



PRESS RELEASE

HSS Engineers shareholders approve acquisition of SMHB Engineering

- *Targeting dual-pronged expansion into water and transportation sectors as an enlarged entity*
- *Shareholders approve 1-for-10 Rights Issue and private placement to raise up to RM89.0 million for cash consideration*
- *Corporate exercise to be sweetened with Bonus Issue of 1-for-2 Rights, and free warrants on basis of 3-for-2 Rights*

Kuala Lumpur, Malaysia, 30 January 2018 - Engineering and project management consultant **HSS Engineers Berhad (HEB Group; Bloomberg: HSS:MK; Reuters: HSSE.KL)** has obtained shareholders' approval at the Extraordinary General Meeting (EGM) today for the acquisition of the entire share capital of SMHB Engineering Sdn Bhd for RM270.0 million, along with corporate exercises to part-finance the deal.

The cash portion consists of RM85.0 million in bank borrowings, while the private placement to identified investors and 1-for-10 Rights Issue would raise up to RM89.0 million in proceeds. The share consideration entails the issuance of 94.7 million new ordinary shares in HEB Group to SMHB vendors at an issue price of RM1.14.

SMHB Engineering, an engineering consultancy firm with deep expertise in the water sector, has an order book of RM308.0 million as at 29 December 2017. Among the major projects undertaken by SMHB are the construction supervision of the Klang Valley Mass Rapid Transit Line 2 (KVMRT2), the design and construction supervision of the Central Spine Road Package 3, as well as the design and construction supervision of Langat 2 Water Supply Scheme Phase 1 and Langat Water Centralized Sewage Treatment Plant.

As at 29 December 2017, HEB has an unbilled order book of approximately RM434.0 million, including project management services as Independent Consulting Engineer for KVMRT2, as well as the engineering design for various phases of the East Coast Rail Link and the reference design for the Kuala Lumpur-Singapore High Speed Rail. Combined with SMHB, the unbilled order book of the enlarged entity totals approximately RM742.0 million, slated to last the next three to five years.

Tan Sri Ir. Kuna Sittampalam, Executive Director, HSS Engineers Berhad said:

"We are now one step closer to creating a premier brand in engineering consultancy in Malaysia and the region. With the consolidation of our expertise, we will be able to take a giant leap to catapult our dual-pronged expansion of the transportation and water sectors by upscaling our core competencies in these high growth areas.

While Malaysia is currently developing its transportation infrastructure, we expect the next wave of growth to focus on the water sector in the coming years. Thus, we intend to get ahead of the curve with this acquisition, and leverage on the expertise and track record to ably support the upcoming projects."



The Government of Malaysia has allocated substantial funds towards enhancing the water infrastructure nationally. More than RM10.0 billion has been approved under the 11th Malaysia Plan towards the Rural Water Supply Scheme, which mainly targets states such as Kedah, Negeri Sembilan and Selangor which have less than 10.0% water supply reserve.

The 2018 Budget announcement noted an allocation of RM3.7 billion towards various water sector projects; including RM1.4 billion for Non-Revenue Water Programme, RM1.3 billion for the construction of Off-River Storage, RM517.0 million for the flood mitigation programme, and RM420.0 million for clean water supply.

Tan Sri Kuna added: “HEB and SMHB are committed to supporting the nation’s growth. Both entities have strong history of aiding Malaysia’s infrastructure progress thus far, and with an expert team of over 1,000 employees of which more than half are professional engineers, we are now equipped to bring Malaysia well into the next stage of advancement towards being a first-world economy.”

Following shareholders’ approval for the corporate exercise at the EGM today, the entitlement date for the Rights Issue is expected to be announced in February 2018, with the closing date for applications and acceptances in early March 2018.

To sweeten the deal, holders of the rights shares will also receive one bonus share for every two rights subscribed, and three bonus warrants for every two rights subscribed.

The private placement is slated for completion in early March 2018 as well, followed shortly by the listing of the Rights Shares, Bonus Shares and warrants.

Barring any unforeseen circumstances, the acquisition is expected to be completed in the first quarter of 2018.



HSS ENGINEERS BERHAD (1128564-U)
Malaysia's Engineering DNA

ENGINEERS

B1 (1-4) Block B, Plaza Dwtasik, No.21, Jalan 5/106, Bandar Sri Permaisuri, 56000 Kuala Lumpur, Malaysia
T +603 9173 0355 | F +603 9173 0939 | E heb@hss.com.my | W www.hssgroup.com.my

About HSS Engineers Berhad (www.hssgroup.com.my)

HSS Engineers Berhad together with its subsidiaries (“HEB Group” or the “Group”) and associates are principally involved in the provision of engineering and project management services encompassing engineering design, project management, construction supervision and building information modelling (“BIM”) services. To date, the Group’s total workforce consists of more than 650 employees, of which more than half are engineers. The Group operates from 3 main offices based in Kuala Lumpur, and Penang in Malaysia as well as Chennai, India.

The HEB Group has extensive experience and an established reputation in a wide array of sectors including urban infrastructure, roads and highways, railways and metro systems, building and structures, transportation planning, power generation, and water resources management and supply. The Group provides its services to clientele in the domestic and international arenas such as India and the Middle East.

Issued for and on behalf of HSS Engineers Berhad by Aquilas Advisory (Malaysia) Sdn Bhd. For media enquiries, please contact:

Ms. Julia Pong

julia@aquilas.com.my

T: 03-2711 1391 / 012-3909 258

Mr. Avinaash

avinaash@aquilas.com.my

T: 03-2711 1391 / 012-5887 607