

**2021- YEAR-END MESSAGE**  
**From Tan Sri Ir.Kuna Sittampalam**

***“Perseverance doesn’t always mean winning and losing. Perseverance means showing up and rising to the occasion and performing” – Michael Chiesa***

As we approach the end of 2021, I would like to take this opportunity to express my best wishes for the New Year and reflect on the work, challenges and achievements of HEB Group. This year has again been tough, marked by unforeseen changes in home and work life, not to mention, the country was under lockdown due to the COVID 19 pandemic for extended periods.

Despite a roller coaster year, there have been some great highlights for HEB Group, We have secured more than RM 200 million worth of new contracts and foresee this momentum to continue in 2022. One of the key projects won was the Project Management Consultancy Services (PMC) for the Phase 1 of Pan Borneo Sabah. We are honoured to be part of this iconic project which will be a key enabler for the nation’s future economic growth. We have also commenced work with Digital Nasional Berhad (DNB) to provide consultancy services encompassing Commercial Contract Management, RFX and Negotiation, as well as Site Management for post site acquisition activities. We are extremely excited to embark on this prestigious undertaking that will allow us to play an integral role in implementing Malaysia’s 5G telecommunications infrastructure.

At this moment our thoughts and prayers are also with our staff who were affected by the massive floods last week. It is heartening to note that not only the company but our own staff is lending a hand to the flood victims. This is the spirit of a family that we in HSS are very proud of, a big thank you to all.

**BOARD**

This year we incorporated one new member to our Main Board. We welcome Mr Tai Keat Chai as an Independent and Non-Executive Director. Our congratulations and warm welcome to him.

**CORPORATE GOVERNANCE**

In year 2021, HSS Group has successfully implemented and maintained the Integrated Management Systems which consists of ISO 9001:2015, ISO 14001:2015, ISO 45001:2018, and ISO 37001:2016. The certification includes HSS Engineers Berhad , HSS Engineering Sdn. Bhd, BIM Global Ventures Sdn. Bhd, HSS Integrated Sdn. Bhd and HSS Mekanikal and Elektrikal Sdn. Bhd.

SMHB has also successfully maintained the ISO 14001:2015 Environmental Management Systems and ISO 45001:2018 Occupational Health and Safety Management System certifications and currently in their journey to attain ISO 37001:2016 Anti-bribery Management System Certification with their audit scheduled in January 2022.

I am proud of the commitment from all levels of staff in maintaining these certifications.

### **AWARDS**

In February 2021, HSSI was awarded the ***“Excellent Consultant Award for the ECRL”*** by CCCC which is an overwhelming endorsement and recognition of our expertise and capability in railway engineering. I would like to congratulate the project team for the award which clearly displays our DNA in achieving excellence and setting benchmark standards.

On a personal note, I was recently given recognition as one of Malaysia’s National Technical Figures in conjunction with the National Technical Profession Day 2021 (Hari Profesional Teknikal Negara or HTPM 2021).

### **SUSTAINABILITY**

Driven by a common purpose to make the world a better place, we recognize the importance of embedding Environment, Social and Governance (ESG) principles into our operations and strengthen our partnerships and collaboration with various relevant stakeholders to advance sustainability for the betterment of society in the long term. During the year, we have formalized a sustainability committee comprising selected representatives from various departments to champion and ultimately promote sustainability principles across the business operation departments to ensure that the principles are inculcated in all aspects of our business and helped define who we are and what we do as a Group. To achieve our goal, the established committee is the midst of putting in place a ***revised comprehensive governance framework (short term/medium term & long term)*** to allow a more structured approach as to how we manage and champion the sustainability agenda as a Group.

### **REGIONAL EXPANSION - DIVERSIFICATION OF REVENUE**

HEB Group remains on course in its regional expansion. This endeavour will be supported through strategic collaborations with other partners. As such, HEB Group is collaborating with its Japanese partner – Nippon-Koei, to provide supervision services for the Chennai Metro Phase 3 in India commencing in 4<sup>th</sup> Quarter 2022.

We are also making good headway in India, I am pleased to report that HEB Group is part of the ***“Expert Committee”*** to develop a precast policy framework on the usage of precast concrete and ***“Adoption of New and Innovative Technologies”*** in the Highway Construction in India. We have introduced the Ultra High Performance Concrete (UHPC), an innovative construction material for the construction of one of the bridges in India as a ‘Latur Bridge Pilot Project’. In order to validate the performance of the constructed bridge, a full-scale load testing of the bridge was conducted successfully and the bridge was inaugurated on 25th November 2021 by the Honourable Minister of Roads & Transport, India.

### **RECURRING AND LONG TERM INCOME**

We are training our long-term sights on establishing a recurring revenue stream for greater sustainability, becoming our 4th vertical especially in the Renewable Energy space and also privatization of utilities (water/sewerage and power) where our engineering expertise can be used for their operations.

### **NOTEWORTHY PROJECTS**

The year 2021 started on a high note having just secured the landmark Project Management Consultancy for Pan Borneo Highway, Sabah, Phase 1. We won our mandate in April 2021 but shortly after, there was a massive spike in Covid-19 cases nationwide. This led to unanticipated delays in mobilising our project team due to travel restrictions imposed by the Government and with limited access or closure of most of the service industries and local authorities. Despite these challenges, with the tireless effort and support of our staff, we were able to set up our Sabah office and to date, we have mobilised over 120 staff to assist JKR Sabah across the state.

There has been a renewed focus by the Government on privatisation to act as a catalyst for the economy and promote growth to aid Malaysia’s recovery from the pandemic’s effects. We have been at the forefront of this, especially in negotiations between our clients and the Government for new highway privatisation projects. One of the largest is the Petaling Jaya Dispersal Link (PJD Link), a project that will be fully funded by the private sector, including land acquisition costs, without any Government subsidies. Cost negotiations with the Malaysian Highway Authority will be concluded by 2021 and the Concession Agreement is expected to be signed with the Government by early 2022. Other new projects currently in negotiations are the widening of Kuala Lumpur - Karak highway from Gombak toll plaza to Bentong toll plaza and flood mitigation at East Coast Expressway 1 and the KL Northern Dispersal Expressway (KL NODE) which will complete the missing link of the Kuala Lumpur Outer Ring Road (KLORR).

Additionally, an ongoing privatised highway project that demonstrates our design innovation and project management capabilities is the Sungai Besi Ulu Kelang Expressway (SUKE). This project requires our team to design and work within a heavily constrained urban environment where our specialist design input is critical for the timely delivery of the project. Construction work on SUKE is expected to be completed by 2022.

Concurrently, our railway team are working full swing on several major projects:-

- IMBRT Project in Johor which is a Gold Standard BRT Project comprising Infrastructure, Systems and Bus Operations.
- Railway scheme for Section C1, C2 and Kuantan Port Realignment of the ECRL.
- The Preliminary and Detailed Designs for the 210km ECRL from Kota Bharu to Dungun.
- Supervision of the Construction Works for the ECRL stretch from Kota Bharu to Dungun.
- ICC for the KTMB Mentakab to Tumpat Rehabilitation Project

2021 saw huge challenges regarding the delivery of the MRT 2 Putrajaya Line amid COVID pandemic restrictions and government-imposed lockdowns, quarantines and demand for vaccinations in support of the National Recovery Plan. The Covid-19 outbreak resulted in sudden reductions in mobility and productivity caused by the mandated temporarily site closure causing a) Restrictions on movement i.e. MCO (and its extensions and phases), b) Implementation of Special Operating Procedures (SOPs). During these challenging times, we as the Independent Consulting Engineer (ICE) provided continual advice in connection with many aspects of the delivery of the Putrajaya line, we have supported MRTC management with respect to technical challenges, programme control, and provided two-monthly strategic presentation to MRTC Board whereby we highlighted the key issues and lessons learned from which MRTC have benefited.

SMHB is currently acting as the Owner's Engineer for Rasau Water Supply Scheme and as part of the mandate, we oversee the tender process for construction of Phase 1 Works of Sg Rasau Water Treatment Plant which was recently concluded and construction works in anticipated to commence soon.

As part of "*Jamin Air*" or water security measure by the Government of Selangor, a scheme to deal with major pollution event at Sungai Selangor plant which based on SMHB's design is currently being implemented along with other non-structural measures such as deployment of Squad Pantas, aerial surveillance using drones of potential pollution spots, and heavier fines and jail terms for river polluters.

In the Rural Water Supply sector, SMHB was appointed by Kementerian Pembangunan Luar Bandar as M&E Consultant for the Projek Menaiktaraf Loji Rawatan Air Jeniang Baru in Sik, Kedah. Commencing January 2022, we will begin construction supervision works for the Upgrading of Pelubang Water Supply in Kedah also.

After more than 50 years of using conventional design assumptions, it is timely to take a look at design parameters and criteria used by the Government agencies. This year, SMHB was appointed by JPS Malaysia to develop *“Pump Selection Procedure for Drainage System”* and will complete the Study in 4Q2022. In the year 2021, we were also appointed by Jabatan Perkhidmatan Pembetungan as Consultant for *“Kajian Semula Kadar Influen dan Faktor Aliran Rekabentuk Puncak yang digunakan di dalam Rekabentuk Loji Pembetungan di Malaysia”*.

In the year 2021, we have successfully completed the engineering design of various bridges, the constructions of which are on-going and a few are near to its completion. One of the key projects is the Sg Pulai Bridge project, despite difficult marine conditions the construction of the 160 m long balance cantilever box girder bridge (Main Span) is now completed

We were also involved in many port jobs like tender design on Sandakan Mawilla 2 Jetty for MINDEF using multiple berthing facilities, i.e. fixed jetty, floating jetty and pontoon type. We were also involved as Owners Engineer (OE) for the repairing works of **CT8 Wharf, at Westport**, damaged due to ship collision. Prior to this OE role, we carried out principal inspection of the damaged wharf including underwater inspection on piles and prepared necessary tender documents for the design and build contract. The project was completed in November 2021. Presently we are working on the proposed upgradation of **Dry Bulk Terminal 1** for Westports.

We have finalised the detailed design and tender process for the reclamation and dredging of the first four (4) terminals (CT10 to CT13) of the Westports Phase II Expansion project. Currently Westport is negotiating their Supplementary Agreement with the authorities and intend to secure signing of the expansion by early next year. Moving forward construction activities will be carried out over the next 3 to 5 years with the objective of CT10 terminal to be operational in Year 2025.

We were also appointed to undertake the Civil & Structural Engineering for the 1,200ac reclamation adjacent to Tanjung Bruas Port which is part of the Melaka Waterfront Economic Zone (M-WEZ). We worked extensively with the Planner to configure a suitable island size that would meet the Clients requirements & budget.

HSS was also appointed by Terengganu Silica (Marang) Sdn Bhd as C&S and M&E Consultant for the proposed High Purity Silica Beneficial Plant in Marang, Terengganu. The building components includes

a 2 storey admin office, one storey workshop, schedule waste and lubricant storage, diesel storage, cafeteria, product tower and high purity silica beneficial plant. The structural system for the admin office is RC beam and slab system founded on pile foundation. The workshop, schedule waste and lubricant storage, HPSB plants and other structures are on structural steel column with steel beam / trusses, which founded in raft foundation.

Our M&E team managed to participate in three significant projects that contributed to the application of Renewable Energy (RE) and Sustainable solutions as follows:

- Independent Checking Engineer (ICE) for a Solar Plant for Malaysian Debt Ventures (MDV)- Our scope was to conduct a technical due diligence and validate the design parameters and the performance characteristics of the installed equipment for a 50MW Large Scale Solar Project in Nibong Tebal, Penang.
- Proposed Development of Scheduled Waste into Energy (SWTE) plant in Teuk Ramunia, Johor- We are the Owner's Engineer for project and our scope includes design review, site supervision and monitoring
- Front End Engineering Design (FEED) and Detail Engineering Design (DED) consultant for the development of a Base Oil Re-Refining Plant in Bukit Pelanduk, Negeri Sembilan

On the Information Technology and Communications (ITC) sector, we successfully delivered an Integrated Building Management System (I-BMS) at Universiti Teknologi Petronas in Seri Iskandar, Perak acting as the Project Management Consultant for Panasonic Malaysia Sdn Bhd.

HSS BIM Team is currently working full swing on several major BIM projects:-

- Rapid-Transit Singapore Link for Package 3-6 (Station, Depot, Viaduct on Land & Marine).
- Lembaga Hasil Dalam Negeri Malaysia (LHDNM) New Office Towers in Penang.
- Preparation, Submission and Approval for the Amendment to the Master Layout Plan (Pelan Induk Perancangan) of Lapangan Terbang Sultan Abdul Aziz Shah

## **INDUSTRY LEVEL**

Continuing its representation in several initiatives by the Board of Engineers Malaysia (BEM), HSS has contributed its views and experience through its involvement with the Engineers Act committee of the BEM which recently culminated to the consensus of opening up 100% shareholding of Engineering Consultancy Practices (ECP) to the non-practicing Professional Engineers (non-PEPC). HSS is also part of the working group in reviewing the BEM's Scale of Fees in the government's effort to impose BIM as mandatory requirements in future construction contracts. Leveraging on its own experience in attaining the MS ISO 37001:2016 Anti-Bribery Management Systems for the Group of Companies, HSS

is also a representative in the working group in drafting the BEM's guideline on 'Integrity & Ethics' which, on acceptance will be promoted amongst the BEM's members and ECP's

### **FINANCIAL PERFORMANCE**

Even though the lockdown has impacted our project progress and hence earnings, our performance in 2021 showed stability and we remained profitable as the projects under our jurisdiction remained operational and we have contained OPEX accordingly. As of 30th Sept 2021, we have a RM 548.3 million order book balance with key projects in major transport and water sectors, including Pan Borneo Highway Sabah, Sungai Rasau water treatment and supply scheme project, development projects within the Northern Corridor Economic Region, Iskandar BRT project, ECRL and Mass Rapid Transit Line 2. We are also currently tendering for RM 423 million new jobs as we seek to increasingly support the nation's rail and road public transportation developments as well as the water infrastructure sector.

### **LOOKING FORWARD 2022**

As we move forward into 2022, I want you to know that there are many great things ahead for HEB Group. We will continue to operate from a position of financial strength. We will continue the good work we are doing to advance our culture of diversity, inclusion and belonging. We will continue to further improve sustainability performance for ourselves and our Clients. Notwithstanding the headwinds buffeting the nation, from an economy weakened by lockdowns to the uncertainty over the Omicron variant, we remain optimistic that the award of new contracts as well as implementation of mega infrastructure projects will be accelerated in 2022 as the Government continues to pump prime the economy with the easing of pandemic which will augur well for our group.

### **YOUR BEHAVIOR MATTERS IN KEEPING ALL OF US SAFE**

As we enter the holiday period, I ask everyone to please continue to follow all of the SOPs, monitor your health daily, self-report (even during holiday time), and comply with local restrictions and requirements. We know that when COVID-19 and safety protocols are followed, they work. We all need to maintain our discipline. It is our personal behaviors—inside and outside of work—that will help keep each other, our families and friends, and our communities safe.

### **CONCLUSION**

Together as a family, we have come through a year that was filled with crisis of unprecedented nature and effects and I wish to express my most heartfelt thanks to each and every one of you, the people of HEB. 2021 showed me how fortunate I am to work with a team that refuses to give anything less than 110%. Even in the darkest days of the pandemic, HEB's team rallied beside each other for the sake of

our clients. We stood together in our shared humanity and equality, demonstrating our Company's values through our words and actions.

Let's charge forward together to make 2022 a success where we continue to be looked upon as the Foremost Engineering Services provider in the country and regionally. I would like to wish you and your family a happy and safe New Year, knowing that 2022 brings great promise and new beginnings.

With best regards

Tan Sri Ir. Kuna Sittampalam