



ENGINEERS

HSS ENGINEERS BERHAD (1128564-U)
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PRESS RELEASE

HSS Engineers optimistic of 2019 prospects

- *Look to leverage on track record and expertise to take on projects*
- *Aim to participate in ASEAN infrastructure boom*
- *Shareholders approve revised utilisation of IPO proceeds*

Kuala Lumpur, Malaysia, 18 June 2019 - Engineering and project management consultant HSS Engineers Berhad (**HEB Group**; Bloomberg: HSS:MK; Reuters: HSSE.KL) are optimistic of its prospects for 2019, leveraging on its track record and expertise of more than 80 years to take on upcoming projects.

Speaking at the Annual General Meeting today, HEB Group Executive Vice Chairman Tan Sri Kuna Sittampalam said that the construction sector is now seen to be on better footing with the resumption of the East Coast Rail Link project as well as tenders that are underway for the water projects.

The Ministry of Water, Land and Natural Resources, has recently called for tenders to solve non-revenue water issues. Together with water regulator Suruhanjaya Pengurusan Air Negara, both parties are taking steps towards increasing water tariffs to allow full cost recovery for provision of water supply services.

Pengurusan Asset Air Berhad's consolidation of 8 out of 11 states' water assets in Peninsular Malaysia pave the way for more capital injection for construction of new intakes, water treatment plants, distribution systems and pipe replacement works.

HEB Group has a tender book of more than RM300 million across the rail, road and water sectors. With the resurgence of the construction sector, as well as the anticipated rollout of water sector projects, the Group is positioned favourably to take on these projects.

Tan Sri Ir. Kuna Sittampalam, Executive Vice Chairman of HSS Engineers Berhad said:

“With the nation’s infrastructure plans gradually gaining pace, we anticipate more projects to be rolled out in the second half of 2019. Apart from the local tenders, the Group is also aggressively pursuing projects in Indonesia and Philippines given that the ASEAN region is currently experiencing an infrastructure boom.

We will continue to leverage on our expertise and track record to tender for projects in the railway, road and water sectors, as well as deliver on our order book of more than RM500 million.

The Group, via its associate, HSSI was recently given due recognition internationally at the Chartered Institute of Highways and Transportation Awards ceremony in London when it was awarded as the winner of the International Projects Award for the Ampang Light Rapid Transit Extension project.”

In line with this, the Group has proposed the reutilisation of its unused Initial Public Offering (IPO) proceeds of RM24.0 million. Proceeds that were previously earmarked for expansion into India will now also include the ASEAN region, and revised upwards to RM6.0 million from RM5.0 million previously.

Besides this, RM12.0 million of the IPO proceeds to be reallocated from investment into facility management and Building Information Modeling (BIM) to venture into recurring income and long term-based contracts, with focus in the power sector, namely renewable energy. This reallocation was done in response to the target set by the Ministry of Energy, Science, Technology, Environment and Climate Change to increase the country's renewable energy levels to 20% by 2025, from 2% currently.

The remaining RM6.0 million will be used towards the repayment of borrowings for the acquisition of SMHB, which will potentially provide interest cost savings of approximately RM0.4 million per annum.

The Extraordinary General Meeting held today saw shareholders approve the reutilisation of IPO proceeds, while the Annual General Meeting saw all tabled resolutions approved by shareholders.

In summary, the table below sets out the manner the proposed utilisation of remaining IPO proceeds:-

Purpose	Proposed utilisation RM'000	First Revision RM'000	After the First Revision RM'000	Proposed Variation RM'000	After the Proposed Variation RM'000
Expansion into India	15,000	(10,000)	5,000	(5,000)	-
Expansion into ASEAN & India	-	-	-	6,000	6,000
Venture into water sector in Malaysia	6,000	(6,000)	-	-	-
Partial repayment of borrowings for acquisition of SMHB Engineering	-	-	-	6,000	6,000
Venture into power sector in Malaysia	3,000	-	3,000	(3,000)	-
Building Information Modeling (" BIM ")	-	8,000	8,000	(8,000)	-
Facility Management	-	8,000	8,000	(8,000)	-
To venture into recurring income and long term-based contracts with focus within the power sector	-	-	-	12,000	12,000
Total	24,000	-	24,000	-	24,000



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

HSS Engineers Berhad (“HEB Group”) has an established reputation in providing engineering and project management services encompassing engineering design, project management, construction supervision and building information modelling (“BIM”) services.

The HEB Group has extensive experience 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.

HSS Engineers had on 28 March 2018 completed the RM270 million acquisition of SMHB Engineering Sdn Bhd (“SMHB”). SMHB provides engineering services and project management consultancy for the water sector.

SMHB has been involved in many vital projects in the water sector including the Raw Water Supply to Rapid, Pengerang, the Development of Sungai Selangor Phase 1, 2 and 3, the Pahang-Selangor Raw Water Transfer Project, Melaka River Rehabilitation and Beautification, the design of various dams and 2800km of water supply pipeline in Malaysia among others.

To date, the total workforce of the enlarged Group stands at more than 1,000-strong, of which more than half are engineers.

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

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