TALIWORKS CORPORATION BERHAD (6052-V)
(Incorporated in Malaysia)

MINUTES OF TWENTY FOURTH ANNUAL GENERAL MEETING

Date	:	Thursday, 30 April 2015	
Time	:	11.00 a.m.	
Venue	:	Ballroom 2, Lower Ground Level, Eastin Hotel No. 13 Jalan 16/11 Pusat Dagangan Seksyen 16 46350 Petaling Jaya Selangor Darul Ehsan	
			Attendance for FY 2015
Present	:	Tan Sri Ong Ka Ting *(Chairman,* Senior *Independent Non-Executive Director*)	5 / 5
	:	Mr Lim Yew Boon *(Executive Director)*	5 / 5
	:	Mr Lim Chin Sean *(Non-Independent Non-Executive Director)*	5 / 5
	:	Mr Soong Chee Keong *(Independent Non-Executive Director)*	4 / 5
	:	Mr Vijay Vijendra Sethu *(Non-Independent Non-Executive Director)*	5 / 5
	:	Dato' Sri Amrin Awaluddin *(Independent Non-Executive Director)*	5 / 5
	:	Shareholders and Proxy Holders – as per attendance lists	

In Attendance	:	Mr Victor Wong Voon Leong	– *General Manager, Group Finance*
	:	Mr Kevin Chin	– *Chief Investment Officer*
	:	Ms Tan Bee Hwee	– *Company Secretary*

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1. CHAIRMAN

1.1 Tan Sri Ong Ka Ting ("Tan Sri Chairman") chaired the meeting.

2. WELCOMING ADDRESS

2.1 Tan Sri Chairman welcomed all present at the Twenty Fourth Annual General Meeting of the Company and called the meeting to order at 11.05 a.m.

3. OPENING SPEECH

3.1 Tan Sri Chairman introduced the Board members, Senior Management and the Secretary to the meeting.

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3.2 He also took the opportunity to welcome Dato' Sri Amrin Bin Awaluddin ("Dato' Sri Amrin") as a new Board member and expressed confidence that Dato' Sri Amrin would add value to the Board.

4. QUORUM

4.1 The Secretary confirmed that a quorum was present for the meeting.

5. NUMBER OF PROXIES

5.1 The Secretary informed that the total number of proxy forms received within the prescribed period was 152 copies of proxy forms representing a total of 305,487,816 shares of RM0.50 each in the issued and paid-up share capital of the Company out of which 304,734,910 shares were with voting instructions to vote for all the motions proposed at the meeting.

6. NOTICE

6.1 The notice of meeting, having been circulated earlier, was taken as read.

7. TO RECEIVE THE AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014 AND THE REPORTS OF THE DIRECTORS AND AUDITORS THEREON

7.1 Tan Sri Chairman declared that the Audited Financial Statements of the Company and of the Group for the financial year ended 31 December 2014 together with the Reports of the Directors and Auditors thereon had, in accordance with the Companies Act, 1965, been properly laid and received.

7.2 Tan Sri Chairman then invited questions from the floor and the questions and answers ("Q & A") were noted as follows:

Q1.	**Pillay (Shareholder)**	**:**	**The Company's financial performance shows an upward trend. Based on the retained earnings of the Company, is there any possibility for the Company to give bonus shares to its shareholders?** **We are concentrating our business in Malaysia, Singapore and China. Is there any possibility for the Company to expand its business to the Asian market?**
A1.	Kevin Chin (Chief	:	The Company announced its Dividend Policy in 2014. Hence, the retained earnings are

ACTION

	Investment Officer)		going to be focused on dividend payment rather than bonus issue. Secondly, we are definitely looking for acquisition opportunities. Countries we are looking at are mainly the developed markets and not necessarily restricted to Asia. Currently, our business is mainly in People Republic of China and Malaysia but we are exploring the opportunities at the developed markets.	
Q2.	**En. Shamin (Minority Shareholder Watchdog Group)**	**:**	**I was looking at the Executive Directors' Review of Operations in the Annual Report and noted that the Company is tied up with Employee Provident Fund Board ("EPF") on strategic alliance for certain investments. Could you please enlighten the shareholders to what extent this alliance has benefited the Company?** **Secondly, I understand that you are experiencing some slight friction with Syarikat Pengeluar Air Sungai Selangor Sdn Bhd ("SPLASH"). Could you also enlighten us the conclusion of this matter and how the Company could benefit from this?** **Thirdly, the restructuring had brought the Company tremendous profits, to which I would like to commend the Management. However, I would like to know how much was translated to actual cash for the Company's bottom line and could it be distributed as special dividend to shareholders, if possible.**	
A2.	Kevin Chin	:	The intention to partner with EPF is in line with the Group's strategy to expand its business organically as well as through acquisitions, and EPF being the premium and largest fund in Malaysia is the natural choice. They have a very high interest in stable operating mature infrastructure assets, yielding good cash flow and dividend as you can see in the past investment, for example PLUS. Historically, Taliworks has always focused on developing infrastructure in developed countries, which continue to yield significant cash flow. This joint venture with EPF is very timely and suitable for our	

ACTION

strategy and we actually seeded the joint venture asset, which is our highway asset, the Cheras-Kajang Highway under Grand Saga Sdn Bhd ("GSSB").

To add to this joint venture, Taliworks is evaluating quite a few opportunities, moving forward. To answer the question from Mr Pillay just now, we are indeed looking to expanding. Management is looking into mature operations infrastructure assets in developed markets.

On the second question in relation to the Group's re-organisation and re-structuring, since 2007, TCB has held 55% effective interest in GSSB and you can see in the last eight months' announcements that arising from the restructuring and re-organistion, including the acquisition of shares from minority shareholders, Taliworks' effective equity interest in GSSB is now 51%.

We started at 55% and we sold to EPF, reducing our stake to 28% and as a result of the various re-organisation exercises that we did last year, we are now back to 51%. Hence, our joint venture is now on very solid footing. We are no longer minority shareholders.

With regards to the dilution of equity interest, this is actually realised in cash and the results can be seen in the audited financial statements.

A3. Mr Kevin Chin : To follow up from what Mr Pillay raised just now, last year we announced the dividend policy to distribute 75% of the profit after tax for each financial year. I think we are on track. If you see, we have declared 5 sen dividend in February this year.

A4. Mr Kevin Chin : Please refer to MSWG Q&A No.1 in Appendix II for the second question raised by En. Shamin regarding SPLASH.

7.3 After the Q&A session, Tan Sri Chairman informed that the Company had received questions from Minority Shareholder Watchdog Group ("MSWG") and he then invited Mr Victor Wong Voon Leong, the General Manager of Group Finance, to read out the questions and answers:

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Strategy/Financials

1. Emphasis of Matter

We noted that the Auditors had an emphasis of matter on page 73 of the Annual Report 2014 i.e. "*We draw attention to Note 25 to the Financial Statements which more fully explains the uncertainty over the collectability of amount owing by a customer;*"

(i) Please update and explain to shareholders on the position of these receivables in terms of recoverability/reversal, the uncertainty elements, provision/impairment.

Reply:

The long outstanding amount due and owing by Syarikat Pengeluar Air Sungai Selangor Sdn Bhd ("SPLASH") arose as a result of the on-going restructuring of the water concessionaires in Selangor which has yet to be completed.

As disclosed in Note 4(ii)(k) of the Audited Financial Statements - Key Sources of Estimation Uncertainty for Trade Receivable and Revenue Recognition which is on Page 110 of the Annual Report, the Group has made an estimate on the timing of repayment for trade receivables based on past payment trend. Disclosure of the critical estimates made to the carrying amount of the receivable from SPLASH is set out in Note 25(b)(ii), which is on Page 152 of the Annual Report whereby based on the past repayment pattern, the Group estimated that approximately RM88,800,000 of collection from SPLASH will be received within the next 12 months which will reduce the sales amount outstanding. The remaining amount outstanding is expected to be received progressively from 2016 to 2019.

Arising from the above estimation,

(a) an additional provision for discounting on a deferred payment consideration was made and set-off against revenue, and

(b) a reversal of discounting of receivables was recognised as other income.

The above discounting/reversal were made in compliance with the Malaysian approved accounting standards. However, the Group did not provide for impairment or made any provision for doubtful debts on the receivables from SPLASH as the outstanding amount is not in dispute and the Group is confident that the full amount is recoverable.

(ii) What initiatives can and have been taken to improve the collection.

ACTION

Reply:

At this juncture, there are limited actions that can be taken by the Group as the payment from SPLASH is also dependent on payment to SPLASH from its principal, Syarikat Bekalan Air Selangor Sdn Bhd ("SYABAS"). However, we have requested additional repayments from SPLASH to enable payments to be made for essential goods and services so that the operations will not be disrupted.

(iii) If the matter were to prolong beyond 2015, how would it further impact Taliworks' cash flow position given that the non–current receivables now stood at RM199.8 million which is much higher than the previous year (2013: RM157.5 million)?

Reply:

As mentioned in the Executive Director's Review of Operations, the cash flow in the Water and Engineering division, specifically Sungai Harmoni Sdn Bhd, will be further strained pending the resolution of the restructuring of all the water concessionaires in Selangor. However, we are confident that it will not significantly impact our operations.

2. We noted that Taliworks is committed to invest additional funds over the next 2-3 years to establish its presence as one of the largest foreign investors in Yinchuan, China, having earlier invested close to RMB810 million.

i) How much more additional funds is estimated to be invested in the next 2-3 years?

Reply:

As disclosed in Note 18(B)(d)(iii) of the Audited Financial Statements which is on Page 131 of the Annual Report, the estimated additional capital expenditure required would be in the region of RMB695,000,000 (RM391,563,000) for the expansion and upgrading of plant facilities.

The capital expenditure is required to be incurred in 2015 to 2017 to comply with the terms of the concession agreement for the Yinchuan Wastewater and Recycled Water Treatment Plant project.

ii) What is the rate of return that the Group is targeting and when exactly the income is expected to start contributing to the Group i.e. recurring income, etc.?

Reply:

The expansion and upgrading is undertaken on the existing four wastewater treatment plants ("WWTP") whereby the WWTPs are already in operations and generating recurring income since 2011 when the operations were taken over and managed by the Group under

ACTION

a Takeover-Operate-Transfer ("TOT") basis with the Yinchuan government.

Once the expansion and upgrading exercise is completed, the tariff rates will increase, thus the revenue and income will be higher. The quantum of the increase in the revenue and income will depend on the tariff rates (to be affirmed based on the final construction cost incurred and the total investments made previously) and the volume of wastewater that is being treated.

Prior to the expansion and upgrading, the Group has expected a lower rate of return as compared to after completion of the expansion and upgrading exercise as the tariff rates would be higher. However, at this juncture, the tariff rates have yet to be ascertained for a final determination of the rate of return.

3. Water and Engineering Division

Please share with shareholders on the Division's existing efforts to keep the costs under control. How much have costs increased and how would the Division plan to counter future challenges, particularly in keeping the operation costs at the desirable level?

Reply:

Operating costs are expected to increase annually mainly due to inflationary factors. Nevertheless the Group has instituted several measures to keep costs under control including regular refurbishment program for pumps and motors to maintain their efficiency and thus the energy cost, close monitoring of raw water quality to optimise chemical dosages and exercising prudency in expenditures.

To counter future challenges particularly in keeping the operation costs at the desirable level, the Group intends to keep abreast with emerging technologies, enhancing the human capital to increase productivity and efficiency; and implementing a robust risk management framework to mitigate any potential risks that could result in cost escalation or unnecessary expenditure having to be incurred.

4. Engineering & Construction Division

i) What is the latest order book under Engineering & Construction Division?

Reply:

Currently there are two projects that have been awarded to the Engineering & Construction Division which are still on-going i.e.

(a) Package 3: Supply and laying of 1,200 mm diameter steel pipes and associated works from Bukit Jelutong, Shah Alam to Bukit Raja, Klang, Selangor) for a contract sum of

ACTION

approximately RM30.6 million to be completed by July 2015. As at 31 March 2015, physical completion is about 51%.

(b) The Mengkuang Dam Expansion Project for a contract sum of approximately RM339 million to be completed by July 2016. As at 31 March 2015, physical completion is about 64%.

ii) Please brief on the outlook and prospects.

Reply:

The Group is optimistic on the outlook of the industry and the prospects of the Engineering and Construction division as the Malaysian economy is expected to remain strong. The Group has an established track record in constructing infrastructure projects after having completed several projects related to water treatment plants and other infrastructure projects since early 2000.

Although there are only two remaining projects which will be completed by next year, the Group is actively tendering for several infrastructure projects to boost its order book.

5. Material Litigation - Arbitration between Hua Sheng Construction Group Co. Ltd ("Hua Sheng") and Ningxia Eco Wastewater Treatment Co. Ltd ("Ningxia Eco"), a subsidiary of TCB Applicant : Hua Sheng Respondent : Ningxia Eco

As announced by the Group via Bursa Malaysia on 17 April 2015, it is stated that arising from the arbitral award, the Group will make a provision of RMB4,658,036 (equivalent to RM2,792,958) which will reduce the profit of the Group accordingly by the same amount for the financial year ending 31 December 2015.

Please brief shareholders on the case and whether there could be any further related potential claims. What were the lessons learned and going forward, what can be done to avoid or mitigate such happenings?

Reply:

Ningxia Eco has been awarded a concession by the Ningdong Energy Chemical Base on 29 October 2009 in relation to the Ningxia wastewater treatment project ("Linhe Project"). On 17 October 2010, Ningxia Eco and Hua Sheng entered into a Main Contractor Agreement, where Hua Sheng was appointed as the main contractor to undertake all the civil and structural construction works and the procurement of all equipment and material for the Linhe Project. On 6 September 2011, the Main Contract Agreement was terminated by the management of Ningxia Eco on the ground that the project works were sub-contracted out illegally.

After several rounds of arbitration hearings, the China International

ACTION

Economic and Trade Arbitration Commission, Shanghai ("CIETAC") had on 12 April 2015, issued its final decision on the arbitral award as announced on 17 April 2015.

No further claim is expected except for interest on late payment charges as loss of profit claim is considered as final claim for a contract termination case.

The lesson(s) learn arising from this litigation would be priority should be given to state owned entities in the selection of contractors.

Corporate Governance

MSWG is promoting standards of corporate governance best practices in PLCs. In this regard, we would like the Company to address the following:

1) Publishing Minutes of the AGM proceedings on the Company's website to be in line with the spirit of transparency and good Corporate Governance practices based on the ASEAN CG Scorecard which is being used to assess the level of CG standards of PLCs in Malaysia by MSWG.

   Reply:

   Commencing from last year's AGM, minutes of AGM proceedings are published in the Company's website at:-

   http://www.taliworks.com.my/governance/minutes_shareholders.html

   This is stated in Section 3.1 of the Corporate Governance Statement on Page 48 of the Annual Report.

2) Dividend Policy

   We noted that the Board had approved a dividend policy with the payout ratio of not less than 75% of the Group's consolidated PAT from 2015 onwards subject to specific requirements set out in the policy. Please enlighten shareholders on the specific requirements.

   Reply:

   The specific requirements of the Dividend Policy are set out in the Policy Statement in the Company's announcement to Bursa Malaysia on 25 September 2014 and re-produced below as follows:-

   - The declaration of interim dividends and the recommendation of final dividends, if any, are at the discretion of the Board of Directors of the Company ("Board") and any final dividend recommended by the Board is subject to shareholders' approval.

   - It is the Company's intention to provide consistent returns to its

ACTION

shareholders in tandem with its earnings growth by distributing dividends to shareholders. However, such payments will depend upon a number of factors, including amongst others, the earnings, capital commitments, general financial conditions, distributable reserves and other factors to be considered by the Board.

- The Company intends to pay dividends out of cash generated from its operations after setting aside funds required for business expansion, loan commitments and working capital purposes and after taking into consideration actual receipt of cash from the operations less payment of expenses.

- As the Company is primarily an investment holding company, its income, and therefore, its ability to pay dividends, is dependent upon dividends and other distributions that it receives from its subsidiaries, associates and joint ventures ("Group members"). The payment of dividends or other distributions by these Group members will depend upon their operating results, financial condition, capital expenditure plans and other factors to be considered by their respective board. In addition, covenants in loan agreements or the issuance of debt securities, if any, may limit the ability of the Group members to declare or pay dividends.

- As part of this policy, the Company is proposing a payout ratio of not less than 75% of its consolidated profit after tax (excluding exceptional items) for the financial year ending 31 December 2015 onwards subject to the above considerations.

- Shareholders should note that this dividend policy merely describes the Company's present intention and shall not constitute a legal and binding obligation on the part of the Company and/or the Board to declare, recommend or pay any dividends.

- The Board will re-assess this policy on an ongoing basis to ensure that the Company's dividend payment will continue to reflect the Group's underlying financial performance and funding requirements.

3) Fee for non-audit services of the Group is more than 50% of total auditor's remuneration. What is the nature of these non-audit services? Is there any an internal policy in place as regard to audit versus non-audit fee?

Reply:

As stated in Note 5 on Page 61 of the Annual Report, the non-audit fees incurred for services rendered to the Company and its subsidiaries by the auditors, Deloitte or a firm or company affiliated to it, amounted to RM372,000 and these comprise of services rendered for GST Implementation, statutory tax services and review of proforma statement of financial position in relation to a corporate exercise.

ACTION

A significant of the non-audit fees paid (amounting to RM264,000 incurred for the year) is for GST Implementation Services rendered by Deloitte Tax Services Sdn Bhd ("Deloitte Tax") for the Company and two of its subsidiaries involved in the water treatment, supply and distribution and construction sectors. Deloitte Tax is also the tax agent for the Company and its Malaysian subsidiaries (except for the subsidiaries under the Cerah Sama Sdn Bhd and its subsidiaries).

Under the terms of reference, the Audit and Risk Management Committee is to establish policies governing the circumstances under which contracts for the provision of non-audit services can be entered into and procedures that must be followed by the external auditors.

7.4 Thereafter, Tan Sri Chairman proceeded with the remaining items on the agenda of the Notice of Twenty Fourth Annual General Meeting at 11.50 a.m.

8. TO APPROVE THE PAYMENT OF DIRECTORS' FEES FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

8.1 On the proposal of Poravi A/L S P Sithambaram Pillay ("Mr Poravi") and seconded by Balan A/L Govindan Nair ("Mr Balan"), it was resolved:

"THAT the payment of Directors' fees for the financial year ended 31 December 2014 amounting to RM245,383.56 be and is hereby approved."

9. TO RE-ELECT THE FOLLOWING DIRECTORS WHO RETIRE PURSUANT TO THE COMPANY'S ARTICLES OF ASSOCIATION

9.1 **Re-election of Mr Lim Yew Boon**

9.1.1 On the proposal of Ms Lim Pui Yoke and seconded by Mr Chung Yoon Chen, it was resolved:

"THAT Mr Lim Yew Boon, retiring pursuant to Article 80 of the Company's Articles of Association, be and is hereby re-elected as a Director of the Company."

9.2 **Re-election of Dato' Sri Amrin Bin Awaluddin**

On the proposal of Cik Nor Ashikin Binti Sihab and seconded by Cik Norazela Binti Salleh, it was resolved:

"THAT Dato' Sri Amrin Bin Awaluddin, retiring pursuant to Article 85 of the Company's Articles of Association, be and is hereby re-elected as a Director of the Company."

ACTION

10. TO RE-APPOINT MESSRS DELOITTE AS AUDITORS OF THE COMPANY UNTIL THE CONCLUSION OF THE NEXT ANNUAL GENERAL MEETING AND TO AUTHORISE THE DIRECTORS TO FIX THEIR REMUNERATION

On the proposal of Ms Cheok Pei Lu and seconded by Mr Poravi, it was resolved:

"THAT Messrs Deloitte be and are hereby re-appointed as auditors of the Company at a fee to be agreed upon with the Directors of the Company and they shall hold office until the conclusion of the next Annual General Meeting."

11. AUTHORITY TO ISSUE SHARES PURSUANT TO SECTION 132D OF THE COMPANIES ACT, 1965

11.1 On the proposal of Mr Pillay and seconded by Mr Balan, it was resolved:

"THAT subject to Section 132D of the Companies Act, 1965 and approvals of the relevant governmental/regulatory authorities, the Directors be and are hereby empowered to issue and allot shares in the Company at any time to such persons and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit, provided that the aggregate number of shares to be issued does not exceed ten per centum (10%) of the issued and paid-up share capital of the Company for the time being and the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Malaysia Securities Berhad;

AND THAT such authority shall commence immediately upon the passing of this Resolution and continue to be in force until the conclusion of the next Annual General Meeting of the Company."

12. PROPOSED SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

12.1 On the proposal of Ms Lim Pui Yoke and seconded by Mr Balan, it was resolved:

"THAT subject to the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities"), approval be and is hereby given to the Company and its subsidiary(ies) to enter into recurrent related party transactions of a revenue or trading nature with the related parties ("Recurrent Related Party Transactions") as set out in Section 2.5 of the Circular to the Shareholders dated 8 April 2015 ("the Circular"), subject to the following:

ACTION

(i) the Recurrent Related Party Transactions are entered into the ordinary course of business on terms not more favourable to the related parties than those generally available to the public, and the Recurrent Related Party Transactions are undertaken on arms' length basis and are not to the detriment of the minority shareholders of the Company;

(ii) the disclosure is made in the annual report of the breakdown of the aggregate value of the Recurrent Related Party Transactions conducted pursuant to the shareholders' mandate during the financial year, amongst others, based on the following information:

(a) the type of Recurrent Related Party Transactions made; and

(b) the names of the related parties involved in each type of Recurrent Related Party Transaction made their relationship with the Company;

(iii) the shareholders' mandate is subject to annual renewal and this shareholders' mandate shall only continue to be in force until:

(a) the conclusion of the next Annual General Meeting ("AGM") of the Company following this AGM, at which this shareholders' mandate will lapse, unless by a resolution passed at the said AGM, such authority is renewed;

(b) the expiration of the period within which the next AGM is required to be held pursuant to Section 143(1) of the Companies Act, 1965 ("Act") (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Act); or

(c) revoked or varied by resolution passed by the shareholders in general meeting;

whichever is the earlier;

AND THAT the Directors and/or any of them be and are hereby authorised to complete and do all such acts and things as they may consider expedient or necessary (including executing such documents as may be required) to give effect to the Recurrent Related Party Transactions contemplated and/or authorised by this Ordinary Resolution;

AND THAT, the estimates given of the Recurrent Related Party Transactions specified in Section 2.5 of the Circular being provisional in nature, the Directors and/or any of them be and are hereby authorised to agree to the actual amount or amounts thereof provided always that such amount or amounts comply with the procedures set out in Section 2.6 of the Circular."

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13. CLOSURE OF MEETING

13.1 There, being no further business, the meeting closed at 12.00 noon with a vote of thanks to the Chair.

Date: 30 April 2015

READ AND CONFIRMED BY

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CHAIRMAN