KEMENTERIAN TENAGA DAN SUMBER ASLI

KERATAN SURAT KHABAR

SURAT KHABAR	:	STARBIZ			
TARIKH	:	23/10/2021 (SABTU)	MUKA SURAT	:	2
JABATAN	:	-			

CORPORATE

HSS to grow renewable energy business

By DANIEL KHOO
danielkhoo@thestar.com.my

"This is a significant stepping stone for the group into the fourth vertical to establish long-term income, complementing our core expertise in engineering services, project management consultancy and building information modelling."

Tan Sri Kunasingam V. Sittampalam

Starbiz 23 Okt 2021_2

HSS Engineers Bhd will soon be getting more involved in the renewable energy (RE) scene, which would see it improving its environmental, social and governance (ESG) credentials.

The strong ESG advocacy by investors have pushed many companies to get themselves involved in projects that would help build a sustainable environmental future.

"We are training our long-term sights on establishing a recurring revenue stream for greater sustainability, making the RE space to become our fourth vertical.

"We are exploring options like taking equity stakes in solar plants, waste-to-energy (WTE) plants, small hydro projects and biomass or biogas projects.

"Our engineering expertise can be used for their operations," HSS Engineers executive vice-chairman and acting group chief executive officer Tan Sri Kunasingam V. Sittampalam tells *StarBizWeek*.

"We are considering rooftop solar as a viable way to harness Malaysia's sunny climate in a cost-effective manner.

"We are in the final stages of negotiating with a client. In some of these jobs, we are in a joint venture with a Japanese firm and they are one of the biggest players in RE with more than 500 megawatts of power right now," he adds.

Kunasingam says the company scrutinises RE projects strictly, especially in terms of the required internal rate of return, before deciding to get involved.

Its foray into the RE sector began with a contract win in mid-August. Associate company HSS Integrated Sdn Bhd was appointed by Cenviro Sdn Bhd as the engineering partner for the development of a waste management centre in Johor.

"This is a significant stepping stone for the group into the fourth vertical to establish long-term income, complementing our core expertise in engineering services, project management consultancy and building information modelling," says Kunasingam.

Meanwhile, HSS had also set its sights on gaining exposure to a new growth industry in the country, namely data centres.

"Malaysia is fast becoming a hotspot for data centres. About two years ago, Singapore imposed a moratorium on the establishment of new data centres due to power and land shortage.

"Neighbouring countries such as Malaysia and Indonesia are expected to benefit from the spillover demand," Kunasingam says.

According to industry statistics, the data centre sector in Malaysia is expected to experience revenue growth of more than US$800mil (RM3.33bil) by 2030.

"We have embarked on a collaborative partnership approach with global leading data centre specialists to pursue engineering and project management opportunities in Malaysia and South-East Asia.

"We have been shortlisted for two project management consultancy bids for upcoming data centre projects in the country," he says.

On its expectations for the upcoming Budget 2022, Kunasingam says he's anticipating the Mass Rapid Transit 3 (MRT3) to be rolled out and that the company could benefit from this as well.

"This could potentially be a big job. We expect some type of involvement in the MRT3 project.

"We were the independent engineering consultant for the MRT1 and MRT2 projects, which provides us with a wealth of ready-at-hand information," Kunasingam says.

"The MRT3 is a circle line and they could construct it just partially or fully. We're not sure yet but Budget 2022 would have more clarity on this," he adds.

He also says that there could be some further developments in the healthcare scene that could potentially be announced in Budget 2022.

"I think there would be a major thrust in the healthcare scene. We would expect more new hospitals which we hope we can get involved in. More healthcare facilities may be constructed," he says.

Commenting on its recent contract wins, Kunasingam says that 2021 has been good for the group and sees this momentum carrying on into the next year.

"We have secured RM192mil worth of new contracts in 2021 and foresee this momentum to continue in the fourth quarter and 2022. One of the key projects secured was the project management consultancy services (PMC) for the Phase 1 of Pan Borneo Sabah Highway project," he says.

He notes that the PMC services for the Pan Borneo project was supposed to have started in April but the group couldn't send people to Sabah due to the lockdown and this had affected its turnover.

"But now we already have 90% staffing fulfilled for this job and they are already on the ground for this Pan Borneo job.

"This is a very good job since it is a successful move away from the project delivery partner to the PMC model. We are happy with the confidence by the government in appointing us," he says.

"In the last three months, our orderbook has not been replenished that much because of the lockdown. But we think in the next two months we will be seeing quite a bit of activity in the infrastructure space, especially from the government," Kunasingam adds.

HSS, which now has an outstanding orderbook of RM570mil, anticipates more projects ahead and a good year in 2022, should Covid-19 not cause any further hiccups to the economy.