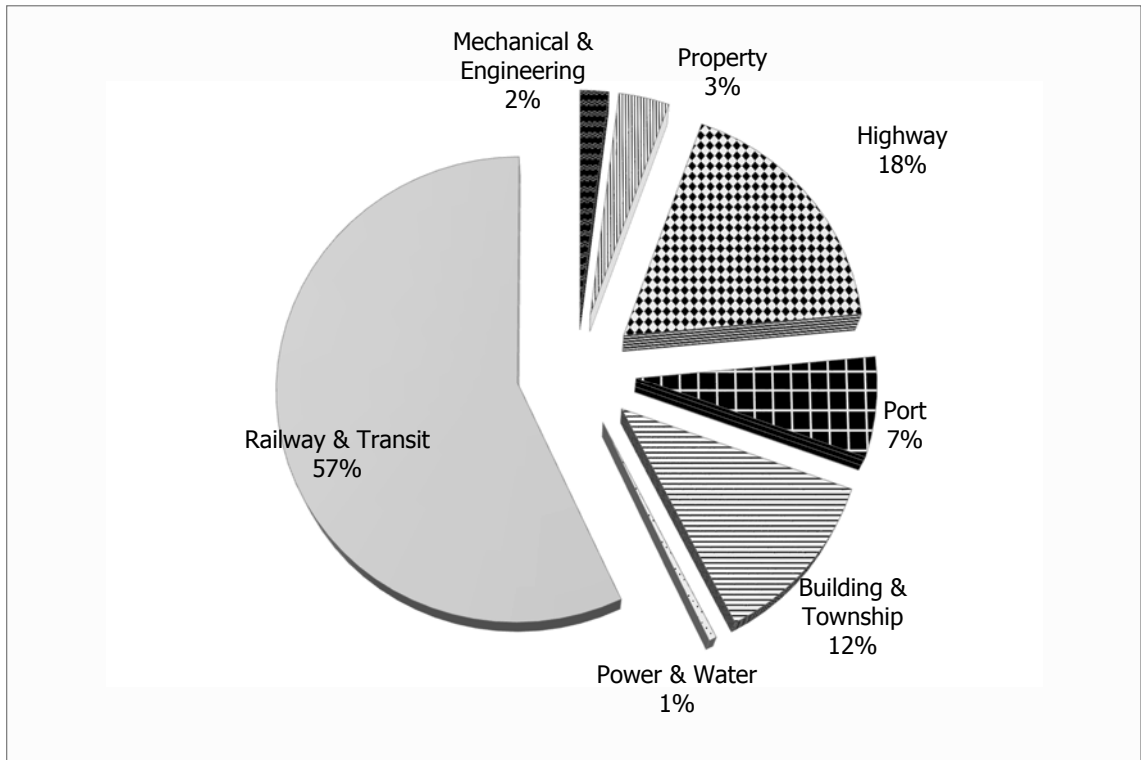


For the FYE 2015 about 73.2% of our revenue was derived from Support Services for engineering services being the main revenue stream for the group.

As BIM technology adds significant value in the engineering and construction industry, we expect that demand for BIM in future projects to increase in future. The IMR Report also describes BIM in a similar outlook pursuant to the Government's initiative in promoting the adoption of BIM. Therefore, contribution from this segment is also expected to increase in the next five (5) years. In addition to ensure that we cover the four (4) core services in the engineering and construction industry, the next growth area for us will be on facility management.

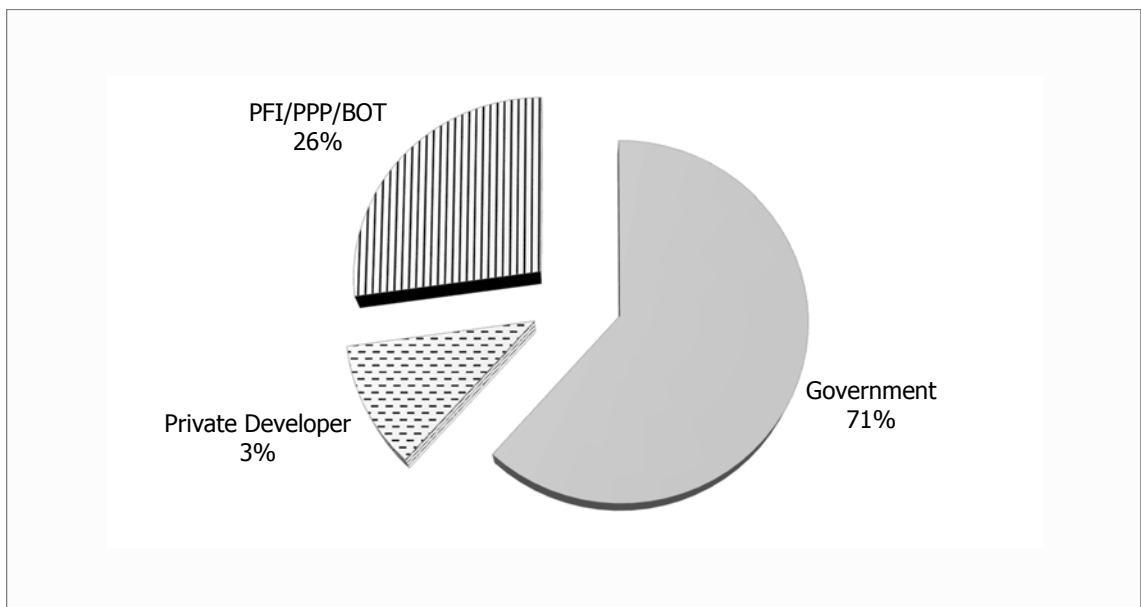
6. BUSINESS OVERVIEW (Cont'd)

6.7.3 Market Discipline



For the FYE 2015, more than 75% of our revenue was attributable to infrastructure projects comprising 57% from railway and transit systems in line with the Malaysian Government's transformation programme in improving urban transportation.

6.7.4 Sources of Project Funding



For the FYE 2015, 71% of our projects were funded by Government which is in line with our major revenue contribution from infrastructure projects.

6. BUSINESS OVERVIEW (Cont'd)

6.8 SALES AND MARKETING STRATEGIES

Our Group's sales and marketing strategies are as follows:-

6.8.1 Track Record and Business Network

Through the Collaboration, we have contributed to HSSI's and HSSME's success in the engineering and project management services market which has contributed well to their reputation and goodwill in various industries and sectors in Malaysia. The consistent track record has earned HSSI and HSSME many recurring clients and new ones through favourable referrals and recommendations from existing clients. We have participated, through the Collaboration, in providing the contracted services including for their top ten (10) clients in 2015 whom have a relationship spanning an average of twelve (12) years.

In addition, our Group continuously looks to generate new business opportunities by leveraging on the established domestic and global network of business contacts that our Group's Directors and key management have developed over the years. We also proactively create business opportunities by approaching potential clients with our recommendations of plausible projects for which our professional services will be engaged.

6.8.2 Strategic Alliances

Our Group has established a global presence and is able to tap the global market through our network of alliances in the region. By leveraging on our strategic alliances, we have successfully secured various overseas projects. Please refer to Section 6.4.1 of this Prospectus for some of the overseas projects that we have undertaken with our strategic partners / alliances.

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6. BUSINESS OVERVIEW (Cont'd)**6.9 MAJOR CLIENTS**

Our top ten (10) clients via the Collaboration and their revenue contribution for the past three (3) FYEs 2013 to 2015 are as follows:-

Rank	Client	Country of origin	(1) Revenue contribution						(2) Length of relationship Years
			FYE 2013		FYE 2014		FYE 2015		
			RM'000	%	RM'000	%	RM'000	%	
(1)	Prasarana Malaysia Berhad	Malaysia	36,169	35.7	29,066	27.8	35,268	29.0	22
(2)	Mass Rapid Transit Corporation Sdn Bhd	Malaysia	19,031	18.8	22,166	21.2	26,679	22.0	6
(3)	Unit Perancang Ekonomi Negeri Penang	Malaysia	-	-	1,059	1.0	9,300	7.7	2
(4)	Projek Lebuhraya Utara-Selatan Berhad	Malaysia	7,419	7.3	5,662	5.4	5,459	4.5	24
(5)	Westports Malaysia Sdn Bhd	Malaysia	4,346	4.3	6,340	6.1	4,853	4.0	22
(6)	UEMB-PROPEL Consortium	Malaysia	-	-	597	0.6	4,751	3.9	2
(7)	Gamuda Berhad	Malaysia	464	0.5	747	0.7	3,202	2.6	3
(8)	East Coast Economic Region Development Council	Malaysia	1,843	1.8	2,485	2.4	3,098	2.5	7
(9)	Kwasa Land Sdn Bhd	Malaysia	-	-	2,299	2.2	1,972	1.6	3
(10)	Sime Darby USJ Development Sdn Bhd	Malaysia	1,297	1.3	2,046	2.0	1,525	1.3	19
Total			70,569	69.7	72,467	69.4	96,107	79.1	

Notes:-

(1) Being revenue contribution to HEB Group.

(2) Denotes the length of our involvement in various projects undertaken by these clients as well as their predecessors whom were leading and/or managing the said projects.

Revenue contribution from clients may fluctuate on an individual basis given the nature of our Group's business, which is mainly based on projects that are secured from time to time as well as the work in progress of those projects. Over the past three (3) FYEs 2013 to 2015, between 49.0% and 54.5% of our revenue were contributed by Prasarana Malaysia Berhad and Mass Rapid Transit Corporation Sdn Bhd arising from the LRT - Ampang Line Extension and MRT Line 1 and MRT Line 2 projects respectively.

6. BUSINESS OVERVIEW (Cont'd)

This is due to the timing and progress of those projects over the last three (3) FYEs 2013 to 2015, details as follows:-

- (a) Work on the LRT - Ampang Line Extension project had commenced since December 2008 and is expected to be completed in 2016 whereas work on the MRT Line 1 had commenced since February 2011 and is expected to be completed in 2017.
- (b) The contract values for the LRT - Ampang Line Extension project is RM183.5 million of which RM147.8 million (or 80.5%) has been billed up to 31 December 2015. The contract value for the MRT Line 1 is RM100.6 million of which RM83.2 million (or 82.7%) has been billed up to 31 December 2015.

Notwithstanding the above, our Group is not materially dependent on any single client for business as we have been able to attract and secure new projects from different clients under the Collaboration.

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6. BUSINESS OVERVIEW (Cont'd)**6.10 MAJOR SUPPLIERS**

Our top ten (10) sub-consultants via the Collaboration and their sub-consultancy costs for each of the past three (3) FYEs 2013 to 2015 are as follows:-

Rank	Sub-consultants	Country of origin	⁽¹⁾ Sub-consultancy cost						Length of relation-ship	Services supplied
			FYE 2013		FYE 2014		FYE 2015			
			RM'000	%	RM'000	%	RM'000	%		
(1)	Halcrow Consultants Sdn Bhd	Malaysia	12,601	45.1	12,915	52.8	13,126	45.2	17	Provision of LRT system engineering consultancy services (rail system) for LRT Ampang Line Extension
(2)	Petar Perunding Sdn Bhd	Malaysia	1,946	7.0	495	2.0	368	1.3	6	Project management and design review sub-consultancy services for Brunei Economic Development Board
(3)	Chasing Friday Sdn Bhd	Malaysia	-	-	295	1.2	164	0.6	6	To carry out all marketing communication services including advertising and public relations for Kidex Sdn Bhd
(4)	NRY Architects Sdn Bhd	Malaysia	262	0.9	207	0.8	239	0.8	6	Architectural services for the 12 stations along the LRT Ampang Line Extension
(5)	Jurukur Perunding Services Sdn Bhd	Malaysia	123	0.4	170	0.7	703	2.4	20	Detailed topographical survey works and preparation of land acquisition plan for LRT Ampang Line Extension Land surveyor for the feasibility study for the proposed East Coast Rail Route Detailed topographical survey, land consultancy and underground utilities detection survey for Kuantan Port Expansion

6. BUSINESS OVERVIEW (Cont'd)

Rank	Sub-consultants	Country of origin	(1) Sub-consultancy cost						Length of relation -ship	Services supplied
			FYE 2013		FYE 2014		FYE 2015			
			RM'000	%	RM'000	%	RM'000	%		
(6)	R&A Geotechnic Sdn Bhd	Malaysia	270	1.0	121	0.5	129	0.4	8	Geotechnical design review consultant for Mass Rapid Transit (MRT) Line 1 - Jajaran Sg. Buloh - Kajang
(7)	Ace Vector Sdn Bhd	Malaysia	882	3.2	294	1.2	1,445	5.0	10	Geotechnical analysis and design for Manjung Power Plant, Manjung, Perak Geotechnical and structural engineering consultancy services for Independent structural assessment and remedial proposal for Jacking/Weighing supports and skidtrack supports provided for loadings and skidding/loadout
(8)	PAG Consult Sdn Bhd	Malaysia	180	0.6	-	-	368	1.3	6	Sub-consultancy services for pavement Design for the Kuala Lumpur-Penang Through Traffic between Ipoh (S) and Jelapang Sub-consultancy services for the Pavement design, supervision and contract administration for North-South Expressway Fourth Lane Widening between Nilai (Utara) Interchange and Seremban
(9)	Tony Gee and Partners (Asia) Limited	Hong Kong	172	0.6	-	-	46	0.2	6	Town planner for the feasibility study for the proposed East Coast Rail Route Architect planner for Kuantan Port Expansion Detailed engineering design of "Special Crossing" (tentative spans configuration) & Independent design check of Standard Span Viaducts for LRT Ampang Line Extension
										Structural design review consultant for the MRT

6. BUSINESS OVERVIEW (Cont'd)

Rank	Sub-consultants	Country of origin	(1) Sub-consultancy cost				Length of relation -ship	Services supplied		
			FYE 2013		FYE 2014				FYE 2015	
			RM'000	%	RM'000	%			RM'000	%
(10)	Subki Ahmad Architect	Malaysia	45	0.2	5	0.0	50	0.2	6	Guideway structures Mass Rapid Transit (MRT) Line 1 - Jajaran Sg. Buloh - Kajang Specialist sub-consultant for the Pier Protection Design for the Proposed Bridge Crossing Sungai Pulau Architectural design review consultant for MRT Line 1 - Jajaran Sg. Buloh - Kajang
Total			16,481	59.0	14,502	59.2	16,638	57.4		

Note:-

(1) Being sub-consultancy cost of HEB Group via the Collaboration.

Our Group is mainly involved in the provision of engineering and project management services and as such, does not need to procure any raw materials. Our Group may however from time to time, depending on necessity, appoint or engage external consultants and experts such as engineers, architects or quantity surveyors for certain specialised services related to the project requirements.

Over the past three (3) FYEs 2013 to 2015, Halcrow Consultants Sdn Bhd ("Halcrow") had accounted for 45.1% to 52.8% of the value of services rendered from sub-contractors. Halcrow is the sub-contractor for the LRT - Ampang Line Extension project. The value of services rendered by Halcrow reflects the work in progress of said project over the past three (3) FYEs 2013 to 2015.

Notwithstanding the above, our Group is not dependent on any single supplier as we have a strong pool of suppliers with which we can work with when the need arises.

6. BUSINESS OVERVIEW (Cont'd)

6.11 SEASONAL OR CYCLICAL EFFECTS

The engineering and project management services market are dependent on the construction industry, which is cyclical in nature and is highly dependent on the general economic conditions and political stability of the country. However, we believe that there will be continued demand for our services because the construction industry is important for national wealth creation and it is depended upon by many other industries namely manufacturing, financial services and other professional services. The construction industry further supports social development of the country through the provision of basic infrastructure and generation of employment opportunities.

6.12 TECHNOLOGIES USED

Our Group has long practised advanced methodologies in our business activities to give us a competitive advantage over other players in the industry. The technologies used by our Group are as detailed below:-

(a) BIM

BIM is an advanced process that utilises computer aided designs to allow the engineering and project management of a project to be simulated. The usage of BIM can effectively maximise client's value.

(b) AutoCAD

AutoCAD is a design tool developed by Autodesk Inc. that allows designs to be presented using 2D and 3D representations through the use of computer aided design. AutoCAD allows for the engineered design to be simulated digitally and documented for any future use.

(c) Total Stations

Total Stations is electronic optical equipment which allows the geography of an area to be surveyed. Total Stations improves efficiency when performing building constructions layout and alignment.

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6. BUSINESS OVERVIEW (Cont'd)

6.13 INTELLECTUAL PROPERTIES

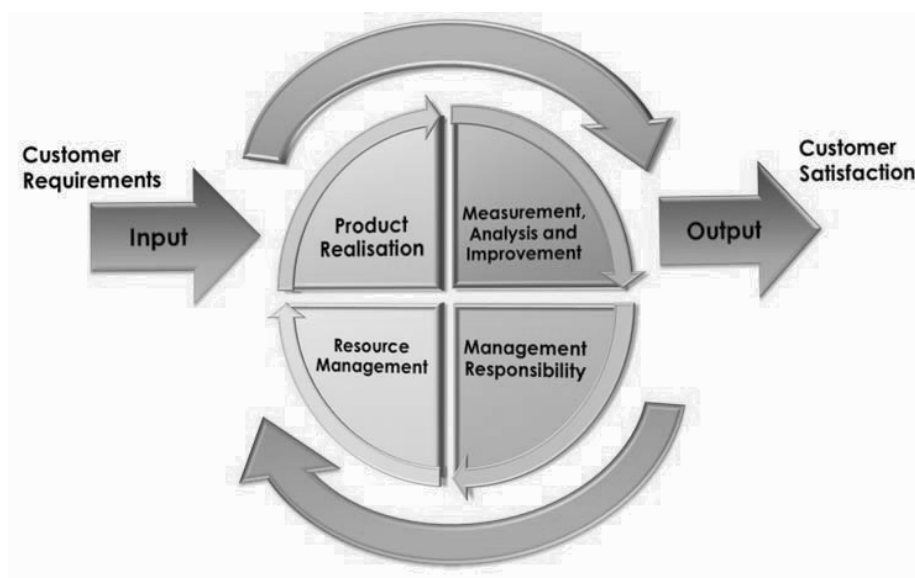
The following registered trademark and categories of use was approved by the Registrar of Trade Marks on 4 June 2015 for a period of ten (10) years from 5 March 2014 to 5 March 2024.

Trademark Logo	Registrant	Country/ Trademark number/ Class No.	Description of goods under trademark
HSS	HSSE	Malaysia / 2014053233 / 16	Company Logo
HSS	HSSE	Malaysia / 2014053236 / 35	Company Logo
HSS	HSSE	Malaysia / 2014053239 / 36	Company Logo
HSS	HSSE	Malaysia / 2014053241 / 37	Company Logo
HSS	HSSE	Malaysia / 2014053242 / 42	Company Logo

6.14 QUALITY CONTROL PROCEDURES/MANAGEMENT

We place significant emphasis on quality. Our dedication to quality control has been recognised through the award of ISO 9001:2008.

We have established a quality control system, which aims to ensure a high quality of service is provided, and timely deliverance to clients. In addition, we have also put in place a quality control manual which details the quality process and procedures which are in compliance with ISO 9001:2008.



Continual Improvement of the Quality Management System

6. BUSINESS OVERVIEW (Cont'd)

(a) Product Realisation

Product realisation is a series of processes and sub-processes required to achieve the required results. Planning of the realisation processes shall be consistent with the other requirements of its quality management system and shall be documented in a format suitable for our method of operation. In planning the processes for realisation of products, the following shall be determined, as appropriate:-

- (i) Quality objectives and requirements of the service;
- (ii) The need to establish processes and documentation, and provide resources and facilities specific to the services;
- (iii) Verification, validation, monitoring, inspection activities, and the criteria for acceptability, compliance with documented procedures and quality plan; and
- (iv) The records are necessary to provide confidence of conformity of the processes and products meeting the requirements.

(b) Measurements, Analysis and Improvement

As part of our quality management system, we plan and implement the monitoring, measurement, analysis and continual improvement processes needed to:-

- (i) Demonstrate conformity of the product requirements;
- (ii) Assure conformity of the quality management system; and
- (iii) Achieve continuous improvement of the effectiveness of the quality management system.

As part of these processes, HSSE has a Quality Assurance department which consist of three (3) staff and which is headed by a manager who measures and monitors the characteristics of the service to verify that the requirements for the services are met. The Quality Assurance department also ensures that services, which do not conform to the service requirements, are identified and controlled to prevent unintended implementation. Corrective actions will be taken to eliminate the cause of non-conformities of the services in order to prevent recurrence of the problem.

(c) Management Responsibilities

Our top management will as part of its commitment to the development and improvement of the quality management systems by:-

- (i) Communicate to the employees the importance of meeting client as well as regulatory and legal requirements;
- (ii) Establish the quality policy and disseminating them to its employees;
- (iii) Ensure quality objectives are established and displayed openly as a sign of commitment. We will also present both quality policy and quality objectives to new staff during orientation;
- (iv) Conduct management reviews; and

6. BUSINESS OVERVIEW (Cont'd)

- (v) Ensure the availability of necessary resources.

(d) Resource Management

As part of our quality management systems, we determine and provide, in a timely manner, the resources needed:-

- (i) To implement and maintain the quality management systems and continually improve its effectiveness; and
- (ii) To ensure client satisfaction.

Our management is committed to the execution of the procedures established in our quality assurance manual whilst the quality assurance personnel have complete authority to carry out the quality assurance system to identify control problems, and to initiate, recommend and rectify the problems identified. The quality assurance manual is reviewed as and when necessary to comply with clients' and our procedures.

6.15 HEALTH, SAFETY & ENVIRONMENTAL POLICIES

Our policies on health, safety and environment have also been recognised through the award of OHSAS 18001:2007 and ISO 14001:2004.

(a) OHSAS 18001:2007

We have recognised the importance of maintaining health & safety standards to ensure a safe working environment as well as keeping morale among workers high. We are committed to the identification of the potential hazards associated with specific tasks and to set safe work practices as well as proper measures to ensure that these work related hazards are avoided. We have put in place an occupational hazard safety policy which is compliant to the requirements of OHSAS 18001:2007 and which includes:-

- (i) Commitment to the prevention of injury and ill health;
- (ii) Appropriateness to the nature and scale of occupational hazard safety risks;
- (iii) Commitment to comply with applicable legal requirements to which our group has been subscribed to;
- (iv) Communication to all persons working under the control of HSSE which includes contractors, vendors, visitors; and
- (v) Availability of the policies to the interested parties.

The objective of the policy is to provide a safe environment for employees to work in as well as to aim for a zero accident rate in the work place.

6. BUSINESS OVERVIEW (Cont'd)

(b) ISO 14001:2004

We also place importance on the impact caused to the environment from the principal activities carried out by the construction activities. We have put in place an environmental management policy which is compliant to the ISO 14001:2004 which includes:-

- (i) Commitment to the protection of environment;
- (ii) Commitment to continue improving the environmental management system;
- (iii) Identification of all activities that might cause harm to the environment and set up prevention measure to minimise effect;
- (iv) Promoting the importance of environmental protection among workforce; and
- (v) Availability of the policies to the interested parties.

The objective of the policy is to create awareness and encourage business practices that do no harm to the environment.

6.16 HIGHLY DEPENDENT CONTRACTS

Our major subsidiary, HSSE is dependent on the Teaming and Support Services Agreement; and currently derives its revenue mainly from HSSI and HSSME via the Teaming and Support Services Agreement. Further, HSSE has also executed the Shareholding Agreements with all the shareholders of HSSI and HSSME to ensure the orderly succession or transition in the control of HSSI and HSSME.

Save for the Teaming and Support Services Agreement and Shareholding Agreements, there are no other contracts, agreements or arrangements which have been entered into by us and by which we are highly dependent on.

Further details of the Teaming and Support Services Agreement and Shareholding Agreements are set out in Section 6.2 of this Prospectus.

6.17 INTERRUPTIONS IN BUSINESS

We have not encountered any interruptions in our business which has had a significant effect on our operations during the past twelve (12) months preceding the LPD.

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