

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

MINUTES OF EXTRAORDINARY GENERAL MEETING

Date : Monday, 1 October 2018

Time : 11.30 a.m.

Venue : Banyan, Casuarina and Dillenia Room (Ground Floor)
Sime Darby Convention Centre
1A, Jalan Bukit Kiara 1
60000 Kuala Lumpur

	<u>Attendance FY2018</u>
Present	
: Tan Sri Dato' Seri Ong Ka Ting (Chairman, Senior Independent Non-Executive Director)	1 / 1
: Dato' Lim Yew Boon (Executive Director)	1 / 1
: Mr Soong Chee Keong (Independent Non-Executive Director)	1 / 1
: Mr Vijay Vijendra Sethu (Non-Independent Non-Executive Director)	1 / 1
: Dato' Sri Amrin Awaluddin (Independent Non-Executive Director)	1 / 1
: Raja Datuk Zaharaton Binti Raja Dato' Zainal Abidin (Independent Non-Executive Director)	1 / 1
: En. Ahmad Jauhari Bin Yahya (Independent Non-Executive Director)	1 / 1
: Shareholders and Proxy Holders – as per attendance lists	
Absent with Apologies	
: Mr Lim Chin Sean (Non-Independent Non-Executive Director)	0 / 1
In Attendance	
: Mr Kevin Chin Soong Jin	– Chief Investment Officer
: Ms Elaine Lam	– CIMB Advisor
: Ms Tan Bee Hwee	– Company Secretary

ACTION

1. CHAIRMAN

Tan Sri Dato' Seri Ong Ka Ting (“Tan Sri Chairman”) chaired the meeting.

2. WELCOME ADDRESS

Tan Sri Chairman welcomed all present at the Extraordinary General Meeting (“EGM”) of Taliworks Corporation Berhad (“TCB” or “the Company”) and called the meeting to order at 11.30 a.m.

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3. NOTICE

The notice of meeting (“Notice of EGM”), having been circulated earlier, was taken as read.

4. OPENING SPEECH

Tan Sri Chairman introduced the members of the Board, Senior Management, CIMB Advisor and the Company Secretary to the meeting.

5. QUORUM

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

6. NUMBER OF PROXIES

The Company Secretary informed that the total number of proxy forms received within the prescribed period was 122, representing 757,074,012 shares of the total number of issued shares of the Company.

7. ANNOUNCEMENT ON POLLING AND ADMINISTRATIVE MATTERS

7.1 Tan Sri Chairman explained the procedures of the meeting and informed the shareholders that the resolution in the Notice of EGM would be put to vote by way of poll pursuant to paragraph 8.29A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

7.2 He also informed the shareholders that Symphony Share Registrars Sdn. Bhd. and Symphony Corporatehouse Sdn. Bhd. have been appointed as the poll administrators and poll scrutineers respectively.

7.3 He further informed the shareholders that poll voting would be conducted only after the agenda item as set out in the Notice of the EGM had been dealt with.

7.4 He informed that Ordinary Resolution required a simple majority of more than 50% votes from those shareholders present in person or by proxies and voting at the meeting.

7.5 After that, he proceeded with the agenda item as set out in the Notice of the EGM.

ACTION

8. PROPOSED BONUS ISSUE OF UP TO 967,591,160 NEW ORDINARY SHARES IN TALIWORKS (“TCB SHARES”) (“BONUS SHARES”) ON THE BASIS OF 2 BONUS SHARES FOR EVERY 3 EXISTING TCB SHARES HELD (“PROPOSED BONUS ISSUE”)

8.1 The Proposed Bonus Issue involves the issuance of up to 967,591,160 Bonus Shares on the basis of 2 Bonus Shares for every 3 existing TCB Shares held by the entitled shareholders on the entitlement date.

8.2 The rationale for the Proposed Bonus Issue was to:

- (i) enable shareholders to have greater participation in the equity of the Company in terms of the number of ordinary shares while retaining their percentage of equity interest held in the Company;
- (ii) increase the number of TCB Shares in issue, which may potentially improve the liquidity and marketability of TCB Shares; and
- (iii) enable the Company to utilise the credit amount which had been transferred from the share premium account to the share capital account within the timeframe allowed under the Companies Act 2016 (“CA 2016”), i.e. within 24 months from 31 January 2017.

8.3 Question from the floor was addressed and noted as follows:

Q1: Shareholder – Mr Leo Ann Puat (“Mr Leo”)

With reference to page 4 of Circular of Shareholders, note 3 of the Rationale for the Proposed Bonus Issue states that the Proposed Bonus Issue is to enable the Company to utilise the credit amount which has been transferred from the share premium account to the share capital account within 24 months from 31 January 2017. What will be the implications if the Company does not issue Bonus Issue?

A1: Mr Kevin Chin:

Under the new Companies Act, 2016, the share premium will be transferred to the share capital account and a 24-month transition period is given to companies to utilise their credit in their share premium account for Bonus Issue. If the Company does not utilise its share premium by January 2019, the credit in the share premium account will be merged with its share capital. Basically, the first 2 rationales highlighted by the Chairman are the key rationales for the Proposed Bonus Issue.

Q2: Proxy Holder – Mr William Ng Kok Kiong (“Mr William”)

With regard to the Proposed Bonus Issue on the basis of 2 Bonus Shares for every 3 existing TCB shares, how did the Board come up with the ratio of 2 Bonus Issue for 3 existing shares? Referring to page 3 of the

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Circular, the Bonus Shares were valued at RM0.20 per share and it will utilise the share premium of RM161.47 million (under minimum scenario) and RM193.72 million (under maximum scenario). In addition, this ratio is not common to some of the shareholders and it will give rise to odd numbers. It is also complicated for shareholders to calculate. For example, if I have only 2 shares, I might not be entitled to get the full number of the Bonus Shares.

A2: Mr Kevin Chin:

The ratio of 2 for 3 Bonus Shares is the best possible ratio taking into consideration total share premium available for the issuance of Bonus shares and capitalising the share premium account at the RM0.20 per Bonus Share.

Q3: Mr William:

As a follow-up question, since the Company has so much retained earnings, it can consider utilising some of its retained earnings for the Bonus Shares so that it can settle at a much easier ratio of 1 to 1.

A3: Mr Kevin Chin:

As you can see from the Company's track records for the past three years, the Company has been utilising its retained earnings to distribute stable dividend to its shareholders. Instead of utilising the retained earnings for the Bonus Issue, Company would like to utilise the retained earnings to continue to pay stable dividends to shareholders in the future.

Q4: Mr William:

I would like to follow up with another question. In my view, the Company is able to do 1 to 1 Bonus Shares because based on the capitalisation of reserves in the Circular, the Company is proposing the Bonus Shares at the value of RM0.20 per share. If the value of RM0.20 per share could not give the ratio of 1 to 1, the Company can use the value such as RM0.14 or RM0.15 or RM0.16 per share and round it up to arrive at the ratio of 1 to 1. It is possible to value the shares at any value now since the no-par-value regime of shares came into effect in January 2017. Based on the above view, may I know the reason for not giving the ratio of 1 to 1 basis for the Proposed Bonus Shares?

A4: Mr Kevin Chin:

The Company has deliberated the proposal in detailed and is tabling the 2 for 3 Bonus Issue to shareholders for approval.

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Q5: Mr Leo:

Referring to Mr William's question, why does the Company not simplify the ratio to minimise the incident odd lot number of shares.

A5: Tan Sri Chairman:

We understand your concern and you have brought up some valid concerns and we appreciate your view, but the 2 for 3 Bonus Shares ratio is a common practice for other companies. Thank you for your feedback.

Q6: Shareholder – Mr Loh Kok Seong @ Loh Yoon Seng (“Mr Loh”)

I wish to say that the Company's Proposed Bonus Issue resolution is to improve the liquidity and marketability of TCB Shares. Why do we fix the tenure of warrant, which is going to expire next month, at three years instead of 10 years as it is an opportunity for the Company to raise the capital by way of exercising the warrants? Under the CA 2016, all the share premium will now be merged with the Company's share capital, so if you do not issue shares by way of bonus, the number of shares will remain but the share premium will be added to the share capital, which will become bigger. So, most of the investment banks will think the proper way is to issue more shares by utilising the credit in the Share Premium Account to increase the value per share back to its former level. The existing warrants will be of no value by next month. We warrant holders, as well as the Company, stand to lose. In the past, there were other public listed companies which have extended the lifespan of the warrant by issuing new warrants so that the old warrant holders can subscribe based on their warrantholding. I am of the view that the Company should issue Bonus Shares based on percentage to minimise the incident of odd lot.

A6: Mr Kevin:

You have raised several points. Point No. 1 – Bonus Issue has no impact on net asset or share capital of the Company because by January 2019, share premium will be merged with share capital. Point No. 2 – there is a book closure date for this Bonus Issue and it will happen in two weeks times, where the number and exercise price of warrant will be adjusted. For illustration purposes, if the number of warrants is 250 million, it will get additional 166 million, which will result in a total of 416 million warrants. The exercise price of the current warrant of RM1.70 will be adjusted down to RM1.02 at book closure date. This provides a small window of opportunity for warrant holders to exercise their warrants at a lower exercise price. We have more than a month before the warrant expires. Arising from the Bonus Issue, there will be a notice on the adjustment to the number of outstanding warrants and its exercise price sent out to all the warrant holders. The adjustment of number of warrant as well as the exercise price of warrant will be stated in the Notice. Hence, all the warrant holders, please take advantage of this opportunity.

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Q7: Proxy Holder – Mr Rein Hashim (“Mr Rein”)

Since the warrants are going to expire soon, why not make an announcement on how many possible special dividend we will get from the sale of valuable assets to the Government of Selangor and how much the cost of this Bonus Issue to the Company is?

A7: Dato’ Lim Yew Boon:

First of all, there is no sale of assets; it is just a negotiation or finalisation agreement on new Operations and Maintenance Agreement and repayment of old debts.

Mr Kevin:

We actually made an announcement on this, stating that there was an offer from Air Selangor. We accepted the offer and released an announcement on this last month. In summary, the amount of this settlement is actually two-fold – firstly, Air Selangor will settle the outstanding amount after a 10% discount at a date to be determined in the future. For illustration purposes, assuming the cut-off date is 30 November 2018, the estimated gross total amount owing from SPLASH will be RM720 million. With a 10% discount, the settlement sum will be approximately RM650 million (“**Settlement Sum**”). 10% of the Settlement Sum will be paid upfront and the balance will be received annually over nine years with 5.25% accrued interest on the remaining Settlement Sum.

In addition, under the new Operations and Maintenance Agreement (“OMA”), we are expecting to receive full payments from Air Selangor on our monthly invoice going forward (i.e. there will no longer be issue of receivables building up).

As at today, no agreements have been signed. Therefore, there are no additional details to be released.

Q8: Mr Rein:

Does it mean that for the following quarter review, we can expect some impending loss, just like what happened to one of the public listed companies recently? And will the effect of this be better or worse for the Company?

A8: Mr Kevin:

We will be much better off.

Q9: Mr Rein:

Will the Company be much better off because of the cash payment?

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A9: Mr Kevin:

It is because there will be a settlement plan for the outstanding receivables owing from SPLASH and we are expecting to receive full payments from Air Selangor on our monthly invoice going forward under the new OMA (i.e. there will no longer be issue of receivables building up). Furthermore, we are offered a seven year extension. Also, to answer your first question, up to March 2018, we have made provision for these receivables of RM185 million. As explained earlier, based on the cut-off date of 30 November 2018, the gross receivables are estimated to be RM720 million. A 10% discount would be RM72 million. Hence, comparing the discount to the provision of RM185 million, we will actually see a write-back rather than further impairment loss.

Q10: Mr Rein:

Will it be announced to the media?

A10: Mr Kevin Chin:

We will announce this once we have signed the termination and settlement agreement and as well as the new OMA.

Q11: Mr Rein:

Target date?

A11 Mr Kevin:

We don't know yet but as a guide, could be the fact that last Friday when Air Selangor signed the definitive shares sale agreement with the shareholders of SPLASH so we appear to be the next.

Q12: Mr Rein:

Can the Company make announcement earlier as it may increase the share price and please the current warrant holders as their warrants are going to expire?

A12: Mr Kevin Chin:

Our Board's opinion is the same as yours.

Mr Vijay:

I think we have managed to improve the Company's cash flow in two ways. Firstly, for the last seven years, we were only paid 33% of the monthly bills. Going forward, if we successfully sign the agreement, we

ACTION

will be paid 100% and the cash flow on the water side will thus triple. Secondly, they will pay the amount over 10 years, so this will improve our cash flow every year for the next 10 years, i.e. about RM65 million a year.

9. POLLING AND ANNOUNCEMENT OF POLL RESULTS

There being no further question raised by the shareholders or proxy holders, Tan Sri Chairman adjourned the meeting for about 30 minutes for the polling and vote counting process to be completed.

9.1 Conduct of the poll by Symphony Share Registrars Sdn. Bhd. proceeded for the proposed Resolution.

9.2 The Scrutineers, Symphony Corporatehouse Sdn. Bhd., gave the verified poll results to Tan Sri Chairman. Tan Sri Chairman announced the result of the poll for the Resolution as follows:

	FOR		AGAINST		TOTAL		ABSTAIN	
	NO. OF		NO. OF		NO. OF		NO. OF	
Ordinary Resolution	SHARES	%	SHARES	%	SHARES	%	SHARES	%
Resolution 1: Proposed Bonus Issue	760,270,537	99.9804	250	0.0001	760,419,437	100	148,650	0.0196

10. CLOSURE OF MEETING

There being no further business, the EGM of the Company was declared closed at 12.40 p.m. with a vote of thanks to the Chair.

Date : 1 October 2018

READ AND CONFIRMED BY

CHAIRMAN