



TALIWORKS CORPORATION
LGB Group

ANNUAL REPORT
2 0 2 3

Strategic Integration



Annual
General
Meeting

33rd



Thursday
13 June 2024



11.00 a.m. local time
(GMT+8)



Online meeting platform at <https://meeting.boardroomlimited.my>
(Domain Registration No. with MYNIC – D6A357657)

STRATEGIC INTEGRATION

Cover Rationale

Through Strategic Integration with valued stakeholders, Taliworks has been able to unlock value across its assets and identify synergies from its business operations. The Group remains committed to forging positive partnerships as we seek to broaden the range of value-accretive assets and deliver value to our shareholders. We are excited for our future as we remain committed to pursuing growth in our business ventures.



2023 AT A GLANCE

RM'million



Profit for the Financial Year

RM49.5
million



Revenue

RM374.7
million



Total Shareholders' Equity

RM963.9
million

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Form of Proxy



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CORPORATE INFORMATION

BOARD OF DIRECTORS

YAM Tunku Ali Redhaudin Ibni Tuanku Muhriz
Independent Non-Executive Chairman

Raja Datuk Zaharaton Binti Raja Dato' Zainal Abidin
Senior Independent Non-Executive Director

Kevin Chin Soong Jin
Executive Director
(Appointed on 1 March 2024)

Ahmad Jauhari Bin Yahya
Independent Non-Executive Director

Datuk Roger Tan Kor Mee
Independent Non-Executive Director

Datin Pauline Tam Poh Lin
Independent Non-Executive Director

Lim Chin Sean
Non-Independent Non-Executive Director

Dato' Lim Yew Boon
Executive Director
(Retired on 29 February 2024)

Dato' Sri Amrin Bin Awaluddin
Independent Non-Executive Director
(Resigned on 20 June 2023)

AUDIT AND RISK MANAGEMENT COMMITTEE

Chairman Datin Pauline Tam Poh Lin
Members Lim Chin Sean
Datuk Roger Tan Kor Mee
Dato' Sri Amrin Bin Awaluddin
(Ceased to hold office as member on 20 June 2023)

NOMINATING COMMITTEE

Chairman Raja Datuk Zaharaton Binti Raja Dato' Zainal Abidin
Members Ahmad Jauhari Bin Yahya
Datuk Roger Tan Kor Mee

REMUNERATION COMMITTEE

Chairman Raja Datuk Zaharaton Binti Raja Dato' Zainal Abidin
Members Datin Pauline Tam Poh Lin
Lim Chin Sean

COMPANY SECRETARIES

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(SSM PC No.: 202008001023) (MAICSA 7009143)
Tai Yuen Ling
(SSM PC No.: 202008001075) (LS 0008513)

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AUDITORS

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PRINCIPAL BANKERS

Amlslamic Bank Berhad
CIMB Bank Berhad
HSBC Bank Malaysia Berhad
Hong Leong Bank Berhad
Malayan Banking Berhad

STOCK EXCHANGE LISTING

Main Market
Bursa Malaysia Securities Berhad
Stock & Code : TALIWRK & 8524 (Utilities)

AGM HELPDESK

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VISION STATEMENT

We strive to be an established infrastructure company with capabilities to design, build and operate an infrastructure project; providing end-to-end solutions to prospective customers.

We are committed to:

01

Provide sustainable and equitable returns to shareholders and investors through business progression and value creation.



04

Promote the development of human capital to enhance the value of employees both as individuals and as assets to the organisation.

02

Provide exceptional services and a compelling value proposition to our clients by engaging with them in a customer-centric manner.



03

Conduct our business affairs in an ethical and socially responsible manner, with a particular emphasis on implementing environmentally sustainable practices within the organisation.

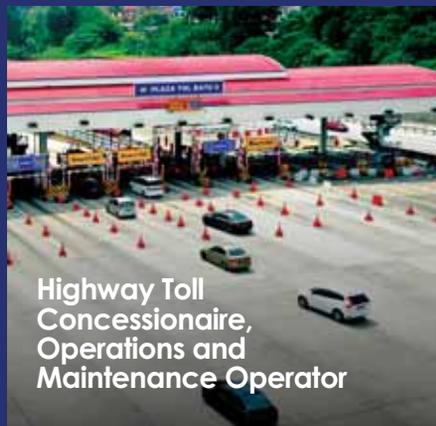


Taliworks aims to develop new growth platforms by exploring investment and business opportunities both locally and internationally, with a focus on activities that complement its current core businesses. With a track record of success, expertise, and technical know-how, Taliworks is equipped to take on any future opportunities and challenges. In pursuit of responsible and sustainable commercial success, Taliworks is committed to providing services that are socially, environmentally, and economically responsible.

CORPORATE PROFILE

Background History

Taliworks Corporation Berhad (“Taliworks” or the “Group”) is listed on the Main Market of Bursa Malaysia Securities Berhad under the Utilities Sector (Name & Code: TALIWRK & 8524). Taliworks, an established infrastructure company, is primarily involved in five core businesses as follows:-



In year 2000, LGB Group, being one of the pioneers in the privatisation of potable water treatment and supply services in Malaysia since 1987, undertook a reverse takeover exercise by injecting 100% equity interest in Sungai Harmoni Sdn. Bhd. (“Sungai Harmoni”) and Taliworks (Langkawi) Sdn. Bhd. (“Taliworks Langkawi”) respectively, and a 45% equity interest in C.G.E Utilities (M) Sdn. Bhd. into Carpets International Malaysia Berhad, which was then listed on the Second Board of the Kuala Lumpur Stock Exchange (“KLSE”) (now known as Bursa Malaysia Securities Berhad). Subsequently on 27 October 2000, it was transferred to the Main Board of the KLSE and was renamed Taliworks Corporation Berhad on 24 November 2000. The Water Treatment and Supply business subsequently became Taliworks’ main core business.

In 2004, Taliworks diversified its business interests to include wastewater management in the People’s Republic of China. Thereafter, it expanded into the highway toll concessionaire, operations and maintenance business in 2007.

In 2016, Taliworks completed the realignment of its strategic business, focusing on mature operational cash-generating utilities/ infrastructure businesses to support its general dividend policy by disposing its businesses in the People’s Republic of China and subsequently acquired a 35% equity interest in SWM Environment Holdings Sdn. Bhd. (“SWMEH”), adding waste management business in Malaysia to Taliworks’ profile.

In 2022, Taliworks successfully acquired four solar assets near Kuala Lumpur International Airport (“KLIA”), with a total capacity of 19 megawatt peak (MWp). The acquisition is an important first step for Taliworks in its journey to become a prominent player in the renewable energy space.



Water Treatment and Supply

One of Taliworks' core businesses is in the water supply sector. The business entails an operations and maintenance ("O&M") contract for the Sungai Selangor Water Treatment Plant Phase 1 ("SSP1") that supplies potable water to large parts of Selangor and Kuala Lumpur. Total daily treated water production of SSP1 is equivalent to almost 20% of total treated water requirement of Klang Valley and Selangor.

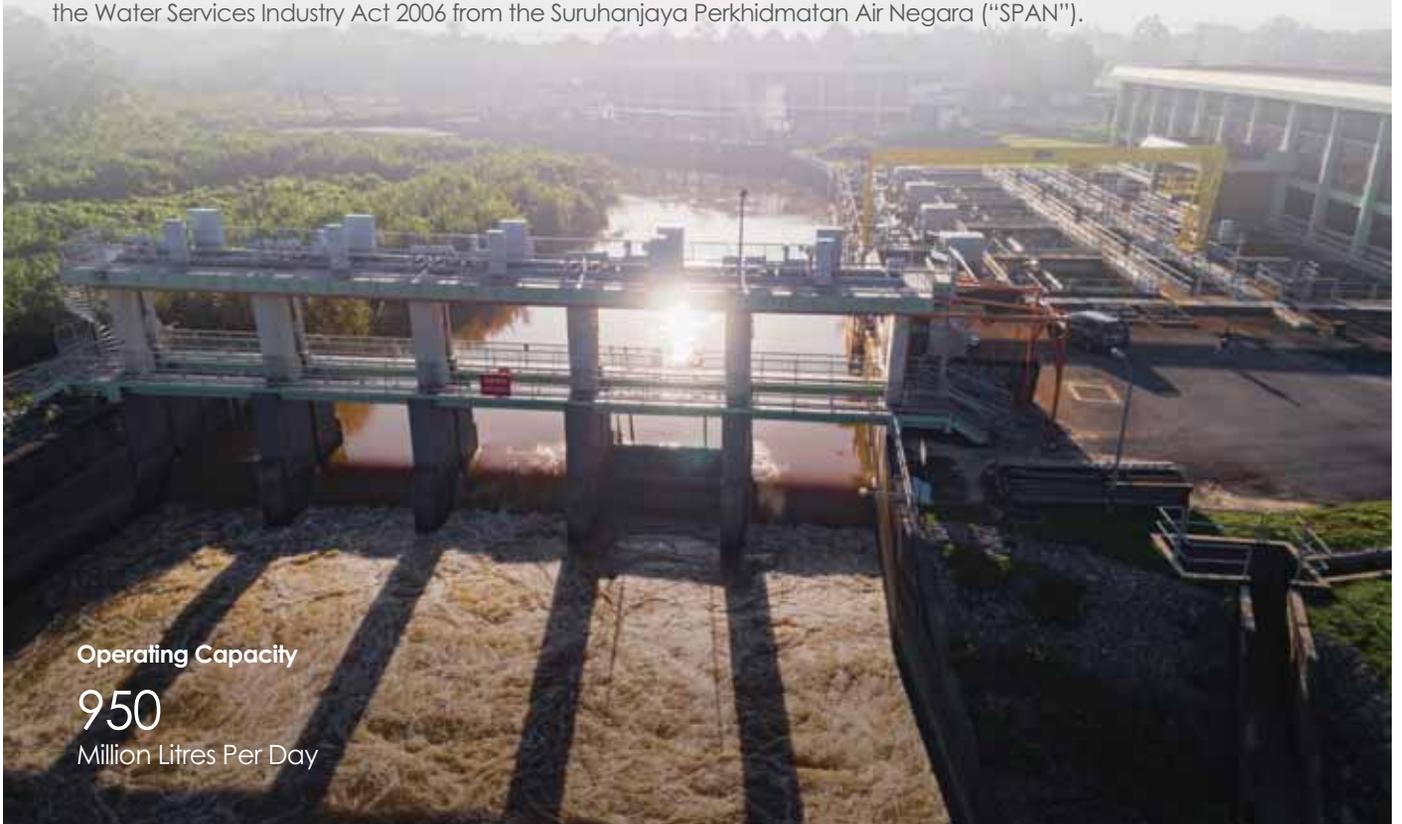
The Group had previously operated and maintained Pulau Langkawi's entire water supply and distribution facilities under the Langkawi Water Supply Privatisation Agreement with the State Government of Kedah. Taliworks Langkawi was granted a 25-year concession to undertake and carry out O&M activities from 7th October 1995 to 31st October 2020. All operations have since been handed over to Syarikat Air Darul Aman Sdn. Bhd., a corporatised body under the State Government of Kedah.

Sungai Harmoni Sdn. Bhd. ("Sungai Harmoni") is the O&M operator of SSP1 with a combined design operating capacity of 950 million litres per day. As part of a water restructuring exercise undertaken by the State Government of Selangor to consolidate the water industry in the state, Sungai Harmoni entered into a Bulk Water Supply Agreement in 2019 with Pengurusan Air Selangor Sdn. Bhd. ("Air Selangor") in which its SSP1's O&M contract was extended for an additional 7 years to December 2036. To operate SSP1, Sungai Harmoni was awarded an Individual License pursuant to Section 9 of the Water Services Industry Act 2006 from the Suruhanjaya Perkhidmatan Air Negara ("SPAN").

Operating Capacity

950

Million Litres Per Day



Corporate Profile



Highway Toll Concessionaire, Operations and Maintenance Operator

Taliworks owns and operates two highways, specifically the Cheras-Kajang Highway, also known as Grand Saga Highway and the New North Klang Straits Bypass Expressway, or commonly referred to as the Grand Sepadu Highway.

Grand Saga Sdn. Bhd. (“Grand Saga”)

The acquisition of the 55% equity interest in a joint venture company, Cerah Sama Sdn. Bhd. (“Cerah Sama”) in 2007 marked Taliworks’ first venture into highway ownership and toll operations. Cerah Sama is the holding company of Grand Saga, a company that owns and operates the concession for the Grand Saga Highway until September 2045. The highway, one of the first four-lane dual carriageways in Malaysia measures 11.5 km in length, stretching from the Connaught interchange, Cheras to Saujana Impian, Kajang. It serves the densely populated and fast-growing Cheras-Kajang vicinity, easing traffic congestion and reducing travel time for daily commuters. The highway concession comprises two toll plazas (with toll collection at one bound), namely the Batu 9 toll plaza (Kajang bound) and the Batu 11 toll plaza (Kuala Lumpur bound), one rest and service area and nine interchanges.

2014 marked Taliworks’ first collaboration with Employees Provident Fund Board (“EPF”) through EPF’s acquisition of an effective 31.85% equity interest in Cerah Sama via TEI Sdn. Bhd. (“TEI”). TEI is the immediate holding company of Cerah Sama, was established as the flagship vehicle through which both parties can engage in the business of acquiring and operating mature cash-generating utilities/

infrastructure assets in Malaysia and developed countries. In 2015, TEI acquired the remaining 35% equity interest in Cerah Sama held by SEASAF Highway Sdn. Bhd.. TEI is currently 51% held by Taliworks and 49% by EPF.

Grand Sepadu (NK) Sdn. Bhd. (“Grand Sepadu”)

In December 2014, Taliworks through its indirect joint venture, Grand Sepadu acquired the assets and concession rights to the New North Klang Straits Bypass Expressway (“Grand Sepadu Highway”) from Lebuhraya Shapadu Sdn. Bhd. (in liquidation) for a cash consideration of RM265 million with 18-year remaining concession ending in December 2032. The Grand Sepadu Highway, which commenced toll operations in 2002 is a 17.5 km two-lane and three-lane dual carriageway highway, which links North Port to Bukit Raja, Klang. The Grand Sepadu Highway is partly parallel to the old tolled North Klang Straits Bypass (which became a non-tolled road after the Grand Sepadu Highway became operational) and is linked to the Federal Highway, the new Klang Valley Expressway and the West Coast Expressway, which connects Banting in Selangor to Taiping in Perak.

Subsequently in 2015, EPF acquired a 50% equity interest in Pinggiran Muhibbah Sdn. Bhd., a company which holds a 75% equity interest in Grand Sepadu. As a result, Taliworks and EPF now effectively own 37.5% equity interest each in Grand Sepadu, with 45% economic interest each in the Grand Sepadu Highway. This officially marked the second partnership between Taliworks and EPF.





Engineering and Construction

Taliworks' engineering and construction activities are undertaken by its wholly-owned subsidiary, Taliworks Construction Sdn. Bhd. ("Taliworks Construction"). Taliworks secured its first construction project in 2002, i.e., the RM120 million Projek Bekalan Air Kedah Tengah, which was implemented according to the design and build mode of delivery. The State Government of Kedah awarded another design and build water supply project to Taliworks known as the Padang Terap Water Supply Project worth a contract sum of RM149 million in 2006.

In 2011, Taliworks made a foray into earth fill dam construction and completed the Mengkuang Dam Expansion Project in 2017 where the final contract sum was RM273 million. The scope of works comprised site clearance, earthworks, construction of reinforced concrete structures and pipe laying works. In December 2021, the company achieved a noteworthy milestone by successfully procuring two (2) design and build packages with a total contract value of RM896 million under the overall 'Proposed Development of Sungai Rasau Water Treatment Plant and Water Supply Scheme (Phase 1), Selangor Darul Ehsan' project.

Taliworks Construction, a ISO9001 certified construction company, is registered with the Construction Industry Development Board of Malaysia ("CIDB") and accorded with the highest grade, Grade G7 license. Taliworks Construction also holds the Sijil Perolehan Kerja Kerajaan ("SPKK") license awarded by CIDB.



Corporate Profile



Waste Management

Taliworks' involvement in the waste management business started in May 2016 when it acquired a 35% equity interest in SWM Environment Holdings Sdn. Bhd. ("SWMEH") group. SWMEH group is a waste management and public cleansing service provider in the southern region of Peninsular Malaysia, namely Johor, Negeri Sembilan and Melaka, established in line with the National Privatisation of Solid Waste Management. SWMEH's wholly owned subsidiary, SWM Environment Sdn. Bhd. ("SWME") is the concession owner for the provision of solid waste collection and public management cleansing services, with the concession ending on 1 September 2033.

Its business covers a total geographical region of approximately 28,500 sq. km and serves a population of over 5 million. It services 27 local authorities with over 8,615 staff and 250 sub-contractors who collectively manage approximately 5,200 tonnes of waste per day.

As a waste management and public cleansing service provider, SWME provides collection and cleansing services for residential and commercial entities within the municipal jurisdictions. The collection and transportation of domestic waste, garden waste, bulky waste, and recyclables form the crux of the company's business. Currently, the

company manages a fleet of about 1,000 collection vehicles and a workforce of over 2,200 dedicated employees to provide scheduled and timely collection services. SWME averages a collection of 156,000 tonnes of waste a month with an approximate total of 1.87 million tonnes of waste collected for the year 2023. As part of the mandatory Separation at Source (SAS) for recyclable items, SWME introduced a Mobile Application called "KITARecycle" to encourage the public to recycle through a reward program. The programme has attracted 40,000 participants with a total of 2,500,000kg of recyclables segregated and diverted from the landfills since its inception in 2018.

The public cleansing services, which include grass cutting, drain cleaning, street sweeping, wet/ dry market cleaning and beach cleansing, form an important part of the company's scope of work and plays a critical role for the benefit of the public. A fleet of over 600 cleansing vehicles, machines, and a workforce of over 6,400 employees are deployed for the cleansing services.

In 2015, EPF acquired a 35% equity interest in SWMEH. The acquisition by Taliworks into SWMEH marks the third partnership between Taliworks and EPF.



Geographical Region Coverage

28,500

Sq. Km

Average Waste Collection

5,200

Tonnes Per Day



Renewable Energy

In June 2022, Taliworks completed its maiden foray into the renewable energy sector with the acquisition of four (4) brownfield solar asset companies together with its operations and maintenance company in the vicinity of KLIA with an aggregate capacity of 19 MWp:

1. TR Sepang Sdn. Bhd. ("TR Sepang") (previously known as Fortune 11 Sdn. Bhd.), operates a 5.0 MWp ground-mounted solar photovoltaic project, built on a palm oil plantation area accessible via Jalan Pekelling, Sepang;
2. TR SaTerm Sdn. Bhd. ("TR SaTerm") (previously known as Corporate Season Sdn. Bhd.), operates a 4.0 MWp rooftop-mounted solar project above the satellite terminal of KLIA;
3. TR CPark Sdn. Bhd. ("TR CPark") (previously known as Silverstar Pavilion Sdn. Bhd.), operates two separate 5.0 MWp rooftop-mounted solar projects within two long-term car parks at KLIA; and
4. Taliworks Renewables Operations Sdn. Bhd. (previously known as TerraForm Global Operating (Malaysia) Sdn. Bhd.), provides end-to-end operations and maintenance services to the above solar assets.

TR Sepang, TR SaTerm and TR CPark operate under the Feed-in Tariff ("FIT") programme administered by the Sustainable Energy Development Authority ("SEDA"), a statutory body formed under the Sustainable Energy

Development Authority Act 2011. The FIT programme was designed to encourage development of renewable energy by guaranteeing grid access and favourable tariff rates. These solar assets achieved Commercial Operations Date in 2013.

The acquisition provided Taliworks with three (3) diversified premium solar asset companies in Malaysia generating stable operating cashflow. The addition of a strong and capable management team now bolsters Taliworks' capability in the renewables space. With the completion of the acquisition of the four (4) solar projects in the second quarter of 2022, the Group consolidated the financial results from the renewable energy division from the date of acquisition. Taliworks started recognising revenue under the newly created renewable energy segment from second quarter of 2022 from sales of electricity generated from their solar photovoltaic plants.

The management team is working hard on various performance improvements and risk mitigation initiatives. For example, at one of the solar project sites, TR SaTerm had undergone solar panel replacement to increase its panel efficiency. Going forward in 2024, Taliworks plans to replace the solar panels in the other two project sites (TR Sepang and TR CPark). The project is expected to improve the financial performance for the renewable energy division upon completion in 2024.



CORPORATE MILESTONES

2000

LGB Group undertook a reverse takeover exercise by injecting 100% equity interest in Sungai Harmoni Sdn. Bhd. ("Sungai Harmoni") and Taliworks (Langkawi) Sdn. Bhd. ("Taliworks Langkawi") respectively, and a 45% equity interest in C.G.E Utilities (M) Sdn. Bhd. (which had since ceased operations) into Carpets International Malaysia Berhad ("Carpets"), which was then listed on the Second Board of the Kuala Lumpur Stock Exchange ("KLSE") (now known as Bursa Securities Malaysia Berhad) (July).

Carpets was transferred to the Main Board of KLSE (which has since been merged with the Second Board into a single board known as the Main Market) (October).

Carpets was renamed Taliworks Corporation Berhad ("Taliworks") (November).

2002

Taliworks was named Forbes 100 best Smaller-Sized Enterprises in the Asia Pacific.

Taliworks secured its maiden construction project i.e. the design, construction and supervision for water supply works to the Northern Area of the Central Kedah Water Supply Scheme for RM120 million (January).

2003

Taliworks was named Forbes 100 Best Smaller-Sized Enterprises in the Asia Pacific and KPMG/The Edge Shareholders Value Awards (ranked no. 21 out of top 100 companies and ranked 2nd within the Infrastructure Grouping).

Taliworks completed a bonus issue exercise with the issuance of 58,700,000 new ordinary shares of RM1.00 each on the basis of one (1) new ordinary share for every two (2) existing ordinary shares held in Taliworks (December).

2005

Tianjin-SWM (M) Environment Ltd Co., a 90% owned subsidiary of Taliworks commenced operations in the Tianjin Panlou Municipal Solid Waste Transfer Station, People's Republic of China (January).

Taliworks was ranked no. 78 for The Edge Top 100 Best Companies in terms of return (3 years).

Taliworks was ranked no. 40 out of the top 100 companies for the KPMG/The Edge Shareholders Value Awards.

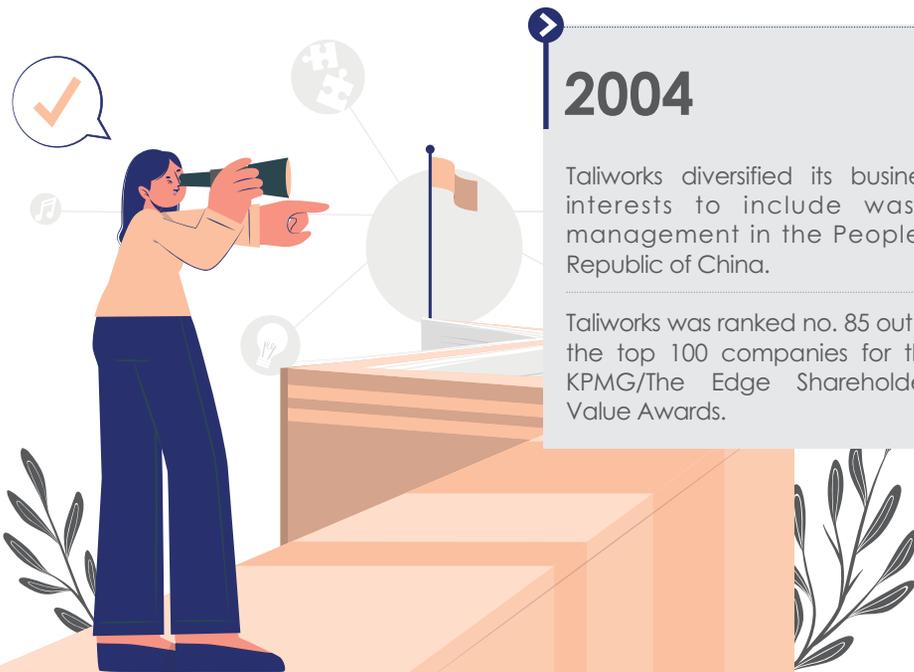
Taliworks issued 70,440,000 warrants 2005/2010 pursuant to a rights issue of warrants on the basis of 1 warrant for every 5 ordinary shares of RM0.50 each held after the split of every 1 ordinary share of RM1.00 each into 2 ordinary shares of RM0.50 each (September).

Taliworks adopted a general dividend policy of distributing not less than 50% of its net earnings as gross dividends for the next three years commencing from the financial year 2006 (November).

2004

Taliworks diversified its business interests to include waste management in the People's Republic of China.

Taliworks was ranked no. 85 out of the top 100 companies for the KPMG/The Edge Shareholders Value Awards.



2006

Taliworks was ranked no. 124 out of 200 public listed companies based on market capitalisation as at 31 December 2005 under the Corporate Governance Survey Report 2006 published jointly by the Minority Shareholder Watchdog Group and The University of Nottingham – Malaysia Campus.

Taliworks was ranked amongst the top 212 main board companies selected based on market capitalisation as at 31 December 2005 under the Dividend Survey 2006 published jointly by the Minority Shareholder Watchdog Group and Universiti Teknologi MARA.

Taliworks issued 17,000,000 new placement shares of RM0.50 each at RM1.35 per share pursuant to a private placement of shares (May).

Air Kedah Sdn. Bhd., a 60% owned subsidiary, received the Letter of Acceptance to implement the Padang Terap Water Supply Scheme from the Kedah State Government for a contract sum of RM149 million (July).

2007

Taliworks acquired a 56% stake in Puresino (Guanghan) Water Co. Ltd., a wastewater treatment service provider in April, and subsequently commenced commercial operations of the Guanghan San Xin Dui wastewater treatment plant (September).

Taliworks was ranked no. 87 out of 350 main board companies under the Corporate Governance Survey Report 2007 published jointly by the Minority Shareholder Watchdog Group and The University of Nottingham – Malaysia Campus.

Taliworks was ranked amongst the top 500 public listed companies selected based on market capitalisation as at 31 December 2006 under the Dividend Survey 2007 published jointly by the Minority Shareholder Watchdog Group and Universiti Teknologi MARA.

Taliworks diversified its business interests to highway toll operations and maintenance through the acquisition of 55% interest in a then joint venture company, Cerah Sama Sdn. Bhd. ("Cerah Sama") for the Cheras-Kajang Highway, also known as Grand Saga Highway (November).

Taliworks issued 5-year unsecured convertible bonds 2007/12 with a nominal value of RM225 million ("Convertible Bonds") (December).

2008

Taliworks was ranked no. 45 out of 960 public listed companies under the Corporate Governance Survey Report 2008 published jointly by the Minority Shareholder Watchdog Group and The University of Nottingham – Malaysia Campus.

2009

Taliworks was ranked amongst the top 100 public listed companies under the Malaysian Corporate Governance Report 2009 published by the Minority Shareholder Watchdog Group.

Due to changes in market conditions, Taliworks re-purchased RM112 million nominal value of the Convertible Bonds (December).

Corporate Milestones

2010

Taliworks redeemed the balance RM113 million nominal value of the Convertible Bonds and its obligations in respect of the Convertible Bonds were fully extinguished (December).

2011

Taliworks was awarded the sub-contract of the Mengkuang Dam Expansion Project for a contract sum of RM339 million (September).

Taliworks (Yinchuan) Wastewater Treatment Co. Ltd., a wholly-owned subsidiary of Taliworks, completed the takeover of the operation of four municipal wastewater treatment plants with recycled water facilities in Yinchuan (December).

2012

Taliworks was awarded the Brandlaureate Best Brand Awards 2011-2012 - Best Brands in Industrial - Water Treatment.

Taliworks' entered into a joint-venture with LGB Engineering Sdn. Bhd. to undertake a contract by the State Government of Selangor for the construction and completion of Raw Water Pumping Main and Inter-connection at Matang Pagar Reservoir for a contract sum of RM20.3 million (March).

2013

Cerah Sama issued RM420 million Islamic Medium-Term Notes (Sukuk Musharakah) under the Sukuk Programme of up to RM750 million in nominal value (January).

Taliworks (Langkawi) was granted an authorisation by the National Water Service Commission to undertake and carry out the operations and activities under "the Langkawi Water Supply Privatisation Agreement (October).

Taliworks was listed among the Top 100 Malaysian Public Listed Companies ("PLC") by the Minority Shareholder Watchdog Group as per the ASEAN CG Scorecard methodology on 862 PLC companies.

2014

Taliworks gained control over Cerah Sama which subsequently became Taliworks' subsidiary as a result of an internal re-organisation exercise. Subsequent to the internal re-organisation, Employees Provident Fund ("EPF") acquired 31.85% effective equity interest in the Grand Saga Highway via TEI Sdn. Bhd. ("TEI"), marking its first partnership with EPF. Taliworks' equity interest in Cerah Sama reduced from 55% to 28.05% (June to August).

The consortium of LGB-Taliworks JV was awarded the SSP3 Package Pipeline, involving the supplying and laying of 11km of 1,200 mm diameters of steel pipes with a contract value of RM30.6 million (June).

Taliworks announced a Dividend Policy of declaring a dividend payout ratio of not less than 75% of its consolidated profit after tax (excluding exceptional items) commencing the financial year ending 31 December 2015 (September).

Grand Sepadu Sdn. Bhd. ("Grand Sepadu") executed a Novation Agreement and a Second Supplemental Concession Agreement to take over the New North Klang Straits Bypass Expressway, also known as Grand Sepadu Highway for cash consideration of RM265 million (December).



2015

Grand Sepadu issued a RM210 million Sukuk Murabahah.

TEI acquired the remaining 35% equity interest in Cerah Sama held by SEASAF Highway Sdn. Bhd. Taliworks's equity interest in Cerah Sama increased from 28.05% to 51%.

LGB Taliworks Consortium Sdn. Bhd., a 20% associate of Taliworks was awarded the SSP7 Project contract by Pengurusan Aset Air Berhad with a contract sum of RM75.9 million (September).

Taliworks issued 43,980,000 new placement shares of RM0.50 each at RM3.20 per share pursuant to a private placement exercise (October).

Taliworks issued 241,897,790 Warrants 2015/2018 on the basis of 1 Warrant for every 5 ordinary shares held after the share split comprising the subdivision of every 2 existing ordinary shares of RM0.50 each into 5 ordinary shares of RM0.20 each (November).

Taliworks completed the 2nd partnership with EPF via the disposal of its 50% equity interest in Pinggiran Muhibbah Sdn. Bhd. (the holding company of Grand Sepadu) to EPF (December).

Taliworks was included in the MSCI Global Small Cap Indexes for Malaysia.

Taliworks was ranked no. 91 out of the Top 100 Overall CG Companies – Disclosures with ROE Performance by the Minority Shareholder Watchdog Group.

2016

In line with Taliworks' new business strategy to focus on mature operational cash-generating utilities/infrastructure businesses to support its dividend policy, Taliworks completed the disposal of its entire waste management operations in the People's Republic of China and acquired 35% equity interest in SWM Environment Holdings Sdn. Bhd. ("SWMEH"), a waste management and public cleansing service provider in the southern region of Peninsular Malaysia. This marked Taliworks' 3rd partnership with EPF, where EPF also held 35% equity interest in SWMEH (May).

A consortium comprising of Taliworks and Ikatan Gemajaya Sdn. Bhd. was awarded the Ganchong Water Treatment Works from the East Coast Economic Region Development Council with the total contract sum of RM73.1 million (September).

SWM Environment Sdn. Bhd. ("SWME"), a 100% owned subsidiary of SWMEH, was awarded the Brandlaureate SMEs BESTBRANDS Award 2015-2016 - Signature Brand Services – Integrated Solid Waste Management.

Taliworks was awarded the IEM 2016 Award for Water Management in Malaysia.

Taliworks was ranked no. 44 out of the Top Malaysian 100 PLCs with Good Disclosures by the Minority Shareholder Watchdog Group.

Taliworks was ranked no. 29 out of the Top 100 Malaysian PLCs for Overall Corporate Governance and Performance by the Minority Shareholder Watchdog Group.

2017

Taliworks was ranked no. 45 out of the Top Malaysian 100 PLCs with Disclosures by the Minority Shareholder Watchdog Group.

Taliworks was ranked no. 26 out of the Top 100 Malaysian PLCs for Overall Corporate Governance and Performance by the Minority Shareholder Watchdog Group.

SWME was awarded the Best Employer Branding Awards (3rd Edition) by Employer Branding Institute (India) in Malaysia.

SWME was awarded Gold Award (Private Sector) for the HR Award – Employer of Choice category by the Malaysian Institution of Human Resource Management.

SWME was awarded Gold Award (Head of Department) for the HR Leader category by the Malaysian Institution of Human Resource Management.

Corporate Milestones

2018

Sungai Harmoni accepted the Letter of Offer from Pengurusan Air Selangor Sdn. Bhd. ("Air Selangor") relating to the settlement of past receivables owing from Syarikat Pengeluar Air Selangor Sdn. Bhd. ("SPLASH") and to enter into a new operations and maintenance agreement (August).

Taliworks completed a bonus issue exercise with the issuance of 806,325,239 new ordinary shares on the basis of two (2) new ordinary shares for every three (3) existing ordinary shares in Taliworks (October).

Taliworks Construction Sdn. Bhd. accepted the Letter of Award for the proposed construction and completion including handing over to the authority of 76ML R.C. reservoir R4 and related ancillary works at Cyberjaya Flagship Zone for a contract sum of RM42.4 million (October).

The unexercised Warrants 2015/2018 that have lapsed were subsequently delisted (November).

SWME was awarded two silver medals by Perbadanan Teknologi Hijau Melaka under the category of Green Corporate Social Responsibility and Green Practices.

Taliworks was ranked no. 88 out of the Top Malaysian 100 PLCs with Disclosures by the Minority Shareholder Watchdog Group.

Taliworks was ranked no. 82 out of the Top 100 Malaysian PLCs for Overall Corporate Governance and Performance by the Minority Shareholder Watchdog Group.

2019

Sungai Harmoni completed its negotiations with Air Selangor resulting in the execution of the following agreements (May):

- i. Termination and Settlement Agreement ("TSA") with Air Selangor and SPLASH in relation to the settlement of outstanding receivables due from SPLASH arising from the operations and maintenance agreement dated 24 January 2000 for Sungai Selangor Phase 1 water treatment plant ("SSP1");
- ii. Bulk Water Supply Agreement ("BWSA") with Air Selangor in relation to the appointment of Sungai Harmoni as the operator for SSP1 and the supply of treated water up till 31 Dec 2036; and
- iii. Raw Water Abstraction Agreement with Air Selangor in relation to the abstraction of raw water from the relevant raw water source for SSP1.

Sungai Harmoni received the Individual Licence pursuant to Section 9 of the Water Services Industry Act 2006 from the Suruhanjaya Perkhidmatan Air Negara and commenced operations of SSP1 under the BWSA (September).

Sungai Harmoni completed the securitisation of receivables owing from SPLASH under the TSA via Starbright Capital Berhad pursuant to an asset-backed securitisation exercise (December).

SWME was awarded the Perkhidmatan Skim Terbaik 2019 (Muar, Johor) by SWCorp.

Grand Sepadu was awarded the Silver Rating for operational highway from 31/06/2019 to 30/06/2024 under the Green Highway Index (MyGHI).

2020

The expiration of Taliworks Langkawi's privatisation contract with the Government of Kedah Darul Aman for the management, operations and maintenance of the water supply system in Pulau Langkawi. All operations were handed over to Syarikat Air Darul Aman Sdn. Bhd., a corporatised body under the State Government of Kedah (October).

Taliworks was ranked no. 53 out of the Top 100 Malaysian PLCs for Corporate Governance Disclosure 2020 by the Minority Shareholder Watchdog Group.

Taliworks entered into two separate Sales and Purchase Agreements to acquire four (4) solar assets with an aggregate capacity of 19-megawatt peak, located within the vicinity of the Kuala Lumpur International Airport (December).

2021

Taliworks was ranked no. 8 out of the top 10 mid-cap companies (RM1 billion to RM2 billion) of the inaugural Malaysia Board Diversity Study & Index, conducted by the Institute of Corporate Directors Malaysia in collaboration with Wills Towers Watson (April).

Taliworks received Letters of Award from Pengurusan Air Selangor Sdn. Bhd. for the proposed development of Sg. Rasau water treatment plant and water supply scheme (Phase 1), Selangor Darul Ehsan (a) Package 2 – Design and Build of Proposed Rasau Treated Water Pumping Station, Treated Water Pumping Mains to existing Bukit Lipat Kajang Reservoirs, Distribution and Associated Works at a contract sum of RM602.4 million and (b) Package 3 – Design and Build of Proposed New Bukit Lipat Kajang Booster Station, Reservoirs and Associated Works at a contract sum of RM293.9 million (December).

2023

Sungai Harmoni exchanged a signed collaboration agreement with Universiti Selangor ("UNISEL") to explore opportunities in water supply including management of water treatment plant residuals through UNISEL's Faculty of Engineering and Life Sciences (October).

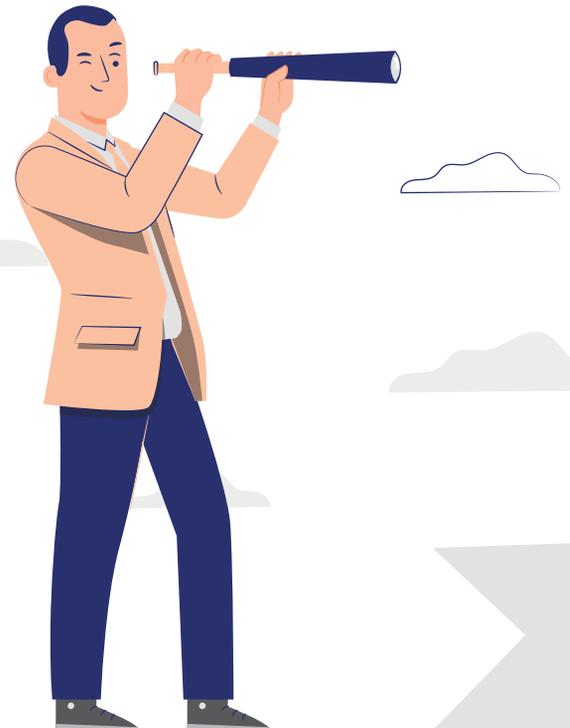
SWM Environment Sdn. Bhd. was awarded SME100 Awards 2023 - Malaysia Fast Moving Companies.

2022

Taliworks successfully acquired the majority economic interest in four (4) brownfield solar projects within the vicinity of the Kuala Lumpur International Airport with an aggregate capacity of 19-megawatt peak and 100% equity in TerraForm Global Operating (Malaysia) Sdn. Bhd. (now known as Taliworks Renewables Operations Sdn. Bhd.), an operations and maintenance services provider of the solar projects (April).

Taliworks completed the acquisition of the remaining minority stake in the four (4) brownfield solar projects (June).

Taliworks was ranked no. 86 out of the Top 100 Malaysian PLCs for Corporate Governance Disclosure 2021 by the Minority Shareholder Watchdog Group (November).



KEY CORPORATE AND FINANCIAL EVENTS 2023

Announcements/ Events

2023

21 April

The fully virtual Thirty-Second Annual General Meeting of the Company was successfully concluded with all proposed resolutions duly adopted.

21 October

Sungai Harmoni exchanged a signed collaboration agreement with Universiti Selangor ("UNISEL") to explore opportunities in water supply including management of water treatment plant residuals through UNISEL's Faculty of Engineering and Life Sciences.

Release of Financial Results

2023

16 February

Unaudited interim results for the 4th Quarter ended 31 December 2022.

28 April

Audited financial statements for the financial year ended 31 December 2022.

22 May

Unaudited interim results for the 1st Quarter ended 31 March 2023.

22 November

Unaudited interim results for the 3rd Quarter ended 30 September 2023.

22 August

Unaudited interim results for the 2nd Quarter ended 30 June 2023.

Declaration of Dividend Payment

2023

16 February

Fourth interim single-tier dividend of 1.65 sen per ordinary share, on 2,015,817,574 ordinary shares amounting to RM33.3 million in total in respect of the financial year ended 31 December 2022, paid on 31 March 2023.

22 May

First interim single-tier dividend of 1.65 sen per ordinary share, on 2,015,817,574 ordinary shares amounting to RM33.3 million in total in respect of the financial year ended 31 December 2023, paid on 30 June 2023.

22 November

Third interim single-tier dividend of 1.65 sen per ordinary share, on 2,015,817,574 ordinary shares amounting to RM33.3 million in total in respect of the financial year ended 31 December 2023, paid on 22 December 2023.

22 August

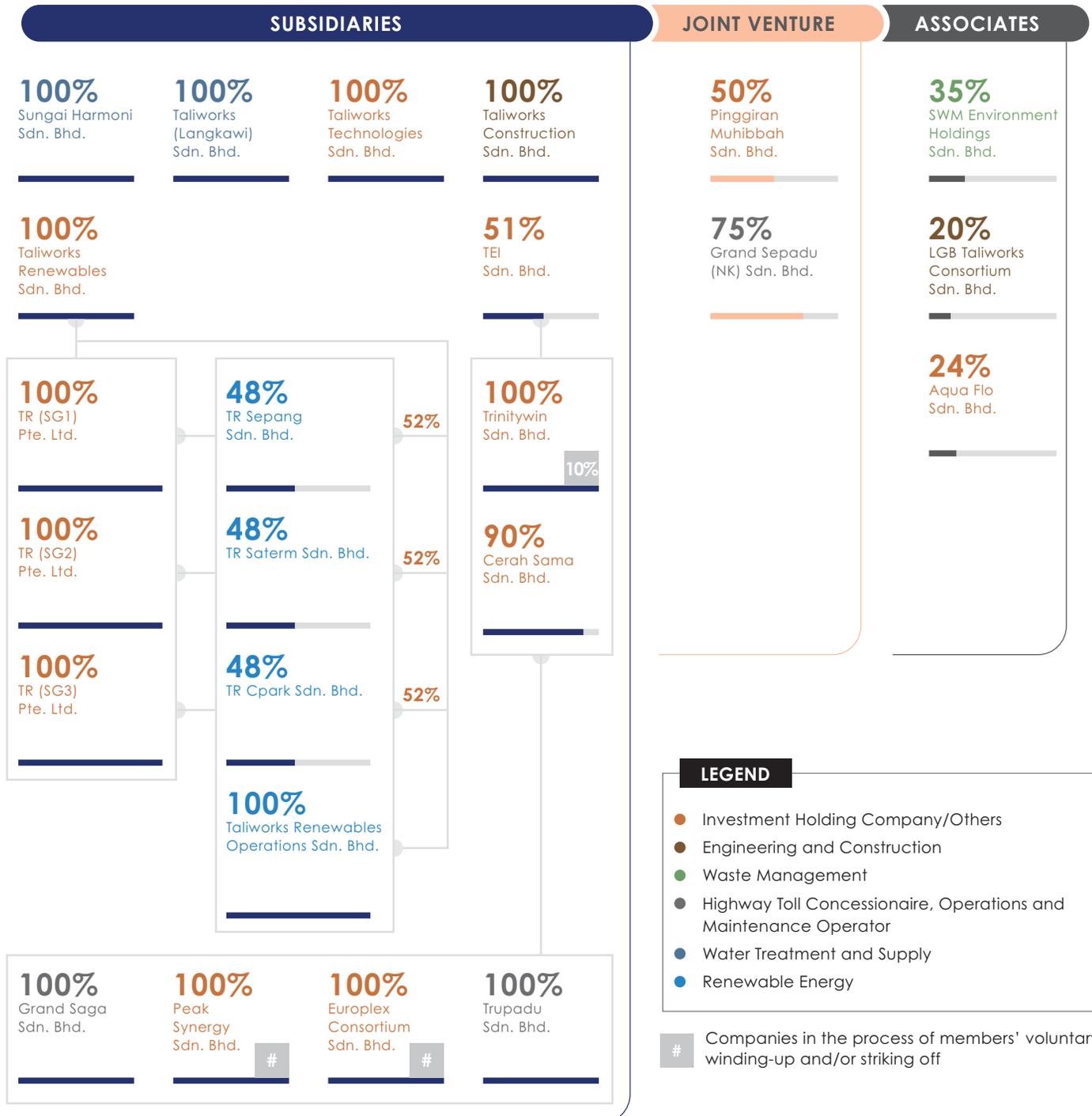
Second interim single-tier dividend of 1.65 sen per share on 2,015,817,574 ordinary shares amounting to RM33.3 million in total in respect of the financial year ending 31 December 2023, paid on 29 September 2023.



CORPORATE STRUCTURE



TALIWORKS CORPORATION
LGB Group



LEGEND

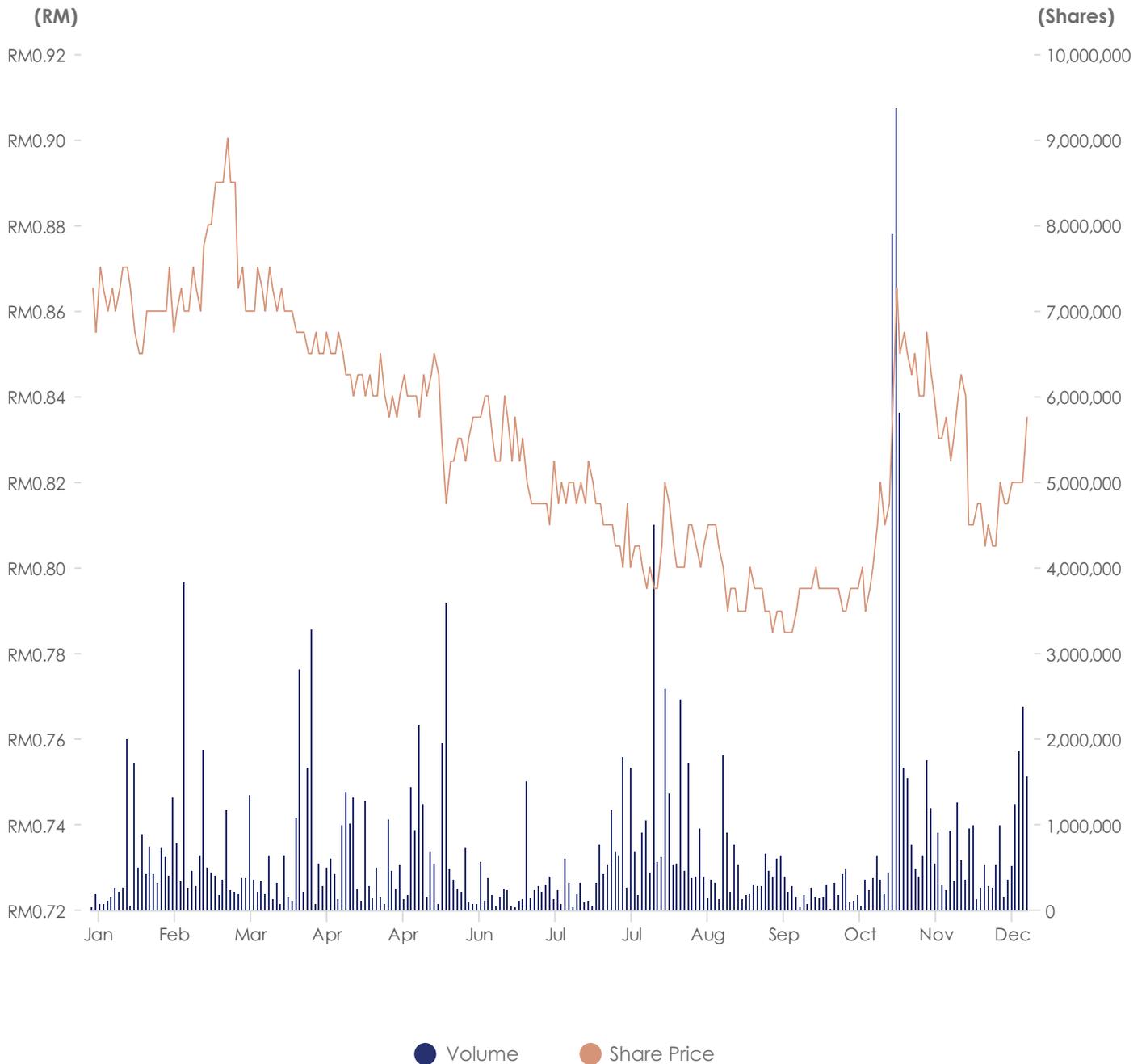
- Investment Holding Company/Others
- Engineering and Construction
- Waste Management
- Highway Toll Concessionaire, Operations and Maintenance Operator
- Water Treatment and Supply
- Renewable Energy

Companies in the process of members' voluntary winding-up and/or striking off

SHARE PERFORMANCE HIGHLIGHTS

TALIWORKS SHARE PRICE PERFORMANCE 2023

52W High – RM0.90 | 52W Low – RM0.785 | Year-end closing price – RM0.84



5-YEAR FINANCIAL HIGHLIGHTS

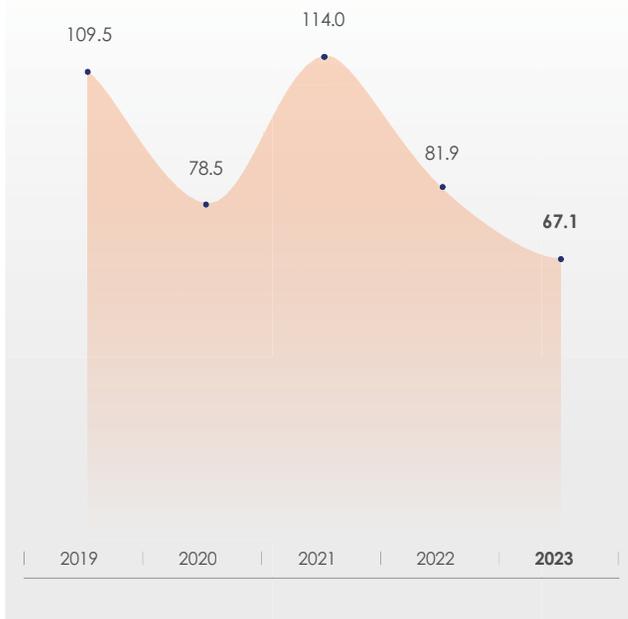
	2019 RM MIL	2020 RM MIL	2021 RM MIL	2022 RM MIL	2023 RM MIL
PROFITABILITY					
Revenue	377.1	317.9	302.6	337.7	374.7
EBITDA ⁽ⁱ⁾	180.0	128.9	152.2	159.5	145.4
Profit Before Taxation	109.5	78.5	114.0	81.9	67.1
Profit for the Financial Year	86.5	63.5	102.4	66.4	49.5
KEY AMOUNTS IN THE STATEMENT OF FINANCIAL POSITION					
Total Assets	2,353.5	2,075.0	1,943.1	1,854.3	1,747.9
Total Borrowings	467.6	388.2	358.5	328.9	304.2
Total Shareholders' Equity	1,292.9	1,207.7	1,157.4	1,047.9	963.9
No of Shares in issue	2,015.8	2,015.8	2,015.8	2,015.8	2,015.8
BREAKDOWN OF REVENUE AND PROFIT BEFORE TAXATION					
Revenue					
- water treatment and supply	247.9	225.5	169.1	184.9	196.0
- construction	34.5	12.7	14.8	33.0	59.8
- toll highway	89.4	74.4	113.7	97.6	89.7
- renewable energy	-	-	-	17.2	24.9
- others	5.3	5.3	5.0	5.0	4.3
	377.1	317.9	302.6	337.7	374.7
Profit Before Taxation					
- water treatment and supply	108.8	74.8	58.6	60.9	58.4
- construction	1.4	0.5	(1.0)	0.7	4.6
- toll highway	22.8	11.2	51.7	34.1	22.5
- renewable energy	-	-	-	7.8	9.4
- others	(13.6)	(10.8)	(9.7)	(4.8)	(12.5)
	119.4	75.7	99.7	98.7	82.4
- share of results of joint venture	5.3	4.7	6.0	6.2	5.5
- share of results of associates	(15.1)	(1.9)	8.3	(23.0)	(20.8)
	109.6	78.5	114.0	81.9	67.1
KEY FINANCIAL RATIO					
Gross dividend per share (sen)	5.25	6.60	6.60	6.60	5.95
Net Assets per share (sen)	51.24	47.59	44.89	39.06	34.52
Earnings per share (sen)					
- basic	3.78	2.95	3.89	2.74	2.08
- fully diluted	3.78	2.95	3.89	2.74	2.08
Return on Equity (%) ⁽ⁱⁱ⁾	6.61	5.08	8.66	6.02	4.92
Return on Assets Employed (%) ⁽ⁱⁱⁱ⁾	3.60	2.87	5.09	3.50	2.75
Dividend payout ratio (%) ^(iv)	122.42	209.42	129.98	200.28	242.54
Net Debt to Equity ratio (%) ^(v)	-	-	-	10.67	12.97

NOTES:

- (i) EBITDA is defined as earnings before finance costs, taxation, depreciation and amortisation costs (and excludes share of results of associate and joint venture).
(ii) Return on Equity is calculated by dividing the profit for the financial year with the average of the opening and closing Total Shareholders' Equity.
(iii) Return on Assets Employed is calculated by dividing the profit for the financial year with the average of the opening and closing Total Assets Employed.
(iv) Dividend payout ratio is calculated by dividing the total net dividends for the particular financial year with the profit for the financial year.
(v) Net Debt-to-Equity is calculated by dividing the net deposits, cash and bank balances, investments designated at fair value through profit or loss and total borrowings with Total Shareholders' Equity.

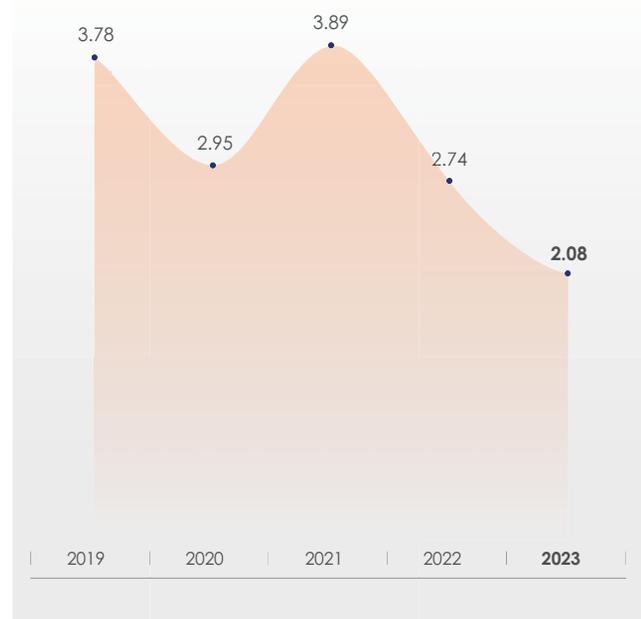
1 PROFIT BEFORE TAXATION (RM MILLION)

RM **67.1** million



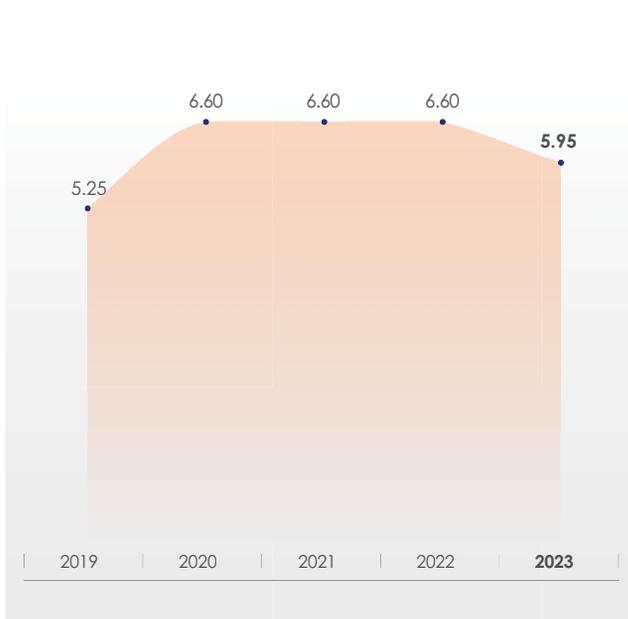
2 BASIC EARNING PER SHARE (SEN)

2.08 sen



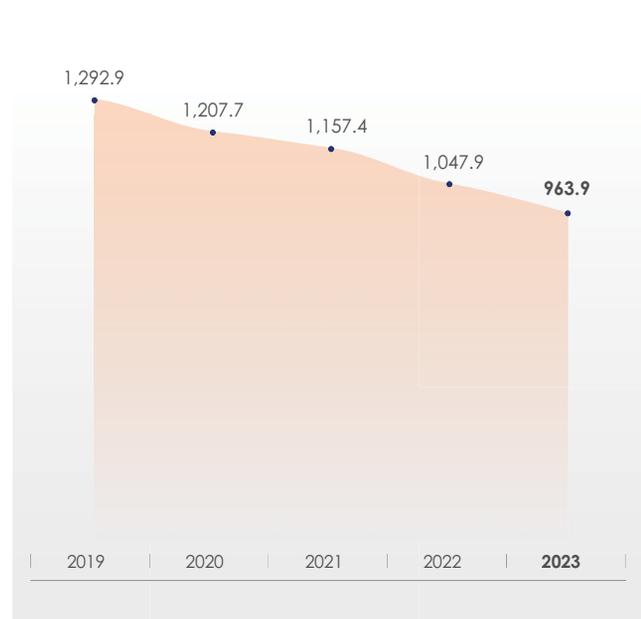
3 GROSS DIVIDEND PER SHARE (SEN)

5.95 sen



4 TOTAL SHAREHOLDERS' EQUITY (RM MILLION)

RM **963.9** million



CHAIRMAN'S STATEMENT

🔥 FYE2023 showcased Taliworks' consistent delivery, recording revenue growth of 11.0% from RM337.7 million to RM374.7 million. 🚀

YAM Tunku Ali Redhaudin Ibni Tuanku Muhriz
Independent and Non-Executive Chairman

Profit for the
Financial Year
RM49.5
million



Revenue

RM374.7
million



Dividend

5.95
sen



Dear Shareholders,

On behalf of the Board of Directors (“the Board”), I am pleased to present the Annual Report and Audited Financial Statements of Taliworks Corporation Berhad (“Taliworks”) and its subsidiaries (“the Group”) for the financial year ended 31 December 2023 (“FYE2023”).

2023 presented a precarious global economic and geopolitical landscape with Malaysia continuing to navigate cautiously. Beyond the horrific human cost, the conflicts in Eastern Europe and the Middle East underscored the interconnectedness of our world, posing multifaceted challenges for businesses and nations alike.

2023 also marked the first full year of the Madani Unity government for Malaysia, ushering in a new era of collaborative governance aimed at fostering unity and progress across diverse communities. Under this administration, the Ekonomi Madani framework was launched, with the aim of positioning Malaysia's economy for regional leadership and more equitable wealth distribution.

For 2024, Bank Negara Malaysia projects the Malaysian economy to grow between 4% and 5%, driven by domestic demand and favourable labour market conditions. However, amidst these optimistic projections, the depreciating value of the ringgit may present challenges for local businesses like ours, particularly in sourcing equipment from overseas. Nevertheless, the Government's steadfast commitment to the Ekonomi

Madani framework and pragmatic policy implementations aims to ensure the resilience and sustainability of Malaysia's economic prosperity.

Malaysia's ambitious National Energy Transition Roadmap (“NETR”), launched in July 2023, serves as a catalyst for further growth. This roadmap sets a target of reaching 70% renewable energy capacity by 2050, unlocking diverse opportunities across various sectors. As estimated by the previous Ministry of Natural Resources, Energy and Climate Change and the International Renewable Energy Agency, this transformation will require an investment of RM637 billion. Renewable energy zones, green hydrogen infrastructure, electric vehicle development, and carbon capture technology – these are just a few of the exciting areas seeking significant investment and growth. By embracing the NETR's vision, Malaysia aims to position itself for responsible development, paving the way for a more resilient and prosperous future. Looking ahead, Taliworks fully embraces the opportunities presented by the NETR and strives towards a more sustainable and inclusive future for all.



Financial Performance

FYE2023 showcased Taliworks' consistent delivery, recording revenue growth of 11% from RM337.7 million to RM374.7 million. Most of our business segments achieved notable revenue improvements, exemplified by construction revenue from Phase 1 of the Sungai Rasau Water Treatment Plant and Water Supply Scheme. Additionally, Taliworks' solar assets contributed a full year's earnings compared to partial contribution in FY2022.

While profit after tax for FYE2023 decreased by 25.6% to RM49.5 million, this reduction primarily stemmed from the toll division receiving lower government compensation compared to the previous year, a legacy of the Covid-19 period, coupled with increased repair and maintenance expenditures. All divisions remain financially stable, navigating challenges with a prudent approach to financial planning and strategic investments.

Moving forward, we are confident in our ability to drive sustainable profitability through our ongoing strategic initiatives. For a detailed analysis of our performance and outlook, please refer to the Management Discussion and Analysis section of the Annual Report.

Sustainability and Corporate Governance

At Taliworks, we believe progress necessitates responsibility. This philosophy is reflected in our core businesses, which contribute directly to environmental sustainability. Our water treatment plant ensures efficient resource utilisation; our solar assets help to reduce Malaysia's reliance on fossil fuels; and our waste management division minimises pollution while promoting a circular economy. For example, as part of our waste management division's KITARecycle program, the KITARecycle Drive-Thru Centre expanded to Melaka in May 2023. With 20 tonnes of recyclables already collected, this initiative demonstrates our commitment to closing the loop on waste.

In 2023 all five of our divisions implemented a system for diligent monitoring and tracking of Greenhouse Gas ("GHG") emissions and waste management data. This transparency empowers us to assess our environmental impact and positions Taliworks as a leader in sustainable business practices. We further empowered our teams through an insightful GHG management workshop, equipping them with the tools to navigate the complexities of GHG reduction.

Our commitment extends beyond environmental stewardship. Ethical conduct is paramount, as evidenced by the strengthening of our anti-bribery framework through an independent review. This review, coupled with a senior staff workshop, underscores our unwavering dedication to transparency and integrity in decision-making.

Recognising the vital role of social well-being, Taliworks continues to contribute to a stronger future for our communities. In 2023, we supported 26 impactful livelihood projects focused on underprivileged communities. Additionally, our successful blood donation drive collected donations from 269 individuals. These initiatives highlight our dedication to weaving responsibility into the fabric of progress, fostering a future where Taliworks and its communities thrive together.

Looking ahead, Taliworks remains steadfast in its commitment. We will continue to embed sustainability principles even deeper into our core businesses, exploring innovative solutions and fostering a culture of environmental responsibility throughout our organisation. This ongoing journey ensures Taliworks remains a leader in sustainable infrastructure development, creating long-term value for all our stakeholders.

For detailed results, please see our Sustainability Statement in this Annual Report.

Chairman's Statement

“ We remain dedicated to exploring value-accretive opportunities and optimising our portfolio composition to ensure long-term financial sustainability. ”

Value Creation

Despite the current global uncertainties, our continued focus on revenue stability and efficient cost management allows us to consistently deliver shareholder value. We have maintained a track record of distributing healthy dividend payouts in the past, and will balance that with an outlook towards sustainable growth through investments.

For FYE2023, a total dividend of 5.95 sen per share was declared for the year, totalling RM119.9 million, resulting in dividend yield of 7.08%, based on 2023's last traded price of RM0.84. Moving forward, we will focus on growth and investments while maintaining current recurring cashflow generating businesses. Through prudent financial management and strategic initiatives, we aim to solidify Taliworks' financial position and enhance profitability, in a dynamic economic landscape.

Opportunities and Future Prospects

Our growth strategy prioritises investing and growing robust infrastructure and utility businesses for predictable cash flow generation, a cornerstone for building financial resilience, and driving sustainable value to our shareholders.

Navigating a dynamic economic landscape demands adaptation and thoughtful resource allocation. We remain dedicated to exploring value-accretive opportunities and optimising our portfolio composition to ensure long-term financial sustainability. This strategy is designed to create a foundation for

continued growth and generate attractive returns for our shareholders, even amidst evolving market conditions.

Acknowledgements

At Taliworks, we recognise the invaluable contributions of every individual - from our dedicated employees and loyal customers to esteemed partners and unwavering supporters. Their collective efforts have propelled us to where we stand today, and we deeply appreciate the crucial role each stakeholder plays in our success.

My sincere gratitude extends to our outstanding Board of Directors, whose invaluable guidance has steered us through challenges and towards opportunities. Special Thank You go to both Raja Datuk Zaharaton binti Raja Dato' Zainal Abidin, our Senior Independent Non-Executive Director, and Encik Ahmad Jauhari bin Yahya, an Independent Non-Executive Director, who, after nine years of dedicated service, will be retiring from the Board upon the conclusion of the 33rd Annual General Meeting. Their unwavering commitment, insightful guidance, and strategic vision have played a pivotal role in shaping the direction of the Group. I am immensely grateful for their contributions and wish them well in their future endeavours. As I write this, we are actively seeking new directors whose expertise and commitment will continue to uphold the high standards set by Raja Datuk Zaharaton and Encik Ahmad Jauhari.

Additionally, I extend my deepest appreciation to Taliworks' retiring Executive Director, Dato' Ronnie Lim Yew

Boon, for his remarkable 17 years of dedicated service. His unwavering commitment has shaped our success, and I wish him a happy and fulfilling retirement. I would like to also congratulate Mr. Kevin Chin Soong Jin on his appointment as Taliworks' new Executive Director. With his proven leadership skills and extensive experience, I am confident that Kevin will excel in his new role.

Equally crucial are the tireless efforts of the rest of our management team and colleagues, who consistently go above and beyond to ensure Taliworks' business sustainability. To each of you, I express my heartfelt gratitude – you are the true driving force behind our achievements.

To our partners, suppliers, regulators, and financiers, your trust and collaboration have been cornerstones of our growth. We recognise the importance of fostering strong, mutually beneficial relationships. To our valued shareholders, your continued confidence inspires us to strive for excellence in all aspects of our business.

As we embark on new horizons and expand our reach, our enduring commitment remains - to generate sustainable value for every individual who has placed their trust in Taliworks. Thank you for your unwavering support. We are truly grateful for this journey we share together.

Tunku Ali Redhaudin Ibni Tuanku Muhriz
*Independent and
Non-Executive Chairman*

MANAGEMENT DISCUSSION AND ANALYSIS

Review of Financial Performance

The following is a summary of the financial performance of the Group for the financial year ended 31 December 2023 as compared to the previous financial year.

Financial Results (in RM'000)

Revenue

RM374.7 mil



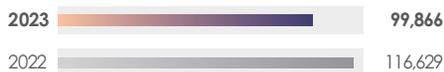
Gross Profit

RM124.5 mil



Operating Profit

RM99.9 mil



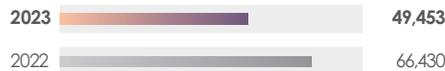
Profit Before Tax

RM67.1 mil



Profit After Tax

RM49.5 mil



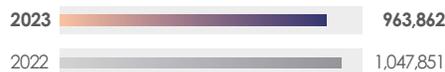
Total Assets Employed

RM1.7 bil



Total Shareholders' Equity

RM963.9 mil

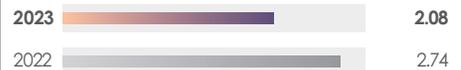


- (a) The Return on Equity is calculated by dividing the profit for the financial year with the average of the opening and closing balance of Total Shareholders' Equity.
- (b) The Return on Assets Employed is calculated by dividing the profit for the financial year with the average of the opening and closing balance of Total Assets Employed.
- (c) Net Debt-to-Equity is calculated by dividing the net deposits, cash and bank balances, investments designated at fair value through profit or loss and total borrowings with Total Shareholders' Equity.

Key Financial Ratio

Basic And Diluted EPS (Sen)

2.08 sen



Net Asset Per Share (Sen)

34.52 sen



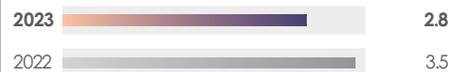
Return on Equity (%)^(a)

4.9%



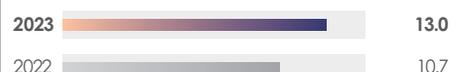
Return on Assets Employed (%)^(b)

2.8%



Net Debt-to-Equity (%)^(c)

13%



Management Discussion and Analysis

The Group reported a revenue of RM374.70 million, an increase of 11.0% or RM36.99 million compared to the previous year. With the exception of the toll highway segment, all other business segments recorded higher revenue.

Overall Summary of Financial Results

For the financial year ended 31 December 2023, the Group reported a revenue of RM374.70 million, an increase of 11.0% or RM36.99 million compared to the previous year's revenue of RM337.71 million. Except for the toll highway segment, all other business segments recorded higher revenue contribution.

The increase in revenue in the water treatment and supply segment was primarily attributed to the increase in electricity rebates in the Sungai Selangor Water Treatment Plant Phase 1 ("SSP1") operations. The higher electricity rebate was due to an increase in the Imbalance Cost Pass-Through ("ICPT") surcharge imposed by Tenaga Nasional Berhad ("TNB") from RM0.037/kWh to RM0.20/kWh effective from 1 January 2023 to 30 June 2023. As of 1 July 2023, the ICPT surcharge was reduced from RM0.20/kWh to RM0.037/kWh. Nonetheless, the increase in the electricity rebate has no impact to the Group as it is a pass-through mechanism by which the increase in the electricity cost incurred by SSP1 is then passed on to Pengurusan Air Selangor Sdn. Bhd. ("Air Selangor") in the form of electricity rebate. As a comparison, the ICPT for the corresponding year was RM0.037/kWh.

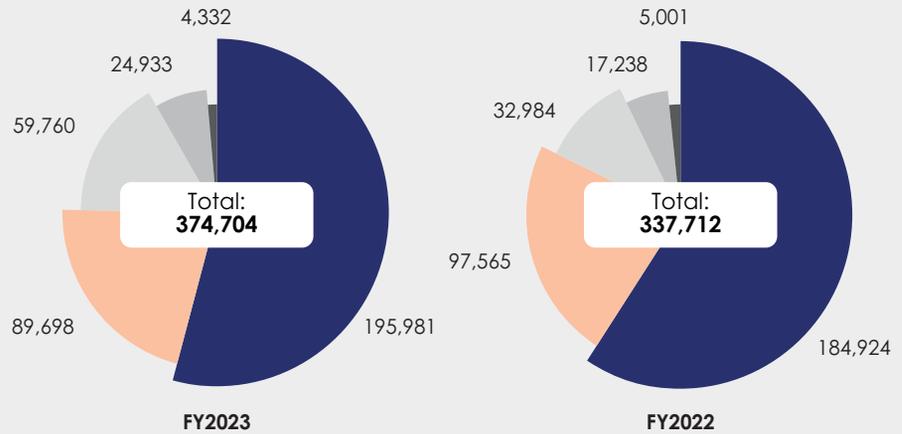
Despite the increase in the Bulk Water Supply Rate from RM0.41/ m³ to RM0.42/ m³ on 1 January 2023 ("BWSR Increase") as provided under the Bulk Water Supply Agreement with Air Selangor, revenue from metered sales declined due to a reduction in the metered sales by 2.8% in the current financial year.

The growth in the revenue of the Group was also contributed by the construction segment in tandem with the progress of the on-going Packages 2 and 3 of Phase 1 of the Sungai Rasau Water Supply Scheme ("Rasau Projects") as well as from the renewable energy segment from higher sales of electricity generated from the solar photovoltaic plants for a period of twelve (12) months compared to about nine (9) months in the corresponding year as the acquisition of the solar renewable energy project was only completed in April 2022. For the toll



Commentary on the Revenue of the Group (RM'000)

- Water treatment and supply
- Highway toll concessionaire, operations and maintenance
- Engineering and construction
- Renewable energy
- Others



highway segment, the Grand Saga Highway recorded a significant increase in the average daily traffic ("ADT") by 7.3% following the opening of the Sungai Besi-Ulu Kelang Elevated Expressway ("Suke Expressway") in September 2022. Nonetheless, the lower contribution was due to the government compensation amounting to RM11.25 million recognised in 2022 from the Government of Malaysia by Grand Saga Sdn. Bhd. ("Grand Saga") in respect of the non-increase in scheduled toll hike in 2020 for the Grand Saga Highway. No government compensation was recognised in the current year.

Due to the government compensation recognised in the previous year and the higher costs of operations of RM250.19 million (2022: RM200.83 million) incurred in the current year, the Group recorded a lower gross profit of RM124.51 million (2022: RM136.89 million). The higher costs of operations were attributed to amongst others, the higher percentage of completion for the Rasau Projects, higher electricity costs incurred at SSP1 at RM72.70 million (2022: RM62.13 million) from higher ICPT and an increase in the repair and maintenance expenses amounting to RM29.37 million (2022:

RM21.60 million). The lower gross profit margins recorded by the construction segment compared to the other business segments and the government compensation recognised in the previous year for the toll highway segment, resulted in the overall gross profit of the Group to be lower by RM12.37 million although the revenue was higher.

In line with the reduction in gross profit, operating profit was lower at RM99.87 million (2022: RM116.63 million) or by RM16.76 million. The operating profit was also impacted by lower other operating income by RM1.79 million and higher administrative and other expenses by RM2.61 million.

For the year, the Group recorded a lower PBT by RM14.81 million or 18.1% to RM67.07 million. Share of losses of associates, mainly from our 35% stake in SWM Environment Holdings Sdn. Bhd. ("SWMEH") narrowed to RM20.81 million as compared to RM22.96 million a year ago due to better financial performance by the company. On the other hand, share of results from a joint venture, Pinggiran Muhibbah Sdn. Bhd., the parent company of Grand Sepadu (NK) Sdn. Bhd. ("Grand Sepadu") decreased

to RM5.50 million (2022: RM6.18 million) mainly due to lower government compensation and higher repair and maintenance expenses incurred in the current financial year.

Given the lower profit achieved for the year, the basic and diluted earnings per share was lower at 2.08 sen (2022: 2.74 sen).

The water treatment and supply business recorded an increase in the revenue from RM184.92 million to RM195.98 million or by 6.0%, principally due to higher electricity rebates of RM41.27 million (2022: RM29.28 million). Despite the BWSR Increase, revenue from metered sales was lower at RM148.54 million as compared to RM149.16 million achieved a year ago. SSP1 recorded a decrease in the metered sales from 363.80 million cubic litres or an average of 996.72 million litres per day ("MLD") to 353.65 million cubic litres or an average of 968.92 MLD, a decline of 2.8%. Similar with the prior years, the water treatment and supply segment was the largest revenue contributor to the Group, accounting close to 52.3% (2022: 54.8%) of the total revenue.

Management Discussion and Analysis

For the toll highway segment, revenue decreased significantly to RM89.70 million from RM97.57 million due to the recognition of the government compensation in the preceding year. As with the previous year, the average number of vehicles passing through the Cheras-Kajang Highway jumped tremendously from 147,504 vehicles per day to 158,223 vehicles per day or by 7.3% with the opening of the SUKE Expressway and the improvement of economic activities following the end of travel restrictions arising from the Covid-19 pandemic. The Batu 9 toll plaza recorded a traffic growth of 6.4% whereas Batu 11 toll plaza recorded a traffic growth of 8.3%. As a result of the higher traffic volume, revenue from toll operations was recorded at RM75.31 million (2022: RM71.45 million). The balance of revenue from the toll highway segment was derived from deferred income of RM14.39 million (2022: comprised the government compensation of RM11.25 million and deferred income of RM14.86 million). This

segment contributed 23.9% (2022: 28.9%) of the Group's total revenue for the year.

For the engineering and construction segment, revenue was higher at RM59.76 million, as compared to the previous year's revenue of RM32.98 million, mainly due to contribution from the on-going Rasau Projects. As at the end of the year, the Rasau Projects contributed RM52.71 million, i.e. 88.2% of the total revenue recognised from the construction activities. The Rasau Projects commenced in December 2021, however, the slower-than-expected progress of the project was attributed to the delay by the relevant authorities to grant approval pertaining to the commencement of the physical works. During the year, Packages 2 and 3 of the Rasau Projects were granted an extension of time to complete by 29 November 2025 and 19 December 2025 respectively. Both the projects are currently slightly behind schedule from the planned progress but will continue to contribute positively to the Group's

financial performance in 2024 and 2025. The successful completion of the Rasau Projects remains as one of our top priorities considering that it is a sizeable project to our Group. Overall, the segment accounted for 15.9% (2022: 9.8%) of the Group's total revenue.

As for the renewable energy segment, revenue grew from RM17.24 million to RM24.93 million, attributed to revenue recognised for a period of twelve (12) months in the current financial year compared to a shorter period of about nine (9) months in the corresponding year as the acquisition of the solar renewable energy project was only completed in April 2022. Furthermore, the higher revenue was also attributed to the completion of panels replacement at one of the solar facilities in the fourth quarter of 2022, resulting in a notable increase in total energy output. Revenue from sales of electricity contributed 6.7% (2022: 5.1%) of total revenue of the Group.

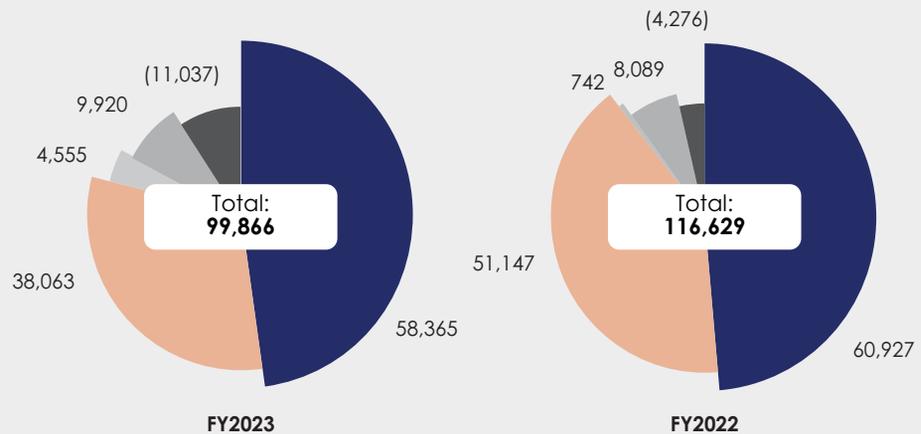
Commentary on the Profit of the Group

Income Statement

Revenue		Operating Profit	
2023	374,704	2023	99,866
2022	337,712	2022	116,629
Cost of operations		Finance cost	
2023	(250,191)	2023	(17,491)
2022	(200,826)	2022	(17,975)
Gross Profit		Share of results of joint venture	
2023	124,513	2023	5,502
2022	136,886	2022	6,182
Other operating income		Share of results of associates	
2023	11,863	2023	(20,811)
2022	13,648	2022	(22,962)
Administrative and other expenses		Profit before tax	
2023	(36,510)	2023	67,066
2022	(33,905)	2022	81,874

**Segmental Information
- Operating Profit
(RM'000)**

- Water treatment and supply
- Highway toll concessionaire, operations and maintenance
- Engineering and construction
- Renewable energy
- Others



The Group reported a full year PBT of RM67.07 million, lower than RM81.87 million recorded a year ago. The lower PBT was mainly attributed to the government compensation recognised by Grand Saga in the prior year, significantly higher repair and maintenance expenditure incurred particularly in SSP1 in the current financial year and a write-back of over-provision for heavy repairs of RM2.89 million as well as a Gain on Modification on Leases of RM3.54 million, both of which were recognised in the preceding year. However, the lower PBT was mitigated by lower share of losses from associates of RM20.81 million (2022: RM22.96 million), a net reversal of loss allowance on trade and other receivables and amount due from contract customers of RM0.73 million (2022: net provision of loss allowance of RM0.22 million), a gain on disposal of investment property, and higher net gain on foreign exchange and fair value gains in the current financial year.

The Group's share of losses of associates, particularly from our investment in SWMEH, was lower on account of higher PAT recorded in SWMEH of RM182.34 million as compared to RM168.75 million. The better financial performance in SWMEH was attributed to higher revenue and lower expenses which include lower provision for loss allowance on receivables, sub-contractor costs and taxes. The lower costs are partially offset by higher payroll related costs and depreciation expenses.

The Group's share of results of joint venture in Grand Sepadu was lower at RM5.50 million from RM6.18 million a year ago due to lower government compensation of RM13.83 million (2022: RM21.91 million) and higher repair and maintenance expenses incurred in the current financial year. The dip in the profitability was mitigated by lower depreciation and amortisation and finance cost. In terms of traffic volume at the Grand Sepadu Highway, a total of

32.30 million of vehicles passed through the four (4) toll plazas, surpassing 31.41 million of vehicles in 2022. This translated to an ADT of 88,505 vehicles per day (2022: 86,059 vehicles per day) or an increase of 2.8%.

In terms of segmental performance, the operating profit of the water treatment and supply segment was lower at RM58.37 million compared to RM60.93 million a year ago despite the higher revenue and BWSR Increase. The decrease was mainly due to higher rehabilitation and maintenance expenses of RM21.63 million (2022: RM15.54 million). However, the decrease was partially mitigated by, amongst others, a gain on disposal of investment property, net reversal of loss allowance on trade and other receivables, as well as higher net returns from interest income, dividend and net gain on redemption from investments designated at FVTPL in the current financial year.

Management Discussion and Analysis

As for the highway toll segment, operating profit decreased by RM13.08 million to RM38.06 million on the back of lower revenue, write-back of over-provision of heavy repairs of RM2.89 million in the corresponding year, as well as higher repair and maintenance expenses of RM5.58 million (2022: RM4.20 million).

In line with the significant increase in revenue, the engineering and construction segment recorded a much improved operating profit of RM4.56 million compared to RM0.74 million achieved in the previous year. The improved profitability was also contributed by finalisation of account for the Langat 2 – Package 7 Balancing Reservoir (“L2P7”) Project which was completed during the year. Recognition of net reversal of loss allowance on trade and other receivables and amount due from contract customers of RM0.31 million (2022: net provision of loss allowance of RM0.12 million) also contributed to the higher profits for the year.

The renewable energy segment, which was acquired in the previous year, recorded an operating profit of RM9.92 million for the year (2022: RM8.09 million for approximately nine months) on the back of higher revenue. Although the segment recorded higher interest income, it was impacted by higher depreciation and amortisation charges.

Statement of Financial Position		
	As at 31 Dec 2023 RM'000	As at 31 Dec 2022 RM'000
Non-current assets	1,490,074	1,561,071
Current assets	257,850	293,239
Total Assets	1,747,924	1,854,310
Non-current liabilities	631,208	679,018
Current liabilities	152,854	127,441
Total liabilities	784,062	806,459
Total shareholders' equity	963,862	1,047,851
Net assets per share (sen)	34.52	39.06

The Group's total assets declined by 5.7% or RM106.39 million mainly due to a reduction in the following carrying amounts: -

- Investments designated at FVTPL, cash and bank balances of RM37.86 million. The decrease in the cash reserves of our Group was principally due to dividend payments to shareholders, repayments of the Islamic Medium-Term Notes (“IMTN”) under a IMTN (Sukuk) Programme issued by Cerah Sama Sdn. Bhd. (“Cerah Sama”) and interest payments during the financial year. However, the decline in cash reserves was mitigated by receipt of government compensation by Grand Saga, dividends received from an associate and a joint venture amounting to RM8.74 million and receipt of a tax refund of RM3.99 million by our Group during the financial year;
- intangible assets by RM28.60 million due to amortisation charges; and
- investments in associates by RM21.68 million due to share of losses of SWMEH in the financial year.

Nonetheless, the decrease in total assets was mitigated by the increase in inventories by RM18.11 million, from materials purchased and delivered on-site, which are yet to be installed or consumed in our Group's construction activities.



Out of the total assets of RM1,747.92 million, intangible assets and goodwill comprise RM1,091.94 million, investments in joint ventures and associates of RM179.08 million and cash and bank balances and investments designated at FVTPL at RM179.25 million. These asset classes accounted for 83.0% (2022: 83.1%) of the total assets of the Group. The intangible assets comprise mainly of a concession awarded to Grand Saga for the upgrade and maintenance of the Grand Saga Highway whereas goodwill is primarily related to the restructuring exercise undertaken by Cerah Sama previously.

Total liabilities saw a decrease of 2.8% or RM22.40 million due to reduction of borrowings from the redemption of the third tranche of the IMTN of RM30.00 million as well as lower deferred income and deferred tax liabilities by RM11.28 million and RM10.47 million respectively. However, the reduction was mitigated by a RM5.00 million loan drawdown as well as increase in trade payables and amount due to contract customers by RM4.73 million and RM22.15 million respectively.

Total shareholders' equity was lower by 8.0% or RM83.99 million on account of dividends paid to our shareholders. Consequently, the net assets per share declined to 34.52 sen compared to 39.06 sen as of 31 December 2022.

KEY AUDIT MATTERS

As with the previous years, the auditors have highlighted the impairment assessment of goodwill relating to Cerah Sama, the parent company of Grand Saga, as a Key Audit Matter in the Independent Auditors' Report. Key audit matters are those matters that, in the professional judgement of the auditors, are of most significance in their audit of the financial statements of the Group and of the Company for the current financial year.

The assets of Cerah Sama are significant to our Group and the key bases and assumptions used in the estimation of recoverable amount involved a significant degree of management judgement. As of 31 December 2023, the carrying amount of goodwill remain unchanged at RM132.50 million, of which RM129.39 million (2022: RM129.39 million) is related to Cerah Sama. The auditors have indicated how the matter was addressed in their report by setting out the audit procedures.

The audit report on the financial statements of our Group and our Company for the current financial year does not contain a modified opinion or material uncertainty related to going concern.

Management Discussion and Analysis

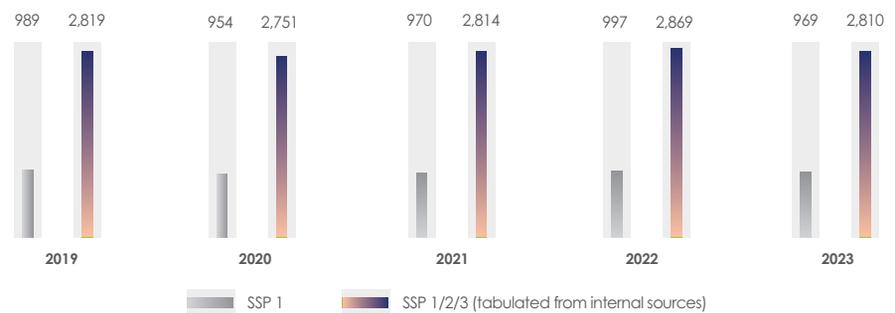
Review of Business Segments

The following is a review of the operating and financial performance of each of our operating business segments.

WATER TREATMENT AND SUPPLY



Average production in MLD from 2019-2023



Sungai Harmoni Sdn. Bhd. ("Sungai Harmoni")

The SSP1 operated and managed by us, recorded a decrease of 2.8% in the average daily production compared to the average daily production in 2022. In 2023, SSP1's average daily production was 968.9 MLD as compared to the average daily production of 997.0 MLD recorded in the previous year. The lower average daily production for this year was mostly due to lower demand by Air Selangor for both SSP1 and the Sungai Selangor Water Treatment Plant Phase 3 ("SSP3") operated by Gamuda Water Sdn. Bhd. ("Gamuda Water"). Some of the water demand for Kuala Lumpur and Selangor previously supplied by SSP1 and SSP3 was partially catered by the Langat 2 Water Treatment Plant ("Langat 2 WTP"). To-date, the programme initiated by Air Selangor to actively reduce the Non-Revenue Water ("NRW") losses in the distribution system has impacted the overall demand from the Sungai Selangor ("SSP") water treatment plants ("WTPs"). The total metered output from SSP1 for

2023 was 353.67 million m³ compared to 363.89 million m³ in 2022. This translated to a decrease in the overall metered output by 2.8% from the previous year. The System Input Volume control implemented by Air Selangor at all WTP outlets to achieve its target of NRW at 25% by the year 2025 is one of main reasons for the lower demand of treated water from the existing SSP WTPs. Between 2019 and 2023, SSP1 consistently exceeded its designed capacity of 950 MLD, effectively addressing the growing demand for treated water in the northern regions of Kuala Lumpur, Petaling Jaya, as well as specific areas in Gombak, Klang, and Kuala Selangor. The stabilisation and continuous monitoring of metered output from SSP1 play a pivotal role in mitigating unexpected fluctuations in metered sales readings.

Despite consistently operating beyond its design capacity, SSP1 has successfully minimised instances of unintended breakdowns through the diligent execution of a comprehensive maintenance schedule. This schedule is

not only submitted to and monitored by Air Selangor but also scrutinised by the regulatory authority, Suruhanjaya Perkhidmatan Air Negara, commonly known as SPAN. Air Selangor currently holds the exclusive license for the extraction, treatment, and distribution of treated potable water to consumers in Selangor, the Federal Territories of Kuala Lumpur and Putrajaya. In 2019, a strategic collaboration between Air Selangor and us resulted in the execution of the Bulk Water Supply Agreement ("BWSA"), authorising us to manage, operate and maintain SSP1 until December 2036. Under the BWSA, the Bulk Water Supply Rate was revised upwards from RM0.41 sen/ m³ to RM0.42 sen/ m³ from 1 January 2023 and to RM0.48 sen/ m³ for the period from 1 January 2024 to 31 December 2027.

Other than the SSP1, other major WTPs operating along Sungai Selangor include the Sungai Selangor Water Treatment Works Phase 2 ("SSP2") operated by Air Selangor and SSP3. During the year, the total production from the SSP WTPs was about 2,810 MLD,

a decrease of 2.4% year-on-year and this could be partly attributed to lower demand from Air Selangor, as mentioned above. Historically in 2022, the combined water supply demand from the SSP WTPs was much higher as compared to 2023. In 2022, the supply of treated water from the Langkat 2 WTP was lower than targeted. However, in 2023 the Langkat 2 WTP steadily increased its treated water supplies to around 600 MLD which required Air Selangor to re-consolidate the water demand from the SSP WTP Scheme.

With the continuation of the “La Nina” phenomena since 2020, weather conditions in the Klang Valley have been quite erratic with occasional thunderstorms and incessant heavy rain occurring at periods outside the normal weather pattern. The wetter-than-usual occurrences could be linked to climate change which has caused sporadic flooding and rivers overflowing in low-lying areas. As a result of heavy rainfall over the catchment areas and reduced regulated discharges of raw water to augment the higher river flow at Sungai Selangor, the dam levels at both the Sungai Tinggi Dam and Sungai Selangor Dam achieved more than 90% full capacity for extended periods of the year. Other than the short intermittent dry spells experienced during the year, rainfall was in abundance over the catchment areas and the risk of raw water shortages remains low throughout the year. Based on the current weather conditions, the abstraction of raw water from Sungai Selangor was not impacted as the water levels at both the regulating dams are at full capacity and this will provide the necessary buffer during the drier seasons. At the state government level, state agencies, namely the Unit Perancang Ekonomi Negeri, Air Selangor and Lembaga Urus Air Selangor (“LUAS”) have been vigilantly monitoring the river flows and dam levels to ensure sufficient supply of raw water for water treatment

% Dam Storage Levels



operations. This is to prevent unnecessary disruption in water supply to consumers. In addition, the effort to increase the yield of raw water sources for the WTPs have been solidified from several key projects namely the Hybrid of River Augmentation Scheme (“HORAS”) 600, the Operasi Pengepaman Air Kolam (“OPAK”) and the HORAS 3000, which is under construction.

To ensure that consumers are adequately supplied with the highest quality of clean water that meets the Ministry of Health’s (“MOH”) standards of treated raw water at all times, we placed great importance in ensuring that our WTP and equipment are kept under good working conditions and that the preventive rehabilitation, upkeep and maintenance programmes are strictly complied with and promptly attended to. In compliance with the licensing requirements imposed by SPAN, we will furnish a five-year rolling business plan to SPAN, detailing a comprehensive maintenance and rehabilitation programme to systematically refurbish all the major components of the WTP to improve and to return them



Management Discussion and Analysis

We are committed to a customer-focused service in providing high-quality drinking water to our consumers. We also set our sights on managing and preserving the environment in which we operate through relevant water industry research and development, strict adherence to environmental regulations e.g. proper treatment and disposal of our water treatment residuals to minimise harm to the surrounding areas where migratory birds might congregate.

to as close as possible to the original design efficiencies. We have obtained the Individual License from SPAN to operate the SSP1 from 13 September 2019 to 12 September 2022, the renewal of which was subjected to compliance with all the conditions stipulated in the Individual License. In July 2022, we submitted the final application for the second Licensing Period from 13 September 2022 to 31 December 2026 after a comprehensive review with SPAN and Air Selangor. We finally received the new 5-year Individual License from SPAN in October 2022. Other than the Water Services Industry Act 2006 and its subsidiary legislations, the SSP1 operations comply with regulations imposed by, amongst others, the MOH, the Department of Safety and Health and the Department of Environment ("DoE").

Over the years, we have explored several research and development initiatives, such as technological improvement to enhance our water supply operations. This included studies on the refurbishment of WTP filters with alternative filtration media, and improvements in treatment process efficiencies as well as usage of alternative treatment chemicals, especially in the treatment of pollutant spikes that may occur from time to time. We are committed to a customer-focused service in providing high-quality drinking water to our consumers. We also set our sights on managing and preserving the environment in which we operate through relevant water industry research and development, strict adherence to environmental regulations e.g. proper treatment and disposal of our water treatment residuals to minimise harm to the surrounding areas where migratory birds might congregate. We have collaborated with the Microwave Research Institute ("MRI") of Universiti Teknologi MARA ("UiTM") in a research program on Dielectric Properties Investigation on WTP residuals at Microwave Frequencies. The findings are to identify suitable treatments for WTP residual in transforming it into pre-carbonised material for potential use in the agriculture sector and water treatment process. Preliminary findings have shown that there is potential for transforming WTP residuals into equal characteristics of activated carbon. In addition, we are also in discussion with the MRI to embark on other potential studies to optimise the coagulant dosing systems using Artificial Intelligence ("AI") technology and prediction of short and long term impact of ammonia and turbidity at raw water sources by using neural networks.

At SSP1, we take pride in maintaining high standards in treated water production, earning accolades like the BrandLaureate Best Brand Awards 2011-2012 for Industrial-Water Treatment. Our commitment is reflected in accreditations such as MS ISO 9001:2015 for SSP1 operation and maintenance, ISO 17025:2017 for SSP1 Laboratory, Matang Pagar Reservoir and Bukit Mayong Reservoir labs, and ISO/IEC 27001:2013 for Information Technology Security. Presently, we are at the final stage of certification for ISO 14001:2015 Environmental Management. SSP1 is recognised as a National Dual Training System ("NDTS") in-house company since 2016, accredited by the Jabatan



Pembangunan Kemahiran ("JPK"), Malaysia. Since commencement, we have certified eighteen (18) production staff and in 2023, we certified an additional five (5) production staff and ten (10) WTP staff from various sections. Emphasising on talent development, we are proud to be among a few certified water operations specialists in the country. Since 2019, we have recognised qualification of supervisory staff through the Recognition of Prior Achievement ("RPA") programme conducted by JPK whereby staffs are conferred the Sijil Kemahiran Malaysia ("SKM") Level 2 for Water Treatment Operation Service. Due to our track record of promoting training and development excellence, we have been appointed as a Practical Training Centre ("PTC") from the JPK for the RPA Programme with the aim of certifying supervisory and experienced staff in the water treatment operation, laboratory and water quality, facility management and instrument application, the certification of which is valid for three (3) years. As for now, we have certified six (6) laboratory staff, four (4) supervisors and four (4) executives with SKM Level 2. In October 2023, SSP1 registered fourteen (14) staff with JPK to be upgraded to SKM Level 3 and they are currently pending certification from the JPK.

As one of the major WTP operators currently serving close to a fifth of the consumers in Wilayah Persekutuan Kuala Lumpur and Selangor, we constantly monitor and track all potential and emerging operational risks ranging from deterioration of quality of raw water, asset management, breach of security, major breakdown of plant and equipment to unexpected interruptions to operations, which may lead to major disruptions in the treatment and supply of treated water. We have also been assessing the impact of environmental, social and governance ("ESG") risks particularly climate change which would have an adverse effect on the sufficiency of raw water. To mitigate these and other risks, we continuously undertake an enterprise risk management process to monitor, evaluate and escalate any such risks to the attention of our top management so that appropriate actions can be taken expeditiously. Remedial actions which can only be taken over the long term, will be included in our long-term business planning. Operational risks are being assessed on

a periodic basis, and we are subject to audits by the regulators, external parties and internal audit checks as part of our ISO certification, as well as monitoring by Air Selangor on the compliance with the terms of the BWSA. Under the BWSA, stringent requirements are to be complied with to ensure that SSP1 is operated and managed properly to produce and supply the designated quantity and quality of treated water to consumers at large. These include, amongst others, maintaining raw water monitoring systems at SSP1 and along Sungai Selangor to detect pollution and siltation and conducting all rehabilitation and maintenance works as planned. It is part of our risk mitigation plans to minimise any untoward incidences of major breakdowns and disruptions to our operations. Operations run continuously throughout the day with three shifts. During the year, the total expenditure on rehabilitation, upkeep and maintenance costs including the purchase of critical spares increased to RM21.48 million from RM15.44 million a year ago. This expenditure accounted for 16% (2022: 13%) of the total operating expenditure for the year.



Management Discussion and Analysis

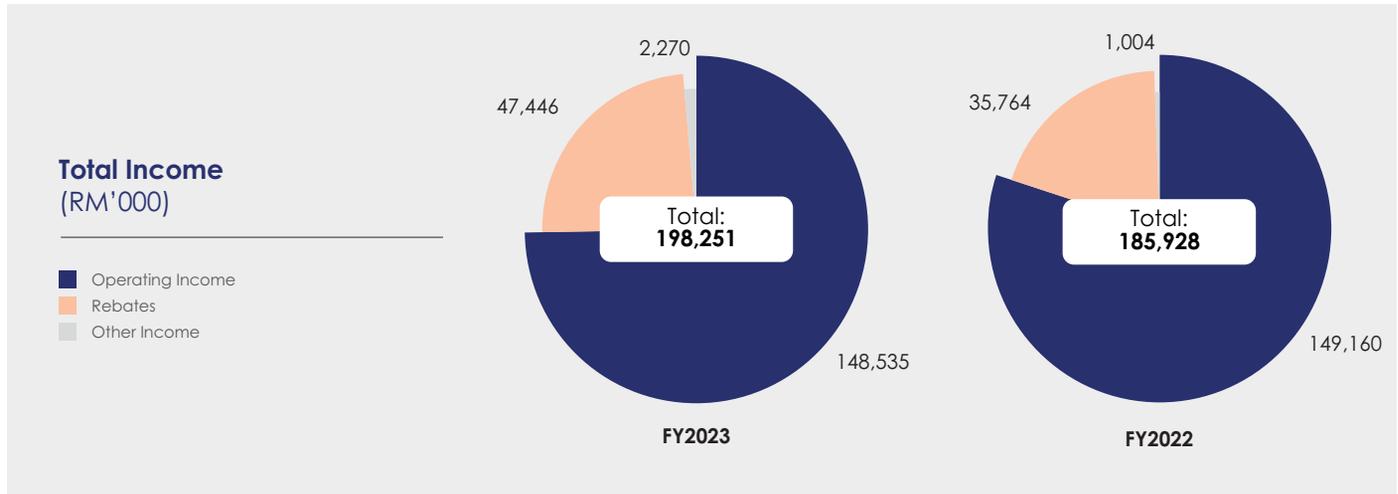
Due to several raw water pollution incidences such as high ammonia, high turbidity and odour that occurred in 2023, we are always working closely with the regulators. Together with SSP2 and SSP3 WTP operators, we will minimise plant interruption due to river contamination, particularly incidences of odour pollution from commercial developments and agriculture production upstream from where we operate. To provide river pollution alert in advance, raw water quality surveillance programmes are being undertaken by all the WTP operators along the Sungai Selangor. These programmes will continue to be implemented at regular intervals, including the sharing of information. We make it a point to continuously monitor raw water quality and inflow at regular intervals by having a river surveillance programme in which water samples are taken from several locations within the catchment areas for analysis of pollution trends. A River Monitoring System ("RMS") was commissioned in October 2023 at one of the upstream tributaries of Sungai Selangor to monitor specific raw water quality parameters and notification on changes in water quality or pollution are then given in advance. This system is in conjunction with the other RMS set up by

Air Selangor, Gamuda Water and LUAS in the Sungai Selangor catchment. The Selangor State Government also plays its role in assisting the WTP operators to minimise the impact of potential pollutants from entering the intake plant by constructing a river diversion located upstream of the SSP1, SSP2 and SSP3 intake plant under Skim Jaminan Air Mentah ("SJAM") or the Raw Water Guarantee Scheme Project. This project is expected to be completed by the end of 2024. By having this scheme, the responsible agency will divert any polluted raw water by bypassing the intake plants whilst raw water sourced from the HORAS and OPAK will be channelled to the intake plant. In addition, the SJAM is also able to partially dilute the raw water using similar sources to minimise the pollution load. Meanwhile, the WTPs will make appropriate adjustments to the chemical dosing rate that will optimise the chemical dosage and improve the water treatment regime. The use of Streaming Current Detectors in monitoring the coagulant dosages and the installation of lamella modules in Stream A's Pulsators at SSP1 have contributed significantly to improving the quality of settled water. Given the quality of raw water, the treatment regime

employed in the water treatment process is effective as shown by our high compliance rate of above 99% for the past three years. We evaluate the quality of treated water on a two-hourly basis for compliance with water quality parameters set by the MOH and the BWSA through our in-house laboratories which work round the clock.

Under the provisions of the BWSA, we will construct, at our own cost, a mechanical residual treatment facility ("RTF"). Based on the progress to date, the RTF plant is expected to be commissioned by 2025. Air Selangor has since given its approval on the conceptual design as well as the tender documents, whereas the application for the Kebenaran Merancang is on-going by the appointed town planner. The construction of the RTF will ensure proper management, treatment and disposal of dried sludge or residuals, which are the necessary by-products of the water treatment process. SSP1 generated approximately 32,067 metric tonnes of residuals in 2023 and these are treated and deposited at the sludge lagoons within the vicinity of SSP1 before being transported to the nearby sludge depository area sanctioned by the DoE. This method of handling and managing





residuals have been approved by the DoE but over the longer term, the RTF will provide a more sustainable and environmentally responsible method of managing these residuals.

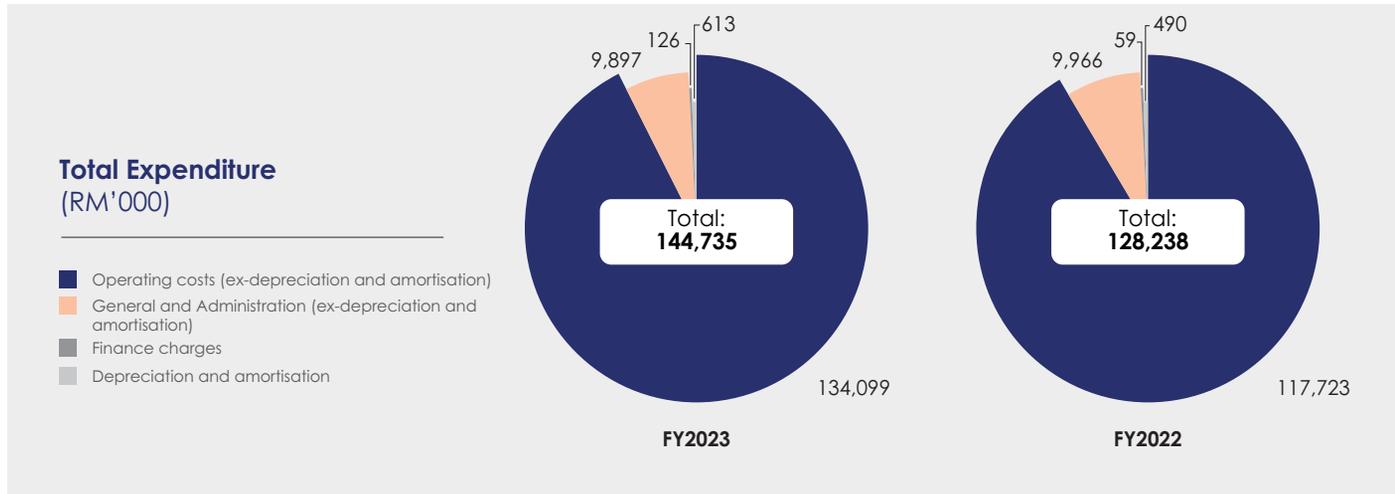
With regards to ESG initiatives, we have been actively strategising and implementing programmes with positive impacts on both the environment and the surrounding communities. In 2023, a few successful environmental programmes, in collaboration with local authorities, were planned and implemented. One noteworthy event involved the partnering with LUAS to organise a Water Day Carnival at the Off-River Storage at Bestari Jaya. Another successful programme focused on conserving raw water sources through the "Program Penanaman Pokok Berembang dan Pembersihan Sungai di Santuari Kelip-Kelip Kg Kuantan K. Selangor," saw participation from the District Officers, members of Parliament and the State Assembly, local councils, Universiti Industri Selangor ("UNISEL"), canoeing associations, together with our staff and protégés. In October 2023, we also conducted the Racecycle Programme, involving three local schools. The objective was to educate students and our staff about proper domestic waste recycling practices, contributing to increased awareness

and responsible waste management. In terms of community engagement, we continue to extend a helping hand to support individuals or communities facing challenging circumstances. One notable contribution was the initiative at the Pusat Pemulihan Dalam Komuniti Ijok, a centre for people with disabilities. We donated used computers for internal use, conducted re-wiring of the centre and provided wheelchair ramps, among other assistance. Additionally, we extended financial aid to flood victims in Segamat, Johor, as part of our commitment to assist those affected by natural disasters. Several programmes were also conducted at local schools, such as community clean-up events (Gotong Royong) and refurbishment of school buildings. These activities exemplify our social responsibility towards the educational community.

In terms of financial performance, Sungai Harmoni posted a PAT of RM40.85 million (2022: RM43.99 million) on the back of an increased revenue by 6% i.e. RM195.98 million compared to RM184.92 million the year before. Although metered sales billings declined from 363.80 million m³ to 353.65 million m³, the higher revenue for the year was due to higher electricity rebate of RM41.27 million (2022: RM29.28 million).

Total operating expenditure stood at RM134.10 million (2022: RM117.72 million) with electricity costs accounted 54% (2022: 53%) of the total operating expenditure. Unit electrical cost was lower by 1.6% i.e. RM0.0889 per m³ (2022: RM 0.0903 per m³) despite higher ICPT surcharge in the first half of 2023, where the ICPT rate saw a substantial adjustment from RM0.037/kWh to RM0.20/kWh. Nonetheless, in July 2023, the ICPT rate surcharge reverted to RM0.037/kWh, until the end of the year. The noteworthy reduction in the unit electrical costs can be attributed to the successful implementation of our energy-saving measures particularly efforts directed towards enhancing the efficiency of major equipment, such as the refurbishment of large pumps, motors and controlled pumping regime for both the raw and treated water pumps. Additionally, the deployment of LED lighting instead of conventional lighting, the transition from centralised chiller air-conditioning systems to energy-efficient split air conditioners, and the active promotion of energy conservation by the electrical section on-site have collectively contributed to the overall reduction in electricity costs at SSP1. A dedicated Registered Energy Efficiency Manager was appointed to oversee the energy management programme at both the intake and treatment plant.

Management Discussion and Analysis



Unit chemical costs was marginally higher by 0.6% at RM0.0291 per m³ (2022: RM0.0289 per m³) and the marginally higher costs can be attributed to the fewer pollution incidents in Sungai Selangor. In March and April of the year, heightened ammonia levels originating from Sungai Nyamuk resulted in an increased usage of chlorine. In addition, unusual intermittent high raw water turbidity from intense raining also contributed to augmented chemical consumption expenses. With the deterioration in the quality of raw water, elevated chemical dosages were required to ensure that the treated water adhered to the water quality standards stipulated by the MoH.

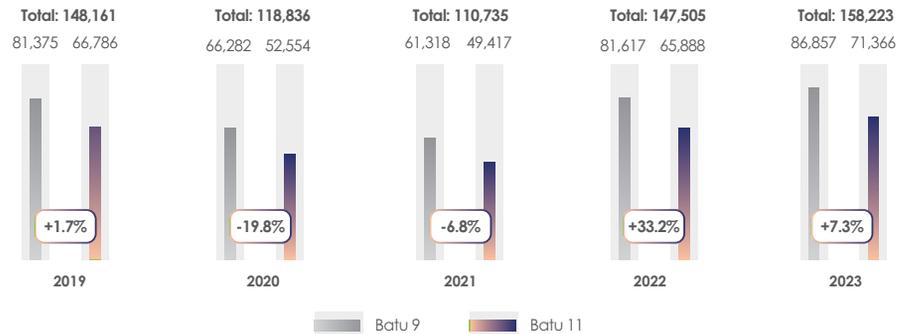
The company posted a PBT of RM53.52 million compared to RM57.69 million in 2022, a decrease of RM4.17 million. The lower PBT was mainly attributed to higher operating cost particularly the rehabilitation and maintenance costs. During the year, Sungai Harmoni declared dividends of RM84.0 million (2022: Nil) to the holding company which resulted in a reduction in its cash reserves.



HIGHWAY TOLL CONCESSIONAIRE, OPERATIONS AND MAINTENANCE OPERATOR



Yearly ADT by Toll Plaza from 2019 – 2023



Grand Saga Sdn. Bhd. (“Grand Saga”)

The financial year 2023 was the first full year of operations post the Covid-19 pandemic era. With the removal of travel restrictions under the Movement Control Order (“MCO”) in April 2022, the ADT at the Cheras-Kajang Highway surpassed the ADT of pre-pandemic period by 6.8% (i.e. ADT of 158,223 vehicles per day achieved in 2023 compared to ADT of 148,161 vehicles per day achieved in 2019). The ADT for the year was higher by 7.3% as compared to a year ago. The tremendous increase in the year-on-year traffic volume was mainly attributed to the return of development activities along the highway and the opening of the SUKE Expressway which complements the traffic flow on the Cheras-Kajang Highway. The SUKE Expressway opened for traffic in September 2022 with a one-month toll free period. The ADT for the year at the Batu 9 toll plaza increased from 81,617 vehicles per day to 86,857 vehicles per day or by 6.4% whereas for the Batu 11 toll plaza, the ADT was higher by 8.3% at 71,366 vehicles per day from 65,888 vehicles per day in the previous year. The higher growth rate recorded at the Batu 11 toll plaza was due to increased road users gaining access to the SUKE Expressway during the morning peak period. During the year, the total traffic

throughput at the Cheras-Kajang Highway was 57.51 million (2022: 53.84 million) paying vehicles.

Being a mature intra-urban highway, 96% of traffic that passes through both the toll plazas constitute Class 1 motor vehicles i.e. vehicles with two axles and three or four wheels and this has consistently prevailed over the years. The above is a 5-year historical data on the ADT for both Batu 9 and Batu 11 toll plazas and the overall growth at the Cheras-Kajang Highway. As expected, the ADT for 2020 and 2021 saw a sharp contraction with the imposition of travel restrictions during the period of the MCO.

Given the Cheras-Kajang Highway’s increasing ADT, it is inevitable that road users will encounter traffic congestions during peak hours. As such, we continue to collaborate with Dewan Bandaraya Kuala Lumpur and the Kuala Lumpur Traffic Police to implement contra flow operations for the Kuala Lumpur bound traffic in the mornings and for the Kajang bound traffic in the evenings, to ensure a smoother ride for road users as part of our service commitment. In addition, we maintain our highest level of service and committed to provide regular

patrolling plus break-down service along the highway, including free towing assistance and emergency first aid care for commuters in need. We have established the “Saga Ronda Service” with a commitment to deal with all incidents along the highway within a prescribed time of ten (10) minutes and to relay information back to the command centre for necessary actions to be taken. We also strive to maintain other quality related services to road users such as the Rest & Service stop at the Bukit Dukong area, which has a petrol station, food & beverage outlets and a post office for the benefit of our road users. Additionally, we engage with the road users via Facebook: Lebuhraya Grand Saga; Twitter: GrandSagaTrafik, whereby information on traffic updates and other messages pertinent to road users are posted. For those who are not able to follow the updates via social media, we have installed two (2) Video Message System (“VMS”) gantries along the highway at KM13.6 Kajang bound and KM14.0 Kuala Lumpur bound to disseminate traffic information from our control room. As part of our continuing efforts to improve and upgrade our infrastructure, the VMS units will be replaced by the second quarter 2024 for better clarity.

Management Discussion and Analysis

As a responsible toll highway operator, both safety and comfort for road users are our key priorities. Some of the road safety measures undertaken include ensuring adequate and clear signboards and signages, proper working streetlights, inspection of the highway infrastructure for signs of wear and tear. For the year, we spent RM5.41 million (2022: RM3.83 million) in repairs and maintenance with RM2.35 million incurred on routine pavement rehabilitation works and one-off urgent major heavy pavement works. Additionally, to enhance our service and operational excellence, we have maintained the ISO9001:2015 Quality Management System as re-certified by INTERTEK Certification during the year. The scope of the certification is for the provision of Highway Maintenance and Toll Collections.

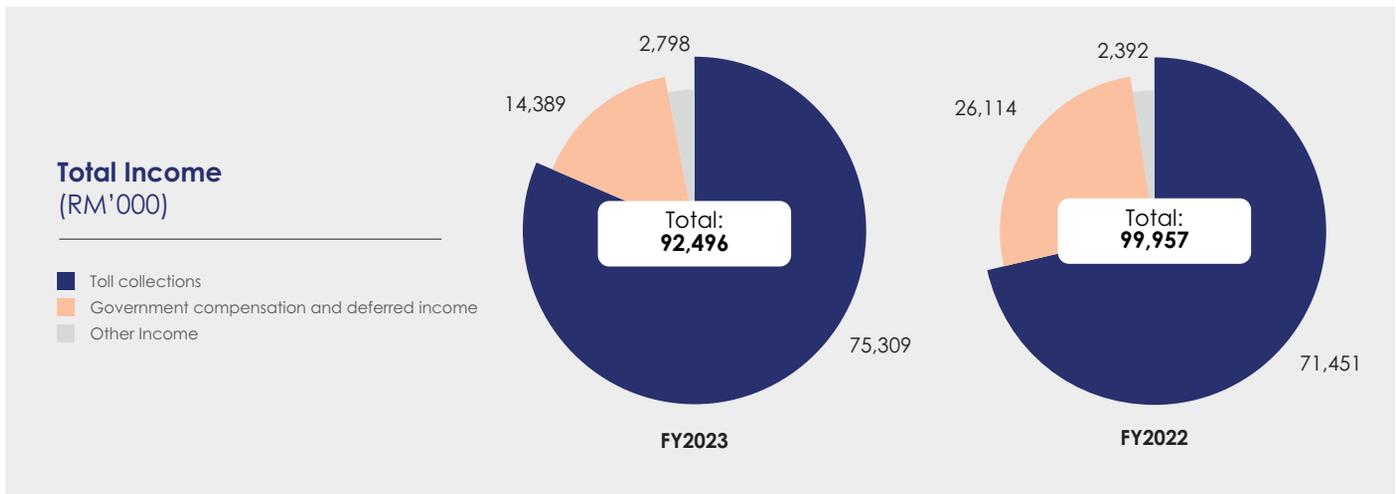
As part of the nationwide effort by the Works Ministry ("KKR") and the Malaysian Highway Authority ("MHA") to provide shelter for motorcyclists, we have constructed at our own cost, four (4) new motorcycle shelters at strategic locations along the PGA Interchange, Balakong Interchange and Saujana Impian Interchange under the Bitara Madani initiative to ensure the safety of motorcyclists especially during rainy season. In our on-going commitment to

enhance safety and convenience for communities surrounding our highway, we also completed a series of infrastructure improvements at the Saujana Impian Interchange. These enhancements included the installation of directional signage, road markings and rumble strips, both within and outside of our Right of Way aimed at optimising traffic flow and ensuring road safety for residents within the vicinity. In our efforts to combat climate change and support the government's initiative to utilise renewable energy sources, we have installed solar panels at the Batu 9 toll plaza, in addition to existing solar panels installed earlier at the Batu 11 toll plaza. We have also upgraded the lightings at the motorcycle lane and bridges underpass to LED from conventional lightings.

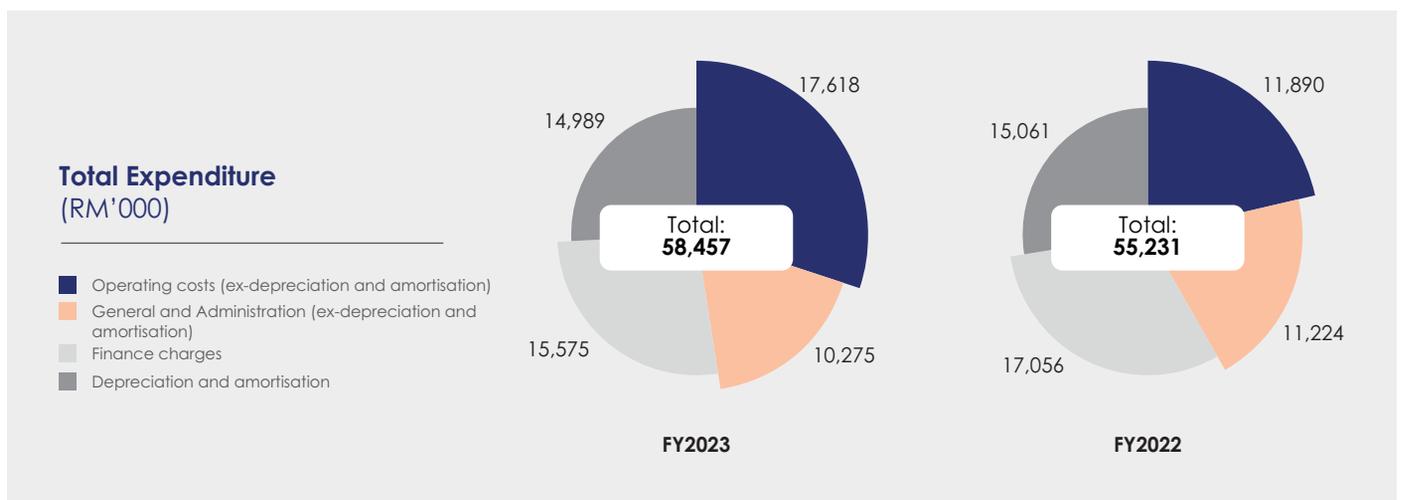
As in the previous years, the continued uncertainty of the Federal Government's proposal to re-structure the toll industry remains a major concern for us. By 2023, several tolled highways have completed the restructuring of their toll rates. The government has stipulated that, where possible, highway concessionaires should take into consideration of non-increase in the toll rates until end of concession and no government compensation will be payable in any toll restructuring proposal. We draw comfort

from the stand taken by the government that it is committed to the sanctity of the concession agreement and the rights of investors and shareholders will be protected.

In terms of financial performance, the toll collections in 2023 was higher at RM75.31 million compared to RM71.45 million in 2022, an increase of 5.4%. The lower percentage of increment of toll collections compared to the higher ADT achieved in 2023 of 7.3% was due to the ten (10) days of toll discounts given during the festive holidays as directed by the MHA. The total operating revenue was lower at RM89.70 million as compared to RM97.57 million recorded in 2022. This was attributed to the absence of government compensation in the current year compared to RM11.25 million recognised in 2022. Under the terms of our concession agreement, there will be no government compensation for the financial year 2023. Other than toll collections and the government compensation, operating revenue also consist of deferred income totalling RM14.39 million (2022: RM14.86 million).



We incurred total operating expenditure (excluding depreciation and amortisation) of RM17.62 million (2022: RM11.89 million) which was significantly higher than the prior year due to higher repair and maintenance costs by RM1.58 million and the increase in provision for future pavement rehabilitation works by RM3.53 million. Repairs and maintenance included a one-off urgent pavement rectification works of RM1.19 million at Hulu Langat interchange which required substantive repairs. Depreciation and amortisation accounted for RM14.99 million (2022: RM15.06 million) whereas finance charges from the issuance of IMTN stood at RM15.58 million as compared to RM17.06 million last year due to repayment of RM30.00 million IMTN principal sum during the year. As at the end of the year, the total outstanding IMTN was RM300.0 million. Other income was higher from RM2.39 million in the previous year to RM2.80 million primarily from the monitoring and maintenance charges from third party development along the highway. No dividend was paid during the year (2022: RM7.10 million) by Cerah Sama, the parent company.



With no government compensation recognised during the year, Cerah Sama recorded a PBT of RM34.04 million as compared to RM44.73 million in 2022. With the lower PBT, the PAT decreased to RM25.06 million from RM32.70 million a year ago.

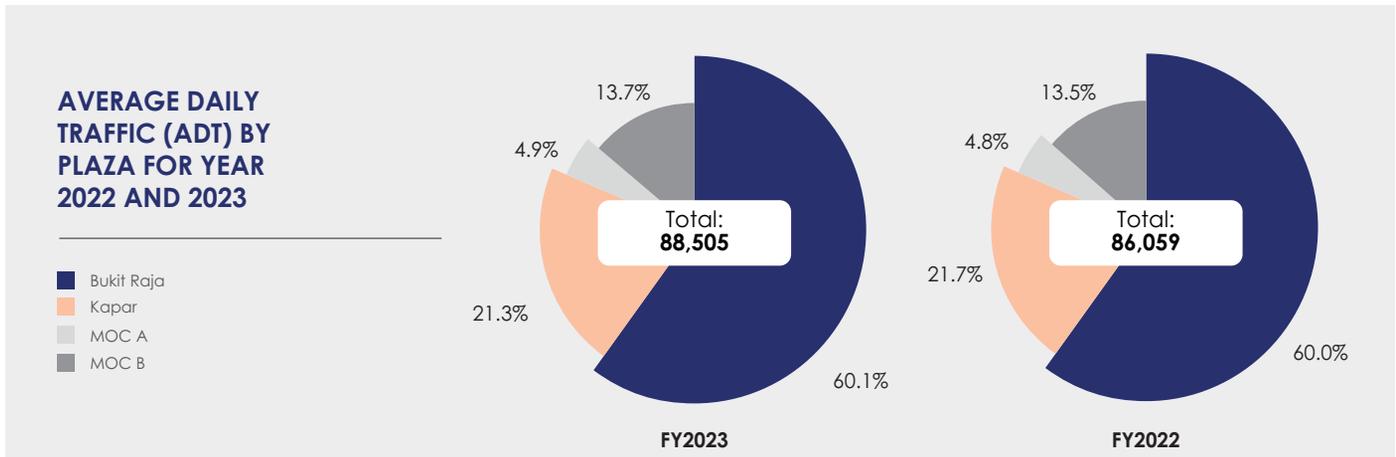


Management Discussion and Analysis

Grand Sepadu (NK) Sdn. Bhd. (“Grand Sepadu”)

The New North Klang Straits Bypass Expressway, also known as the Grand Sepadu Highway, registered a growth in traffic with the ADT up by 2.8% compared to a rebound in the ADT of 17.2% post-MCO in the preceding year. The overall improvement in the ADT was attributed to the increase in commercial activities particularly the port bound traffic with the overall ADT attaining 88,505 vehicles per day (2022: 86,059 vehicles per day) passing through the four (4) toll plazas. During the year, the total traffic throughput at the highway was 32.30 million (2022: 31.41 million) paying vehicles.

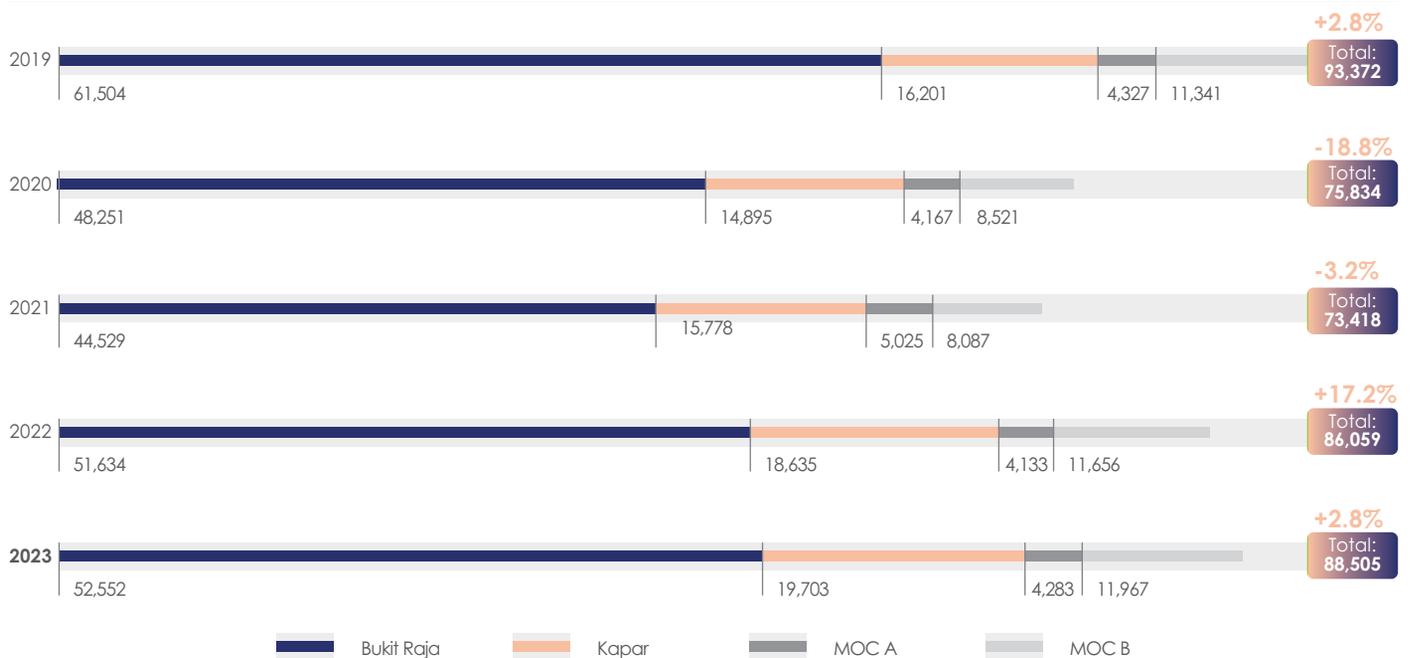
All the toll plazas saw a rise in the ADT with both Kapar and MOC A registering a robust growth of 5.7% and 3.6% respectively with Bukit Raja and MOC B toll plazas recording a more modest gain of 1.8% and 2.7%. Out of the total ADT of 88,505 vehicles per day, Bukit Raja toll plaza had the highest number of vehicles passing through at 60.1%, followed by Kapar, MOC B and MOC A toll plazas as follows: -



In terms of toll collections, Kapar and Bukit Raja toll plazas generated RM29.55 million (2022: RM28.74 million) and RM12.15 million (2022: RM12.16 million) respectively or close to 80% of the total collections for 2023 and 2022.

Based on the five-year historical data below, 2020 and 2021 expectedly showed a dip of 18.8% and 3.2% before rebounding 17.2% in 2022. However, the current year's ADT of 88,505 vehicles per day was still well below the pre-pandemic period where the ADT in 2019 was 93,372 vehicles per day. Traffic volume has yet to recover, and this is mainly due to the drop in the traffic at the Bukit Raja toll plaza with the opening of Persiaran Astana flyover at Meru which lead some traffic towards the North Klang Valley Expressway ("NKVE") via Setia Alam.

YEARLY AVERAGE DAILY TRAFFIC (ADT) BY TOLL PLAZA FROM 2019 – 2023



The Grand Sepadu Highway is linked to several major highways in the Klang Valley, including the Federal Highway Route 2 and NKVE; and connecting developments in Klang, Bandar Bukit Raja, Bandar Sultan Sulaiman Industrial Zone, Northport and Westport. With the opening of the Hj. Sirat Interchange in June 2018, road users, particularly commercial traffic, have direct access to the highway and a shorter route to the ports, reflected in the robust ADT growth at the Kapar toll plaza. Class 1 vehicles are still the predominant users of the highway with 81.4% (2022: 81.5%) of the total vehicles that passed the toll plazas with Class 2 and Class 3 vehicles contributed 17.6% (2022: 17.6%). Although smaller in number, Class 2 and 3 vehicles accounted for 47.5% (2022: 46.7%) of total toll collections as they pay higher toll rates.

Management Discussion and Analysis

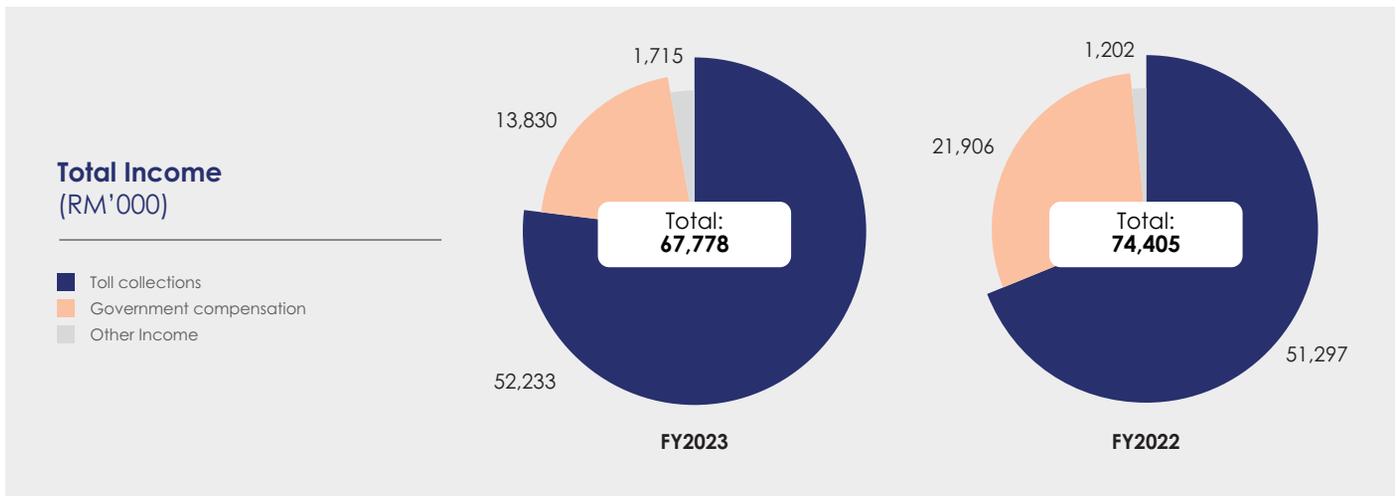
To further boost traffic throughput in the highway, we are continuing with our marketing efforts such as the Frequent Travellers Programme and promotional activities on the Facebook and Twitter social media. As in the past years, we collaborated with the traffic police at Klang Utara to facilitate smooth traffic flow particularly in the morning and evening peak periods at Jalan Meru and Federal Highway intersections which greatly benefited our road users. As with any other toll operators, health and safety is a top concern in operating and managing a toll highway and as such, every effort is carried out to safeguard the road users. During the year, we had implemented various safety measures, including short term measures such as routine monitoring of pavement for defects, annual visual inspection on drainage, bridges, culverts, retaining structures which are then submitted to MHA. Longer-term measures include annual heavy repairs for pavement and a detailed bridge inspection by external consultants, which is done every six years. To-date, these efforts have been effective as the reported number of

accidents of 1.30 vehicles per million (2022: 1.21 vehicles per million) was well below the 3.15 benchmark set by MHA. Nonetheless, we will continue to place traffic safety as an utmost priority to provide assurance to road users as our commitment to ensure safe and seamless travel along the highway. Since 2018, we have been certified and implemented the ISO9001:2015 Quality Management System by SIRIM QAS International. The scope of the certification is for the Provision of Highway Operations and Maintenance Works.

We have also upgraded the pavement rehabilitation works along the highway based on the Pavement Condition Assessment 2022 report, Non-Conformance Report issued by MHA and internal visual inspection at a total cost of RM2.17 million which will improve pavement quality and riding comfort. Another project achieved in the year was the completion of additional motorcycle shelters constructed for use by motorcyclists. Overall, we have incurred repair and maintenance costs

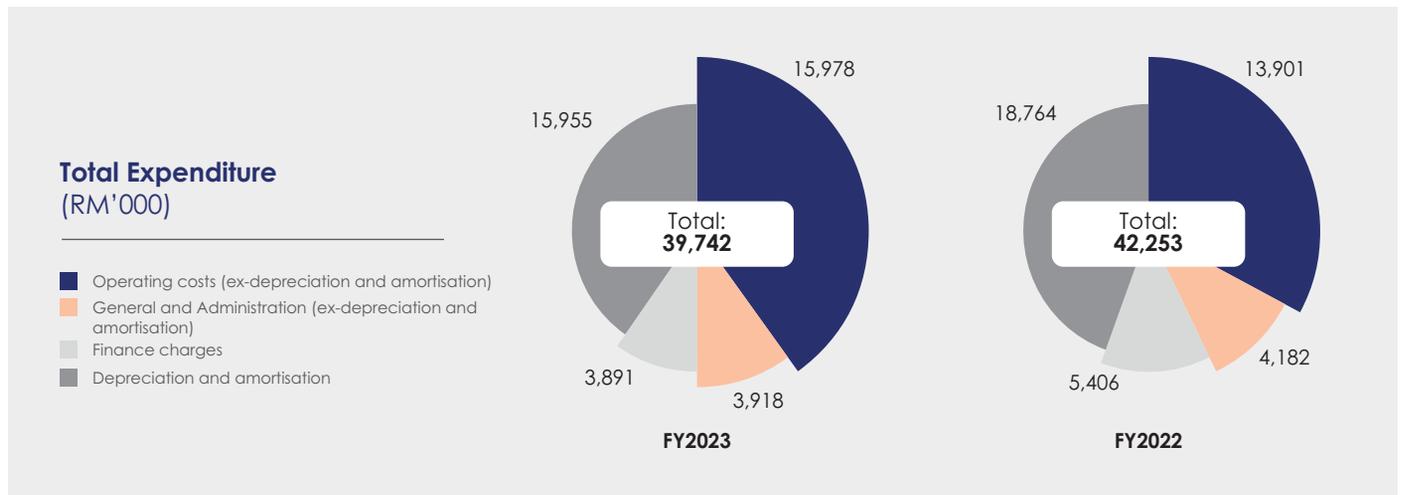
of RM5.47 million which was higher than RM4.75 million incurred in the prior year to ensure that we always maintain our level of services. Consistent with our commitment to reduce carbon emissions and consumption of electricity, we have installed solar panels at the MOC building in 2023 and we intend to install solar panels at the Bukit Raja toll plaza in 2024.

In terms of financial performance, Grand Sepadu recorded lower operating revenue of RM66.06 million (2022: RM73.20 million), a decrease of RM7.14 million. This was due to the first tranche of the government compensation for the non-increase of toll rates for 2023 amounting to RM12.56 million has yet to be certified by the government. Operating revenue comprised toll collection of RM52.23 million (2022: RM51.30 million) and the government compensation of RM13.83 million (2022: RM21.91 million), which was mainly for the non-increase of toll rates in 2016 and 2020.



We have also upgraded the pavement rehabilitation works along the highway based on the Pavement Condition Assessment 2022 report, Non-Conformance Report issued by MHA and internal visual inspection at a total cost of RM2.17 million which will improve pavement quality and riding comfort.

Total operating costs for year 2023 (excluding amortisation of expressway development expenditure and toll equipment) was recorded at RM15.98 million, higher than RM13.90 million in 2022 due to higher toll and traffic costs and repairs and maintenance by RM0.89 million and RM0.79 million respectively. As a result of higher revision in previous year and future traffic projections, depreciation and amortisation was down by RM2.80 million to RM15.96 million (2022: RM18.76 million) whereas finance charges from the issuance of Sukuk Murabahah was lower at RM3.89 million compared to RM5.41 million last year due to repayment of the principal sum of RM30.00 million Sukuk Murabahah during the year. The Sukuk Murabahah issued in 2015 carried a rating of AA-is with stable outlook by the Malaysian Rating Corporation Berhad. The outstanding unpaid Sukuk Murabahah is RM60 million with a further principal sum repayment of RM15 million to be made in June 2024.



With the lower government compensation recognised during the year, our company recorded a lower PBT of RM28.04 million as compared to RM32.15 million in 2022. Accordingly, the PAT decreased to RM17.85 million from RM20.22 million in 2022.



Management Discussion and Analysis

ENGINEERING AND CONSTRUCTION



The Economic Outlook Report 2024 released by the Ministry of Finance in October 2023 brought positive news for the construction sector. In 2022, the sector recorded a growth of 5.0% and it is estimated to further expand by 6.3% in 2023. Looking ahead, the domestic economy is projected to grow between 4% to 5% in 2024, with the construction sector expected to outpace other economic sectors with a projected growth of 6.8% supported by acceleration of ongoing infrastructure and utilities projects and realisation of investment in non-residential and residential developments

The key to this optimistic outlook is the implementation of the Ekonomi MADANI Framework, launched by the Prime Minister in July 2023. This strategic framework is complemented by the recently announced policies that aims to reshape the economic landscape and noteworthy among them are: -

- (a) the National Energy Transition Roadmap, which is a policy geared towards steering the nation towards sustainable and efficient energy practices. The policy expects to create new opportunities within the construction sector, particularly in renewable energy infrastructure;
- (b) the New Industrial Master Plan 2030, which is an ambitious plan designed to drive industrial growth and technological advancement. The plan anticipates to generate increased demand for construction projects related to industrial infrastructure development; and
- (c) the Mid-term Review of the Twelfth Malaysia Plan, which is a comprehensive evaluation and recalibration of the existing national development plan. It aims to provide clarity on government priorities and initiatives, potentially influencing construction project allocations.

The collective impact of these initiatives instils confidence in the government's ability to achieve the targeted growth rates for 2024. The construction sector, integral to economic development, is expected to play a pivotal role in realising these aspirations. As the industry gears up for increased activity, stakeholders are positioned to capitalise on emerging opportunities and contribute to the nation's economic growth.

During the year, we have three (3) on-going projects, namely:

- (a) the construction and completion of 76 Ml R.C. Reservoir R4 and related ancillary works at Cyberjaya Flagship Zone in Selangor for a contract sum of RM42.36 million ("CJR4");
- (b) Phase 1 of Rasau Water Supply Scheme Package 2 – Construction of Treated Water Pumping Station and Pumping and Distribution Mains for a contract sum of RM602.4 million; and
- (c) Phase 1 of Rasau Water Supply Scheme Package 3 – Construction of Booster Pumping Station and Low- and High-Level Reservoirs for a contract sum of RM293.8 million.

The CRJ4 project commenced in November 2018 and was scheduled to be completed in November 2021. However, the completion date was extended a few times with the last extension to complete by July 2023. We completed the project and secured the Certificate of Practical Completion without Liquidated Ascertain Damages being imposed. As at the end of the financial year, the account is being finalised with the client and the final contract sum is estimated at RM43.19 million. Based on our preliminary estimate, the overall impact to the project cost as a result of fluctuation in prices of steel bars and the movement restrictions during the Covid-19 pandemic were not significant. For the year, the project contributed RM5.23 million (2022: RM7.49 million) to the construction revenue. On the other hand, the issuance of the final account for the Langat 2 - Package 7 Balancing Reservoir ("L2P7") Project which was completed in September 2020 resulted in an upward revision to the contract sum with an additional revenue of RM1.82 million being recognised.



The Rasau Package 2 project is a design and build project secured in December 2021. The project commenced in December 2021 and was scheduled to complete in December 2024. However, due to protracted delay in approvals by the authorities, we managed to secure an Extension of Time ("EOT") to complete the project by November 2025. The contract sum for this project was awarded at RM602.43 million. In June 2022, the estimated contract sum was revised upward by RM11.94 million to RM614.37 million after considering the actual pipe supplying costs and the impact of Variation of Price ("VOP").

The construction activities undertaken during the year were primarily related to imported fill and soil improvement works for platform of treated water pumping station ("TWPS"), laying of pumping and distribution mains within Air Selangor Pipe Reserve, pipe jacking works crossing the South Klang Valley Expressway, obtaining the planning approval from the Klang Municipal Council for the TWPS and obtaining approval from the authorities for pipe laying activities along municipal and JKR roads.

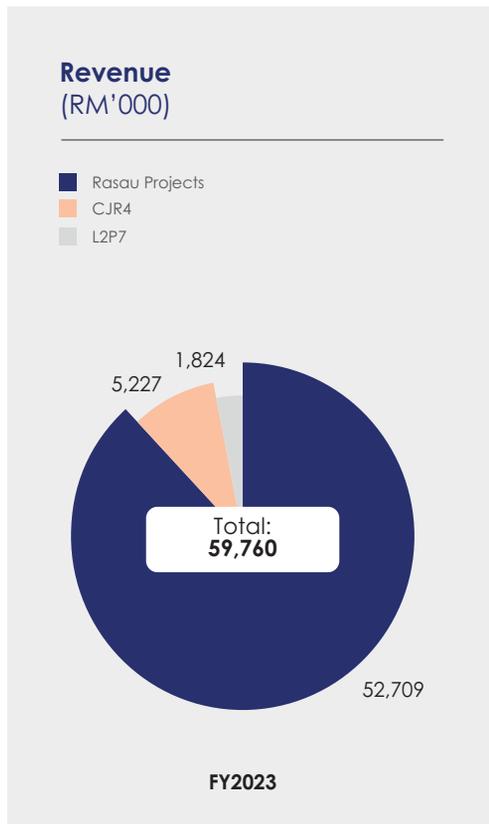
As of the end of 2023, actual physical progress was 13.3%, slightly trailing behind the planned progress of 17.5%. This delay can be primarily attributed to certain components of the project that was still pending approval from the relevant authorities, thereby hindering the commencement of physical works. The on-going efforts to obtain these approvals are crucial to ensure the project aligns with its scheduled timeline moving forward. Further delays may necessitate the application of further EOT to complete this project.

Likewise, the Rasau Package 3 project, secured in December 2021 as a design and build project, also encountered similar challenges as Package 2. Construction activities primarily involved the laying of distribution pipes, specifically 1,000 mm in diameter, covering a distance of 4.8 kilometres in Klang. In response to protracted delays in obtaining approval from the authorities, we managed to secure an EOT to complete the project by December 2025. The initial contract sum awarded for this project was RM293.86 million. In June 2022, we revised the contract sum by RM2.06 million to RM295.92 million after incorporating the secured pipe supplying costs and impact of VOP. To mitigate the impact of price fluctuations, we have proactively awarded contracts for the procurement of steel pipes and pump sets to respective suppliers. This strategic move ensures stability in costs and contributes to effective project cost management. As of the end of 2023, we managed to complete the physical works to 10.0%, slightly trailing the planned progress of 10.5%.

For the year, both the projects recorded a revenue of RM52.71 million as compared to RM25.47 million a year ago. Due to the slow progress of these projects, we anticipate a busy schedule extending at least until the end of 2025. However, this projection does not take into consideration any potential EOT that we might be entitled to. Our steadfast commitment to complete both the Rasau Projects within the established timelines underscores our sustained engagement and resolution to ensure we can deliver our services and fulfil our contractual obligations.

Management Discussion and Analysis

In terms of financial performance, we achieved a revenue of RM59.76 million (2022: RM32.98 million) mainly due to contribution from the Rasau Projects and an operating profit of RM4.56 million (2022: RM0.74 million) with substantial contribution derived from the Rasau Projects and upon the finalisation of the L2P7 Project.



The construction industry, characterised by numerous players with diverse strengths and capabilities, is inherently highly competitive and fraught with significant risks. Challenges such as completion delays, insufficient operating cash flow and non-compliance with regulations are prevalent. To not only survive but thrive in this demanding landscape, we have implemented several strategic measures. One of our key strategies involves obtaining ISO accreditation, specifically the ISO 9001:2015 certification. Awarded by SGS United Kingdom and Malaysia, this certification attests to our commitment to quality in project management and construction of water supply schemes, buildings, civil engineering, mechanical and electrical works under conventional contracts. The accreditation, which is valid until 2024, serves as a competitive edge, affirming our adherence to international standards and best practices. Additionally, we proactively engage with the state governments to propose viable infrastructure projects. By doing so, we aim to not only contribute to regional development but also to secure lucrative projects that align with our expertise. This diversified approach ensures our resilience in the face of industry challenges and positions us as a proactive and forward-thinking player in the construction sector.

In terms of financial performance, we achieved a revenue of RM59.76 million (2022: RM32.98 million) mainly due to contribution from the Rasau Projects and an operating profit of RM4.56 million (2022: RM0.74 million) with substantial contribution derived from the Rasau Projects and upon the finalisation of the L2P7 Project. The higher profitability for the year was also boosted by recognition of net reversal of loss allowance on trade and other receivables and amount due from contract customers of RM0.31 million (2022: net provision of loss allowance of RM0.12 million).



WASTE MANAGEMENT



Several initiatives were undertaken to increase productivity, operational efficiency and sustainability and these included conducting study and assessment to invest in new electric vehicles and machinery as we embark on our journey to make our operations more environmentally friendly and less polluting.

SWM Environment Holdings Sdn. Bhd. ("SWMEH")

Our involvement in the waste management division is through our 35% ordinary shares held in SWMEH, acquired in 2016. SWMEH's wholly owned subsidiary, SWM Environment Sdn. Bhd. holds the concession for the provision of solid waste collection and public cleansing services in the southern region of Peninsular Malaysia. To manage the solid waste collection and public cleansing of a sizeable area of 28,500 square km, covering twenty-six (26) municipalities in the southern states of the Peninsular Malaysia of Negeri Sembilan, Melaka and Johor, we leverage on the development of a vast array of technology to run and manage our extensive operations and fleet of vehicles and machinery more effectively and efficiently. For this purpose, we have put much effort during the year to enhance our current operational systems to be integrated with the single platform system implemented by Perbadanan Pengurusan Sisa Pepejal dan Pembersihan Awam ("SWCorp"). SWCorp is a federal statutory body established under the Ministry of Housing and Local Government to implement the National Solid Waste Management Policy, with the aim to elevate the accuracy and efficiency of online reporting for work completion, increase the operational monitoring effectiveness as well as linking the intelligent scheduling system to both the online reporting platform and monthly payment interface. These developments include "i-jadual", an Intelligent Work Scheduling System, and "LSK", a Work Completion Report System which integrates with i-jadual, Automatic Vehicle Locator System ("AVLS"), SWCorp's online payment system (Sistem Pengurusan Bayaran Perkhidmatan – "SPBP") and SWCorp's Sistem Pemantauan Kawalan Kebersihan ("SPKK").

Our continuous strategic partnership with SWCorp and the other two concessionaries through the Command, Control, Communications, Computers and Intelligence (C4i) Centre in Cyberjaya, has enabled all concerned parties to effectively monitor the entire solid waste management and public cleansing operations in the seven (7) states nationwide that have adopted the Solid Waste Management and Public Cleansing Act (Act 672). With that monitoring in place, a high level of service quality for the solid waste management and

public cleansing industry is expected by the consumers, both industrial and residential, as well as from the authorities.

Operating within a labour-intensive set-up, we continually grapple with a shortage of labour, particularly among operative ground crews. Recruitment of local workers proves to be challenging due to the prevailing perception that waste management activities fall within the 3D industry, known for its association with being dirty, dangerous and difficult, rendering it less attractive and least preferred by the local workers. The freeze on foreign workers intake introduced in March 2023 by the government, resulted in the option to hire additional foreign workers to overcome the labour shortage became increasingly improbable. Despite the uphill challenge, we were able to manage the right level of workforce to complete all service schedules throughout the service areas. Our on-going investment in mechanising labour-intensive cleansing activities as part of our operational optimisation initiatives and outsourcing of services, have effectively minimise the impact from shortage of labour. During the year, several initiatives were undertaken to increase productivity, operational efficiency and sustainability and these included conducting study and assessment to invest in new electric vehicles and machinery as we embark on our journey to make our operations more environmentally friendly and less polluting. As part of our efforts to develop our human capital resources, we initiated plans and implemented capacity building programmes targeted at all levels of staff. As general workers and operations staff accounted for the bulk of our workforce, continuous skills training is important to mitigate and reduce non-compliance of services which is one of the two service level Key Performance Indicators ("KPI") measured by the government in assessing our conformance to our contractual obligations.

In developing knowledge and capabilities to support nation and industry-building, we have launched and participated in numerous schemes that furthered our capacity building goals. For the frontliners, we conducted wide range of trainings related to technical competency, safety and health, supervisory and leadership as well as digital and system training programmes. For this purpose, slightly over 4,000 of

Management Discussion and Analysis



In recognition of our efforts for continuous improvement and excellence, we were honoured with the Top 10 Fast-Moving Companies award in the SWM100 for 2023, acknowledging our dedication to sustainability initiatives, community involvement, job generation and outstanding governance practices.

our employees were trained to ensure that they are adequately skilled and equipped to discharge their responsibilities. Along with the other two concessionaires, we work closely with SWCorp and the Department of Skills Development in rolling out the National Dual-Training. The first batch of staff trained under the programme was awarded the Malaysian Skills Certificate Level 2 for the areas of Solid Waste Collection Operations and Solid Waste Collection Truck Operations. A "Trainer-Driver" programme continues to be conducted by trained and experienced drivers in each region to re-train and coach all other drivers, resulting in a reduction of occupational and commuting accident cases for the second half of the year. We also ran two (2) batches of the Management Trainee Programme and successfully posted twenty-eight (28) candidates into the recruitment pipeline to address the issue of shortage of Operation Supervisors.

In recognition of our efforts for continuous improvement and excellence, we were honoured with the Top 10 Fast-Moving Companies award in the SWM100 for 2023, acknowledging our dedication to sustainability initiatives, community involvement, job generation and outstanding governance practices. This recognition underscores our commitment in fostering a sustainable and responsible operational framework. In a commendable display of good corporate social responsibility, we continuously deploy resources in our philanthropic endeavour under the "SWM Kasih" initiative, dedicated to supporting communities in need by providing them with essential necessities. Through this initiative, we have extended a helping hand to individuals, including school children. Furthermore, we actively engage in community service through our participation in corporate social responsibility ("CSR") initiatives with the deployment of volunteers and vehicles in the provision of essential cleansing services to areas that have been adversely affected by natural disasters. Some of these CSR cleansing activities include Gotong Royong, Bantuan Operasi Pembersihan Khas Banjir, Clean and Clear ("C&C"), and Operasi Pasca Banjir.

At SWMEH, we take pride in being in the forefront of environmental issues. To promote greater environmental awareness and participation, the KITARecycle programme with a mobile application developed by our in-house IT Software Development team has provided an excellent initiative and tool to effectively educate and encourage the public to participate and play a role in the Reduce, Reuse, Recycle ("3R") initiatives that contribute towards the circular economy. Continuous campaigns and engagements were conducted to increase public awareness on our KitaRecycle programme, which aims to encourage the public at large to undertake voluntary recycling activities and promote Separation at Source ("SAS"). We are happy to report that we have successfully conducted 596 Communication, Education and Public Awareness ("CEPA") programmes with more than 86,774 participations. The KITARecycle membership has recorded 16,126 new users in 2023 bringing the total membership to over 37,893 registered users. Through the SAS and KitaRecycle programme, we managed to divert 1,334,399 kilogrammes of recyclables away from the landfill.

Additionally, the establishment of a Drive-Thru centre in Seremban, Negeri Sembilan, as part of the KITARecycle initiative to promote recycling activities, has garnered recognition and notably won us the title of "The Best Recycling Drive-Thru" in the Southern Region. This prestigious title was recognised by SWCorp in conjunction with Hari Kitar Semula Kebangsaan 2023.

In term of financial performance, our segment recorded a commendable year with a revenue hike of RM26.2 million or 2.8% increase as compared to the last financial year. Revenue contribution from both collection and cleansing segments continue to improve in line with the increase in waste collection at new townships and public cleansing activities.

On a year-to-year comparison, the public cleansing and the solid waste collection service division recorded a growth of revenue of 2.8%. Similarly, the PBT for the year registered an increase of RM6.63 million or 2.9% from last year. Direct operating expenditure increased RM31.09 million or 6.3% mainly from direct payroll and staff related costs consistent

with the implementation of minimum wage set at RM1,500 since May 2023. With the pending outcome for the second cycle concession tariff negotiations with the Federal Government, we continue to focus on replacement and refurbishment of our existing fleet of waste collection vehicles and equipment, on an as-needed basis. This has resulted in an increase of 8.3% in repair and maintenance expenditure for the current financial year totalling RM30.46 million (2022: RM28.14 million).

Together with the other two concessionaires, we are constantly pursuing for a tariff review exercise. We proactively initiate preparations and are engaged with on-going dialogues with key government stakeholders, including SWCorp, the Ministry of Housing and Local Government and the Department of National Solid Waste Management. This concerted effort is in anticipation of the forthcoming tariff review scheduled for September 2025.



Management Discussion and Analysis

RENEWABLE ENERGY



In 2023, Malaysia stands at a crucial juncture in its energy evolution. With the launch of the National Energy Transition Roadmap ("NETR") in July 2023, the government outlined a set of clear pathway for the nation to align itself with the global commitment in meeting the net-zero greenhouse gases ("GHG") emission target. Following the announcement of the NETR, Malaysia is reported to be on track to achieve its goal of carbon neutrality as early as 2050. As the world faces unprecedented and alarming incidences of extreme weather conditions, the global community grapples with the urgent need to combat climate change and transition towards a more sustainable future.

Recognising the imperative nature of addressing climate change and minimising environmental impacts, we consider it our corporate responsibility to implement strategies and action plans towards a low-carbon and sustainable energy future.

In this context, Malaysia is uniquely positioned to lead the way in the adoption of green energy, among others, by lifting the export ban of renewable energy and increasing the target for installed renewable capacity from 40% in 2035 to 70% by 2050. With these initiatives, Malaysia is expected to generate new economic and investment opportunities of between RM435 billion to RM1.85 trillion by 2050. Clearly, our collective commitment to a more sustainable future not only contributes to environmental preservation but also propels economic and social progress for the nation.

Recognising the imperative nature of addressing climate change and minimising environmental impacts, we consider it our corporate responsibility to implement strategies and action plans towards a low-carbon and sustainable energy future. Towards this end, we intend to expand our footprint into the renewable energy space and the deployment of technology in our business operations. In addition, we have been actively implementing new and updated procedures to enhance our operational efficiency. These procedures include the introduction of a Permit-to-Work system, safety protocols within the operational framework, adherence to safety rules, a

comprehensive security personnel procedure and an upgraded approach to store management and the integration of the latest preventive maintenance practices.

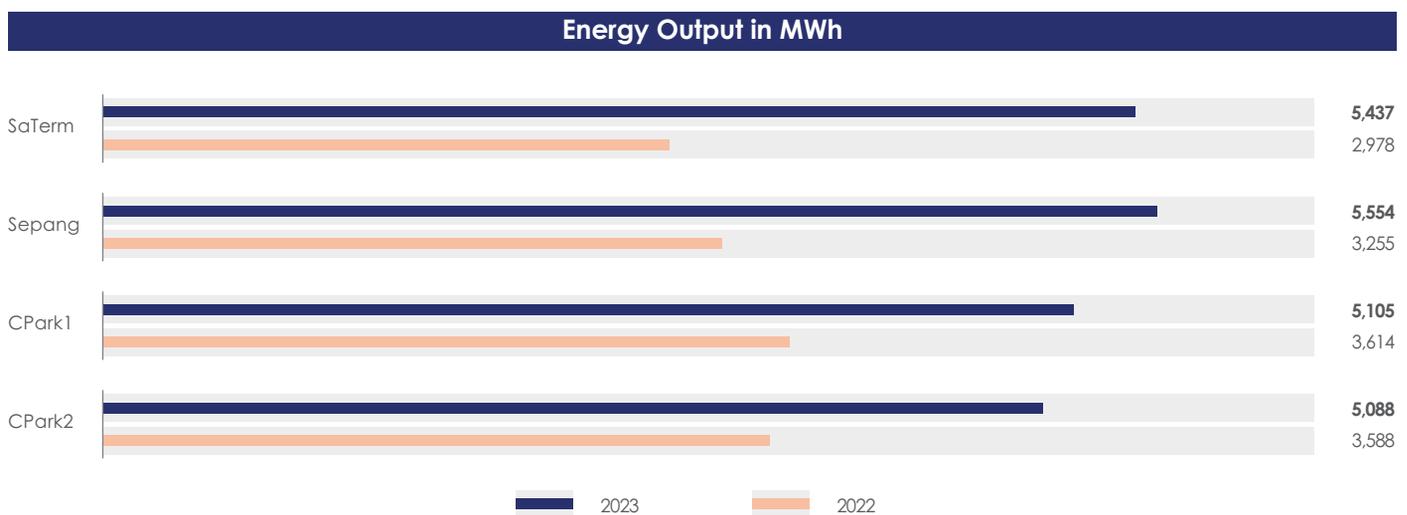
In the last quarter of 2022, we completed the solar panel replacement at a total cost of RM8.33 million at TR SaTerm Sdn. Bhd. ("TR SaTerm"), which operates a 4.0 MWp rooftop-mounted solar project above the satellite terminal of the Kuala Lumpur International Airport ("KLIA"). With the new panels, TR SaTerm achieved 105% of the declared annual availability. We undertook a decision then to replace the panels in its entirety as they were exhibiting accelerated degradation, and this would have a negative impact to our profitability in the longer term. In respect of the other two (2) sites at TR Sepang Sdn. Bhd. ("TR Sepang"), which operates a 5.0 MWp ground-mounted solar photovoltaic project built on a palm oil plantation area and TR CPark Sdn. Bhd., which operates two (2) separate 5.0 MWp rooftop-mounted solar projects within two long-term car parks of KLIA, we plan to complete the replacement of all the existing panels by the third quarter of 2024 at an estimated cost of RM19.0 million.



Currently, these panels are also showing signs of accelerated degradation based on the lab test results. With the replacement, the new solar panels will increase generation yield, thus generating higher revenue going forward.

Besides the issue of accelerated degradation, the occurrence of flooding at TR Sepang has become a risk arising from extreme weather conditions. Mitigation actions conducted to overcome this issue include among others, conducting a flood study to identify future flood pattern and relocating the string combiner boxes to higher grounds. Apart from that, we are also in the process of designing a concrete wall surrounding the control and inverters building. With these measures in place, we expect the risk of damage to our equipment will be minimised in the event of any flooding at the site.

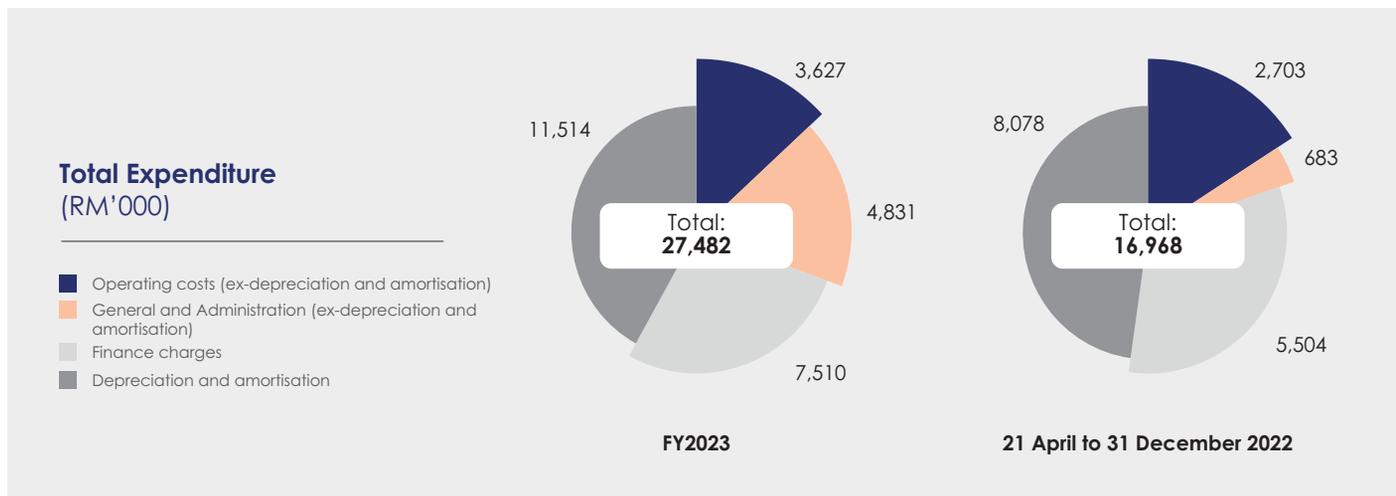
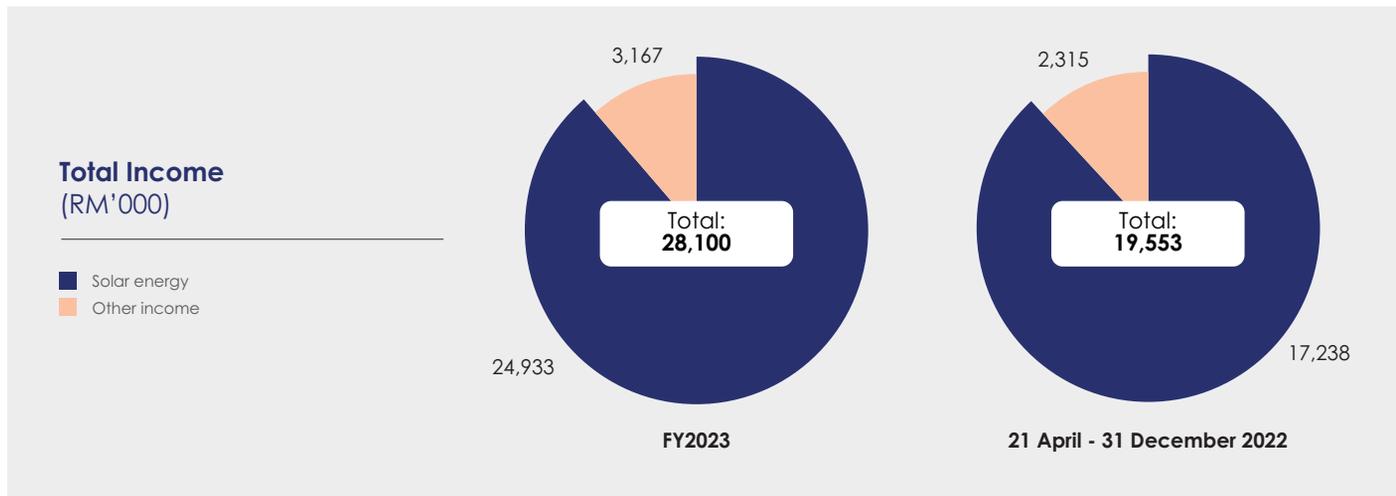
Throughout the financial year, the combined energy output from our four solar plants reached 21,184 MWh (Date of acquisition from 21 April to December 2022: 13,436 MWh). The following is the total energy output at the respective sites.



Management Discussion and Analysis

In terms of financial performance, the renewable energy segment generated a PBT of RM0.62 million (2022: RM2.59 million). The segment recorded a total income of RM28.10 million (2022: RM19.56 million) comprising RM24.93 million (2022: RM17.24 million) from the sales of electricity and other income of RM3.17 million (2022: RM2.32 million) for the year. Total expenditure incurred amounted to RM27.48 million (2022: RM16.97 million) and it included interest on shareholder's loan from the parent company amounting to RM6.99 million (2022: RM5.13 million). In terms of total expenditure for the year, depreciation and finance charges accounted for 69% (2022: 80%) of total expenditure.

All the above comparatives are from the date of acquisition from 21 April 2022 to 31 December 2022.



Aligned with the government's commitment to attain a net-zero target by 2050, we are optimistic that our expansion plans remain on a positive trajectory by actively seeking growth opportunities in the renewables sector, with the consideration of pursuing new projects, and/or engaging in mergers and acquisition exercises to augment our earnings contribution to the Group.

Dividends

In 2015, we announced a dividend policy of a pay-out ratio of not less than 75% of our consolidated PAT (excluding exceptional items) subject to a few factors including the earnings, capital commitments, general financial conditions and distributable reserves. For the financial years ended 2015 to 2018, we have declared total dividends of 4.80 sen per share for each of the financial year, before it was increased to 5.25 sen per share in 2019 and subsequently to 6.60 sen per share in 2020.

For the current financial year, we declared a total dividend payout of 5.95 sen per share (2022: 6.60 sen per share) or RM119.94 (2022: RM133.04 million). Over the past years, we were able to maintain a consistent payout of dividends to shareholders that exceeded the dividend payout policy, facilitated by the sustainable water treatment and supply segment, receipt of toll collections as well as government compensation and proceeds from the securitisation of receivables in 2019. For the past five financial years, we have paid out a total of RM624.90 million. Although the water treatment and supply segment remains profitable, from time to time, we assess our financial position to ensure that there are sufficient cash reserves to fulfil our operating and capital expenditure requirements, banking and Sukuk covenants as well as for potential business opportunities.

A summary of the dividend payments together with the historical financial information and key financial ratios are disclosed in the 5-Year Financial Highlights in this Annual Report.

Prospects

Being predominantly in the concession-based businesses where we derive steady stream of income from services that we provide to our customers, our

prospects and business outlook remain positive. With the government and political landscape continue to be stable, we anticipate that the national economy will maintain its growth trajectory amid challenging global environment brought about by amongst others, the heightened geopolitical tensions, impact of climate change and supply chain disruptions. Nonetheless, we take comfort from the Economic Outlook 2024 Report that the country would be able to weather the situation, given its manageable inflation, favourable labour market conditions, healthy foreign reserves, current account surplus and high national savings, robust financial sector and well-developed capital market. 2024 is envisaged to be a promising year for Malaysia.

As with the previous years, two of our main businesses i.e. the water treatment and supply and the toll highway segments contribute significantly to our profit and cashflow. As a necessity, the sales of treated water remain resilient with the growing population and increased economic activities in the Klang Valley, especially when grave concerns over the Covid-19 pandemic subsided over time. Although there was minimal impact from the pandemic in our water and supply business, the same cannot be said for our toll highway segment, which saw the traffic volume at the Cheras-Kajang Highway drastically reduced with a contraction of 19.8% in 2020 and 6.8% in 2021 before rebounding by 33.2% last year. The Grand Sepadu Highway also experienced a sharp drop in the ADT albeit at a lesser percentage. Since then, the traffic volume for both the highways has shown vast improvements and is likely to continue for 2024.

With the pandemic behind us, we would stay focus in executing our strategies to expand into more mature operational cash-generating utilities and/or

infrastructure businesses with a view of generating new income stream, particularly in the renewable energy sector. In this respect, we have been exploring opportunities to build our portfolio in the renewable energy sector in line with the government's aspirations to accelerate the energy transition. As outlined in the government's green energy agenda, the government's aspirations are to ensure a continuous and sustainable supply of clean energy by promoting renewable energy generation capacity, diversification of energy sources and investing in sustainable infrastructure. On our part, we have embarked on a journey to make our businesses more climate resilient and future-ready by intensifying efforts towards reducing our carbon footprint and embedding a culture of sustainability within our operations, guided by our Sustainability Framework 2022-2025.

During the year, we secured an EOT to complete the sizeable Rasau Projects by 2025. We place an utmost importance in ensuring that the progress of the Rasau Projects remain on schedule and to be delivered successfully to Air Selangor by the completion date. These two projects will boost our revenue and earnings over the next two years. For the waste management segment, SWMEH remains profitable and continues to register higher revenue from both solid waste collection and public cleansing services, as a result of increasing areas serviced. The protracted delay in securing a tariff revision remains one of the key concerns for us as further postponement of higher rates would affect our profitability and returns to our investments in the company. Nonetheless, on-going discussions are held with the Ministry of Housing and Local Government and other key stakeholders for a second cycle tariff review to be concluded by 2025. With the conclusion of the tariff review, we expect a positive outcome for our shareholders.

OUR VALUE CREATION STRATEGY

Our Commitment to Shareholders

We strive to be an established infrastructure company with capabilities to design, build and operate an infrastructure project; providing end-to-end solutions to prospective customers



To drive market capitalisation via value enhancing mergers and acquisitions (“M&A”) and new contracts



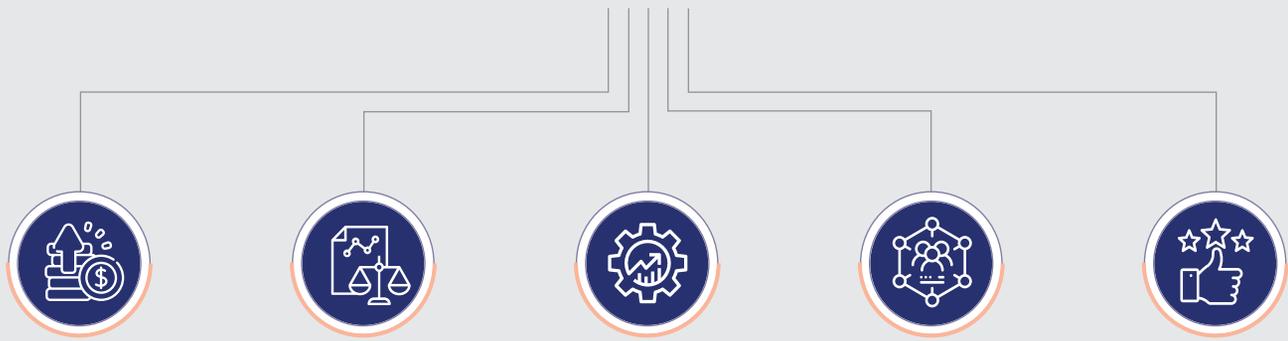
To perform all existing contracts efficiently while meeting all required KPIs under the contracts, in accordance with best practices and guided by regional standards



To continue our commitment on environmental, social and governance (“ESG”) matters and on giving back to the society via Corporate Social Responsibility (“CSR”) initiatives

Strengths, Opportunities, Risk and Challenges

BUSINESS STRENGTHS



Strong recurring income from water, toll and renewable energy division; higher contribution from Rasau Projects

Strong balance sheet with healthy cash balances and ability to gear up

Nature of business which have proven to be **resilient against economic downturn**

Highly experienced senior management team

Established track record in the water infrastructure industry – contributed to our securing of the Rasau Projects

INDUSTRY LANDSCAPE

Identified Opportunities and Strategic Priorities

- The water industry has been identified as one of the Government's priority.
 - As part of the 12th Malaysian Plan, the Water Sector Transformation 2040 was established to set strategic direction to ensure the water sector is a dynamic growth driver while ensuring water supply for all.
 - We foresee new infrastructure opportunities in this sector which the group can readily tap.
 - Resolving non-revenue water ("NRW") issues, aging water infrastructure, scarcity of potable water in certain states, deteriorating raw water quality where new water treatment technology will be required.
- Malaysia's renewable energy commitment to achieve net zero carbon emission ("Net Zero") as early as 2050 bodes well for the group's expansion plan for the renewable energy division.
 - The Government has allocated RM3b under Budget 2024 towards achieving the Net Zero target
- Achieving resolution for the tariff negotiations for our waste management and toll concession agreements remain one of our top priorities.
- We remain our commitment on environmental, social and governance ("ESG") matters and to have good risk management practices.

Risk and Challenges

- Taliworks' businesses engage in highly competitive markets with finite number of projects, and hence introduce risks in our ability to secure new projects that meet the Group's returns requirement whilst meeting existing contractual obligations.
- Taliworks continues to be susceptible to volatility of the political landscape in the country.
- Taliworks, like other businesses in Malaysia is susceptible to inflationary pressure, attributable to rising costs of labour and raw materials, weak Ringgit, and shortage of manpower.
- Climate change and growing ESG Awareness and the ability for the Group to be able to meet market expectations and regulatory requirements.

Our Value Creation Strategy

We will draw upon the following resources to achieve our strategic focus

FINANCIAL CAPITAL



- As at 31 December 2023, Taliworks has Total Equity of **RM963.9m** and cash balances of **RM179.2m**
- Taliworks's PAT for FY2023 is **RM49.5m**
- Taliworks has healthy cash balances and ability to gear up to pursue new contracts

MANUFACTURED CAPITAL



- Each division has the necessary assets and infrastructure to perform its obligation under the contracts and is undertaking digitalisation efforts to increase efficiencies in their operations
- For example, our Water Treatment and Supply division utilises a Computerised Maintenance Management System ("CMMS") and has a river water quality monitoring programme
- Our Waste Management division has the most physical assets, with a Fleet of approximately 1,600 mainly Compactors, ROROs and Suction Basin Cleaner fitted with GPS and fuel sensor for efficiency monitoring, and 27 In-house workshops and mobile tyre unit to ensure fleet and machines are in best working conditions

INTELLECTUAL CAPITAL



- Each division has operating procedures which are guided by international standards
- As part of Taliworks's efforts to be in the forefront of the water industry, the Water Treatment and Supply division has a R&D team which promotes new water treatment technologies to the Malaysia water industry such as the ceramic membrane filtration technology, sustainable filtration technology for rural water supply and alternative water usage of water treatment residual

HUMAN CAPITAL



- The Group has a staff strength of over **9,000** staff
- Each division is led by senior management team with multiple decades of experience
- All employees are trained in areas of leadership development, technical aspects relevant to their roles, and occupational safety and health

SOCIAL AND RELATIONSHIP CAPITAL



- Each division maintains strong relationship with the relevant authorities, contractors, suppliers and the local communities it operates in
- At Taliworks, there are also constant engagements with our shareholders, financiers, the investment community and the press

NATURAL CAPITAL



- Each division embarks on various initiatives to meet its respective timeline driven sustainability goals
- For more details, please refer to our Sustainability Statement included in this Annual Report

FOCUS
To seek for new contracts and M&A opportunities

Division



Goals

- For Water Treatment and Supply division, to continue R&D efforts to contribute to the overall improvement of the water industry and keep us at the forefront of getting new O&M and other contracts in the water industry.
- For Engineering and Construction division, pending completion of the Rasau Projects, to selectively participate in new projects, focusing on invited and pre-qualified tenders.
- For Renewable Energy division, to explore viable investments in brownfield solar assets and new solar development, and to expand into other segments of renewable energy, leveraging on government incentives under the Net Energy Transition Roadmap ("NETR") that aims to achieve carbon neutrality for Malaysia by 2050.
- For waste management division, to secure new waste management contracts in other jurisdictions or explore new waste management services.

Strategies

- Engagement and negotiations with local universities, state & federal government agencies to explore solutions to improve water distribution and production in selected targeted states.
- To focus on projects with higher margins.
- Engagement with the respective operating divisions within the group and active engagement with advisors, experienced industry players to stay ahead of the curve and explore opportunities within the industry.
- To actively engage the relevant states and federal government agencies.

Our Value Creation Strategy

FOCUS

To perform obligations under existing contracts and achieve resolution for the tariff negotiations for our waste management and toll concession agreements

Division**Goals**

- For each division, to generate stable income by performing obligations under the contracts safely, securely, and efficiently.
- For Water Treatment and Supply division, to ensure proper and efficient execution of planned projects for e.g. dewatering plant project to satisfy our obligation under the Bulk Water Supply Agreement.
- For the toll division, to explore toll rate restructuring to ensure sustainability of cashflow.
- For the renewable energy division, to focus on project execution for panel replacement to enhance yield whilst meeting contract obligations.
- For the waste management division, to finalise negotiation for second cycle tariff increase which has been deferred since September 2018.
- For each division, to maintain and add ISO accreditations where applicable.

Strategies

- Proactive monitoring to ensure operations is conducted efficiently.
- To work closely with Air Selangor to secure the necessary approvals for successful implementation of the dewatering plant project.
- Continued proactive engagement with the relevant government agencies with collaborative efforts from the other industry players.
- To work with consultants and contractors to ensure smooth and efficient project delivery to ensure timely completion of project.
- Continuous review and update of operations procedures to ensure that they align with regional standards and best practices.
- Keeping abreast with industry and regulatory updates.

FOCUS
 To continue our commitment on ESG matters

Division



Goals

- To continue the Group's effort in ESG activities via CSR programmes within the respective division.
- To continue the Group's emphasis on human capital development and employee engagement.
- To work on closing regulatory requirement gap and the Group's readiness in compliance with the Bursa Malaysia's Enhanced Sustainability Reporting Requirements.
- To achieve sustainability targets under the respective identified sustainability pillars based on agreed timeline.
- To stay up-to-date with market sustainability trends and practices.

Strategies

- To implement various CSR activities under the respective divisions and encourage department wide participation.
- To continue to organise regular skill-based and personal development trainings to instill culture of continuous self-improvement among employees.
- To enhance sustainability data collection and disclosure among operating divisions through concerted departmental effort.
- Empowerment of role of the Sustainability Steering Committee, Sustainability Working Group and Central Coordinating Committee
- To continue to perform periodic review of sustainability progress.
- To embed sustainable practices into the Group's operations and foster a culture of sustainability through effective stakeholder engagement.

DIRECTORS' PROFILE

YAM TUNKU ALI REDHAUDDIN IBNI TUANKU MUHRIZ

Independent Non-Executive Chairman

YAM Tunku Ali Redhauddin Ibni Tuanku Muhriz ("Tunku Ali") holds a BA (Hons) in History and Social & Political Sciences from the University of Cambridge and a Masters in Public Administration from the John F Kennedy School of Government, Harvard University.

With more than 25 years of corporate experience, Tunku Ali brings his extensive expertise in governance, strategy consulting, and principal investing to the board.

He is a Senior Advisor to TPG Capital, a global private equity firm, sitting on the board of several TPG portfolio companies, including Cardiac Vascular Sentral (Kuala Lumpur) Sdn. Bhd., Columbia Asia Healthcare Sdn. Bhd. and Pathology Asia Holdings Pte. Ltd. Also, he is Chairman of International Medical University, Asia Pacific University of Technology & Innovation and XCL Education Malaysia. Separately, he is also a partner of Vynn Capital Sdn Bhd, a board member of Bangkok Bank



Berhad and Non-executive Chairman of Astro Malaysia Holdings Berhad.

Tunku Ali is Chairman and Founding Trustee of Teach For Malaysia, President of WWF Malaysia and Chairman of Cancer Research Malaysia. He is also Chairman of Yayasan Munarah and a Trustee of Amanah Warisan Negara, Pro-Chancellor of Universiti Kebangsaan Malaysia and Universiti Sains Islam Malaysia, Chairman of Board of Governors of Marlborough College Malaysia and an International Council Member of Marlborough College, United Kingdom.

Date of appointment
27 November 2019



Malaysian | Age 47 | Male

Board Committee:

- Nil

Previously, Tunku Ali was Director of Investments at Khazanah Nasional Berhad, and prior to that, a management consultant at McKinsey & Company.

He has no family relationship with any directors and/or major shareholders of the Company and to his best knowledge and belief, he has no conflict of interest or potential conflict of interest including interest in any competing business with the Company or its subsidiaries. He has not been convicted for any offences within the past 5 years and no public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

He has attended all the Board meetings of the Company held during the financial year.

RAJA DATUK ZAHARATON BINTI RAJA DATO' ZAINAL ABIDIN

Senior Independent Non-Executive Director

Raja Datuk Zaharaton Binti Raja Dato' Zainal Abidin ("Raja Datuk Zaharaton") was appointed as a Senior Independent Director on 17 February 2020. She also serves as the Chairman of the Remuneration Committee and the Nominating Committee of the Company since 13 February 2018 and 27 August 2019 respectively. As part of succession planning of the Company, she has been appointed as stand-in Chairman for the Board on 18 January 2018.

She holds a Bachelor Degree in Economics from University of Malaya and a Masters in Economics in 1979 from the University of Leuven, Belgium.

Raja Datuk Zaharaton has served the Government of Malaysia in various capacities for 34 years from 1971 to 2005. Principally her main task has been policy analyses and financial evaluation. Her last post in the Government was the Director General of the



Economic Planning Unit (EPU), Prime Minister's Department.

Raja Datuk Zaharaton resigned as a director of Media Prima Berhad in May 2022. She currently sits on the board of Yinson Holdings Berhad and Areca Capital Sdn. Bhd. She is also a Director of her family-owned company Kumpulan RZA Sdn. Bhd. and its subsidiary Raza Sdn. Bhd.

She has no family relationship with any directors and/or major shareholders of the Company and to her best knowledge and

Date of appointment
2 July 2015



Malaysian | Age 75 | Female

Board Committee:

- Chairman of Nominating Committee
- Chairman of Remuneration Committee

belief, she has no conflict of interest or potential conflict of interest including interest in any competing business with the Company or its subsidiaries. She has not been convicted for any offences within the past 5 years and no public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

She attended four (4) out of five (5) Board meetings of the Company held during the financial year.

KEVIN CHIN SOONG JIN

Executive Director

Mr. Kevin Chin Soong Jin ("Kevin") holds a Bachelor of Laws from Monash University, Melbourne, Australia and a Bachelor of Economics from Monash University, Melbourne, Australia.

He joined Taliworks Corporation Berhad in March 2009 as the Corporate Adviser prior to his current role. He also sits on the board of several privately-held companies within the LGB Group. Prior to his appointment, he was responsible for the corporate finance and funding division of several listed companies between 2000 and 2009.



Kevin started his career as a lawyer before joining the corporate finance division of RHB Sakura Merchant Bankers Berhad between 1994 and 2000.

Date of appointment
1 March 2024



Malaysian | Age 56 | Male

Board Committee:

- Nil

He has no family relationship with any directors and/ or major shareholders of the Company and to his best knowledge and belief, he has no conflict of interest or potential conflict of interest including interest in any competing business with the Company or its subsidiaries. He has not been convicted for any offences within the past 5 years and no public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

AHMAD JAUHARI BIN YAHYA

Independent Non-Executive Director

Encik Ahmad Jauhari Bin Yahya ("Encik Ahmad Jauhari") serves as a member of the Nominating Committee of the Company since 2 July 2015.

He holds a Bachelor of Science (Hons) Degree in Electrical and Electronic Engineering from University of Nottingham, United Kingdom.

Encik Ahmad Jauhari started his career with ESSO Malaysia Berhad (1977- 1979) and worked in The New Straits Times Press (M) Berhad (1979-1991), Time Engineering Berhad (1992) and Malaysian Resources Corporation Berhad (1993). In 1994, he joined Malakoff Berhad to lead its growth to become Malaysia's leading independent power producer. He retired from Malakoff Berhad in 2010.

Encik Ahmad Jauhari was appointed Group Chief Executive Officer of Malaysia Airlines on 19 September 2011 and was a member of the Board Tender Committee and sat on the boards of several subsidiaries within the Malaysia Airlines group of companies. He resigned as the Group Chief Executive Officer and director of subsidiaries of Malaysia Airlines



in April 2015 but remains as a director of Malaysia Airlines until 31 December 2015. He became a Director of Malaysia Airport Holdings Berhad ("MAHB") and Chairman of Destination Resorts and Hotel Sdn. Bhd. prior to his appointment at Malaysia Airlines. He resigned from MAHB in 2011.

Encik Ahmad Jauhari sits on the board of Cenergi SEA Sdn. Bhd. and Sapura Resources Berhad since his appointment in 2015 and 2016 respectively. He was appointed as the Deputy Chairman of Minconsult Sdn. Bhd. since 1 March 2020 and has been promoted to the Chairman of the said Company with effect from 1 January 2021.

He was appointed Nominee Director of Composites Technology Research Malaysia

Date of appointment
2 July 2015



Malaysian | Age 69 | Male

Board Committee:

- Member of Nominating Committee

Sdn. Bhd. (CTRM) on 1 May 2021 to 30 June 2021 and Chairman/ Nominee Director on 1 July 2021 and also Director and Chairman of DRBHICOM Defence Technologies Sdn. Bhd. (DEFTECH) on 1 May 2021. He was also appointed as Director of Perusahaan Otomobil Nasional Sdn. Bhd. and Proton Holdings Berhad on 13 December 2021.

He has no family relationship with any directors and/or major shareholders of the Company and to his best knowledge and belief, he has no conflict of interest or potential conflict of interest including interest in any competing business with the Company or its subsidiaries. He has not been convicted of any offences within the past 5 years other than traffic offences and no public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

He has attended all the Board meetings of the Company held during the financial year.

Directors' Profile

DATUK ROGER TAN KOR MEE

Independent Non-Executive Director

Datuk Roger Tan Kor Mee ("Datuk Roger Tan") serves as a member of the Audit and Risk Management Committee of the Company since 27 February 2020 and was appointed as a member of the Nominating Committee of the Company on 24 August 2022.

Datuk Roger Tan holds a Bachelor of Laws (Honours) from Queen Mary College, University of London. He was admitted as a barrister-at-law of the Gray's Inn, London. He was also admitted as an advocate and solicitor in Singapore and Malaya. Datuk Roger Tan also holds a Master of Laws degree from the National University of Singapore. He is also a Notary Public and Commissioner for Oaths.

Datuk Roger Tan is the managing partner of Messrs Roger Tan & Partners. He was a senior partner of Messrs Nik Saghir & Ismail between 1995 to 2009. He was an elected member of the Malaysian Bar Council between 2004- 2008. He re-joined the Bar Council in March 2018 until March 2023. At the Bar Council, he had chaired various committees, notably the Conveyancing Practice Committee. He was also a Board Member of the Advocates & Solicitors Disciplinary Board (July 2013- June 2015 and July 2017- June 2019).

In June 2009, he was appointed as a Commissioner of the National Water Services Commission (SPAN); a position he held for eight years until May 2017. At SPAN, he chaired the Disciplinary Committee (for



Director General & Senior Executive level) and the Licensing, Enforcement & Legal Affairs Committee.

He was also a Board Member of the Solid Waste Management and Public Cleansing Corporation (SWCorp) from March 2009 to March 2015. At SWCorp, he chaired its Licensing Committee. He is one of the founders of Waste Management Association of Malaysia, and is now its Honorary Secretary.

Between May 2015 to August 2017, he was also an Independent Non Executive Director of Cityneon Holdings Limited in Singapore.

Datuk Roger Tan is now a Commissioner of the Malaysian Aviation Commission. On 22 March 2023, he was also appointed and re-appointed in March 2024 as a member of the Panel of Experts of the Ministry of Housing and Local Government.

Date of appointment
27 November 2019

 Malaysian | Age 62 | Male

Board Committee:

- Member of Audit and Risk Management Committee
- Member of Nominating Committee

He had also served as a president of the Strata Management Tribunal between July 2005 to June 2022. On 26 November 2020, he was appointed as a trustee of the TARC Education Foundation.

He writes regularly in local and international news media, and has a column with The Sunday Star entitled, 'With All Due Respect'.

He has no family relationship with any directors and/or major shareholders of the Company and to his best knowledge and belief, he has no conflict of interest or potential conflict of interest including interest in any competing business with the Company or its subsidiaries. He has not been convicted of any offences within the past 5 years and no public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

He has attended four (4) out of five (5) Board meetings of the Company held during the financial year.

DATIN PAULINE TAM POH LIN

Independent Non-Executive Director

Datin Pauline Tam Poh Lin ("Datin Pauline") was an Executive Director/Tax Partner in KPMG Malaysia and retired on 31 December 2017. Datin has 34 ½ years of professional experience with 4 years spent in audit and the balance of 30 ½ years in tax. Datin was leading the Global Mobility Services of KPMG Malaysia in addition to her role as one of the KPMG Corporate Tax Executive Directors prior to her retirement.

Datin Pauline has significant experience in both corporate and personal tax advisory and tax compliance and also immigration related matters.

Some of Datin Pauline's key areas of expertise include corporate and personal tax compliance and also corporate tax advisory, personal tax planning, immigration related matters, payroll tax compliance reviews, advice on stock option plans, corporate tax due diligence reviews, tax audit and investigation, evaluation of tax incentives for foreign/local investments, advice on tax



incentives and implications on foreign investment in Malaysia.

Datin Pauline has provided tax services to a diversified portfolio of clients including public listed companies and multinational corporations in a wide range of industries including airlines, oil and gas, infrastructure, manufacturing, trading, investment holding, financial services, educational services, plantation, construction and property development.

Datin Pauline is a member of the Malaysian Institute of Accountants, Malaysian Institute of

Date of appointment
17 August 2022

 Malaysian | Age 61 | Female

Board Committee:

- Chairman of Audit and Risk Management Committee
- Member of Remuneration Committee

Certified Public Accountants and the Chartered Tax Institute of Malaysia.

She has no family relationship with any directors and/or major shareholders of the Company and to her best knowledge and belief, she has no conflict of interest or potential conflict of interest including interest in any competing business with the Company or its subsidiaries. She has not been convicted for any offences within the past 5 years and no public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

She has attended all the Board meetings of the Company held during the financial year.

LIM CHIN SEAN

Non-Independent Non-Executive Director

Mr. Lim Chin Sean ("Mr. Lim") serves as a member of the Audit and Risk Management Committee as well as the Remuneration Committee of the Company since 15 September 2014 and 13 February 2018 respectively.

He holds a Bachelor of Computer System Engineering Degree (Honours) from University of Kent, United Kingdom.

He joined the LGB Group of Companies since September 2003 and is currently involved in property development, construction projects, manufacturing and IT advisory services.

He sits on the board of Parkwood Holdings Berhad ("Parkwood") since 2007. On 22 February 2024, he was re-designated from Executive Director to Chairman in Parkwood.



Mr. Lim is a major shareholder of the Company and the younger brother of Dato' Lim Chee Meng, a major shareholder of the Company. Other than being a director and major shareholder of LGB Engineering Sdn. Bhd., which is involved in the construction industry, to his best knowledge and belief, he has no other conflict of interest or potential conflict of interest including interest in any competing business with the Company or its subsidiaries.

Date of appointment
23 May 2011



Malaysian | Age 42 | Male

Board Committee:

- Member of Audit and Risk Management Committee
- Member of Remuneration Committee

He has not been convicted of any offences for the past 5 years. The Securities Commission of Malaysia has on 24 October 2023, reprimanded and imposed a RM500,000 penalty against Telaxis Sdn. Bhd. ("Telaxis") and its persons acting in concert ("PACs") collectively, where he is one of the PACs, for the failure to undertake a mandatory take-over offer on Parkwood, following Telaxis's acquisition of more than 2% shareholdings in Parkwood within a period of six (6) months.

He has attended all the Board meetings of the Company held during the financial year.

SUSTAINABILITY STATEMENT

OUR COMMITMENT TO SUSTAINABILITY

Taliworks reiterates its dedication to sustainability through the release of the 2023 Sustainability Statement. As we progress on our sustainability path, we are steadfast in upholding our commitment to incorporating sustainability into both our business practices and daily operations.

In alignment with our sustainability journey as referenced in page 67, Taliworks has been operating under the guidance of our Sustainability Framework, which was adopted in 2022. The Sustainability Framework encompasses clearly defined pillars, ambitions, and goals, serving as a strategic roadmap that shapes our journey towards Environmental, Social, and Governance ("ESG") resilience. It is an all-inclusive framework that guides all business divisions, ensuring the integration of key sustainability targets and programmes across the Group.



Reporting Scope and Standards

We are dedicated to delivering transparent reporting to hold ourselves accountable for our goals. This Sustainability Statement covers the reporting period from January 1, 2023 to December 31, 2023 ("FY2023") and includes the key operations of Taliworks (referred to as the "Group"), its main subsidiaries, major joint ventures, and associate companies—all situated within the geographical scope of Malaysia.



Reporting Boundaries

This Sustainability Statement ("SS") has been prepared in accordance with the guidelines established by Bursa Malaysia Securities Berhad ("Bursa Malaysia") Main Market Listing Requirements for Sustainability Statements in Annual Reports, in reference to the Global Reporting Initiative ("GRI") Standards. Additionally, we track and monitor our year-on-year data where the reporting of this data is accessible in our annual performance table.

The statement furnishes information about Taliworks' five divisions, namely: 1) Water Treatment and Supply, 2) Highway Toll Concessionaire, Operations, and Maintenance Operator, 3) Engineering and Construction, 4) Waste Management, and 5) Renewable Energy, governed by the Group. It also delves into our response to 15 material topics that significantly impact our business and stakeholder value, further detailed on page 82.

For a holistic understanding of our business, this SS is to be read in conjunction with the Annual Report. This provides an overview of Taliworks' financial and non-financial performance in FY2023. The Group aims to provide stakeholders with an overview of its approach and the progress made in fulfilling its sustainability commitments. We are committed towards credibility and transparency, and will continuously enhance sustainability disclosures by adopting transparent and fair disclosure methodologies and standards.



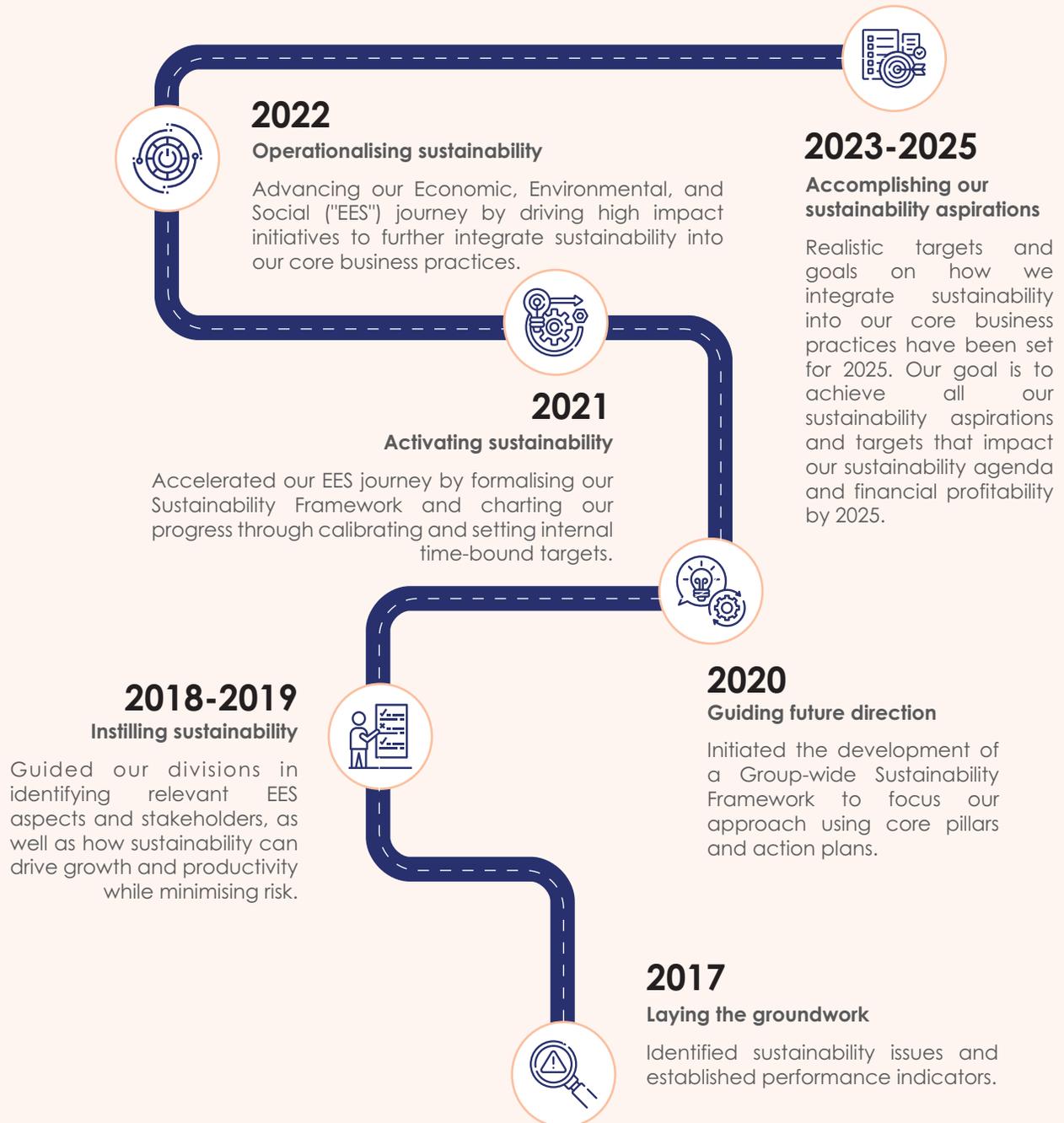
Assurance and Validation of Disclosure

The data and information presented in SS2023 have been internally verified by the respective data owners within the Group, as well as been reviewed and approved by the Sustainability Steering Committee ("SSC"). We have not yet sought external assurance for this report.

SUSTAINABILITY AT TALIWORKS

A Roadmap Towards **SUSTAINABLE EXCELLENCE**

Guided by the accompanying roadmap, we initiated the next phase of our sustainability journey in FY2023. The roadmap, spanning the years 2017-2025, outlines clear goals across six stages of growth. In 2023, we continue to drive sustainability across our organisation by empowering our workforce to embrace sustainability practices and fulfilling our sustainability commitments with purpose.



2022

Operationalising sustainability

Advancing our Economic, Environmental, and Social ("EES") journey by driving high impact initiatives to further integrate sustainability into our core business practices.

2023-2025

Accomplishing our sustainability aspirations

Realistic targets and goals on how we integrate sustainability into our core business practices have been set for 2025. Our goal is to achieve all our sustainability aspirations and targets that impact our sustainability agenda and financial profitability by 2025.

2021

Activating sustainability

Accelerated our EES journey by formalising our Sustainability Framework and charting our progress through calibrating and setting internal time-bound targets.

2020

Guiding future direction

Initiated the development of a Group-wide Sustainability Framework to focus our approach using core pillars and action plans.

2018-2019

Instilling sustainability

Guided our divisions in identifying relevant EES aspects and stakeholders, as well as how sustainability can drive growth and productivity while minimising risk.

2017

Laying the groundwork

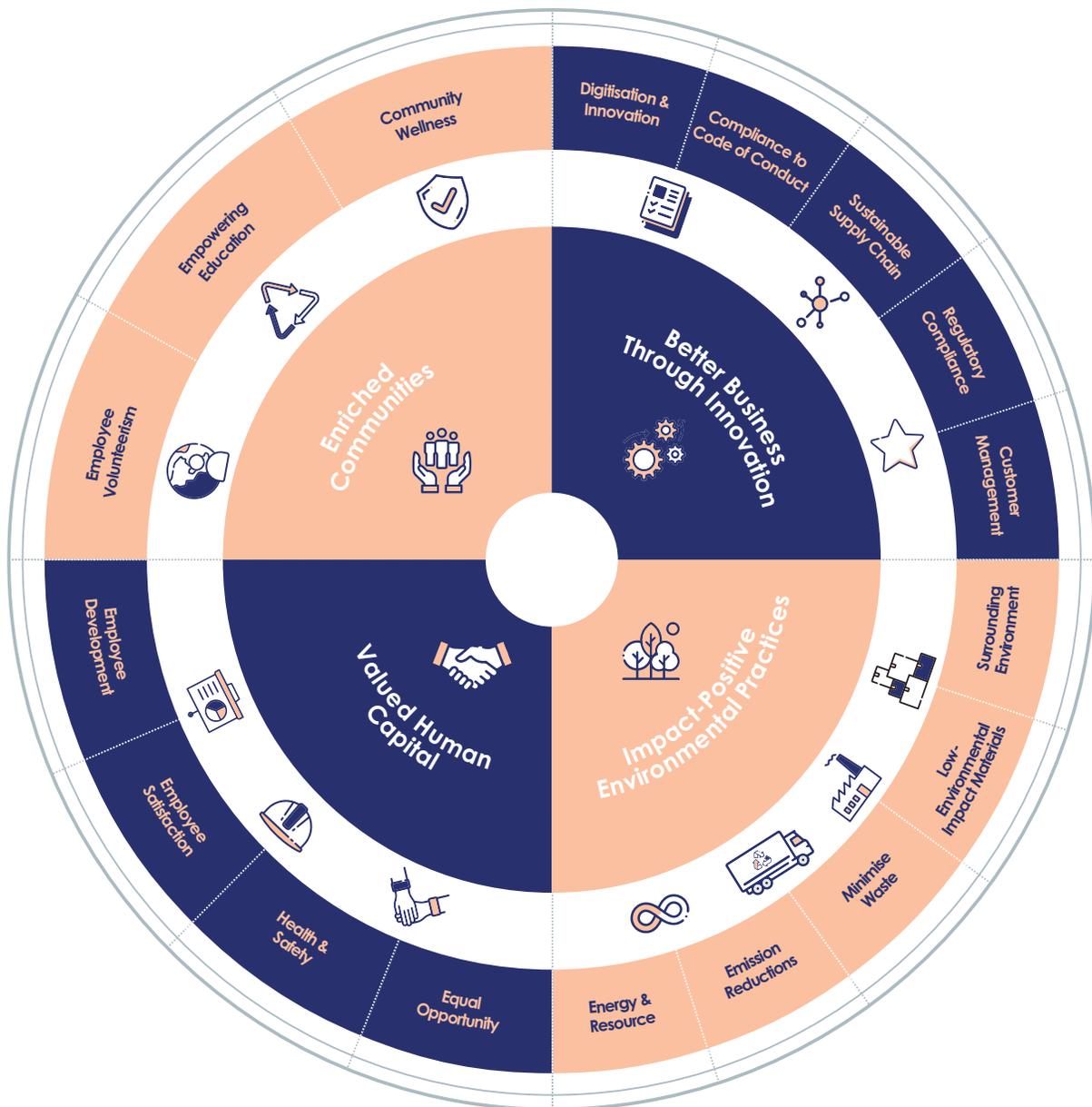
Identified sustainability issues and established performance indicators.

Sustainability Statement

Sustainability Framework at a Glance

Taliworks is committed to embedding sustainability into every aspect of its business, and the 2022 Sustainability Framework is a key driver of this commitment. This comprehensive framework serves as an enabler for Taliworks' growth, guiding us towards delivering positive impact for our business, the environment, and communities.

The framework, which was endorsed by the Sustainability Steering Committee ("SSC") after a series of stakeholder engagement exercise in early 2021, received approval from the Executive Committee ("EXCO") and was adopted by the Board of Directors in March 2022. It fosters deeper integration of sustainable practices into our core operations, paving the way for increased investment and commitment. Beyond being a strategic guide, this framework serves as a dynamic catalyst for action. It empowers and aligns our teams at all levels, fostering collaborative progress towards our sustainability goals.



Sustainability Framework Pillars

Four central pillars support the Sustainability Framework and ensure that all our operations are able to drive growth, enhance productivity, and effectively minimise sustainability risks.



PILLAR I

Better Business Through Innovation

Leveraging technology and innovation for the creation of products and services to improve sustainability of our business and value chain.



PILLAR II

Impact-Positive Environmental Practices

Minimising the impact of our operations on the environment and proactively responding to climate change through positive actions.



PILLAR III

Valued Human Capital

Creating a safe and healthy working environment.



PILLAR IV

Enriched Communities

Making meaningful contributions to the communities around us through service and programmes that enrich lives.

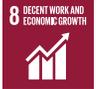
Our Ambitions Mapped to Material Topics and United Nations Sustainable Development Goals ("UN SDGs")

We have set 17 ambitions aligned with the ESG aspects within our pillars to guide our sustainability agenda and initiatives. Our pillars are mapped to relevant UN SDGs and material topics, ensuring a purposeful and impactful trajectory towards a more sustainable future. Through a collaborative approach, we have engaged division leaders and decision-makers to align internal targets for each goal within specified time frames. Our commitment extends to closely monitoring processes and key programmes. The outcome of our sustainability efforts lies in our most significant targets, detailed in "Our Progress Against Key Sustainability Target" with a focus on achieving them by 2025.

Sustainability Statement

PILLAR I	BETTER BUSINESS THROUGH INNOVATION					
AMBITIONS				ALIGNMENT TO MATERIAL TOPICS		
DIGITISATION AND INNOVATION TO DRIVE BUSINESS GROWTH	Invest in innovation and digitisation to drive business growth.	<ul style="list-style-type: none"> Digitisation and Innovation Product Stewardship 				
COMPLIANCE WITH TALIWORKS' CODE OF CONDUCT	Enforce zero tolerance for non-compliance on Taliworks' Code of Conduct ("CoC"), including our whistleblowing, anti-bribery and anti-corruption policies.	<ul style="list-style-type: none"> Business Ethics and Compliance 				
REINFORCING A SUSTAINABLE SUPPLY CHAIN	Extend our Sustainability Procurement Policy by enhancing supplier screenings so that our key suppliers will adhere to minimum good practices.	<ul style="list-style-type: none"> Sustainable Supply Chain Practices Digitisation and Innovation 				
ENSURE REGULATORY COMPLIANCE	Committed to comply with applicable laws and regulations, as well as applicable business regulations and protocols.	<ul style="list-style-type: none"> Business Ethics and Compliance 				
ENHANCE CUSTOMER MANAGEMENT	Achieve above average customer satisfaction rates across our business divisions.	<ul style="list-style-type: none"> Customer Management 				

PILLAR II	IMPACT-POSITIVE ENVIRONMENTAL PRACTICES					
AMBITIONS				ALIGNMENT TO MATERIAL TOPICS		
ENERGY & RESOURCE EFFICIENCY	Improve water and energy consumption of our operations by increasing efficiency and the use of diversified energy sources.	<ul style="list-style-type: none"> Resource Efficiency and Management Managing Our Environmental Footprint 				
TOWARDS EMISSIONS MANAGEMENT	Continually innovate to manage emissions from our operations.	<ul style="list-style-type: none"> Greenhouse Gas Emissions 				
MINIMISE WASTE	Generating less waste at source and increasing recycling efforts.	<ul style="list-style-type: none"> Waste and Effluent Management 				
TOWARDS CONSUMPTION OF LOW ENVIRONMENTAL IMPACT MATERIALS	Increase use of low-environmental impact materials within our operations.	<ul style="list-style-type: none"> Resource Efficiency and Management Ecological Impact 				
MINIMISE IMPACTS ON OUR ENVIRONMENTAL SURROUNDINGS	Minimising the impact of our operations on the surrounding ecosystems.	<ul style="list-style-type: none"> Managing Our Environmental Footprint 				



PILLAR III

VALUED HUMAN CAPITAL



AMBITIONS	
ADVANCE EMPLOYEE DEVELOPMENT	Develop our valued employees' professional growth by ensuring our employees undergo structured performance reviews, supported by robust development plans and training.
ENHANCE EMPLOYEE SATISFACTION	Positively engage our employees and achieve an employee satisfaction score of 80% and above.
PRIORITISE SAFETY & HEALTH	Prioritise our employees' safety and health through robust management plans, striving for zero fatality.
EQUAL OPPORTUNITIES EMPLOYER	Promote equal opportunity in our employment practices.

ALIGNMENT TO MATERIAL TOPICS
<ul style="list-style-type: none"> Engaging Our People Advancing Training and Development
<ul style="list-style-type: none"> Engaging Our People
<ul style="list-style-type: none"> Prioritising Workplace Safety and Health
<ul style="list-style-type: none"> Engaging Our People

PILLAR IV

ENRICHED COMMUNITIES



AMBITIONS	
VOLUNTEERING TO UPLIFT COMMUNITIES	Encourage employees to volunteer in our community projects to uplift the well-being of the communities in which we operate.
EMPOWER COMMUNITIES THROUGH EDUCATION	Empower our communities by focusing on education initiatives.
SUPPORT COMMUNITY WELLNESS	Support community wellness through our community projects.

ALIGNMENT TO MATERIAL TOPICS
<ul style="list-style-type: none"> Community Investment
<ul style="list-style-type: none"> Community Investment Product Stewardship

Sustainability Statement

Our Progress Against Key Sustainability Targets

COMPLIANCE TO CODE OF CONDUCT

2025 Targets	Progress in 2023
<p>Formulate structured Anti-Bribery and Anti-Corruption e-learning modules</p>	<p>Our Initiatives:</p> <ul style="list-style-type: none"> E-learning modules developed by the Group Human Resource ("HR") department. <p>Achievements & Highlights:</p> <ul style="list-style-type: none"> All employees received training guided by the e-learning modules in addition to attending physical trainings conducted in-house as well as by external consultants.
<p>Enhance existing Anti-Bribery and Anti-Corruption policies and practices</p>	<p>Our Initiatives:</p> <ul style="list-style-type: none"> The Anti-Bribery Management System ("ABMS") Committee initiated the enhancement of the Anti-Bribery and Anti-Corruption ("ABAC") policies and procedures, assisted by all divisions. All divisions provided training on ABAC policies and procedures to employees at all levels. Signed-off pledge by employees against bribery and corruption. <p>Achievements & Highlights:</p> <ul style="list-style-type: none"> Zero-reported incidents of bribery and corruption. Enhancement of ABAC policies & procedures was completed by the end of 2023, and subsequently was implemented on 1 January 2024.

ENSURE REGULATORY COMPLIANCE

2025 Targets	Progress in 2023
<p>Comply to relevant and applicable regulatory requirements and ensure no breach of compliance</p>	<p>Our Initiatives:</p> <ul style="list-style-type: none"> Ensuring all divisions are compliant with the relevant and applicable regulatory requirements. <p>Achievements & Highlights:</p> <ul style="list-style-type: none"> In 2023, there were zero breaches of compliance recorded and zero reported violation of regulatory compliance.

ENERGY & RESOURCE EFFICIENCY

2025 Targets

Track water and energy consumption for relevant business divisions where material to the operations

Increase energy-saving initiatives and assess feasibility of supplementing existing energy sources with renewable energy and roll out plans

Progress in 2023

Our Initiatives:

- Monitoring and tracking of waste management and energy consumption by all business divisions on a monthly basis.
- Upgraded conventional lighting to LED lighting at offices and operating sites for certain divisions.

Achievements & Highlights:

- Established a baseline for waste and energy consumption for all divisions using data in 2023. These initiatives are expected to result in the reduction of carbon footprint.

Our Initiatives:

- Ensure best practices by purchasing energy efficiency equipment, and increasing awareness of energy saving through the display of awareness stickers at various locations on-site.
- Implementing solar panel installations for specific divisions.

PRIORITISE SAFETY & HEALTH

2025 Targets

Achieve annual occupational fatality rate below national annual rate, and Group-wide average of 400,000 man-hours without lost-time injury

Progress in 2023

Our Initiatives:

- Committed to comply with pertinent statutory and regulatory requirements and strive towards zero accident target at workplace.
- Multiple campaigns rolled out to ensure health and safety practices in the workplace.
- Safety briefings to visitors and contractors before entering the work sites.
- Established health and safety teams at key sections at work sites.

Achievements & Highlights:

- Zero fatalities reported for FY2023.
- Surpassed the Group-wide average of 400,000 man-hours without lost-time injury in FY2023.

Sustainability Statement

ADVANCE EMPLOYEE DEVELOPMENT

2025 Targets

100% of permanent employees will undergo yearly performance reviews

Continue to drive training and development programmes focused on developing industry-related skills and building leadership capacity

Progress in 2023

Our Initiatives:

- Supporting the Group HR department in conducting yearly performance reviews on all permanent employees.
- Divisions are required to achieve their annual training Key Performance Indicator ("KPI").

Achievements & Highlights:

- All our permanent employees undergo yearly performance reviews.
- All divisions have met the annual training KPI for FY2023.

VOLUNTEERING FOR COMMUNITY WELL-BEING

2025 Targets

Encourage employee participation in community programmes and to volunteer for company-approved community programmes

Continue to strategically contribute to community investment initiatives

Progress in 2023

Our Initiatives:

- Participation from employees in a blood donation drive hosted at our corporate office, Menara LGB, and engaged in spreading joy and cheer among underprivileged children and the elderly during festive seasons.
- The Waste Management division had reached out to local communities through volunteerism, material donations, and financial support. They have spearheaded awareness of proper waste recycling through education and strategic partnerships with various local authorities and NGOs to spread greater awareness.
- Employees from the Water Treatment and Supply division had engaged with the surrounding communities they serve through initiatives such as the Recycling Programme, *Gotong-royong* for School/Pre-school Upkeep, programme with Pusat Pemulihan Dalam Komuniti ("PPDK") Ijok, donation for flood victims in Segamat, Johor, and Water Day Carnival with Lembaga Urus Air Selangor ("LUAS").

Achievements & Highlights:

- Our contributions toward community development amounted to RM496,000, positively impacting over 700,000 lives through 26 diverse livelihood programmes.

Our Initiatives:

- Identified key programmes for annual contribution and continuation.

Achievements & Highlights:

- Included in the approved budget for FY2024 and planned for completion.

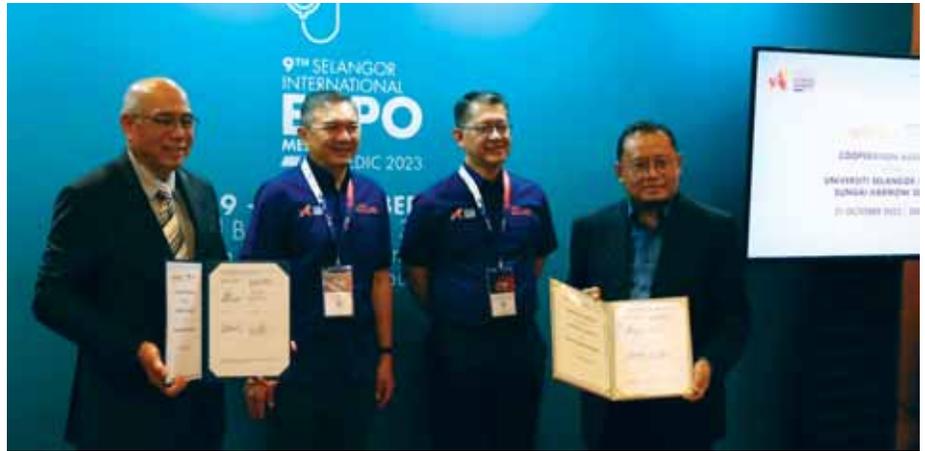
2023

Significant Sustainability Events



January 2023

R&D with UiTM on Transforming Residual from Water Treatment Plant ("WTP") into pre-carbonised material
 Sungai Harmoni Sdn. Bhd., a subsidiary of Taliworks Corporation Bhd, has taken proactive steps to champion a green environment. This research collaboration with UiTM aims to identify opportunities for repurposing residual waste generated at the WTP, thus moving away from the cradle-to-grave concept and adopting a closed-loop lifecycle.



October 2023

Collaboration Agreement with Unisel

Sungai Harmoni Sdn. Bhd. ("SHSB"), has signed a collaboration agreement with Universiti Selangor ("UNISEL") to explore water supply opportunities.

November 2023

Special Award "The Best Recycling Drive-Thru" in the Southern Region by SWCORP in conjunction with Hari Kitar Semula Kebangsaan 2023

The KITAREcycle Drive-Thru by the Waste Management division has been awarded the Special Award for Best Recycling Centre at the Malam Apresiasi Madani Cintai Bumi Celebration in conjunction with the National Recycling Day 2023.



December 2023

GHG Management Modular Workshop by Taliworks Group

The Group-wide workshop expanded understanding of the impact of climate change on the community and environment, as well as introduced fundamental concepts of carbon footprint assessments ("CFPA") and waste assessments for our business divisions throughout the entire value chain.

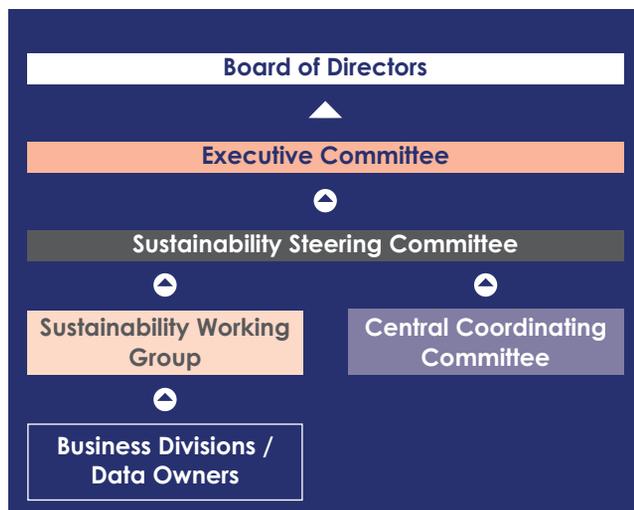
Sustainability Statement

Sustainability Governance

Taliworks' sustainability governance structure ensures the delivery of our sustainability commitments and maintains a high level of integrity across our operations. This allows us to deliver on the Group's sustainability agenda and maintain focus on the topic at both the board and senior management levels. This structure clearly outlines the roles and responsibilities of our leadership team, enabling efficient planning and execution of our strategic sustainability objectives.

The SSC, comprising members from Group Finance, Group Corporate Communications, Group Human Resource, and business divisions, plays a pivotal role in guiding and implementing all sustainability measures, with support from the Sustainability Working Group ("SWG") and the Central Coordinating Committee ("CCC"). Reporting to the EXCO, the SSC provides annual updates to the EXCO and the Board. Business divisions are bolstered by governance standards, aligning their particular ESG risks with the Group's sustainability and business priorities. Business heads take charge of implementing and managing initiatives, while the board oversees the Group's efforts in adopting sustainable business practices, covering economic, environmental, and social considerations.

Additionally, Section 5.0 of the Statement of Risk Management and Internal Controls offers a detailed explanation of the Group's risk management practices, contributing to a comprehensive understanding of Taliworks' governance and risk management landscape.



Board of Directors

- Maintains general oversight of the Group's sustainability strategy and performance by setting and implementing the Group's sustainability strategies, priorities, and targets.
- Integrates sustainability factors into Board responsibilities. This includes, but is not limited to, the creation and implementation of Group strategies, business plans, significant plans of action, and risk management.
- Communicates the Group's sustainability strategies, priorities, and targets, along with performance updates against these targets, to both internal and external stakeholders.
- Takes a proactive approach to stay informed and comprehend sustainability matters relevant to the Group and its businesses, including climate-related risks and opportunities.
- Addresses sustainability risks and opportunities in performance reviews of the board and senior management.
- Empowers the SSC to lead and oversee the integration of sustainability matters into the Group's operations.
- Approves and authorises the Sustainability Statement that encapsulates the Group's sustainability efforts.

Executive Committee

- Maintains oversight of Taliworks' sustainability objectives and endorses the Sustainability Framework.
- Directs the Group's business and day-to-day operations to meet corporate sustainability targets and plans.

Sustainability Steering Committee

- Ensures accountability for our sustainable goals and performance.
- Assists the Board and senior management in overseeing and propelling the implementation of the Group's sustainability agenda.

Sustainability Working Group

- Supports the Sustainability Steering Committee in executing the sustainability agenda, which involves tracking and compiling sustainability data.

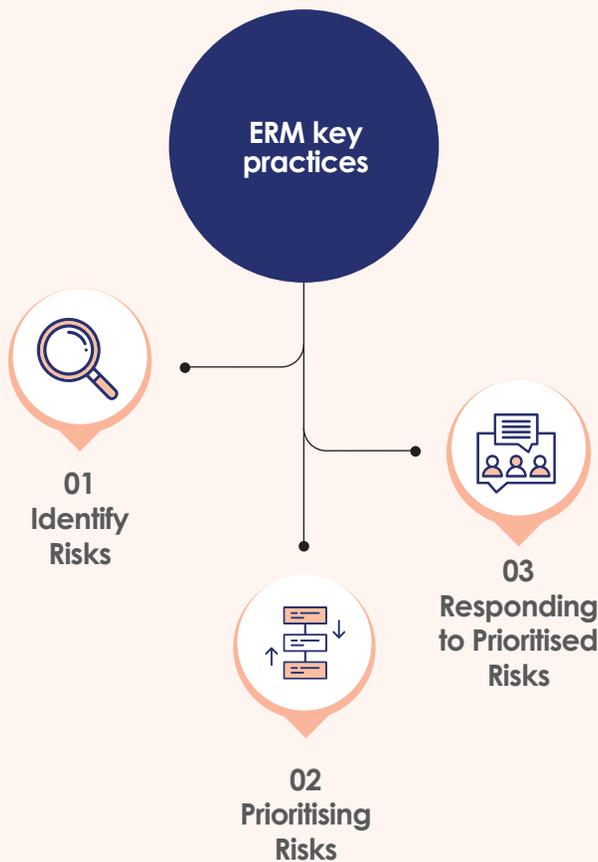
Central Coordinating Committee

- Assist the SSC in establishing a sustainability framework to guide the sustainability initiatives to be undertaken by the Group.
- Report ESG-related risks and opportunities by identifying and addressing potential risks and opportunities to improve decision-making by data/risk owners.
- Communicate the Group's sustainable goals to stakeholders by building a comprehensive communications strategy focused on the Group's ESG efforts, keeping internal and external stakeholders informed and engaged.
- Keep abreast of new sustainability-related frameworks and guidelines by standard setters.
- Develop strategies to inculcate a culture of ESG awareness and adoption within the Group.

Our ESG Risk Management

Recognising the pivotal role of ESG factors in business resiliency and long-term success, the Group has integrated ESG risks into our Enterprise Risk Management (“ERM”) framework. This strategic move signifies our commitment to proactive mitigation and effective management of ESG risks while simultaneously driving sustainable outcomes for our business.

The ERM key practices are to identify, measure, control, monitor, and report risks are outlined as follows:



For further details on the steps under the ERM practices, please refer to Section 5.0 of the Statement on Risk Management and Internal Control included in this Annual Report.

The effective oversight of risks at Taliworks is conducted by the Audit and Risk Management Committee (“ARMC”). To fortify the Group’s systems, practices, and resources, the ARMC supervises the Risk Management Working Group (“RMWG”) dedicated to the risk management function. Additionally, management assumes responsibility for the internal control system.

The current refined risk management process encompasses the identification, evaluation, monitoring, and management of principal risks that could impact the Group’s business objectives. Senior management is duly informed to respond to stakeholders regarding their operations’ environmental and community impact, addressing concerns such as climate change, loss of biodiversity, and proper waste disposal.

The RMWG ensures a consistent risk assessment by utilising a risk-rating matrix to identify key risks in significant areas, evaluating the likelihood and impact of risk exposure based on each risk owner’s judgement and knowledge. Furthermore, regular reviews are conducted on our risk ratings and mitigating actions to identify emerging risks, update our risk profile, and follow up on the implementation of proposed initiatives.

Sustainability Statement

Our Climate Disclosure Commitment

Governance	Strategy	Metrics & Targets
<p>Board oversight of climate-related risks and opportunities, performance, and strategies relevant to climate change.</p> <p>SSC to guide and implement necessary measures to address climate change risk and opportunities.</p> <p>The EXCO manages the Group's business and day-to-day management to achieve the Group's corporate sustainability targets and plans.</p>	<p>To reinforce our commitment towards ESG matters in line with Malaysia's target of becoming a carbon neutral nation by as early as 2050 and its commitment to reduce the greenhouse gas ("GHG") emissions intensity of gross domestic product ("GDP") by 45% in 2030, as tabled under the 12th Malaysia Plan.</p> <ul style="list-style-type: none"> We believe the increased importance of ESG issues, coupled with Malaysia's commitment to achieve 31% of renewable target mix by 2025, and 40% by 2035, bodes well for the Group's expansion plan for the renewable energy division. 	<p>In the fourth quarter of 2023, Taliworks started tracking and monitoring Scope 1 and Scope 2 GHG emissions, focusing on areas where we have direct operational control.</p> <ul style="list-style-type: none"> Our commitment to environmental stewardship is reflected in the calculation of our carbon footprint, which adheres to the GHG Protocol Corporate Standard and Corporate Value Chain Accounting and Reporting Standard. Leveraging guidance from various scientific sources, including the IPCC Guidelines for National Greenhouse Gas, we acquired emission factors to quantify the emissions generated across our operations.
<h3>Risk Management</h3>		
<p>Taliworks operates in a highly competitive construction industry where the number of projects is limited, posing a risk to our ability to secure new projects.</p> <p>As all of Taliworks' businesses are regulated, we are vulnerable to political uncertainties in the country. Furthermore, we are susceptible to inflationary pressures resulting from increased costs of raw materials and supplies, as well as labour shortages and higher costs.</p> <p>The growing emphasis on ESG awareness has led to new market expectations and regulatory requirements that Taliworks must comply with.</p>	<p>The water industry has been identified as one of the Government's priorities.</p> <ul style="list-style-type: none"> As part of the 12th Malaysian Plan, the Water Sector Transformation 2040 was established to set strategic direction to ensure the water sector is a dynamic growth driver while ensuring water supply for all. We foresee new infrastructure opportunities in this sector, which the Group can readily tap into. Resolving non-revenue water ("NRW") issues, ageing water infrastructure, scarcity of potable water in certain states, deteriorating raw water quality where new water treatment technology will be required. 	<p>Looking ahead, Taliworks is dedicated to enhancing our GHG management practices in alignment with the Task Force on Climate-Related Financial Disclosures ("TCFD") recommendations.</p> <ul style="list-style-type: none"> To facilitate transparent and informed decision-making, we have structured a framework that includes bi-annual progress meetings with the respective divisions and the SSC. Our objective is to monitor and track our emissions data, and identifying emerging trends.

How We Engage Our Stakeholders

Taliworks' business ventures span a wide range of industries. Given the diverse nature of the Group's operations, it invariably entails engagement with an equally diverse group of stakeholders. The many engagements present opportunities for Taliworks to understand the views, concerns, needs, and aspirations of different stakeholder groups at any given point in time. This process is crucial in determining whether Taliworks is effectively serving as a force for positive impact and whether its comprehension and perspective on material topics align with stakeholder concerns.

Stakeholder engagement is facilitated through targeted and strategic interactions, including meetings, dialogues, events, and scheduled communications across the various businesses within the Group.

Our Stakeholders	Engagement Mechanism	Our Approach
<p>Customers</p> 	<ul style="list-style-type: none"> • Social media • Suggestion box • Surveys • Service hotline • Mobile and email communication • Operational meetings • Whistleblowing channels • Company website 	<p>We centre our customer engagement efforts on three core areas: efficient responses, excellent service delivery, and competitive pricing. These aspects are pivotal in fortifying Taliworks' reliability and ensuring compliance with best practices. Our ultimate objective is not only to meet but to surpass customer expectations in our deliverables, all while delivering exceptional customer service.</p>
<p>Regulators and Government Bodies</p> 	<ul style="list-style-type: none"> • Physical and virtual conferences, exhibitions, and talks • Periodical reports • Face-to-face and virtual meetings • Press releases • Audits • Regulatory meetings • Peer reviews 	<p>Establishing and sustaining valuable relationships with government and regulatory bodies is crucial, given their role in regulatory oversight, leadership, and status as part of our customer base. By ensuring excellent quality of service, competitive pricing, and regulatory compliance, we strive to be a reliable partner and a responsible corporate citizen.</p>
<p>Shareholders, Investors, and Analysts</p> 	<ul style="list-style-type: none"> • Physical and virtual conferences • Press releases • Face-to-face and virtual meetings • Annual general meetings • Fund managers' and analysts' briefings • Email channels • Public announcement to the stock exchange • Annual Reports • Company website • Whistleblowing channels 	<p>We keep stakeholders informed about the Group's financial and operational performance by issuing public announcements and press releases in conjunction with the quarterly unaudited financial results submitted to Bursa Malaysia. Annually, we publish our annual report, which covers our strategy, risk management, and ESG practices. These updates cater to shareholders, investors, fund managers, financiers, and analysts, offering insights into our business plans, strategies, financial performance, project and business operations, and details on any corporate exercises undertaken.</p>

Sustainability Statement

Our Stakeholders	Engagement Mechanism	Our Approach
<p>Employees</p> 	<ul style="list-style-type: none"> • Code of ethics • Employment handbook • Employee engagement programmes • Internal training, webinars, and workshops • Newsletters • Surveys • Internal communications • Team meetings • Town hall meetings • Interviews • Peer reviews • Performance appraisal • Whistleblowing channels • Company website 	<p>Our workplace is dedicated to fostering growth and diversity. We provide equal opportunities to all employees, with benefits tailored to industry standards and the specific needs of our workforce. We prioritise the rights of our employees, emphasising workplace safety and maintaining a healthy work-life balance. Additionally, we support their professional development by providing opportunities for career growth.</p>
<p>Suppliers/Vendors /Service Providers</p> 	<ul style="list-style-type: none"> • Reply to queries • Tender briefings • Operational meetings • Request for proposal/quotation • Site visits • Mobile and email communication • Whistleblowing channels • Performance survey • Performance evaluation • Company website 	<p>Our commitment to fair procurement practices is unwavering, ensuring transparency in our tendering processes for suppliers. We keep our suppliers well-informed about our current business standing and maintain stringent health and safety controls to uphold a secure working environment.</p>
<p>Communities/ NGOs</p> 	<ul style="list-style-type: none"> • Community programmes • Press releases • Community meetings • Whistleblowing channels • Mobile and email communication • Company website 	<p>We prioritise the welfare of the local communities surrounding our projects and operations by keeping them informed and encouraging their active participation in our community engagement efforts. We adopt a proactive and responsible approach to environmental challenges, with a strong emphasis on safety. In tandem, we actively address health and safety concerns, respond to grievances, and welcome feedback from the communities we serve.</p>

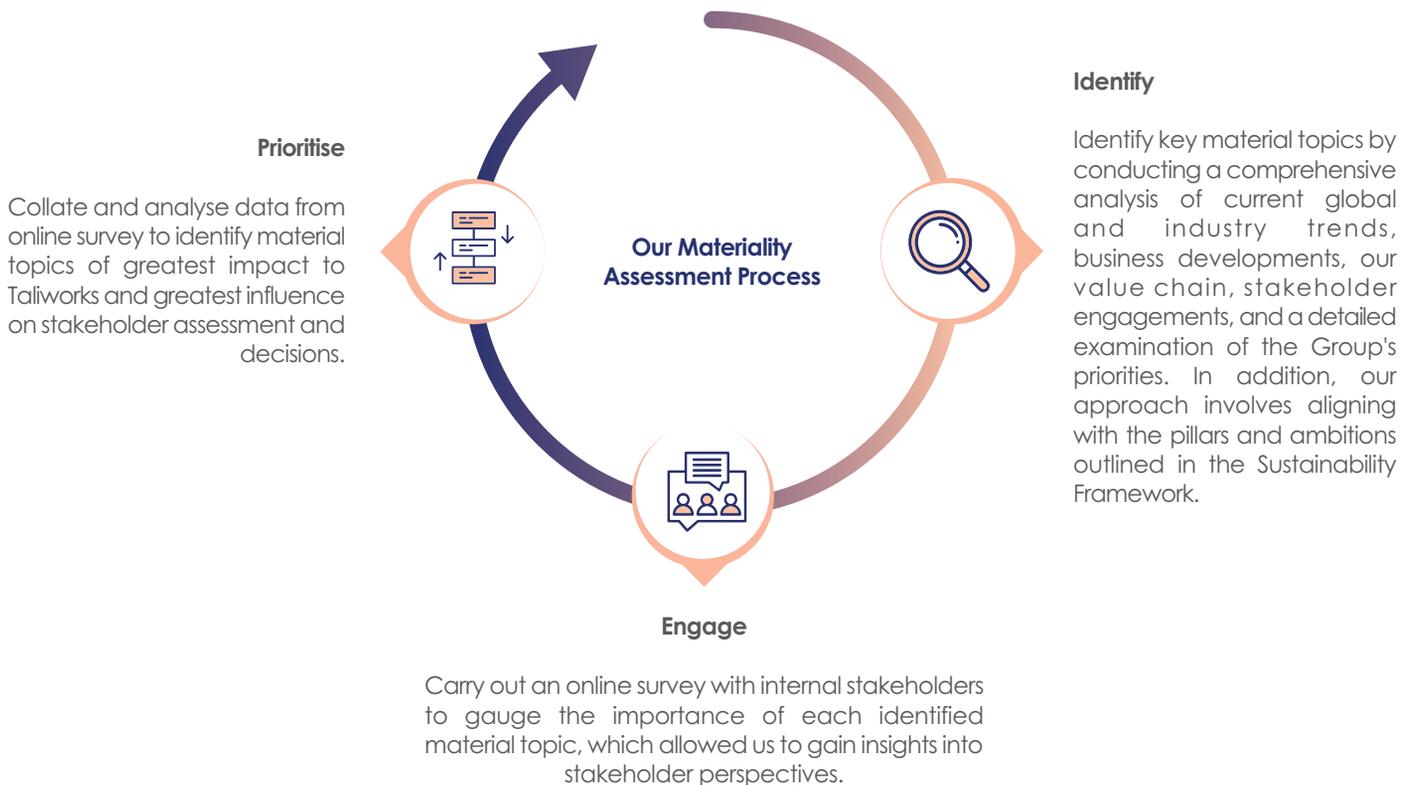
Our Stakeholders	Engagement Mechanism	Our Approach
<p>Media</p> 	<ul style="list-style-type: none"> • Advertising • Community programmes • Face-to-face and virtual meetings • Press releases • Company website • Mobile and email communication • Social gatherings 	<p>We engage with the media, ensuring prompt and clear communication on our business direction, impact, and financial performance. This approach extends our reach beyond immediate stakeholders, fostering meaningful connections with the broader public.</p>
<p>Board of Directors</p> 	<ul style="list-style-type: none"> • Surveys • Annual general meetings • Company reports • Compliance with stock exchange requirements • Board and Board Committee meetings • Evaluation forms • Trainings 	<p>We collaborate with our Board of Directors to uphold and enhance sound corporate governance practices throughout the Group. This commitment serves to protect the interests of shareholders and various stakeholders, including employees, customers, suppliers, society, and the communities where the Group operates.</p>
<p>Banks/ Financiers</p> 	<ul style="list-style-type: none"> • Email communication • Face-to-face meeting • Social gatherings • Virtual meetings 	<p>We communicate with banks and financiers, providing them with insights into our business strategies, financial performance, updates on projects, and business operations.</p>

Sustainability Statement

Material Matters

Taliworks is committed to understanding and addressing the concerns of our stakeholders throughout our sustainability journey. Guided by our Sustainability Framework, we prioritise our efforts by identifying and focusing on key ESG topics that have a significant impact on our Group's value creation. Through collaborative efforts with stakeholders, we have mapped out these key ESG topics across our diverse business operations.

To ensure the ongoing relevance and accuracy of our approach, we regularly update our assessment. We conducted our last baseline materiality assessment in January 2022, and we have committed to embarking on a comprehensive materiality assessment to be conducted in FY2024, incorporating a larger stakeholder group with focus group discussion to collect an enhanced dataset. This dynamic process helps us align our strategy and daily operations with evolving business needs, fostering long-term, and sustainable value for our stakeholders. In our recent materiality confirmation assessment, we found that our current material matters remain pertinent to our businesses and stakeholders. Moving forward, we plan to conduct an enhanced materiality assessment, engage key stakeholders, and share the results in our next report cycle.



THEME	MATERIAL TOPICS	DESCRIPTIONS
ECONOMIC GROWTH	Business Ethics and Compliance	Enabling responsible leadership and governance through industry best practices and risk management whilst maintaining operations by building a culture of good business ethics and regulatory compliance amongst employees and throughout the value chain.
	Product Stewardship	Responsible management of our products and services to ensure safety, quality, and reliability of our solutions throughout their lifecycle.
	Customer Management	Nurturing and maintaining positive customer relationships across the Group through customer service excellence.
	Digitisation and Innovation	Adopting innovative strategies, digital solutions, and new technologies for business growth and operational efficiency to streamline processes and improve our service quality.
	Data Protection and Privacy	Upholding data protection practices to safeguard the security of customer and employee personal data.
	Sustainable Supply Chain Practices	Responsible procurement practices through consideration of economic, environmental, and social factors throughout the supply chain in order to acquire quality products and services to our customers. Responsible selection of suppliers to encourage compliance and adherence to our policies and procedures.
ENVIRONMENTAL MANAGEMENT	Noise Management	Monitoring and managing noise emissions from our operations.
	Resource Efficiency & Management	Monitoring and managing the consumption of water, energy and material resources to ensure its efficient use whilst mitigating its impacts to the surrounding environment.
	Greenhouse Gas Emissions	Monitor and track to manage GHG emissions in line with environmental regulations and service requirements.
	Waste and Effluent Management	Responsible management of waste and effluents across our operations through close monitoring and tracking of waste generated from Taliworks' business operations to reduce waste to landfills and strengthen nationwide recycling culture.
	Managing Our Environmental Footprint	Minimising the impact of our operations to avoid or reduce potential harm to the natural environment and the biodiverse species that live in it.

Sustainability Statement

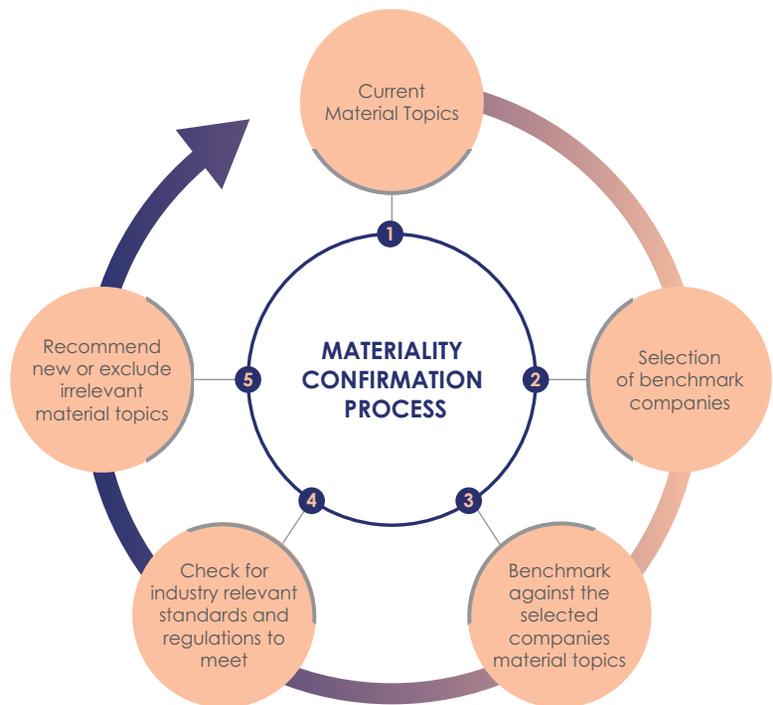
THEME	MATERIAL TOPICS	DESCRIPTIONS
SOCIAL CONTRIBUTION AND HUMAN CAPITAL	Engaging Our People	Building a productive, strong and diversified workforce by regularly engaging with our people for a more harmonious work environment and culture.
	Advancing Training and Development	Equipping our people with the necessary skills to remain relevant in the workforce for the future.
	Prioritising Workplace Safety and Health	Prioritising safe and healthy working conditions for our people to minimise the risk of accidents and injuries across our operations through strict adherence to the required Occupational, Safety, and Health Standards.
	Community Investment	Investing in and empowering our communities by actively contributing to engagement programmes centred around community, environment, and education activities.

Materiality Confirmation Process

The initiation of the materiality confirmation process involves conducting a thorough examination of existing topics and evaluating their alignment with the four key pillars that anchor Taliworks' sustainability aspirations within the framework. Our Sustainability Framework guides our prioritisation of efforts by identifying and focusing on crucial ESG topics that profoundly influence our Group's value creation. Collaboratively mapping out these key ESG topics across our diverse business operations is a testament to our commitment to sustainability and ongoing stakeholder engagement.

The materiality benchmarking exercise indicates that the material topics addressed by Taliworks are consistently embraced by both local and global industry peers. This alignment underscores Taliworks' commitment to staying abreast of industry trends and adhering to best practices.

Moving forward, we aim to conduct a refreshed materiality assessment in 2024 as a way of aligning new material topics relevant to Taliworks' evolving business landscape.



BETTER BUSINESS THROUGH INNOVATION

Taliworks plays an important role in nation-building by providing safe drinking water to critical infrastructure while creating substantial value and contributing to the country's socio-economic development.

Chapter Highlights



Business Ethics and Compliance

We assessed 100% of our operations for corruption-related risks, and we are proud to report there were zero incidents of corruption.



Product Stewardship

All our divisions showcase how products and services are responsibly managed throughout their lifecycle, ensuring optimal performance and customer satisfaction.



Sustainable Supply Chain Practices

Our supplier selection processes provide a high level of assurance as to the quality and integrity of our procurement systems. Furthermore, we will provide support to local suppliers, empowering them to thrive alongside us.

We prioritise quality and reliability in our operations, strictly adhering to regulations to ensure a guaranteed level of service for end-users. This commitment allows us to continuously create value and deliver a meaningful impact across our business landscape in the long run. Given our diversified operations, each division within the Group has a unique approach to creating value for stakeholders, contributing collectively to our sustainability efforts.

As a trusted service provider, our commitment to surpassing the expectations of our clients and community is unwavering. We prioritise innovation in our products and services as a cornerstone for ensuring business resilience. Anchored in good corporate governance, risk management, and stringent operating procedures, we uphold a high level of standards of ethical business practices in every facet of our daily operations.

Sustainability Statement

BUSINESS ETHICS AND COMPLIANCE

At Taliworks, our dedication lies in fostering a workplace characterised by integrity, accountability, and responsible business practices, which form the bedrock of our ethics and corporate culture. Our policies and procedures serve as guiding principles, empowering every employee to uphold a high level of standards of professionalism and ethics in their business conduct. We have also integrated compliance ambitions under Pillar I of our Sustainability Framework, "Better Business Through Innovation" "Compliance With Taliworks' Code of Conduct" and "Ensure Regulatory Compliance"—as we continue to incorporate sustainability deeper into our organisational structure.

In 2023, we are guided by the following codes and policies:

Code of Business Conduct and Ethics for Directors

The code establishes standards and guidelines for ethical behaviour for Directors while performing their duties for the Group or when representing it.

Highlights

Implemented a Conflict of Interest ("COI") Policy to ensure actual, potential, or perceived conflicts are handled appropriately. This promotes transparency, encourages a culture of honesty and accountability, and upholds good governance within the Group.

Code of Conduct

The Employment Handbook contains the CoC, outlining the policies and guidelines that employees must follow regarding standards and ethics in performing their duties and responsibilities. Furthermore, the CoC is provided to all new employees who join Taliworks.

Highlights

All employees undergo training to ensure they are familiar with the CoC guidelines outlined in the Employment Handbook.

Whistleblowing Policy

The Whistleblowing Policy outlines procedures that allow anyone with a connection to the Group to anonymously raise concerns about potential non-compliance or improper conduct within the Group in an appropriate manner.

The Group encourages employees to confidentially report their genuine concerns without fear of retaliation, as long as the disclosure is made in 'good faith'. We have a whistleblowing committee in operation, responsible for reporting any cases to the board on a quarterly basis.

Highlights

There have been no complaints reported to the Whistleblowing Committee.

Furthermore, we report zero complaints concerning human rights and child labour violations.

Anti-Bribery and Anti-Corruption Policy

The ABAC Policy aims to inform and guide the Board of Directors, employees, and Associated Persons on compliance with the Anti-Bribery Management System ("ABMS"). This system includes the ABMS Manual and accompanying Procedures, implemented by the Group to reduce the occurrence of bribery and corruption in its daily operations.

This policy strives to align with the Group's policy of zero tolerance for bribery and corruption.

Highlights

In 2023, we evaluated all aspects of our operations for risks associated with bribery and corruption and are pleased to report that zero incidents of bribery and corruption were detected.

We undertake an annual bribery and corruption risk assessment of all our operations.

Compliance with Taliworks Code of Conduct

Taliworks is unwavering in its commitment to nurturing a corporate culture that integrates compliance into our day-to-day operations. With a proactive approach, we implement initiatives to ensure our employees have a comprehensive understanding of our policies and procedures.

100%
of employees received
training on ABMS



Note : To view our Anti-Bribery and Whistleblowing Policies in detail, please visit <https://taliworks.com.my/corporate-governance/>

Anti-Bribery Management System

Taliworks has in place an ABMS to improve the integrity culture within the Group and reduce the impact of bribery, corruption, or mismanagement. The current ABMS, established in 2020, is designed to help prevent, detect, and respond to bribery and corruption.

In 2023, the Group engaged an independent third party to conduct a review to identify enhancements to the ABMS and to implement a practical anti-corruption programme in line with the Guidelines on Adequate Procedures issued by the Prime Minister's Department in 2018. These guidelines were issued pursuant to subsection (5) of section 17A of the Malaysian Anti-Corruption Commission Act 2009 (Act 694), as stated in the Malaysian Anti-Corruption Commission (Amendment) Act 2018 ("MACC Act"), which took effect on 1 June 2020. The objective of these guidelines is to assist commercial organisations in understanding the adequate procedures that should be implemented to prevent the occurrence of corrupt practices in relation to their business activities.

ABMS Committee

With the introduction of corporate liability under section 17A of the MACC Act the Group has adopted the Guidelines on Adequate Procedures to prevent its directors, employees and/or associated persons from undertaking bribery and corruption practices in relation to its business activities. By adopting the Guidelines on Adequate Procedures, the Group is guided by the five principles of TRUST.

Sustainability Statement

In alignment with the TRUST principles, the Group is committed to preventing the occurrence of bribery and corruption, and for this purpose, the Group has established the ABMS Committee to provide oversight and guidance on the implementation of the ABMS within the Group. The main responsibilities of the ABMS Committee are as follows:

- ▶ ensuring that the ABMS is established, implemented, maintained, and reviewed to adequately address the Group's bribery and corruption risks;
- ▶ reviewing the internal reports by the ABMS Compliance Function including the annual audit plan, anti-bribery and anti-corruption policies, objectives, training programmes, revisions to Terms of Reference of the ABMS Compliance Function and providing guidance for any identified compliance issues or areas for improvements;
- ▶ assessing jointly with the ABMS Compliance Function, the design adequacy and operational efficiency of its internal control system relevant to anti-bribery and anti-corruption, as well as the sufficiency of the Guidelines on Adequate Procedures to comply with the TRUST Principles;
- ▶ promoting an appropriate anti-bribery and anti-corruption culture within the Group;
- ▶ working with the Whistleblowing Committee on the effectiveness of the whistleblowing channels.

ABMS Compliance Function

The ABMS Compliance Function of each business unit or subsidiary is to be headed by an ABMS Compliance Officer duly appointed by the board or management of the relevant business unit or subsidiary, as the case may be, whom will be responsible for the day-to-day affairs of anti-bribery and anti-corruption compliance.

TRUST Principles

We are aligned with the TRUST principles to ensure that we have established reasonable and proportionate Guidelines on Adequate Procedures as a defence mechanism with regards to section 17A of the MACC Act related to the Group's corporate liability.

TRUST PRINCIPLES	DESCRIPTIONS
▶ Top Level Commitment	<p>(a) The Board of Directors is responsible for establishing a 'zero-tolerance culture' towards bribery and corruption and ensuring effective implementation of an ABAC programme to prevent or mitigate potential or real bribery and corruption cases. The Board is also required to ensure full compliance with ABAC policies and procedures, and to establish the 'tone from the top' against bribery and corrupt practices.</p> <p>(b) The Group will therefore adhere to the highest standards of integrity and ethics and comply with all applicable laws and regulatory requirements for ABAC.</p>
Risk Assessment	<p>(a) The top-level management is entrusted to manage the bribery and corruption risks to ensure an effective ABAC programme. Top-level management refers to a person who is a director, controller, officer, or partner or who is concerned with managing the affairs of the respective business divisions within the Group.</p> <p>(b) The ABMS Compliance Function will conduct periodic risk assessments to identify and address potential threats and mitigate these risks.</p>
Undertake Control Measures	The Procedures set out the processes, procedures, and controls adopted by the Group for the ABMS. The control measures to address any identified risks ought to be reasonable and proportionate to the nature and size of the business divisions within the Group to effectively handle or minimise any of these risks.

TRUST PRINCIPLES	DESCRIPTIONS
<p>▶ Systematic Review, Monitoring, and Enforcement</p>	<p>A periodic review of the ABAC programme will be undertaken by the ABMS Compliance Function to assess its performance, efficiency, effectiveness and ensure that the programme is enforced.</p>
<p>Training and Communication</p>	<p>It is the responsibility of employees to read and understand the ABAC Handbook and attend all mandatory ABAC training. These communications would take into consideration all the key points of the ABAC Handbook, including but not limited to the consequences of non-compliance, reporting channels, and how this information would be disseminated. Training is compulsory for all new hires and for key high-risk personnel to create awareness among employees by providing them with the skills needed to deal with situations in which they may encounter bribery and/or corruption, as well as to keep up-to-date with the Group's ABAC policies and procedures.</p> <p>Physical ABMS training programme for high-risk employees and a digital e-learning refresher course for all employees are conducted to ensure a comprehensive approach to institutionalising the integrity culture at Taliworks. All new employees are required to acknowledge the ABAC Policy and Procedures at onboarding.</p>

Governance Structure

To ensure that the ABMS is properly implemented, we have established the following governance structure.



Data Protection and Privacy

Our core businesses leverage on digitisation to improve productivity and the customer and employee experience. The challenge remains as we face enhanced risks from cybersecurity threats that need to be identified and mitigated through robust cybersecurity controls to prevent breaches and unauthorised access to customer information and personal data. We are aware that we need to be vigilant in solidifying our cybersecurity functions and standards of data governance to prevent any system breaches. We remain committed to providing efficient operations, seeking business opportunities while navigating through the various risks resulting from digitisation.

At Taliworks, we recognise these risks and are committed to identifying and mitigating them through extensive cybersecurity controls, as well as having standards of data governance that prevent system breaches that can lead to unauthorised access to customer information and private data. To minimise cybersecurity risks, we have established a comprehensive set of Information Technology ("IT") policies complying with the Personal Data Protection Act 2010, which outlines our guidelines for collecting,

Throughout FY2023, we had **ZERO substantiated complaints** or cases of customer data breaches, leaks, thefts, or losses.

recording, and storing customers' personal data. As part of our commitment to data security, we hold certifications for ISO/IEC 27001:2013 Information Security Management System ("ISMS") and ISO/IEC 20000-1:2011 Information Technology Service Management System ("ITSMS").

We place great emphasis on ensuring our employees understand the importance of IT security and their role in maintaining it. Our employees receive briefings on data protection and data privacy as part of our induction programme. This year, we have enhanced our safety guidelines regarding internet and email usage for all employees, aiming to bolster cybersecurity awareness throughout the organisation.

As we progress in our journey of embracing innovation and technology to propel growth, we remain steadfast in strengthening our data protection and privacy practices.

Sustainability Statement

Product Stewardship

At Taliworks, we take pride in being trusted providers of infrastructure development, water treatment, waste management, and highway operation services to our customers. With steadfast dedication to our stakeholders, we pursue the delivery of exceptional service quality, promoting positive customer experiences across our four business divisions and the entire value chain. Our commitment to regulatory compliance serves as a catalyst for continuous improvement and innovation. It drives us to stay ahead of the curve, anticipating evolving standards and leveraging them to strengthen our service quality.

WATER TREATMENT AND SUPPLY



Our Management Systems	Regulations & Policies We Comply to
<ul style="list-style-type: none"> ISO9001: 2015 ISO/IEC 17025:2017 ISO/IEC 27001:2013 National Dual Training System (NDTS):CM/060/2:2014 and CM/021/2:2014 Practical Assessment Centre for Recognition of Prior Achievement: CM/060/2:2014 (Water Treatment Operation Services), C/331/033:2017 (Facilities Management), and E/360/002:2016 (Water Treatment Quality Control (Lab)), E/360/003-2:2019 (Water Supply Instrument Application) Anti-Bribery Management System 	<ul style="list-style-type: none"> Water Service Industry Act 2006(Act 655) National Drinking Water Quality Standard 2004 Environmental Quality Act 1974 (Act 127) Occupational Safety and Health Act 1994 (Act 514) Poisons Act 1952 (for storing and using of caustic soda) Akta Kawalan Bekalan 1961 (KPDN) Water Services Industry Licensing Regulations 2007 Abstraction of Water Source Regulations 2012 Water Services Industry (Bulk Water Supply Agreement) Rules 2015 Water Services Industry (Bulk Water Supply Agreement) Rules 2019 Malaysian Anti-Corruption Commission Act 2009 (Act 694) Anti-Bribery and Anti-Corruption Policy Anti-Bribery Management System Manual and Procedures

Water Treatment and Supply Division: Why it Matters

Committed to providing clean water, the Water Treatment and Supply division earns customer trust through regular water quality monitoring and a reliable supply. Despite numerous challenges, including meeting customer demands for treated water and ensuring compliance with health and quality consumption standards, our division actively addresses these obstacles through robust risk management systems and strict regulatory adherence.

Ensuring High Quality Water

The provision of safe, potable water and ensuring a sustainable water supply system are crucial for national water security. We prioritise water quality through monitoring of reservoirs and catchment areas in collaboration with the Ministry of Health ("MOH") and other stakeholders to ensure its suitability for consumption. By promptly identifying contaminated raw water, we strive to ensure that any natural water found to be contaminated undergoes timely chemical treatment. This helps prevent additional contamination and mitigates potential operational costs and risks.

While our primary objective is to consistently provide uninterrupted water supply to our clients, it is essential to acknowledge that occasional disruptions may occur. These interruptions can be attributed to a variety of factors, including third-party pollution necessitating WTP shutdowns, scheduled or unscheduled repair works, and the ageing of pipes, which may result in leaks and bursts, consequently affecting the supply.

Ensuring High Quality Water

Therefore, water infrastructure requires substantial expenditure for replacement, repair, and maintenance. To control and minimise disruptions, we have taken proactive measures to prevent further recurrences. Our commitment to upholding regulatory standards and delivering consistently high-quality water supply resulted in zero disruptions reported at SSP1 in FY2023.

Guided by a commitment to sustainable growth, we diligently oversee water quality and enhance our treatment procedures through thorough research. This includes exploring alternative treatment chemicals to address occasional pollutants. Our Sungai Harmoni laboratory holds ISO/IEC 17025 microbiological accreditation.

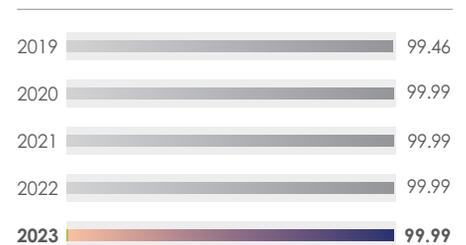
Due to the nature of our service, clean and potable water is our top priority. Water quality testing is performed at two-hour intervals at our water treatment plants, and we regularly conduct plant maintenance to uphold this commitment. We consistently ensure alignment with MOH's National Drinking Water Quality Standards. In FY2023, we successfully maintained a compliance rate of 99.99% consecutively.

Towards Operational Efficiency

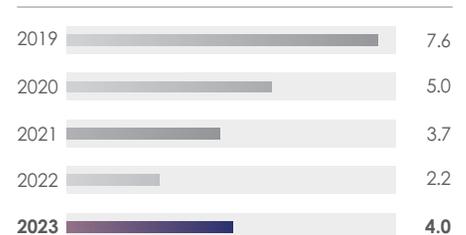
Taliworks is currently upgrading our systems to minimise water loss at the SSP1 WTP. We have made strategic investments in several technical applications, including the installation of power meters for monitoring the energy consumption of both raw and treated water pumps. Additionally, we have upgraded the penstock mechanism and replaced actuators to improve filter operations. We have also been monitoring the performance of all natural and treated water pumps.

In FY2023, there was a notable surge in plant water loss, reaching a recorded rate of 4.0%. This increase can be attributed primarily to inaccuracies in meter readings. Recognising the critical importance of addressing this issue, we are focusing on upgrading the meters in 2024. We are committed to maintaining water loss below 5%, as per our KPI. It is worth noting that a portion of the water consumed is used for internal processes and various other plant operations.

Compliance rate for selected water quality parameters for the past five (5) years at SSP1 (%)



Percentage of water loss at the SSP1 WTP (%)



Sustainability Statement

HIGHWAY TOLL CONCESSIONAIRE, OPERATIONS, AND MAINTENANCE OPERATOR

Our Management Systems	Regulations & Policies We Comply to
<ul style="list-style-type: none"> ISO 9001:2015 for Provision of Highway Maintenance and Toll Collections (Grand Saga) MS ISO 9001:2015 for Operation and Maintenance of Highway (Grand Sepadu) Anti-Bribery Management System 	<ul style="list-style-type: none"> Concession Agreements with Government of Malaysia Malaysian Highway Authority ("MHA") Guidelines for Monitoring on Operation and Maintenance Assessment for Operation Control and Maintenance for the Environmental Aspect for Highway Currently Operating and Under Construction Arahan Pengurusan Sistem Tol (APST) - LLM/GP/T18-21 Garis Panduan dan Petunjuk Prestasi (KPI) Perkhidmatan Peronda Lebuhraya - LLM/GP/T9-08 Expressway Performance Indicator (EPI) Malaysian Anti-Corruption Commission Act 2009 (Act 694) Anti-Bribery and Anti-Corruption Policy Anti-Bribery Management System Manual and Procedures

Highway Toll Concessionaire, Operations, and Maintenance Operator Division: Why it Matters

The Group's highway holds significant importance as a key element in Malaysia's transportation infrastructure, particularly in the Cheras or Kuala Lumpur-Kajang and Shah Alam-Port Klang regions. We strive to provide well-maintained infrastructure and amenities to mitigate and proactively manage road maintenance, traffic congestion, and ensure safe and adequate rest areas with amenities for the comfort and convenience of our commuters on the Grand Saga and Grand Sepadu Highways. We are dedicated to not only fostering smooth traffic flow but also creating safe and well-equipped rest areas that offer comfort and convenience to enhance the overall commuting experience for all.

Securing the Safety of Our Road Users

As toll operators for the highways, our foremost responsibility is to ensure a safe and secure commuting experience for road users. This commitment is upheld through continuous 24-hour monitoring and surveillance utilising a network of 21 strategically placed CCTV cameras along the highways. We provide real-time updates on road conditions, conduct routine daily inspections, and deploy on-site patrols conducted by our dedicated Patrol Teams - Saga Ronda at Grand Saga and Sepadu Ronda at Grand Sepadu. Furthermore, we actively collaborate with Dewan Bandaraya Kuala Lumpur ("DBKL") and the Kuala Lumpur Traffic Police to implement tidal flow operations, managing Kuala Lumpur-bound traffic during the day and Kajang-bound traffic during the evening peak.

GRAND SAGA	HIGHWAY FEATURES	GRAND SEPADU
12 Nos.	CCTV Cameras	9 Nos.
12 members	Patrol Teams	12 members
10 per day	Frequency of Patrols	12 per day

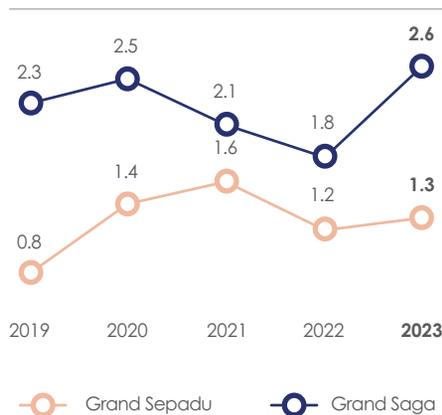
Saga Ronda offers a complimentary tow truck service for highway users.

We strive to provide reliability and safety for our highway users. To this end, we work closely with the MHA to conduct thorough monthly (or Timely Spot Checks) inspections as an integral component of our rigorous quality assurance process. This year, we focused on routine and unscheduled highway maintenance to comply with MHA regulations. In line with these efforts, we have invested RM10.89 million in maintaining the Grand Saga and Grand Sepadu highways, demonstrating our commitment to road safety. The maintenance procedures encompass routine and periodic supervision, aligning with MHA's guidelines and standard operating procedures. As per MHA and the division's approved work programmes, these maintenance tasks are diligently carried out on a daily, weekly, and monthly basis.

In our continuous commitment to highway safety, we have intensified our efforts on the Grand Saga and Grand Sepadu Highways, maintaining an accident rate well below the MHA's requirement of 3.15 per million vehicles. Our unwavering dedication to safety is evident through ongoing enhancements to safety features, comprehensive training programmes, and swift responses to any emerging safety concerns for our highway users.

Notably, the accident rate on Grand Saga was 2.6 accidents per million vehicles in FY2023, an increase from 1.8 in FY2022. This increase is attributed to a higher volume of traffic recorded in FY2023 and accidents involving motorcycles. Similarly, Grand Sepadu experienced a rise in its accident rate to 1.3 accidents per million vehicles compared to the previous year. In FY2023, there were a total of 42 reported accidents, a slight increase from the 38 cases in FY2022. Particularly, there is an observed rise in motorcycle accidents in FY2023 compared to the previous year.

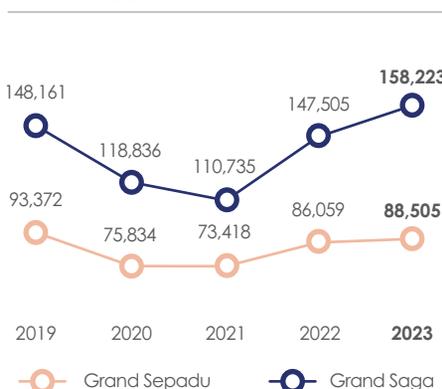
Highway accident rates for the past five (5) years



Managing Traffic Congestion

We are dedicated to advancing the user experience on our highways through the adoption of innovative digital solutions. All our tolls are now fully automated, backed by round-the-clock support teams. In collaboration with the Royal Malaysian Police ("PDRM"), we have intensified our initiatives to alleviate traffic congestion and enhance the safety and comfort of road users through the application of innovative technologies and data-driven strategies. This partnership has facilitated the implementation of tidal flow systems during peak hours and the optimisation of traffic signal timing, addressing the growing annual usage of our highways.

Highway user performance (vehicles per day) for the past five (5) years



Our commitment to enhancing the overall experience for road users is exemplified by the utilisation of traffic reports gathered by our 24-hour patrol team, extending to the provision of facilities such as shelters for motorcyclists, Rest and Service Areas ("RSAs"), petrol stations, and pedestrian overpasses along our highways. Furthermore, in a bid to improve traffic flow, the highway concessionaire discontinued the Touch 'n Go at Toll Plaza lanes. By 2024, we are committed to streamlining the payment experience by introducing the Open Payment Toll Collection System for all our users with Grand Saga and Grand Sepadu offering 3 lanes and 9 lanes respectively.

Sustainability Statement

ENGINEERING AND CONSTRUCTION



Our Management Systems

- ISO 9001:2015 Quality Management System
- Anti-Bribery Management System

Regulations & Policies We Comply to

- Construction Industry Development Board (CIDB) Act 1994 (Act 520)
- Environmental Quality Act 1974 (Act 127)
- Occupational Safety & Health Act 1994 (Act 514)
- Manual Saliran Mesra Alam Malaysia (MSMA 2nd Edition), published by Department of Irrigation & Drainage (DID) 2012
- Guidelines for Erosion and Sediment Control in Malaysia by Department of Irrigation & Drainage (DID) 2010
- Environmental Quality (Clean Air) Regulation 2014
- Guidelines for Environmental Noise Limits and Control 2019 (Reprint 2021)
- Malaysian Anti-Corruption Commission Act 2009 (Act 694)
- Anti-Bribery and Anti-Corruption Policy
- Anti-Bribery Management System Manual and Procedures

What does Product Stewardship mean to the Engineering and Construction Division?

As a specialised contractor in water-related infrastructure, our foremost commitment lies in ensuring customer satisfaction and fostering a sense of ownership in the services we deliver. Throughout every stage of our projects, from initiation to the conclusion of the Defects Liability Period (“DLP”), we place a strong emphasis on providing exceptional customer service. Despite the intricate nature of our projects, maintaining quality is a fundamental aspect of our core priorities. Our approach centres on comprehending the unique needs of our clients and diligently working to meet their expectations.

During the construction phase, our projects are guided by a comprehensive Project Quality Plan (“PQP”). This plan encompasses crucial information such as project summaries, work process layouts, and quality assurance procedures. The PQP not only serves as a framework for the effective execution of projects but also acts as a cornerstone for modifying processes to fulfil specific project requirements, thus ensuring the overall quality of the completed projects. Upon completion, the contracted works will typically enter a contractual phase known as DLP where any patent defects are addressed. Shortly before the conclusion of the DLP, a routine joint inspection is typically carried out to ensure the absence of any defects in the works. Upon mutual agreement that the works are without defects, the client or their authorised representative/empowered agent will subsequently issue the Certificate of Making Good Defects to us. Engaging with clients in good faith builds trust as well as enhances client satisfaction.



Ensuring Project Quality and Satisfaction

Project Execution Flow



Submit Work Programme detailing planned sequence of activities for approval



Monitor progress against approved Work Programme



Engage regularly with clients to understand their needs and expectations



Submit samples of construction materials or goods for approval



Appoint only approved external providers with proven track record

Taliworks is actively advancing the Rasau Package 2 ("RSP2") and Rasau Package 3 ("RSP3") construction works. We remain focused on diligently executing the ongoing projects in full compliance with the specified requirements until their successful completion. Notably, we have not taken on any new projects in 2023, underscoring our concentrated efforts on the current initiatives.

WASTE MANAGEMENT



Our Management Systems

- ISO 9001:2015
- Anti-Bribery Management System

Regulations & Policies We Comply to

- Solid Waste and Public Cleansing Management Act 2007 (Act 672)
- Occupational Safety and Health Act 1994 (Act 514)
- Environmental Quality Act 1974 (Act 127)
- Environmental Quality (Scheduled Wastes) Regulation 2005
- Construction Industry Development Board CIDB Act 1994 (Act 520)
- Malaysian Anti-Corruption Commission Act 2009 (Act 694)
- Anti-Bribery and Anti-Corruption Policy
- Anti-Bribery Management System Manual and Procedures

What does Product Stewardship mean to the Waste Management Division?

With our primary operational focus revolving around providing sustainable waste management solutions, we acknowledge the importance of promoting responsible waste management practices through education and behaviour change. This dual commitment reflects our dedication to not only addressing waste effectively but also actively contributing to a more sustainable and environmentally conscious community.

Sustainability Statement

Managing Our Operations

Our waste management operations require innovative solutions, which include productivity improvement, cost optimisation, accuracy and efficiency, risk-based decision-making, daily monitoring, proactive action, incentive systems, and strategic target setting to meet business goals and guide daily operations. Our computerised central command and control centre ("C4I") monitors waste collection and public cleansing as per regulatory requirements. The system provides real-time data for tracking collection routes, public complaints, and payments and is used by all concessionaires in collaboration with SWCorp.

Strengthening Nationwide Responsible Waste Management Practices

The sustainability initiatives of our nation focus on two key aspects: the education and awareness of its public citizens and the encouragement of a change in their attitudes and behaviours related to waste management. It is crucial that our communities actively participate in responsible waste separation for our solid waste recycling systems to thrive and to meet our national target of 40% recycling under the "Kadar Kitar Semula" by 2025. As of December 2023, "Kadar Kitar Semula" has achieved a commendable 35.4% recycling rate, and we remain committed to assisting our nation to meet the national target. In line with accomplishing the national target, we have championed recycling-based initiatives throughout the community in FY2023. We are honoured to be a key enabler of the circular economy shift, and we look forward to growing with our customers as we strive towards a more sustainable future.

RENEWABLE ENERGY**Our Management Systems**

- Anti-Bribery Management System

Regulations & Policies We Comply to

- Environmental Quality Act 1974 (Act 127)
- Occupational, Safety and Health Act 1994 (Act 514)
- Occupational Safety and Health (Control of Industrial Major Accident Hazards) Regulation 1996
- Factories Machineries (Safety, Health, and Welfare) Regulations 1974
- Electricity Supply Act 1990 (Act 447)
- Malaysian Anti-Corruption Commission Act 2009 (Act 694)
- Anti-Bribery and Anti-Corruption Policy
- Anti-Bribery Management System Manual and Procedures

What does Product Stewardship mean to the Renewable Energy Division?

The Renewable Energy division is committed to "Product Stewardship", making it the core of our business philosophy. In managing the lifecycle of solar panels, we emphasise environmental sustainability, worker safety, and regulatory compliance. Through efficient operational practices, waste minimisation, and a focus on reducing environmental impact, we ensure our contribution to a greener future. Rigorous safety measures and adherence to regulations underscore our commitment, ensuring a cleaner, safer, and more sustainable future for generations to come.

Customer Management

At Taliworks, we firmly believe that trust forms the foundation of thriving business relationships. Emphasising this fundamental principle, we focus on providing our customers with the best service and experience through operational responsiveness and tailored solutions. Our diverse customer base includes both public end users and corporate clients across each of our business divisions. Each division is unwavering in its commitment to delivering exceptional customer experience. We prioritise our customers' needs, actively seek feedback, and strive to provide maximum value while upholding our reputation as a responsible business.

Aligned with Pillar I of our Sustainability Framework, "Better Business Through Innovation", our overarching goal is to enhance customer management across all divisions. Here's how each division ensures customer satisfaction:

Water Treatment and Supply Division: Ensuring Agreement Provider's Satisfaction

We regularly assess the satisfaction of our agreement provider, Air Selangor, regarding the services offered by our water treatment and supply division through ongoing engagement with them. These proactive engagements are conducted through operation and maintenance meetings, remedial meetings, and new project meetings involving SSP1. Through these ongoing engagements, our ambition is to ensure an uninterrupted water supply and delivery of clean water, emphasising reliability and quality in our service.

This year, we extended our Customer Satisfaction Survey to Air Selangor and the Ministry of Health of Malaysia, recording an overall score of 78.5%. We plan to involve Suruhanjaya Perkhidmatan Air Negara ("SPAN") in this survey in FY2024.

78.5%

(FY2022: 74.3%)

Overall Customer Satisfaction Score



Sustainability Statement

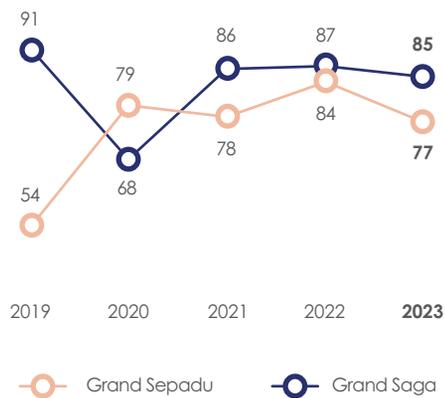
Highway Division: Caring for Our Road Users

We are committed to providing road users with a hassle-free and pleasant experience on our highways. To achieve this, we invest in technology and infrastructure to improve safety, reduce congestion, and enhance communication and information for commuters.

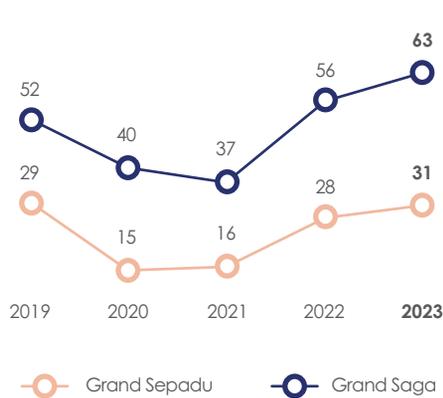
We maintain a 24-hour hotline on various social media platforms and a dedicated customer service email account to address road user concerns. All complaints and queries received are forwarded to the relevant departments within two days. We are dedicated to addressing these issues within a seven-day response period, ensuring a swift and effective resolution that contributes to improved overall road user satisfaction. We ensure that no complaints have been outstanding for more than six months, and in FY2023, we achieved a consistent record of resolving 100% of our complaints within 15 working days on both highways as per MHA's key performance indicator.

We distributed a customer satisfaction survey to 250 road users, and we received an average satisfaction score of 85% for Grand Saga and 77% for Grand Sepadu. The highway division shall work towards monitoring and repairing potholes, improving RSA and lay-by facilities, and ensuring streetlights are properly functioning.

Road user satisfaction rates for the past five (5) years (%)



Complaints received for the past five (5) years



We continue to adhere to the Standards of Procedure by the Highway Operation & Maintenance team, provide timely responses to feedback received across all platforms, and generate more traffic to Grand Saga Highway with the successful completion of the Sungai Besi-Ulu Kelang Elevated Expressway ("SUKU"). Ensuring road user safety is our top priority. We strive for minimal disruptions in the event of any recurrence.

Engineering and Construction: Ensuring Client Satisfaction

Recognising that customer satisfaction is paramount to the success of our business propels us to consistently refine and elevate our services to exceed expectations. At Taliworks, we annually conduct a Client Satisfaction Survey to measure client satisfaction. In FY2023, we achieved an average satisfaction rating of 83.8% for 2 projects, which surpassed our target of 70%. To uphold customer satisfaction throughout a project, we offer channels for customers to provide feedback on project management, service quality, and delivery.



Waste Management: Caring for Our Customers

Given the significant impact of waste management services on public health and safety, we have established a system of communication channels for the public to voice complaints, provide feedback, or lodge reports. These channels include email, a hotline call centre, social media, and the official government complaint platform. Our Customer Relationship Management ("CRM") team handles customer feedback using established guidelines and frameworks, ensuring efficient issue resolution. We have successfully achieved a reduction in the number of public complaints below the target thresholds for the number of complaints received, with annual reviews based on historical data and input from our management and operations committee.

The operations monitoring system ("MResponz system") was developed to increase efficiency in managing customer feedback and complaints, providing an avenue for direct communication with our customers. Via MResponz, the public can channel their feedback and issues to our Call Centre for immediate assistance.

We conduct a customer survey through the public complaint platform on an annual basis as a way of measuring customer satisfaction. The satisfaction data obtained from the 27 local authorities we serve reveals that 48% of them, totalling 13, rated our services as excellent, registering an impressive zero public complaints per month in 2023. Additionally, 30% of other local authorities rated us as good, with an average of one to three public complaints per month. This comprehensive feedback underscores a majority (78%) of our clients and customers expressing satisfaction with us as their preferred waste management service provider.

In our division, we prioritise customer engagement and feedback, recognising the importance of understanding the connection between operations and customer satisfaction. The number of public complaints in FY2023 recorded 716 from all channels, which is 80% against the annual threshold target set at 900 complaints, with a 33% reduction in complaints compared to previous year. To further enhance communications, we have made efforts to address this by adding more information and frequently asked questions to our website.

We prioritise the swift resolution of all complaints, aiming to address them within a 24-hour timeframe, with our CRM team efficiently managing public communication through Talian Indahkan Malaysia for complaint lodging. Supported by our streamlined digital platform, we ensure timely waste collection and general cleaning operations. Monthly performance evaluations of our branches are conducted based on targets set from threshold reports presented by our CRM at our Monthly Management and EXCO meetings. Improvements are continuously made following detailed feedback and action plans provided by our operations committee.

Renewable Energy: Establishing Customer Trust

In line with prioritising customer experience as the core of our operations, we have commenced regular customer engagement initiatives. We will be conducting monthly meetings and on-site visits with our key customers. This proactive approach will enable us to understand customer needs, respond to customer feedback in a prompt manner, and strengthen our partnerships. Our aim is to go beyond the conventional and create an environment where customer satisfaction becomes a tangible and unparalleled experience.



Sustainability Statement

Digitisation and Innovation

With the advancement of digital technologies, it is imperative for organisations to embrace innovative solutions and adapt their operational strategies to stay competitive and resilient in an ever-evolving business landscape. Over the past year, we have executed the implementation of digitisation and automation to maximise efficiencies throughout our processes. In FY2023, we completed the upgrade of our security network and enhanced our WiFi infrastructure to WiFi-6, a substantial upgrade over the current WiFi-4 network, which will provide a better experience for users of typical wireless LAN networks.

Moreover, the upgrade of the floor backbone from 2Gbps to 20Gbps, resulting in a tenfold speed increase, has been successfully implemented.

Our focus on digital transformation to spur business growth is aligned with Pillar I of our Sustainability Framework, "Better Business Through Innovation".

Group

The group has completed the following digitisation initiatives in FY2023:

- Implementation of eForm completed for most divisions.
- Bandwidth Management solutions refresh with the latest hardware to enhance network management.

Water Treatment and Supply

Our water treatment and supply division has enhanced operational efficiency by embracing digital technology. This has allowed us to monitor our treatment plants in real time, promptly identifying instances of water quality non-compliance or reservoir overflows.

Mobile Computerised Maintenance Management System ("CMMS")

The division has introduced mobile CMMS, a unified mobile application that consolidates and streamlines all operational processes and document approval workflows to reduce paperwork and enhance process efficiency. The management team can now directly assign maintenance staff to specific tasks and subsequently close the order through their mobile devices. This upgrade also enables the attachment of photos and the recording of all activities, and it can be used as an indicator of employee KPIs and record-keeping.

Status

 Fully Operated

SHSB Website and e-procurement

The SHSB website functions as a crucial platform for vendors and interested parties to stay informed about both open and upcoming tenders. The e-procurement system facilitates seamless vendor registration and enables the electronic evaluation of tenders, reducing paper usage to a minimum.

Status

 Completed, resulting in the overall reduction of paper consumption.

Highway Toll Concessionaire, Operations, and Maintenance Operator



In our highway division, we are taking progressive steps towards the realisation of the Smart Highway of the Future by implementing multi-lane fast flow (“MLFF”) systems on all tolled highways, with a focus on Radio Frequency Identification (“RFID”) technology.

The RFID system allows highway customers to seamlessly pass through toll plazas, with payment deducted directly from their Touch 'N Go e-wallet, facilitating our road users with a seamless experience throughout their journeys. In FY2023, a total of 8 RFID lanes were installed for Grand Saga, and an additional 11 RFID lanes were implemented specifically for Grand Sepadu.

The Grand Saga also upgraded its surveillance system by replacing 7 analogue CCTV cameras with IP/Digital Cameras. Meanwhile, at Grand Sepadu, we have implemented RFID Multiclass at all Toll Plazas. In addition, the Open Payment Toll Collection System (“SPT”) was initiated in FY2023 and is expected to be completed in the second half of 2024, empowering users to pay tolls using debit or credit cards, a strategic move aimed at reducing traffic congestion on both the Grand Saga and Grand Sepadu highways.

These initiatives listed above show that the highway division is equipping its infrastructure with efficient and reliable systems to ensure our readiness for the implementation of MLFF.

Waste Management



In FY2023, our digitisation efforts for enhanced operational efficiency include enhancing the ecosystem in waste collection and public cleansing services system. Our objective is to digitise the entirety of our operational services through mobile and web applications, streamlining information flow, and synchronising business processes to minimise operational costs. The application will play a pivotal role in facilitating worker attendance management, ensuring seamless reporting of issues, and providing real-time monitoring of work progress.

These initiatives underscore our dedication to enhancing the utilisation of technology for operational efficiency.



Renewable Energy

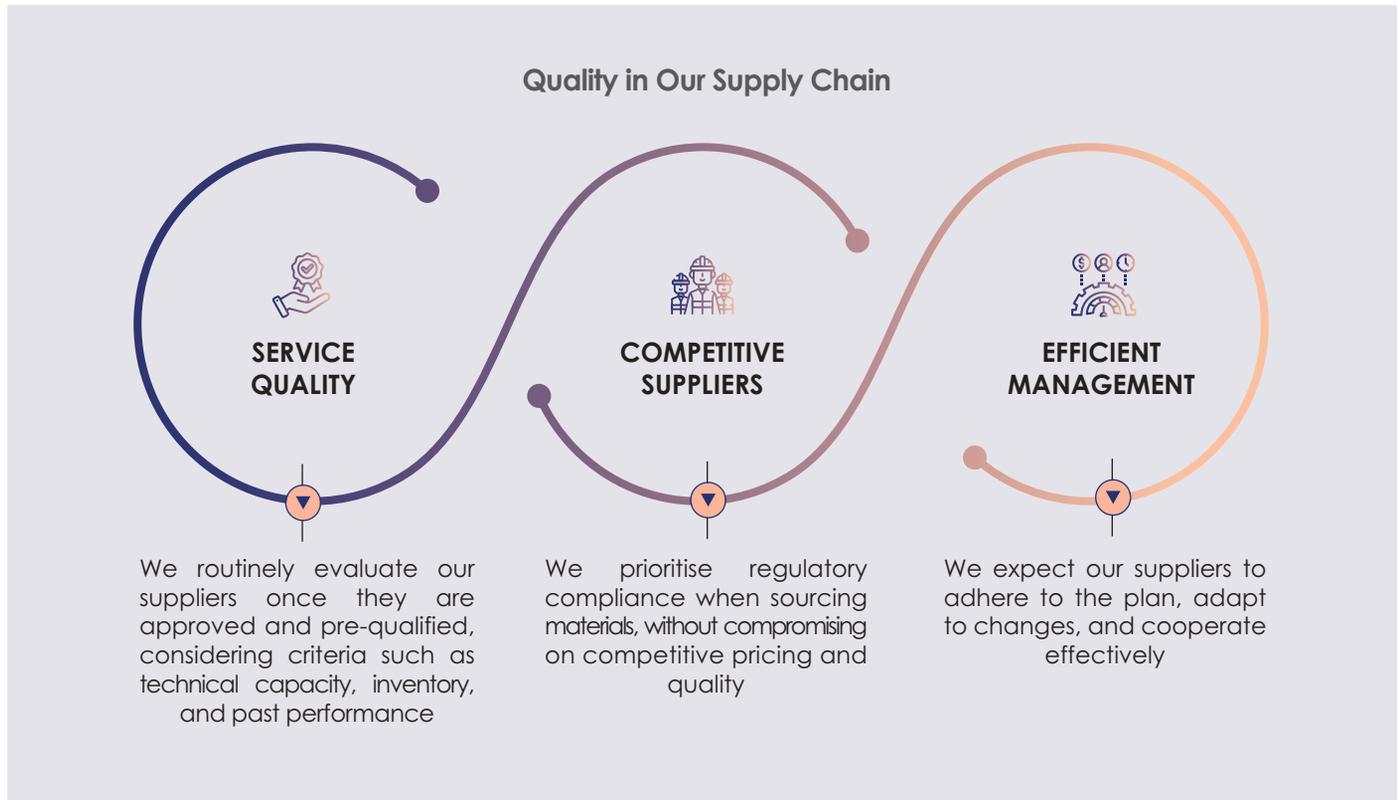
The Renewable Energy division has fully implemented the digitalisation of its procurement processes, embracing a comprehensive system that eliminates the need for paper documentation. This strategic shift demonstrates our unwavering commitment to sustainability, as it drastically reduces paper waste. Embracing a fully digital procurement approach underscores our dedication to modern, environmentally conscious practices, aligning with our broader mission to operate responsibly and reduce our ecological footprint.

Sustainability Statement

Sustainable Supply Chain Practices

A responsible and sustainable supply chain is essential in fostering long-term business resilience and meeting the evolving expectations of stakeholders. Recognising the importance of ethical and sustainable supply chains, we have integrated sustainability considerations across all aspects of our supply chain management processes. This encompasses supplier selection, registration, risk assessment, operational control, and the assessment of EES impacts. At Taliworks, we embrace the vast diversity of our business operations, mirrored in our extensive network of suppliers, business partners, and service providers spread across the nation.

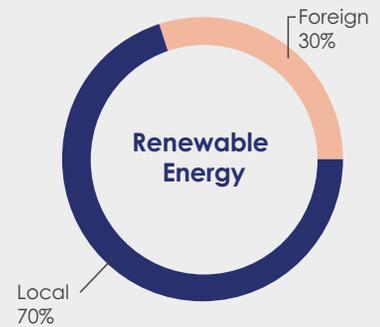
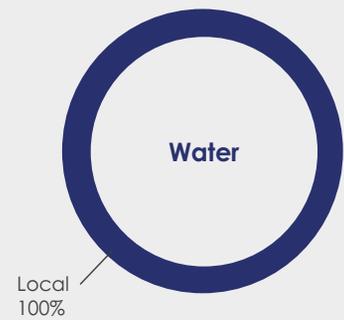
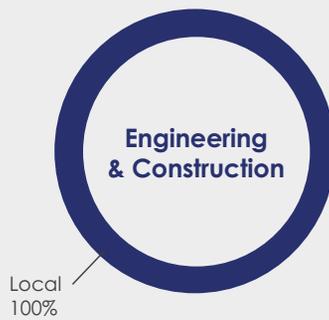
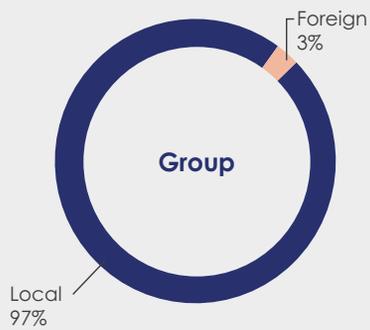
Our Sustainability Procurement Policy ensures responsible, transparent, and ethical operations in relation to our vendors. We have a stringent supplier selection process that ensures quality and integrity, while building long-term partnerships and facilitating healthy competition.



While a formal local procurement policy may not be in place, our pursuit of local sourcing reflects our dedication to operational efficiency, community support, and environmentally conscious business practices. To support local businesses, we strive to source locally whenever possible to ensure swift delivery and availability of goods and services while supporting domestic economic growth and reducing our carbon footprint.

Division	New Suppliers	Total Suppliers	Percentage of local suppliers (%)	Proportion of spending on local suppliers (%)
Group	15	33	97	97
Engineering & Construction	0	16	100	100
Water	24	283	100	100
Highway	11	223	100	100
Waste Management	52	493	99	99
Renewable Energy	0	33	70	75
Total	102	1,081	94.3	95.2

Proportion of Suppliers (%)



Sustainability Statement

a) Supplier Assessment

We strive to ensure our contractors, sub-contractors, and suppliers share our commitment to uphold high standards in quality, environmental responsibility, and occupational safety. To accomplish this, our various business divisions conduct regular assessments of suppliers, tailoring evaluations to specific requirements and business practices. This proactive approach ensures that our supplier relationships align closely with our quality standards and risk management objectives, contributing to the overall reliability and resilience of our business processes.

Division	How we assess our suppliers	Our progress in FY2023
Group 	<p>We adhere to responsible procurement practices, following policies set by the Group Administrative Department ("GAD"). These policies emphasise the preference for local suppliers across all business divisions, contributing to nation-building by empowering local suppliers and contractors. Furthermore, our group follows a Sustainability Procurement Policy, promoting sustainable practices in acquiring corporate equipment. This policy encourages choosing energy-efficient and environmentally friendly products and advocates for the responsible disposal of these items.</p>	<p>Suppliers assessed: 33</p> <p>All vendors and suppliers underwent a compliance review in FY2023. There were no underperforming suppliers and all suppliers remain in the list of registered vendors.</p>
Water Treatment & Supply 	<p>The Water Treatment and Supply Division requires suppliers providing equipment, devices, and materials for water supply and sewerage services to register their products with SPAN in accordance with Section 129 of the Water Service Industry Act 2006, where applicable. Suppliers must adhere to regulatory standards, including health and safety requirements, and provide relevant certificates of analysis for chemical suppliers. SPAN conducts audits to verify supplier compliance with these standards. Furthermore, we conduct an annual assessment of supplier performance.</p> <p>Overall, a total of 290 suppliers have been re-evaluated and 24 new suppliers have been selected to be on the Approved Supplier List for the year.</p>	<p>Suppliers assessed: 290</p> <ul style="list-style-type: none"> Category A: 231 (79.7%) Category B: 59 (20.3%)
Highway Toll Concessionaire, Operations, and Maintenance 	<p>Vendors undergo assessments based on a set of best practice criteria, utilising a scoring system. Underperforming vendors are excluded from receiving Request for Quotation ("RFQ") from both Grand Saga and Grand Sepadu. Contractors' performance is consistently monitored and assessed, with high performers receiving priority for future projects. Maintaining the same contractors helps minimise work disruptions and costs due to their familiarity with our operations.</p> <p>The division is committed to ensuring that suppliers strictly avoid employing illegal labour. This is monitored through the validation of work permits during the supplier screening process and frequent on-site work monitoring.</p>	<p>Suppliers assessed: 223</p> <p>223 Vendors were assessed in FY2023. Among which, 3 vendors were identified as underperforming and were removed from the tender process.</p>

Division	How we assess our suppliers	Our progress in 2023
<p>Engineering & Construction</p> 	<p>The division oversees the maintenance of the List of Approved Subcontractors and Suppliers, comprising pre-qualified external providers authorised to work on projects unless specified otherwise. When considering new suppliers, we assess their portfolios, company and financial backgrounds, technical competency, key staff experience, owned plant and machinery, relevant licences, registration with authorities, and Quality Management System.</p> <p>For approved suppliers, we scrutinise pricing and payment terms, planning and delivery schedules, workmanship and quality control, resources and efficiency, responsiveness to instructions, adaptability to changes, and level of cooperation. Underperforming external providers may undergo a status downgrade, from "Approved" to "Conditional Acceptance" or even "Revocation". Our division will regularly assess the performance of approved subcontractors/suppliers who are currently undertaking or have recently completed work with us.</p>	<p>Suppliers assessed: 16</p> <p>All suppliers met expectations.</p>
<p>Waste Management</p> 	<p>The division's assessment of suppliers and contractors begins with a thorough preliminary company background check. If deemed necessary, site visits to their operational locations are conducted. Subsequently, suppliers and contractors are evaluated based on general criteria, which are compliant with product specifications, ISO 9001, sustainability standards, and integrity standards. Upon engagement, ongoing monitoring and evaluations are carried out at regular intervals to ensure that performance aligns with the agreed requirements and supports the national solid waste management and public cleansing privatisation objectives.</p>	<p>Suppliers assessed: 488</p> <ul style="list-style-type: none"> • Category A - 66% • Category B - 34%
<p>Renewable Energy</p> 	<p>In our evaluation of potential suppliers, an analysis is conducted, encompassing key aspects such as portfolios, corporate and financial histories, technical expertise, qualifications of their staff, owned equipment and facilities, relevant certifications, regulatory compliance, and adherence to a Quality Management System.</p>	<p>Suppliers assessed: 33</p> <p>All suppliers met expectations.</p>

Sustainability Statement

IMPACT-POSITIVE ENVIRONMENTAL PRACTICES

At Taliworks, we continue to elevate our efforts to reduce environmental impacts and combat climate change. Our steadfast commitment is reflected in the implementation of eco-friendly practices that not only minimise harm to biodiversity but also actively contribute to the preservation of the ecosystems surrounding our operations.

Chapter Highlights



Waste and Effluent Management

Waste Generation Summary by Divisions in FY2023



Monitoring Our Emissions

GHG Emissions of Scope 1 and 2 Reporting by Divisions in FY2023



Low-Environmental Impact Purchasing Practices

Enhancing our procurement strategy, and identifying opportunities for conversion to sustainable materials

We are determined to adhere to the ecological standards stipulated in agreements with regulatory bodies, employing these regulations as the fundamental basis for our sustainability initiatives aimed at creating long-term value for stakeholders and optimising operational efficiency. Our environmental footprint is monitored and controlled to ensure a positive impact, with this commitment evident in our procurement, production, and maintenance processes. As a step towards minimising our environmental impact, we have continued to champion the five ambitions under Pillar II of our Sustainability Framework, "Impact-positive Environmental Practices". These ambitions are accompanied by internal time-bounded targets until 2025. To ensure accountability and progress, we commit to annual tracking and the implementation of measures aligned with our environmental sustainability goals.

Waste and Effluent Management

Central to our sustainability efforts is the fundamental practice of responsible waste management. Acknowledging the profound impact of environmental health on community well-being, we strive for excellence in every aspect of waste handling. We prioritise employing methods that prevent environmental pollution, from efficient storage, transportation, and collection to responsible treatment and disposal.

The Group monitors the effects across our operations on waste management, from consumption to discharge, and strives to minimise this impact. Our goal is to reduce waste at the source, enhance recycling, and increase usage of low environmental impact materials. Complementing these efforts, we initiated a comprehensive waste dashboard in the fourth quarter of FY2023 to track waste generation and recycling amounts on a monthly basis.

Our business divisions adopt a responsible waste management approach, which includes:



Partnering with licensed third parties for the proper handling and disposal of waste that has served its purpose, with a focus on managing hazardous waste responsibly



Complying with local regulations to ensure the implementation of safe and ethical practices



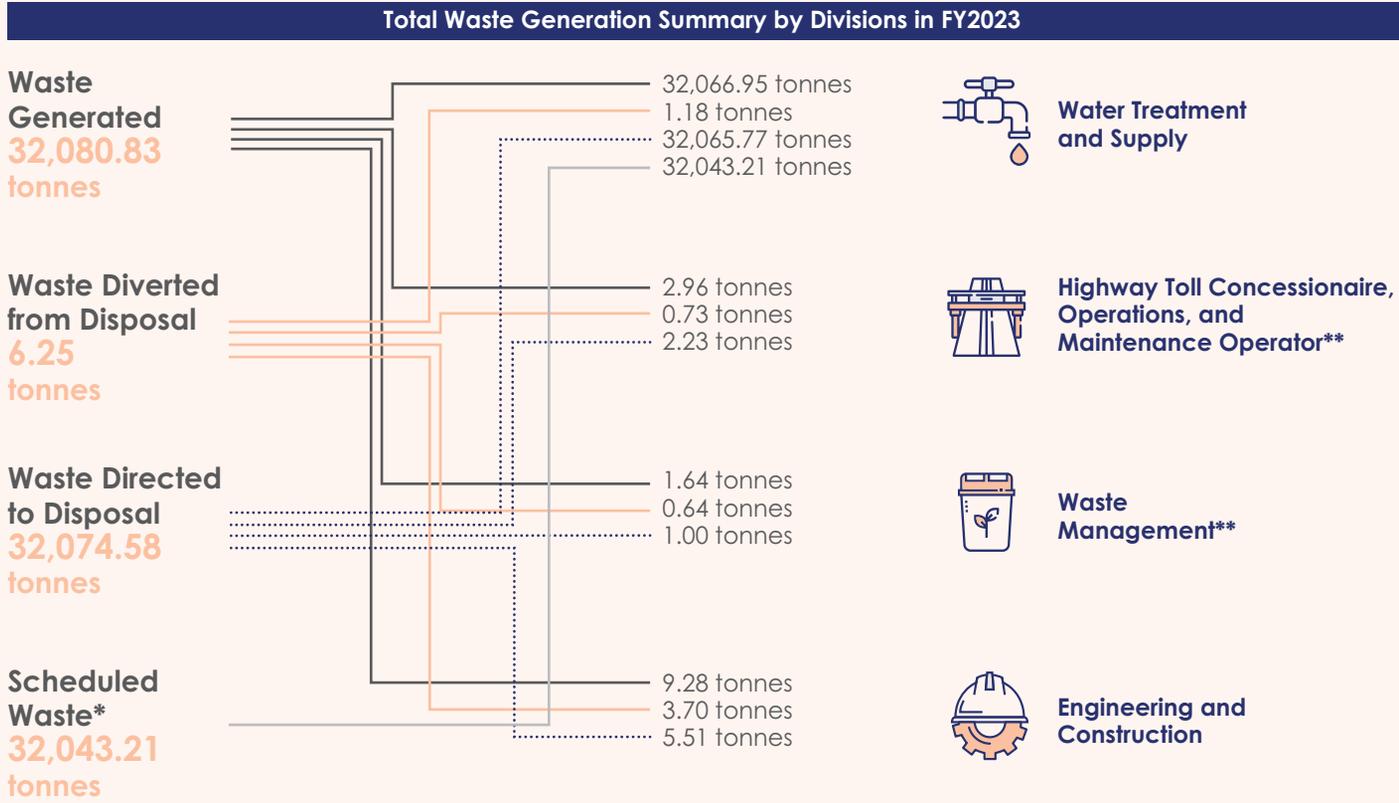
Monitoring waste disposal and effluent management across the organisation



Commitment to continuously improving waste and effluent management methods

Moving forward, we aim to progressively reduce internal waste sent to landfills as part of our ongoing commitment to environmental sustainability.

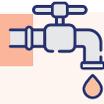
Sustainability Statement



* Scheduled waste, which includes hazardous materials such as e-waste, chemical substances, and used oil, is defined by the Environmental Quality (Scheduled Wastes) Regulations 2005. Consequently, waste generation is particularly significant for the water treatment and supply division due to the scheduled waste produced during the water treatment process. This waste is tracked and reported to the Department of Environment on a monthly basis.

** Numbers reported for these divisions do not account for waste collected from industrial, municipal, household in the waste management division or waste collected from the food and beverage outlets in the Rest and Service Areas in the toll highway division.

Water Treatment and Supply



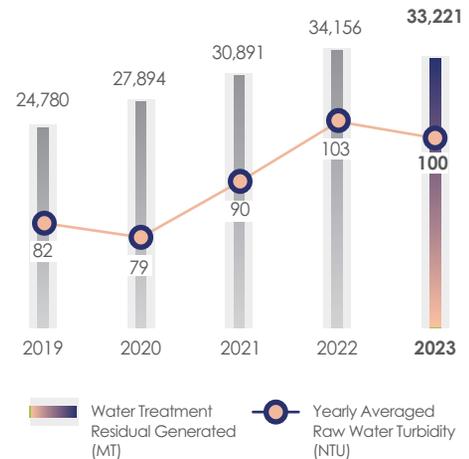
Our water treatment plants discharge effluent water that complies with a Standard B rating from the DOE effluent quality standards. We are committed to self-regulation and have switched to Polyaluminium Chloride ("PAC") as a coagulant instead of alum, leading to reduced sludge production. The plants' waste is disposed of in an environmentally responsible manner, as PAC has been shown to minimise sludge generation. We comply with all regulations from local authorities, prioritise managing effluents and residuals from the water treatment plants, and are committed to preserving local water sources and protecting surrounding communities.

All residuals and effluents generated in FY2023 were disposed at approved sites, either at our in-house depository or at approved external sites.

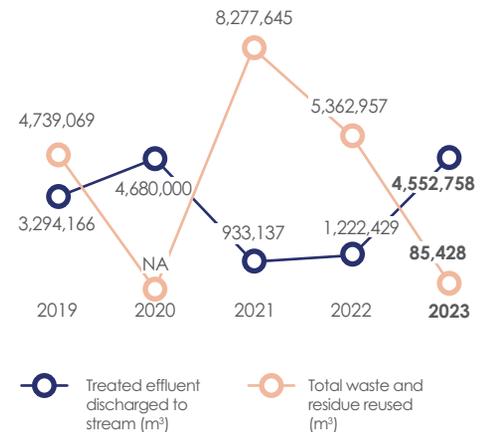
In FY2023, the total volume of treated effluents discharged into the stream has increased in comparison to FY2022 due to the continuous optimisation of our processes, such as switching to PAC from alum. We observed a consistent increment in the total residue generated from our plant over the years, however this was attributed to the rise in turbidity of our water source - which was beyond our control. To improve our processes, we are investing in a mechanical dewatering plant to ensure safer handling, treatment, and disposal of residual material from the SSP1 location, as well as increase the volume of water that can be recycled and reused. In FY2022, we fully conceptualised the plant design and specifications. We are moving on to the next phase of finalising the detailed design of the Residual Treatment Facility ("RTF") in agreement with SPAN. We aim to complete the project by FY2025, currently the project is in the process of tendering.



Waste and Effluent Management Performance - Sungai Harmoni Sdn. Bhd.



Waste and Effluent Management Performance - Sungai Harmoni Sdn. Bhd.



Sustainability Statement

Highway Toll Concessionaire, Operations, and Maintenance Operator

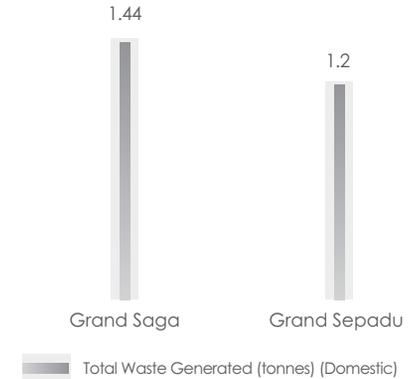


At the Grand Saga highway, we implement a routine maintenance schedule for our sewage treatment plants ("STP"s), conducting monthly cleaning and effluent inspections at Plaza Batu 9, Plaza Batu 11, RSA, and our headquarters. Furthermore, we undertake an annual water effluent analysis for the STPs situated at the RSA along the Grand Saga highway. The findings of these analyses are then reported to MHA, aligning with the stringent guidelines set by the Department of Environment ("DOE").

At the Grand Sepadu highway, STPs at the RSAs undergo monthly cleaning, while those at toll plazas are cleaned quarterly. Furthermore, we conduct an annual water effluent analysis for STPs at our RSAs, reporting results to the MHA to ensure compliance with regulations.

We service the sewerage treatment plants monthly at the RSA of Grand Saga & Grand Sepadu, along with effluent monitoring to ensure the final discharge is within limits, and submit yearly reports to MHA.

Total Waste Generated in FY2023



Waste Management



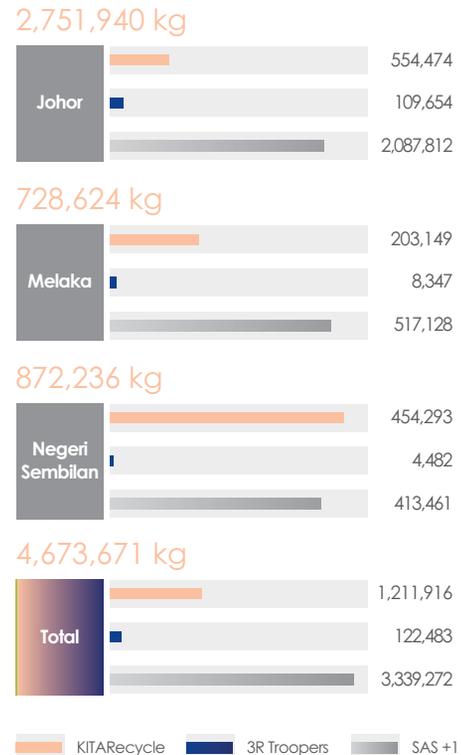
As the concessionaire for collection of solid waste and public cleansing services in Johor, Melaka and Negeri Sembilan, SWME is one of the leading waste management and public cleansing service providers in Malaysia.

Prevention of leachate spillage from the collection vehicles is a crucial aspect of our waste management operation at SWME. In our commitment to upholding a high level of standards of environmental protection, public safety, and service quality for our communities, we monitor potential leachate spills originating from both our fleet and subcontractors. Our overarching objective is to attain a zero-public complaint status for any leachate spills, underscoring our dedication to a safer and more efficient waste management system. We strive to resolve all leachate-related complaints immediately within a 24-hour timeframe, as part of our aim to provide high-quality waste management services.

In FY2023, our environmental stewardship extended to the monitoring of recyclables through impactful initiatives. Notable among these efforts is the Separation-at-Source ("SAS+1") programme which successfully gathered 3,339,272 kg of recyclables. Additionally, the KITAREcycle programme, another significant undertaking, saw the collection of 1,211,916 kg of recyclables and the 3R Troopers programme, which successfully gathered 122,483 kg of recyclables.

These initiatives stand as tangible manifestations of our ongoing commitment to responsible waste management and environmental sustainability.

Breakdown of recyclables collected by States under SWME services (kg)



Engineering and Construction



We have set an internal target to maintain construction waste levels of major goods and construction materials below 5% since 2018 as a way of promoting responsible construction practices. We achieve this by identifying ways to minimise waste, such as optimising steel bar layouts to enhance resource utilisation without compromising structural integrity. In addition, we actively manage effluent and surface runoff, implementing siltation and sedimentation controls. This involves the construction of silt fences, covering exposed slopes, and vigilant monitoring of stormwater discharge quality to the standards established by the DOE and clients.

As a way of preventing siltation of natural waterways, we implement a proactive approach by constructing temporary sediment traps or basins before initiating bulk earthwork. These structures are meticulously designed by qualified professionals and undergo approval from relevant government agencies. By strategically placing these traps or basins, we effectively control surface runoff from the construction site, preventing the release of sediment into nearby water bodies.

Waste tracking initiatives commenced in FY2023 for both RSP2 and RSP3. Within our Engineering and Construction division, RSP2 is currently in its initial phases, resulting in minimal waste disposed of to landfill as we practise the reuse of construction materials.

Renewable Energy



Our commitment to sustainability extends to responsible waste management practices within our division. We prioritise the recycling of waste materials, including solar panels and electronic waste generated during maintenance activities.

These initiatives underscore our dedication to building a more sustainable and circular approach to waste management.



Sustainability Statement

Greenhouse Gas Emissions

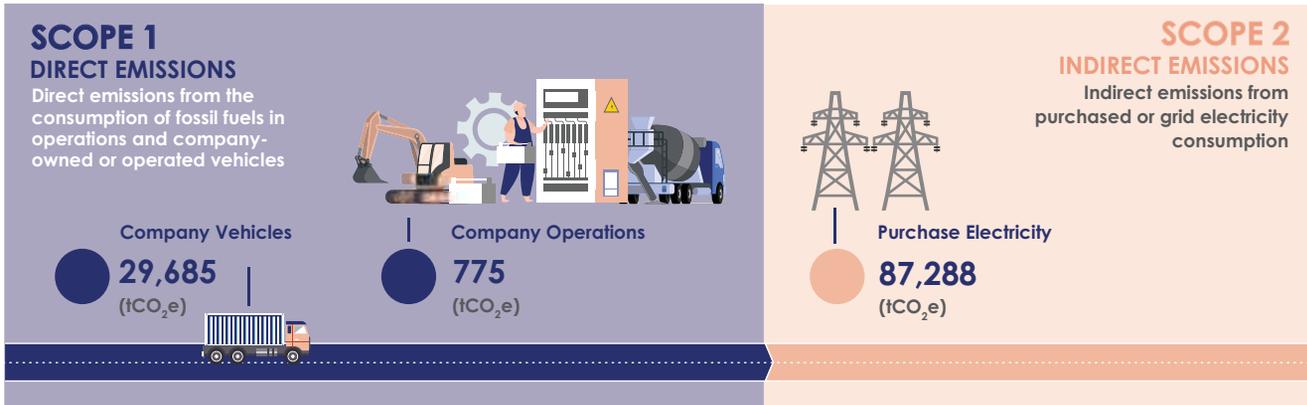
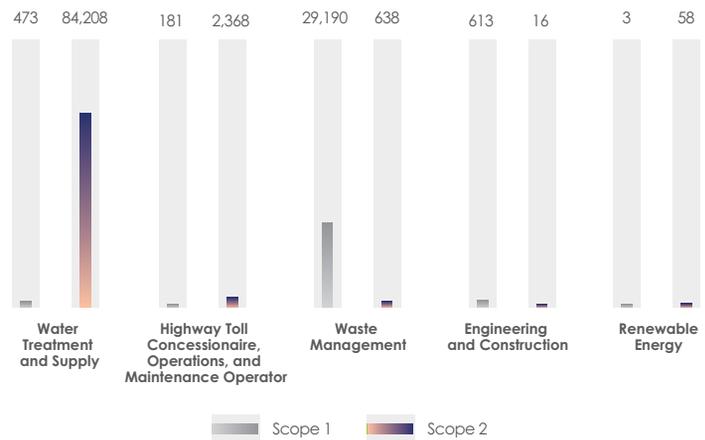
Recognising the risks posed by climate change to the financial performance of businesses, we acknowledge that it also brings forth opportunities for growth. Our overarching objective is to reduce our carbon footprint by addressing and mitigating the adverse effects of our business activities. This includes strategic measures aimed at minimising the environmental impact associated with the transportation and disposal of waste within our waste management division, as well as addressing traffic congestion challenges within our highway division. Our aim is to allocate capital in ways that contribute to the development of a more sustainable and low-carbon economy. In the future, managing and monitoring our GHG emissions inventory will become a higher priority, as we are enhancing our efforts to monitor GHG Scope 1 and 2 emissions more effectively by 2024 and Scope 3 emissions from business travel and employee commute by 2025.

Monitoring Our Emissions

Taliworks Group measures GHG emissions in our core operations, ensuring accurate accounting in accordance with the GHG Protocol Corporate Accounting and Reporting Standard. This standardised approach guides the establishment of our emissions boundaries and scope. As part of our commitment, we are dedicated to establishing a GHG emissions baseline, and initiated the GHG inventory development for Scope 1 (direct emissions from our operations) and Scope 2 (indirect emissions from purchased electricity) in the fourth quarter of FY2023. This approach reflects our commitment to transparent and responsible management of GHG emissions.

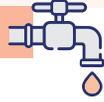
In FY2023, we recorded a total of 30,460 tCO₂e under Scope 1 and 87,288 tCO₂e under Scope 2. Across all divisions, the waste management division contributes significantly to the Scope 1 greenhouse gas emission figures, primarily due to the significant fuel consumption associated with operating its large-scale fleet, whereas the water treatment and supply division contributes significantly to the Scope 2 greenhouse gas emission figures, primarily due to significant electricity consumption associated with operating its large-scale water treatment equipment.

Total GHG emissions (tCO₂e)



Note: The emissions reporting boundary for Scope 1 and 2 is disclosed based on operational control for Taliworks Corporation Berhad

Water Treatment and Supply



At Taliworks, our water treatment and supply division is dedicated to addressing climate change through a series of GHG emission prevention and reduction initiatives. We began with the transition of all lighting fixtures to energy-efficient LED bulbs, significantly reducing our electricity consumption. Moreover, our collaboration with Air Selangor to install solar panels at SSP1 will contribute to a reduction in our dependence on conventional energy sources. Additionally, our commitment to sustainable practices extends to our choice of air conditioning systems, with all units utilising R32 refrigerant for reduced environmental impact. Furthermore, we have adopted hybrid and electric vehicles for our company fleet, minimising carbon emissions from transportation.

Complementing these efforts, our recycling programme and tree planting initiatives underscore our dedication to minimising waste and enhancing carbon sequestration.

Highway Toll Concessionaire, Operations, and Maintenance Operator



In alignment with the stringent requirements set by MHA and DOE, our highway division conducted a thorough analysis of emissions associated with the combustion of fuel in our Generator Sets and STPs. By adhering to the guidelines stipulated by MHA and DOE, we measured and analysed emissions, identifying areas for improvement. This examination forms a significant aspect of our sustainability initiatives, addressing the imperative to mitigate GHG emissions and contribute to a low-carbon future. Moving forward, we are committed to continuing our emission analysis on an annual basis, starting in 2024, to ensure ongoing monitoring and improvement of our environmental performance.

Sustainability Statement

Resource Efficiency and Management

Emphasising the significance of resource efficiency across our diverse business divisions is a key focus at Taliworks. This entails meticulous planning, efficient utilisation, and optimal processing of all resources, aiming to maximise the utilisation of the finite natural resources available to us.

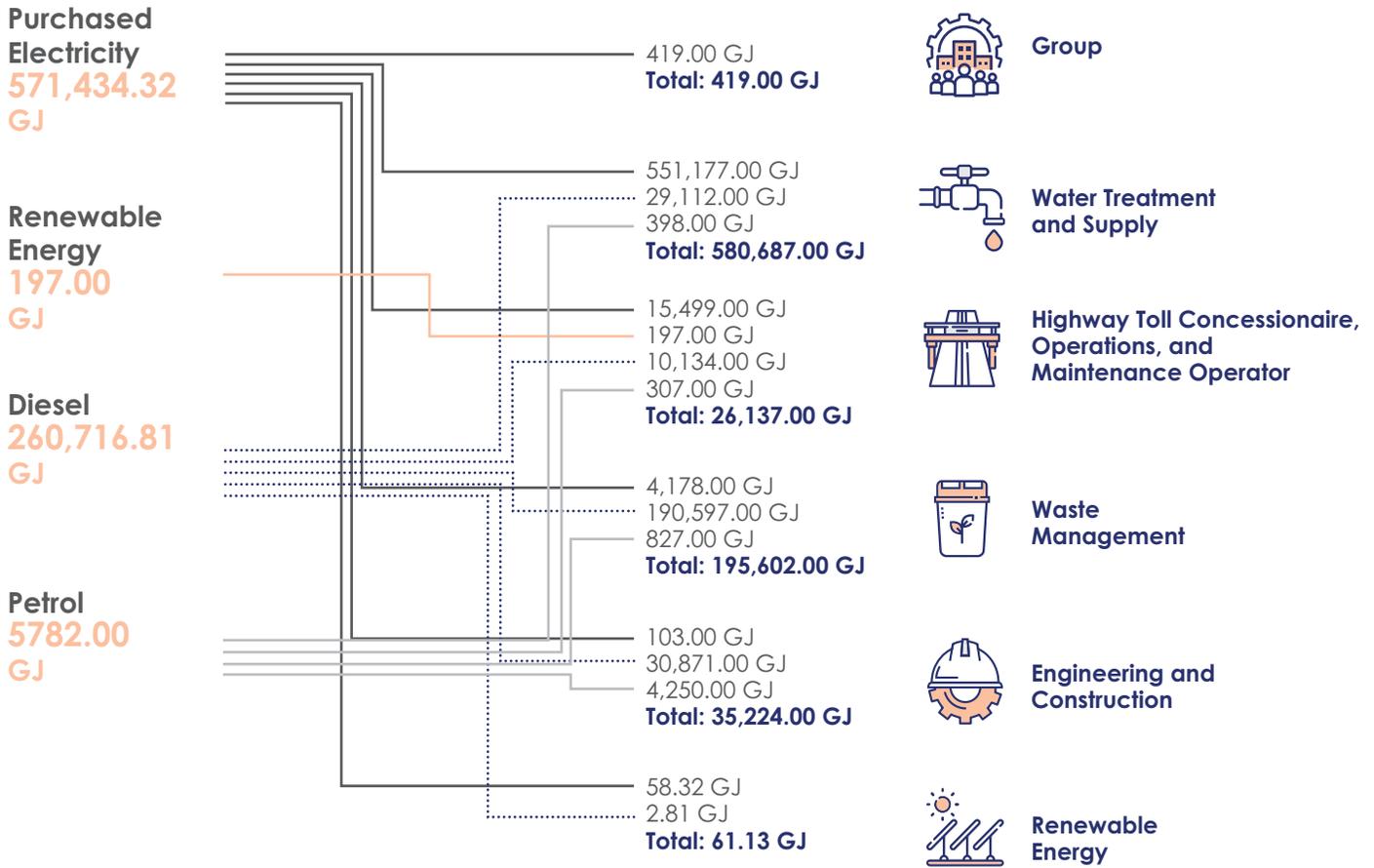
Energy Consumption

Dedicated to reducing our environmental impact and achieving cost savings, we incorporate energy-efficient solutions into our projects. Recognising energy consumption from energy-intensive operations as a significant challenge, we take proactive measures to address this concern.

We have decided to monitor energy consumption as part of our commitment to reduce the environmental footprint of our operations. With the disciplined monitoring of our electricity and fuel consumption across divisions, we will be able to understand the patterns of usage and make informed decisions to enhance energy efficiency.

In the year 2023, we consumed **a total of 838,130.13 GJ** in all our Divisions

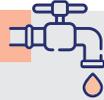
Total Energy Consumption by Divisions in FY2023



In 2023, we recorded a total of 838,130.13 GJ of electricity consumption. Across all divisions, the water treatment and supply division contributes significantly to the electricity consumption figures, primarily due to the significant electricity consumption associated with operating its large-scale water treatment equipment.

Electricity Consumption

Water Treatment and Supply



The energy management initiatives within our division at Taliworks reflect our commitment to sustainability and responsible resource utilisation. Through our collaboration with Air Selangor to install solar panels, we look to harness renewable energy sources to significantly reduce our reliance on conventional electricity at our plants, thereby mitigating our environmental impact. Moreover, our approach includes raising awareness among our staff through the display of 'save electricity' posters and the use of 'SAVE ENERGY' tags at all switch points on-site, fostering a culture of energy conservation throughout our operations. Additionally, our transition to air conditioning units using R32 refrigerant and the adoption of energy-efficient LED lighting further contribute to our efforts to minimise energy consumption and promote environmental stewardship.

Apart from that, we also closely monitor electricity consumption at our water treatment and supply division. Our division's energy consumption decreased by 4.4% in 2023 compared with 2022 due to actively identifying energy-saving initiatives, such as upgrading to LED lighting throughout the entire plant. Our continuous efforts include the most recent upgrade to LED lighting around the reservoir perimeter. We conduct annual performance monitoring to assess our progress.

Water Treatment Electricity Consumption - Sungai Harmoni Sdn. Bhd.



Highway Toll Concessionaire, Operations, and Maintenance Operator



In 2023, we implemented energy-saving initiatives. We completed a pilot project in January 2023 with the majority of work done in 2022 for installing Solar MOC toll plaza with smart meters at Grand Sepadu as part of myGHI. In 2023, we successfully completed the solar panel installation at all 4 toll plazas, resulting in 15% cost savings on electricity bills at MOC plaza. Building upon this achievement, in 2024, we are planning to expand our sustainability efforts by initiating calculations for solar panel installations at the remaining three toll plazas. Our goal is to maintain the Silver status of myGHI.

Electricity consumption records show an increase of 2.7% in 2023 compared to 2022 for Grand Sepadu and an increase of 3.8% for Grand Saga in the same period. Please refer to the chart below for a year-on-year electricity consumption.

Installed solar panels at MOC Toll Plaza, resulting in 15% cost savings on electricity bills in FY2023

Electricity Consumption of the Highway Toll Concessionaire, Operations, and Maintenance Operator (GJ)



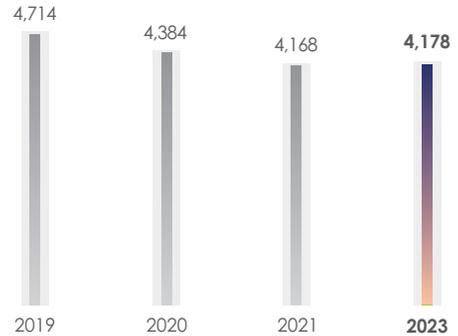
Sustainability Statement

Waste Management



At Taliworks, we recognise the significance of minimising our environmental impact and advocating responsible waste management for the health, safety, and well-being of the communities we serve. To attain these objectives, we regularly monitor and track our electricity consumption. Additionally, we implemented energy-saving initiatives, such as reminding employees to turn off air-conditioning and lights when not in use, fostering awareness about energy consumption among our team. In FY2023, we consumed 4,178 GJ of electricity, slightly higher compared with 4,168 GJ in FY2022.

Electricity Consumption (GJ)



Engineering and Construction



In FY2023, the Engineering and Construction division recorded a total electricity consumption of 103 GJ during 8,760 operational hours. For the upcoming year, our approach towards electricity consumption will be based on necessity and in alignment with operational needs.

103GJ

Total Electricity Consumption (GJ)

8,760 hours

Total Operating Hours

Renewable Energy



In FY2023, our efforts to manage electricity consumption involved replacing traditional street lighting with solar-powered LED street lights and transitioning to LED lighting in buildings. For 2024, we are planning on refurbishing motors and pumps while integrating high-efficiency pumps into the infrastructure.

Fuel Consumption

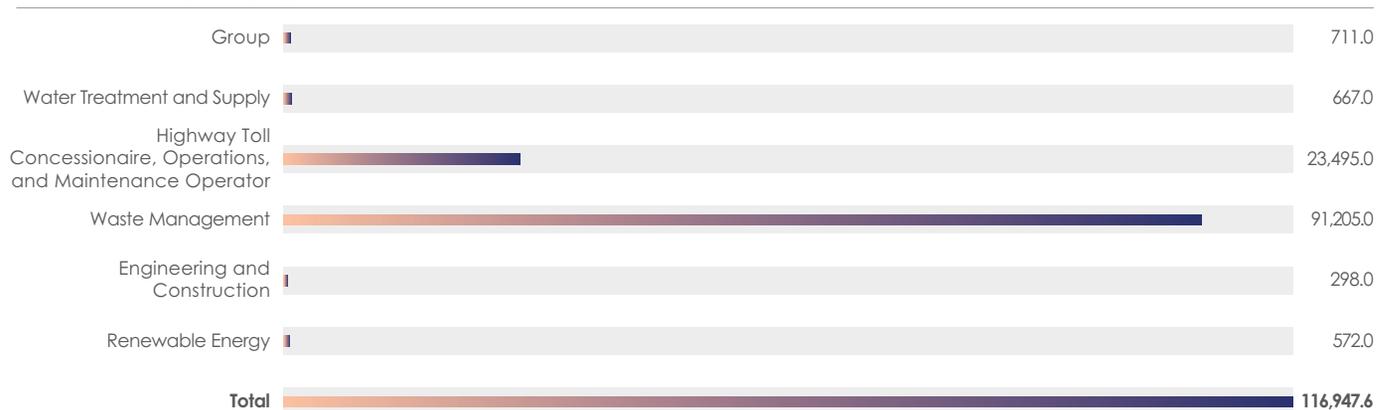
In the fourth quarter of FY2023, we have initiated the tracking of fuel consumption across all divisions. The primary usage of fuel pertains to company-owned and controlled vehicles, as well as operations involving construction equipment.

Within our Waste Management division, we have implemented an Automated Vehicle Location System incorporating GPS technology in 1,188 units of our fleet. This strategic integration enables us to plan and monitor collection routes systematically, promoting efficiency in fleet operations and optimising fuel consumption.

Water Consumption

As a step towards reducing our environmental impact and promoting sustainability, we are monitoring and tracking our water consumption throughout our operations to identify opportunities for enhanced efficiency. This effort aligns with the ambition outlined in Pillar II of our Sustainability Framework, "Impact-positive Environmental Practices", specifically targeting "Energy & Resource Efficiency." Furthermore, in the Water Treatment and Supply division, individual water meters were installed at employee quarters in FY2023, allowing for precise monitoring of water consumption. This initiative underscores our commitment to detail-oriented sustainability measures, ensuring that every aspect of our operations contributes to our overarching environmental objectives. Our performance results in FY2023 are as follows:

Water Consumption (m³)



Water consumption from the Waste Management division and Highway Toll Concessionaire, Operations, and Maintenance Operator division remains the highest contributors to the overall water consumption, primarily due to considerable water usage associated with daily operations, such as conducting cleaning operations for collection trucks and servicing highway consumers at the RSA.

Caring for Our Surrounding Environment

As a responsible infrastructure conglomerate and provider of public utilities, our dedication revolves around assuming responsibility for the local ecosystems and demonstrating care and respect for the residing species. Enhancing our initiatives to preserve these ecosystems is crucial, aiming not only to meet regulatory requirements but also to build trust among our stakeholders. To realise this commitment, the water treatment and supply division enlisted the services of third-party consultants for bio-monitoring and biodiversity studies within our operational sites, facilitating a deeper understanding of the interplay between various species. This approach aligns with our "Surrounding Environment" ambition, a key component of Pillar II of our Sustainability Framework, "Impact-positive Environmental Practices".

Sustainability Statement

Group



Taliworks proudly participated in the Bursa Bull Charge Run 2023 at Bursa Malaysia, Kuala Lumpur, to raise awareness on climate action and environmental protection. With a contribution of RM10,000, we supported initiatives dedicated to preserving our planet. Eight Taliworks employees dedicated 32 hours to this cause, demonstrating our collective commitment to sustainability.



Water Treatment and Supply



We are collaborating with Majlis Perbandaran Kuala Selangor to execute a firefly conservation programme by repopulating the mangrove area at Kg. Kuantan with Pokok Berembang (*Sonneratia Caseolaris*), which is a natural habitat for fireflies. The division is considering replanting trees around the water treatment plants and within the surrounding community. Furthermore, we intend to incorporate sago tree planting initiatives in the following year.

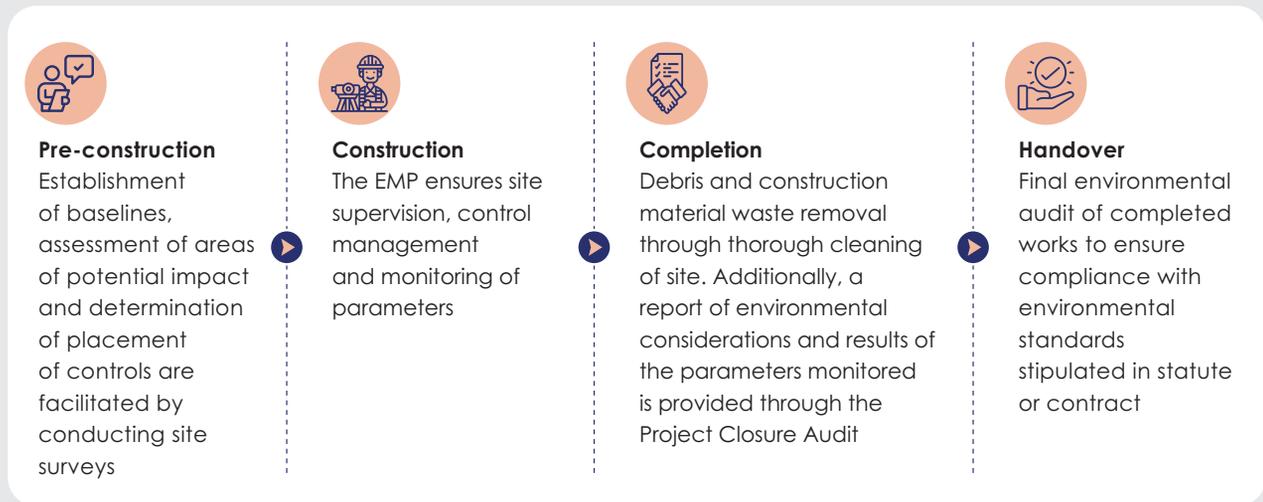


Engineering and Construction



Throughout the construction period, the projects within the engineering and construction division undergo continuous monitoring for environmental factors such as noise, air quality, and stormwater runoff quality. These factors are consistently checked against the initial baseline values established at the project's commencement, as per the approved EMP. The Environmental Officer is responsible for ensuring compliance with the EMP, while trained workers actively monitor and track the specified aspects outlined in the plan.

We adhere to the EMP's guidelines throughout a project's construction cycle. Our EMP process is as follows:



For the RSP2 and RSP3 projects, we employed an independent environmental consultant to conduct environmental audits and provide Environmental Reports. For the RSP3 project, we engaged an arborist to evaluate how our impending construction activities will impact the existing vegetation in Taman Lipat Kajang site in line with the local authority's conservation efforts.

Sustainability Statement

Noise Management

To safeguard the comfort and well-being of our neighbouring communities, we are dedicated to upholding acceptable noise levels resulting from our operations.

Highway Toll Concessionaire, Operations, and Maintenance Operator



In our highway operations, where the potential for noise pollution exists, we prioritise investments in highway maintenance and infrastructure to mitigate noise impact. A noteworthy example is the installation of 900-metre concrete noise barriers along our Grand Saga highway. Our commitment to noise control is evident in the regular monitoring of noise levels, and we take measures to minimise any adverse effects on surrounding communities. As a result of these efforts, there are no longer noise complaints received regarding our roads from the surrounding areas and neighbourhoods.

The pavements of our highways are critical to ensuring the safety and comfort of users, as well as the well-being of surrounding communities. In FY2023, we invested over RM1.16 million in Grand Saga and RM2.17 million in Grand Sepadu to rehabilitate pavements on the Grand Saga and Grand Sepadu Highways. This annual rectification work is necessary to replace the pavements that create more friction and generate louder noise, as per MHA requirements. After identifying problematic areas through pavement scanning, we will proceed to mill them to 50 mm and 100 mm depth and pave them with hot mix asphalt pavement.

Engineering and Construction



Taliworks is aware that the machinery and equipment used on our construction projects can have a significant impact on surrounding communities. To mitigate these effects, we established noise and vibration measuring stations according to the project-specific EMP. These stations conduct measurements throughout a 24-hour cycle at 15-minute intervals at specific locations on a monthly or quarterly basis. This routine ensures that readings consistently adhere to predetermined limits. In FY2023, we did not receive any complaints concerning environmental pollution from our projects. No noise complaints were recorded or received.

Low-Environmental Impact Purchasing Practices

As we strive to integrate sustainability throughout our business and value chain, we have extended these goals to encompass our supply chain. Recognising the significant influence procurement decisions can have on advancing our sustainability objectives, Taliworks makes appropriate choices that minimise our environmental impact. Our procurement team pursues sustainable materials, engaging in review and assessment of sustainability options while meeting performance and budgetary constraints. Additionally, we are committed to increasing the total percentage of sustainable materials procured across the Group's operations by 10% annually. To achieve this, our procurement strategy includes carrying out sourcing analysis and identifying opportunities for conversion to sustainable materials, thereby fostering a culture of continuous improvement and environmental responsibility throughout our supply chain.

The following are examples of our sustainable purchases:

GROUP



Procuring paper with green certifications made from elemental chlorine-free pulp

WATER TREATMENT AND SUPPLY



Purchasing energy-efficient equipment such as lighting pumps and motors

HIGHWAY TOLL CONCESSIONAIRE, OPERATIONS, AND MAINTENANCE OPERATOR



Bought energy-efficient lighting based on My Green Highway Index guidelines



Upgraded Plaza Toll Batu 11 motorcycle lane conventional lighting to **LED lightings**



Upgraded all bridges underpass conventional lightings to **LED lightings**



Purchased solar panels to install at toll plazas

RENEWABLE ENERGY



Replacing and installing energy-efficient light, streetlight and flood light with LED



Purchasing of solar panels and maintenance of panels reduces waste

Sustainability Statement

VALUED HUMAN CAPITAL

At Taliworks, we recognise that our workforce is our most valuable resource. We place a strong emphasis on our commitment to our valued employees, channelling substantial investments into their training and development. To this end, we prioritise equal opportunity, building a talent pipeline through a meritocratic approach. Moreover, we place the safety of our workforce as of utmost importance, implementing stringent measures, and fostering a secure working environment. This integrated approach underscores our dedication to the well-being and professional growth of our diverse workforce.

Chapter Highlights



Diversity, Equity, and Inclusion

Women representation on the board of directors increased to 29%



Health and Safety Performance

Zero fatalities achieved through rigorous safety training and protocols



Facilitating Training and Development

Strengthened technical training implemented across every division

EMPOWERING OUR HUMAN CAPITAL

It is a testament to our unwavering commitment to fostering a workplace culture that recognises the intrinsic value of each individual and actively invests in their growth, well-being, and professional development. In line with this, we proactively prioritise initiatives aimed at empowering and uplifting our human capital.



Diversity, Equity, and Inclusion

- Equal opportunities for employment and advancement
- Flexible work hours, casual leave and birthday leave policies to cater to the diverse needs of our workforce
- Promoting inclusivity and equal opportunities to contribute opinions and ideas



Training and Development

- Empowering our employees with both technical and soft skills, fostering the development of well-rounded individuals capable of making positive contributions to our operations



Wellness, Health, and Safety

- Provision of personal protective equipment ("PPE") in FY2023 as part of our commitment to achieve the target of zero fatality
- Implementation of good safety and health practices for all employees through programmes and engagement sessions
- Regular sanitisation of our offices, alongside the provision of face masks for on-site employees
- Providing flexible medical benefits to secure our employees personal health

Prioritising Workplace Safety and Health

Ensuring the well-being of Taliworks' employees and contractors is our top priority. We adhere to regulations set by the Department of Safety and Health ("DOSHS"), in addition to relevant global standards and systems. Monitoring and reviews of our health and safety practices are conducted to ensure compliance, with any violations promptly addressed through corrective action. This proactive approach underscores our commitment to maintaining a safe and secure working environment for all employees and contractors.

At the Group corporate office, the Building Management team conducts routine fire and evacuation drills, preparing all employees for potential fire-related emergencies. Additionally, regular site inspections are carried out to guarantee that our premises align with the safety standards set by the Fire Department.

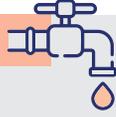
Health and Safety at Work

10,298

Number of employees trained on Health & Safety Standards

Sustainability Statement

Water Treatment and Supply



The Water Treatment and Supply division adheres to health and safety protocols in full compliance with regulations set forth by SPAN, DOE, MOH, and DOSH. We are dedicated to minimising the potential threats to stakeholders' health and safety arising from effluents and residuals released during the water treatment process across our value chain. To achieve this, our approach involves annual assessments of internal processes and procedures to ensure their continued relevance and efficiency. We implement management measures and systems to eliminate any potential workplace fatalities.

Our cumulative manhours without any time lost due to injury in 2023 amounted to 419,615 hours, an increase from 409,256 hours in FY2022

Our Health and Safety Performance

Water Treatment and Supply

Description	2020	2021	2022	2023
Cumulative man-hours without lost time injury (hours)	341,114	349,962	409,256	419,615
Lost time injury rate ((number of injuries/number of hours worked)x200,000)	0.59	0	0	0
Number of injuries	1	0	0	0
Number of lost days	41*	0	0	0

* One minor injury occurred during cleaning works.

Highway Toll Concessionaire, Operations, and Maintenance Operator



The Safety and Health Committee plays a pivotal role in enhancing the oversight and refinement of the division's health and safety procedures. Collaborating closely with the management team, the committee actively identifies potential areas of concern and assesses the effectiveness of existing processes. In adherence to MHA's regulations, the committee ensures compliance by providing necessary personal protective equipment ("PPE") and other essential gear to employees serving as traffic personnel or toll booth operators.

Some of the major highlights of workplace health and safety in our division are:

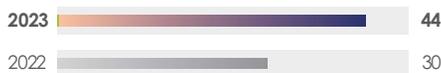
At Grand Saga and Grand Sepadu, we work hard to ensure the safety and health of the division's workers go beyond minimum compliance. As part of this commitment, we have ensured that all operational employees of Grand Saga and Grand Sepadu were provided with a set of PPE in FY2023, for which we invested a total of more than RM33,000.

We successfully achieved the zero-fatality target at Grand Saga and Grand Sepadu for FY2023.

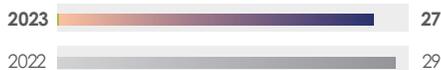
Individuals, including contractors and employees, that are engaged in maintenance, construction, and operation works at Grand Sepadu and Grand Saga are required to obtain the Expressway Operations Safety Passport ("EOSP").

We are actively encouraging our contractors to obtain the EOSP. The bar chart below reports the number of contractors who have already obtained the EOSP and those currently undergoing training. To obtain the EOSP, contractors must complete safety training offered by the National Institute of Occupational Safety and Health ("NIOSH"). Successful completion of the basic safety course results in the award of the EOSP safety passport from NIOSH.

Contractors complied with EOSP



Contractors registered for NIOSH training



The division places a high priority on contractor safety, organising annual training sessions to cover updated safety requirements and bi-annual refresher courses. Additionally, external training programmes are conducted for senior employees to instill a prevalent culture of health and safety within the division. Daily safety briefings are provided to on-site highway workers, and contractors receive pre-project safety briefings to minimise their time at highway sites. At the senior management level, regular training sessions are mandatory to consistently reinforce the safety culture within Taliworks.

In FY2023, **76 employees were trained** on health, safety, and environment-related issues at Grand Saga and Grand Sepadu



Resulting in **zero** fatalities reported this year on both highways

Ensuring Contractor Safety

Ensuring highway safety remains our top priority, with every activity along the Grand Saga and Grand Sepadu highways strictly adhering to the MHA's Traffic Management Plan Guidelines. Our commitment to safety is reinforced through rigorous internal controls that necessitate contractors to comply with our comprehensive highway safety regulations.

This adherence process involves submitting detailed applications to the Operations Department and Maintenance & Engineering Department. These submissions encompass crucial aspects such as insurance policies, traffic management plans, work programmes, and work methodologies. In FY2023, 144 safety briefings were conducted for contractors at Grand Saga and 117 briefings were held for contractors at Grand Sepadu.

Sustainability Statement

Engineering and Construction



The Engineering and Construction division places safety as a top priority by adhering to regulatory requirements and implementing measures at our project sites, encompassing both employees and subcontractors. The division's Health, Safety, and Environmental Policy underpins our commitment to workplace safety and regulatory compliance. Regular internal audits on health and safety regulations, coupled with monthly Safety and Health Committee meetings, are conducted to ensure full compliance with regulations. Periodic independent inspections by the Department of Occupational Safety and Health, along with the oversight of assigned safety officers at project sites, further guarantee regulatory adherence.

Encouraging an open communication channel, on-site employees are urged to provide feedback and recommendations for enhanced safety, with these inputs highlighted during Toolbox Meetings and incorporated into monthly reports to management. Specific safety Standard Operating Procedures (SOPs) for individual projects are outlined in safety manuals. Dedicated safety personnel are accessible to both internal stakeholders and clients, ensuring continuous monitoring of safety protocols at project sites.

Our steadfast commitment to safety resulted in zero fatalities in FY2023, a testament to our ongoing efforts to instill robust safety and health practices for all employees through targeted programmes and engagement sessions.

Our Health and Safety Performance

Engineering and Construction

Description	2020		2021		2022		2023	
	L2P7*	GP3A**	CJR4	CJR4	RSP2	RSP3	RSP2	RSP3
Cumulative man hours without lost time injury (hours)	557,904	563,824	109,200	142,368	36,194	42,268	221,923	142,048
Lost time injury rate ((number of injuries/ number of hours worked)x200,000)	0	0	0	0	0	0	0	0
Number of injuries	0	0	0	0	0	0	0	0
Number of lost days	0	0	0	0	0	0	0	0

* Langat 2 Package 7. Certificate of Practical Completion for L2P7 was issued in September 2020.

** Ganpong Package 3A. No physical works conducted at the GP3A site in 2020. Certificate of Practical Completion issued in January 2020.

Note: No data for Cyberjaya Reservoir ("CJR4") project in 2022 as the safety reporting for the project has ended in December 2021.

Waste Management



The Waste Management division places a paramount emphasis on safety, employing 31 safety committees (OSHE Committees) to uphold the division's health and safety standards. These committees, comprising 30 sub-committees at the regional or district level and one central OSHE Committee based at our Kuala Lumpur headquarters, convene quarterly meetings and furnish regular reports. This approach ensures that the division's employees and contractors remain informed and compliant with health and safety regulations.

The OSHE Committees collaborate on sharing best practices for health and safety, facilitating the exchange of updates and key insights across our divisions. To ensure adherence to safety and health practices mandated by OSHA 1994, the committees conduct site inspections,

implement contractor safety audit programmes, and carry out quarterly workplace inspections at regional and district offices and depots. In 2023, Chemical Health Risk Assessments ("CHRA"), Chemical Exposure Monitoring ("CEM"), Noise Risk Assessments ("NRA") and Audiometric Tests were conducted. Our safety management systems and initiatives resulted in zero fatalities in FY2023.

In addition, the SWME Human Resources department introduced the "Talian Pekerja" platform, encompassing a Hotline, WhatsApp, and email services to address all employee grievances, including concerns and risks related to employee contracts, working conditions, and workplace incidents.

Safety Training Programmes in FY2023 for Waste Management Division

94

Programmes conducted to raise employee awareness on health and safety in FY2023

- 21 Road Safety Campaign launching "Jom Tunggang Selamat"
- 3 Chemical handling training
- 23 Fire Drill training
- 22 Safety Alert Briefing Sessions
- 15 Grass Cutting Machine ("GCM") safety training
- 3 Mega Toolbox Meeting with state DOSH
- 6 Audiometric Testing to workers

To increase awareness of safety and health, we issued

- 5 Safety
- 2 Public Awareness

manuals containing information on best practices and essential do's and don'ts to our site offices and in the residential areas where we operate

- 6 Safety Alerts were issued to inform all employees of lessons learnt from selected accidents
- 21 Road Safety Campaigns in collaboration with SOCSO, conducted at Pura Kencana, Batu Pahat & Kluang
- 23 Emergency drills conducted

Our Health and Safety Performance

Description	2020	2021	2022	2023
Cumulative man-hours without lost time injury (hours)	19,088,768	19,037,568	20,144,648	19,732,336
Cumulative lost time injury (hours)	12,832	11,232	8,152	10,064
Lost time injury rate ((number of injuries/ number of hours worked)x200,000)	1.2	1.4	1.2	1.7
Injury rate (case rate per 1,000 employees)	15.1	16.4	14.9	19.8

Sustainability Statement

Renewable Energy



The Renewable Energy division upholds stringent health and safety standards. In line with this commitment, we enforce safety protocols and procedures, which extend to annual internal audits covering operations, maintenance, and procurement processes. Additionally, employees undergo specialised training, including certification in "Working at Heights," to ensure competency in critical tasks. We prioritise the well-being of our team and stakeholders, ensuring all procedures are regularly reviewed and updated to mitigate risks and enhance operational efficiency.

Our Health and Safety Performance

Description	FY2023
Cumulative man-hours without lost time injury (hours)	29,120
Lost time injury rate ((number of injuries/number of hours worked)x200,000)	0
Number of injuries	0
Number of lost days	0

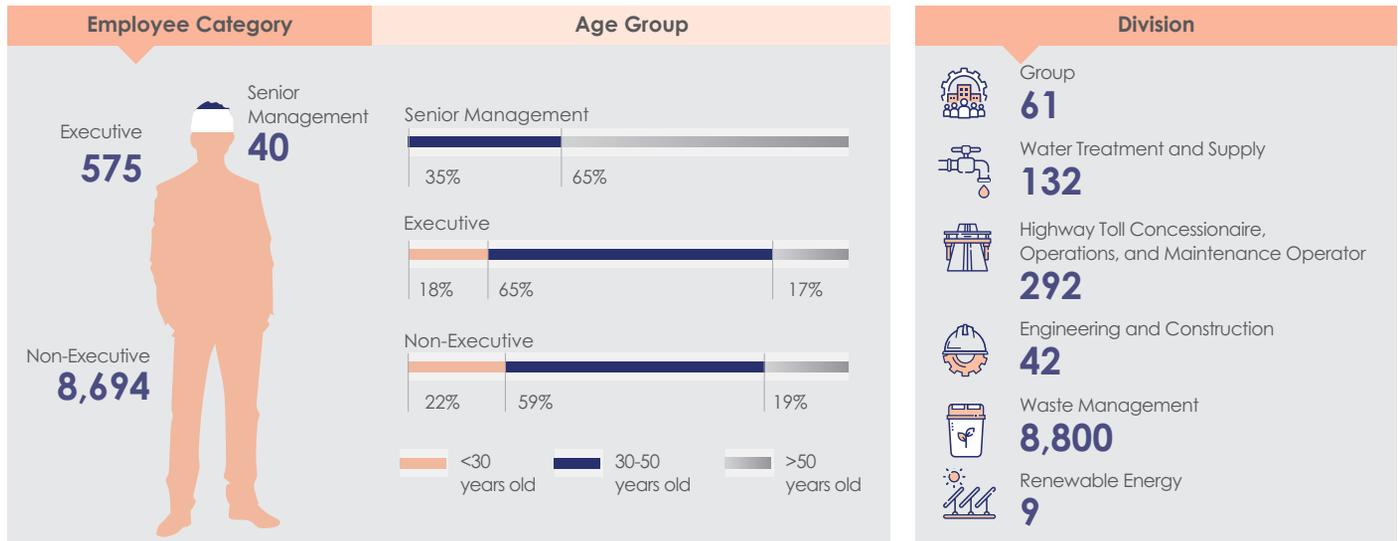
Engaging Our People

As an organisation that values employee satisfaction and well-being, Taliworks strives to foster an engaging workforce. We aim to create a deep sense of purpose and belonging within our organisational structure by promoting empowerment and nurturing our employees' personal and professional growth.

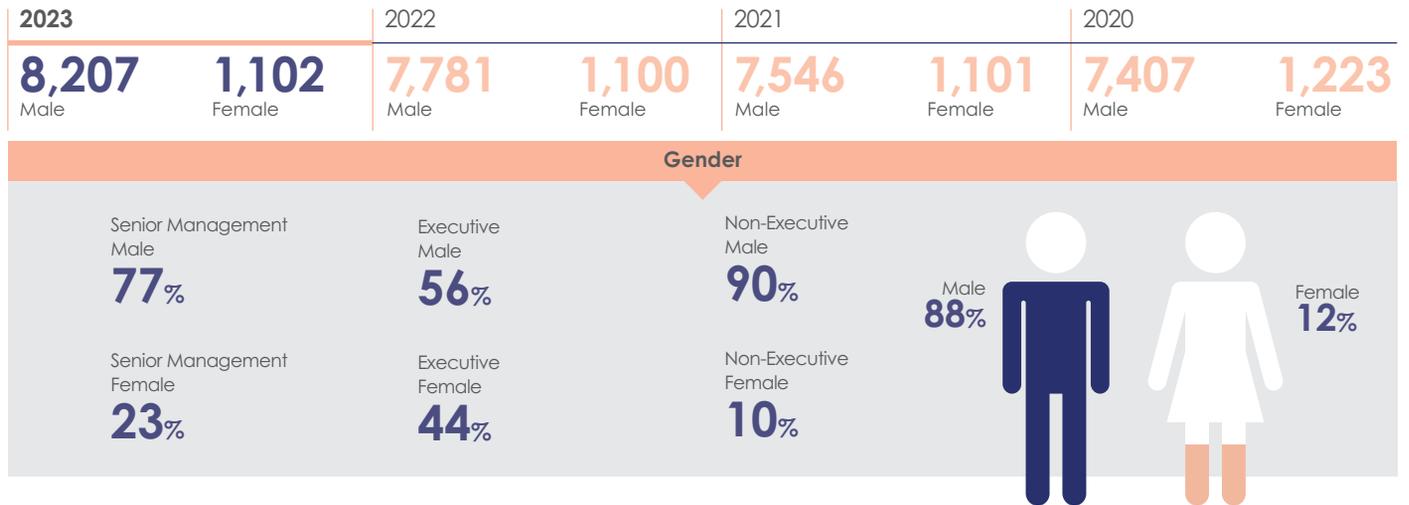
Our Workforce by Numbers

Total Number of Employees

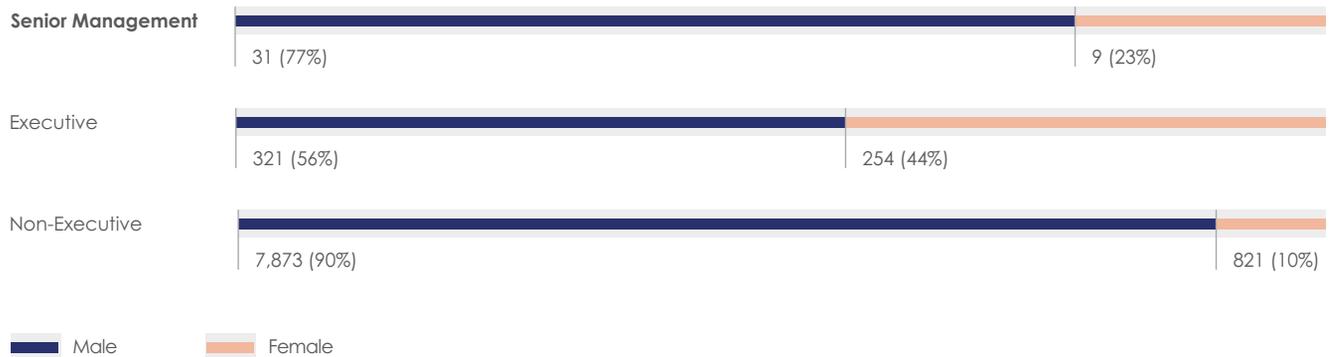
2023	2022	2021	2020
9,309	8,881	8,647	8,630



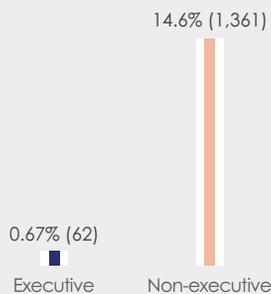
Employees by Gender



Employee Category by Gender in 2023

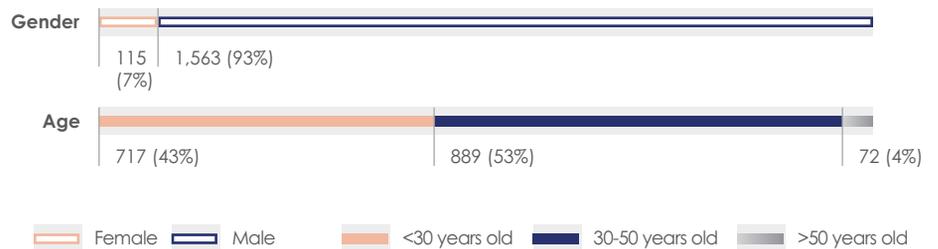


Attrition Rate in 2023



New Hires in 2023

Total: **1,678**



Sustainability Statement

Employee Engagement

At Taliworks, we place a strong emphasis on employee well-being, fostering a work environment that nurtures collaboration and satisfaction. Recognising the significance of a healthy work-life balance and effective management, we prioritise measures essential for employee retention and enhanced productivity. Open communication is encouraged and facilitated through regular engagement sessions, both virtually and in person. To tailor employee incentives to the unique needs of each division, our human resources department provides customised benefits, ensuring relevancy and up-to-date offerings.

This year, we organised activities that provide employees with opportunities to connect, unwind, and contribute to a vibrant workplace culture.



LAC Wellness Talk and HIIT & Zumba Workout Session

In an effort to promote productivity and establish a positive work environment, we organised a Wellness Series, hosting both the LAC Wellness Talk and a HIIT & Zumba Workout Session at Menara LGB. Through a financial contribution of RM1,828, a total of 61 participants actively engaged in activities aimed at improving mobility and overall health.



Employee Performance

At Taliworks, we are aware that employee development is paramount to our organisation, as it not only enhances individual skills and capabilities but also fosters a workforce that is adaptive, resilient, and capable of driving innovation. This commitment to growth is reflected in regular discussions between managers and employees, enabling us to better monitor and evaluate performance. In FY2023, 100% of our workforce (not including employees under probation and contract) were eligible* for performance appraisals and received a career development review.

Percentage of Employees Receiving Performance Review (%)

Group	Water Treatment and Supply	Highway Toll Concessionaire, Operations, and Maintenance Operator		Engineering & Construction	Waste Management	Renewable Energy
		Grand Saga	Grand Sepadu			
100	100	100**	100**	100	100	100

* Constituting all available permanent employees.

** Not including staff under probation and contract employees

Advancing Training and Development

As the talent of our workforce is the foundation of our organisation's ability to create value, we empower our employees to reach their full potential. By prioritising continuous learning and progress, we ensure our employees are well-equipped to meet the evolving demands of our industry. To uphold stringent quality management standards, employees undergo training in ISO 9001, ISO 17025, and ISO 14001.

Our commitment extends beyond technical proficiency to encompass internal knowledge transfer, facilitated by career development training opportunities across our five divisions. Group-wide training initiatives centre on instilling a profound sense of purpose among our workforce, covering a spectrum of functional, behavioural, and leadership programmes.

Additionally, each of our five business divisions conduct supplementary training programmes tailored to meet its unique requirements, reinforcing our dedication to fostering a skilled, motivated, and purpose-driven team throughout the organisation.

Facilitating Training & Development in FY2023

At Taliworks, we stand as a dedicated advocate for sustainable practices and to this end, we have integrated five pillars into our training programmes; ESG, technical, data and digital, leadership and governance competencies, as well as health and safety. This practical approach ensures that Taliworks remains firmly grounded in a culture that prioritises sustainability at every level of our operations.

Sustainability Statement

01



TECHNICAL

Water Treatment and Supply

- ISO14001 : 2015 Environmental Management System Training by Consultant and External Provider in order to get certified by FY2023
- MWA Planning Guidelines and Best Practices Handbook for Water Supply System

Highway Toll Concessionaire, Operations ,and Maintenance Operator

- Traffic Management Supervisor organised by CIDB.
- Induction Training for Toll Tellers / Patrolman / GSCC
- HRD Corp Technical Enrichment
- Bucher Sweeper Training

Engineering and Construction

- Fundamentals of MSCL Pipeline and RC Reservoir
- ISO 9001: 2015 training
- Practical Completion & Defects in Construction Contracts – An Overview
- Salient Construction Contract Issues Discussed

Waste Management

- Hazard Identification, Risk Assessment and Risk Control (HIRARC)
- 9001:2015 & ISO 14001:2015) Awareness Training Course
- SHRM Senior Certified Professional
- Towards Performance Monitoring Reporting in IETS BP (Biological Process) and PCP (Physical Chemical Process)
- Concessionaire Agreement Operation Excellence Workshop

02



ESG

Group

- Drafting Our Green Blueprint for the Future
- Green 5S Awareness (5S Hijau Kesedaran)
- GreenRE Technical Seminar 02-2023 on Green Data Centre
- Life Cycle Cost of Green Project

Water Treatment and Supply

- Professional Electric Motors Operations & control to improve Energy Efficiency
- Workshop on Energy-Saving Measures In Electric Motor system
- Malaysian International Water Convention 2023 - Sustainability - Transforming Vision into Action
- GHG and Waste Management Workshop

Renewable Energy

- GHG and Waste Management Workshop

Highway Toll Concessionaire, Operations, and Maintenance Operator

- Introduction to ESG and Sustainable Finance
- Pembentangan Teknikal - Sustainability
- Emerging Strategic Risks and Mitigation Strategies 2024
- GHG and Waste Management workshop
- Role of the Accountant and Financial Reporting

Engineering and Construction

- GHG and Waste Management workshop

Waste Management

- Certified Environmental Professional in Scheduled Waste Management (CePSWaM)
- Enhancing Scheduled Wastes Spill Response Management (With Spill Response Exercise)
- GHG and Waste Management workshop

03



DATA AND DIGITAL

Group

- Chat GPT for Employee Engagement in 2023 and Content Creation and Digital Marketing
- Dell Workshop: Modern Data Infrastructure & Cybersecurity Session

Water Treatment and Supply

- SSP1 CMMS TOMMS training
- Mbot Experts Network in Technology, Innovation and Cooperative Event
- Bengkel Penggunaan Sistem Eswis (Hands on training on record keeping and reporting of electronic scheduled waste information system)
- Microsoft Excel training - Intermediate Level

Highway Toll Concessionaire, Operations, and Maintenance Operator

- Oracle Database SQL
- Stride to Intelligent IP
- Microsoft Power BI Data Analyst
- Power Query with Excel Dashboard
- Transforming Workspace with Microsoft 365 Bus Premium & Teams Room System

Waste Management

- Seminar Pengurusan Buangan Terjadual dan Hand-Ons Penggunaan Aplikasi Electronic Scheduled Waste Information System (eSWIS)

04



LEADERSHIP AND GOVERNANCE COMPETENCIES

Group

- HR Conference - Learning and Development Asia 2023 Malaysia
- Let's Get Bonded series
- MAICSA Annual Conference and Webinar Series
- Psychology of Success: Achieving Your Goals and Enjoying Your Journey Begins with LGB Core Values

Water Treatment and Supply

- HR Professional Annual Symposium
- One Day training Forum: Challenges in Meeting Regulatory Requirements For The Water Industry 2023

Highway Toll Concessionaire, Operations, and Maintenance Operator

- Empowering Women Series - Kick Off
- Empowering Women Series - Emerging Woman Leader

Waste Management

- Corporate Comms Connect
- HR Business Partner Workshop
- HRDCorp Workshop 2023
- Management Trainee Programme

5



HEALTH AND SAFETY

Group

- Safety and Health Officer Transformation Seminar 2.0 2023

Water Treatment and Supply

- Water Security & Safety Plans for Water Operators & related agencies
- Health and safety training: Confined Space Authorised Gas Tester and Entry Supervision (AGTES)
- Safe Handling of Liquid Chlorine Training

Renewable Energy

- Working at Heights

Highway Toll Concessionaire, Operations, and Maintenance Operator

- Basic Occupational First Aid
- Hari Inovasi, OSH dan ICT
- Expressway Operation Safety Passport (EOSP) organised by NIOSH.
- Basic Occupational First Aid (BOFA) organised by NIOSH.

Waste Management

- Accident Reporting and Investigation
- Behavioural Based Forklift Safety Operations
- Defensive Driving Programme
- KYT & Human Reaction Driver Training
- Occupational Safety and Health Coordinator
- OSH Committee Chairman Training

Sustainability Statement

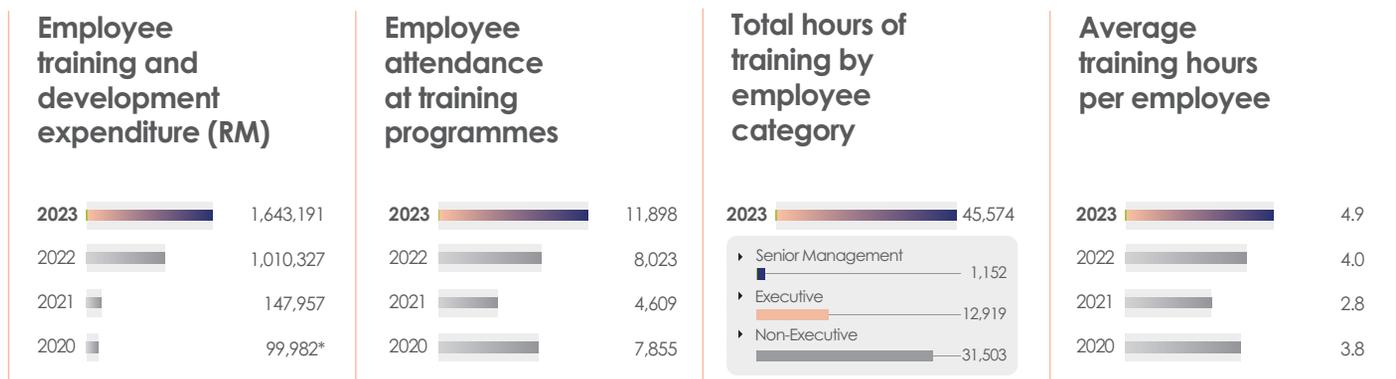
Employee Development Through Collaboration

We are dedicated to enhancing the skill sets of our employees, with a particular focus on those in the Water Treatment and Supply as well as Waste Management divisions. Given the specialised nature of Taliworks' operations, technical expertise and skills in these areas are deemed essential, and our commitment lies in fostering continuous development within these critical domains.

To further enrich employee development, these two divisions collaborate with the Ministry of Human Resources ("MoHR") and its Department of Skills Development. This partnership involves active participation in and the advancement of the National Dual Training System ("NDTS"), a programme that combines theoretical knowledge with hands-on experience to enhance technical capabilities and industry readiness. Upon successful completion of the programme, employees receive the Malaysian Skills Certificate from the Department of Skills Development, formally acknowledging their expertise.

For the list of our training and development, please refer to the section Facilitating Training & Development in FY2023, page 131.

Training and Development Statistics



* Reduction in training expenditure in 2020 was largely due to the impact of the COVID-19 pandemic, as most training must be conducted in person for hands-on experience. Many external training providers postponed their training sessions due to restrictions enacted in response to the pandemic.

Diversity, Equity, and Inclusion

At Taliworks, we embrace diversity, equity, and inclusion by fostering a workplace that welcomes individuals from diverse backgrounds, irrespective of gender, age, ethnicity, technical skills, or prior experience. Our dedication to these principles shines through our merit-based hiring approach and the array of career advancement opportunities available to our motivated, vibrant, and qualified workforce.

In the spirit of continuous improvement, FY2023 saw a series of "Empowering Women" programmes, aimed at bolstering the representation of women at decision-making levels within our organisation. Committed to breaking barriers, we have introduced targeted training programmes designed to propel women into leadership roles. These programmes witnessed active participation from female executives, assistant managers, and managers across various divisions.



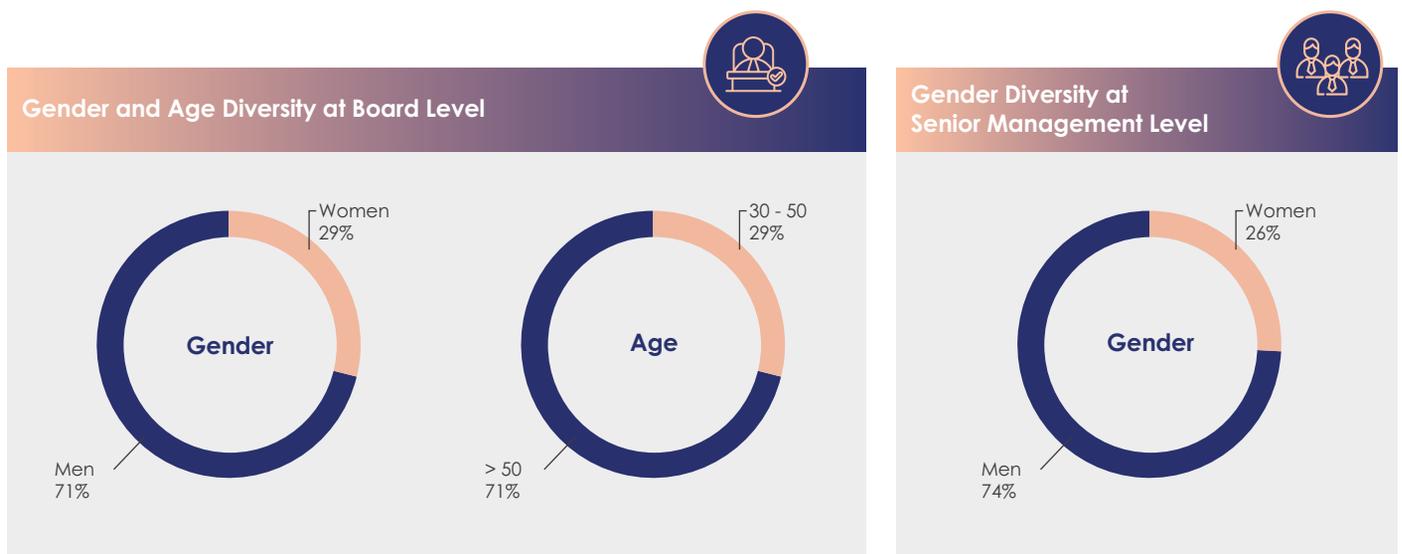
Our “Empowering Women” Programme Series

- Empowering Women Series: Kickoff and #IamRemarkable Workshop
- Empowering Women Series for Emerging Woman Leader: Charting Your Journey to the Top
- Empowering Women Series for Senior Woman Leader - All Eyes on You: Creating Authentic Presence
- Empowering Women Series for Emerging Woman Leader: Building Confidence as an 'Imposter'
- Empowering Women Series for Senior Woman Leader: Managing and Influencing Up

Looking ahead to FY2024, we plan to provide more opportunities for women to develop and foster skills to further uplift and empower our female workforce, cementing our commitment to fostering a workplace where diversity thrives and every individual has the opportunity to excel.

Board Diversity

Our commitment to promoting diversity starts with our esteemed Board of Directors. As of FY2023, women representation at Board level is at 29%, an increase from 25% in the previous year. Recognising the pivotal role that diversity, encompassing both gender and ethnicity, plays in maintaining competitiveness and realising our objectives, we acknowledge that effective representation of women's concerns is facilitated by having more women in leadership positions. A diverse Board further enriches decision-making by bringing a spectrum of perspectives, especially crucial in navigating the dynamic landscape of today's business environment.



For more information on Board Diversity Policy, please refer to the Corporate Governance Overview Statement included in this Annual Report.

Sustainability Statement

ENRICHED COMMUNITIES

At Taliworks, our commitment lies in building meaningful connections with the communities that surround us. We acknowledge these communities as pivotal stakeholders and aim to elevate their well-being through impactful contributions and services. To contribute to the communities, our organisation participates in identifying crucial needs and refining our strategies to provide assistance effectively. In FY2023, we kept our communities actively involved through Community Outreach, Education, and Festive Season activities.

Chapter Highlights



Community Outreach

13

Total number of programmes



Education

5

Total number of programmes



Festivities

Throughout the year, we proudly celebrate **five cultural festivities** across all divisions, fostering **inclusivity and cultural appreciation** company-wide

As we embed sustainability at the core of our operations, active participation in local communities and mobilising our workforce for volunteerism have become natural extensions of that commitment. This aligns perfectly with Pillar IV of our Sustainability Framework, "Enriched Communities", allowing us to not only contribute to community well-being but also empower employees to make purpose-driven contributions beyond their roles. Our emphasis on volunteerism underscores our belief in shared responsibility for creating lasting positive impacts. These collective efforts embody sustainability and community enrichment throughout our operations.

In FY2023, our contributions toward community development amounted to a significant RM496,000, positively impacting over 700,000 lives through 26 diverse livelihood programmes.

ENHANCING AND INVESTING IN COMMUNITY WELL-BEING

At our core, we believe in the power of collaboration with established NGOs and charitable initiatives as a fundamental element in enhancing the welfare of communities around us. Our approach to community and social development centres on partnering with dedicated individuals to maximise positive impact. The essence of our strategy lies in giving back through volunteerism, nurturing relationships with the communities in which we operate, and contributing to their growth.

Community Outreach



At Taliworks, we embrace our role as responsible corporate citizens and are committed to acting with compassion, empathy, respect, and integrity. Grounded in these principles, we continued to deliver a positive impact on the community around us this year. We achieved this by organising employee-led food distribution, providing financial support, and hosting public recycling events aimed at promoting sustainable practices.

The communities we impacted:
92,397
individuals

- **416** road users
- **327** pensioners, orphans, special needs children, and caregivers
- **32** flood victims
- **89,122** programme attendees
- **2,500** runners



Highway Toll Concessionaire, Operations, and Maintenance Operator



Menu Rahmah Programme at RSA

To ensure cost-effective and accessible dining options for travellers, Grand Saga and Grand Sepadu actively participated in The Menu Rahmah initiative, a government-led programme aimed at providing nutritious meals at affordable prices, particularly benefiting the B40 group. Within the Bukit Dukong and Klang Utara Rest & Service Areas, four operators collaborated to offer Menu Rahmah, providing customers with access to affordable meals priced at RM5.

Incentive for Frequent Traveller Programme

The Grand Saga Incentive for Frequent Traveller ("GIFT") programme extends a token of appreciation to dedicated road users. Under this initiative, 93 frequent Grand Saga users operating Class 1 vehicles, with a minimum of 120 toll transactions per month at the Grand Saga toll plazas, are eligible for a RM40 Touch 'n Go reload redemption. Similarly, the Grand Sepadu "Pengguna Setia" programme recognises and rewards users driving Class 1 vehicles with a minimum of 100 toll transactions per month at the Bukit Raja Toll Plaza, offering them RM20 cash vouchers. In total, 416 users were eligible for the Grand Sepadu "Pengguna Setia" programme. These programmes by our highway division are a demonstration of our gratitude to loyal road users, aiming to enhance their experience and express our appreciation for their ongoing support.



Sustainability Statement



Upgrading of Interchange Saujana Impian

In our ongoing commitment to enhancing safety and convenience for communities surrounding our highways, we recently completed a series of infrastructure improvements at Interchange Saujana Impian. These enhancements included the installation of directional signage, road markings, and rumble strips, both within and just outside of Grand Saga Rights of Way aimed at optimising traffic flow and ensuring road safety for residents in the vicinity.

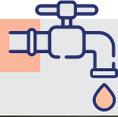
With a total investment of RM94,925, these upgrades underscore our dedication to not only providing efficient transportation solutions but also prioritising the well-being and convenience of local communities. Through such initiatives, we strive to create safer, more accessible road networks that benefit both motorists and residents alike.



Bitara Madani Motorcycle Shelter

As part of the nationwide effort by the Works Ministry ("KKR") and MHA to provide shelter for motorcyclists, Grand Saga has constructed four new motorcycle shelters at strategic locations along the PGA Interchange, Balakong Interchange, and Saujana Impian Interchange. Similarly, Grand Sepadu has added six additional motorcycle shelters at KM3.1EB, KM6.4WB, KM5.00WB, KM6.4EB, KM15.3EB, and KM15.4EB. These efforts, falling under the Bitara Madani initiative, underscore our commitment to prioritise the safety of road users. The combined cost of constructing these shelters along both highways amounts to RM87,903 and RM105,851, respectively.

Water Treatment and Supply



Flood Relief Efforts

In response to the flash floods in Segamat, Johor, we deployed a team of 3 dedicated employees to assist in the flood relief operations. We also extended a helping hand to those affected by providing monetary contributions, including RM7,000 to Masjid Kg. Jawa for mosque restoration efforts and RM3,000 to affected families to ease their burden.

In the east coast, our team from the Water Treatment and Supply division embarked on a mission to clean homes and surau that were affected by the flood in Rantau Panjang and Pasir Mas, Kelantan. Additionally, a total of RM4,100 was donated to support the flood victims. Seven employees volunteered for this mission, demonstrating our commitment to serving communities in need. The initiative benefited 32 individuals from Rantau Panjang and Pasir Mas, as well as three Surau: Surau Kg Chekol Rantau Panjang, Surau Al-Hidayah Pakcu Mejan Pasir Mas, and Surau Kg Banggol Rantau Panjang.

Asnaf Zakat Programme

The Asnaf Zakat programme embodies our commitment to easing the burdens faced by the less fortunate members of our community. Through this initiative, we aim to provide meaningful support and assistance to those experiencing economic challenges, ensuring they have access to their basic needs and fostering an improved quality of life. In line with this mission, Taliworks has contributed a total of RM32,352 in cash to support *asnaf* and orphans. Additionally, we hosted them at a heartwarming *buka puasa* event held at the SSP1 Admin Building in April of this year. Through this programme, we were able to positively impact the lives of 327 individuals, consisting of pensioners, orphans, special needs children and caregivers.



Sustainability Statement

Waste Management



The consistent Communication, Education and Public Awareness (“CEPA”) Programme, embodies our commitment to environmental stewardship. Designed to raise awareness about the benefits of environmental protection and recycling, this initiative aims to instil the 3R concept—“Reduce, Reuse, and Recycle”—into the daily routines of the communities we serve with the end goal of reducing waste accumulated at landfills. Within this comprehensive programme, there are two key initiatives: the 3R Troopers and the KITAREcycle programme. As an integral part of SWME’s overarching dedication to serving the community, we continually strive to empower individuals and businesses to adopt sustainable practices, fostering a collective effort towards a more environmentally friendly and resilient community.

Number of Programmes and Participants



3R Troopers

We spearheaded a transformative and impactful collaborative public education initiative, focused on raising awareness about the critical importance of Waste Separation at Source (“SAS”) and the fundamental principles of 3R (Reduce, Reuse, Recycle). This visionary programme has not only earned strong support from key stakeholders, including the Ministry of Education, local government authorities, industry leaders, and communities, but it stands as a beacon of commitment to shaping a sustainable and responsible future.

The programme encompasses a range of activities, including talks, exhibitions, and workshops held in schools, malls, and public areas. Recognising the evolving landscape and aiming to engage a broader audience, we have embraced the digital frontier by delivering SAS and 3R CEPA talks online for schools.

1,211,916 kg
of recyclable material was collected

7,620,598
recycling points accumulated to date

5,339
app downloads across Android and iOS

KITAREcycle Programme

In November 2018, we introduced the KITAREcycle programme with the aim of fostering recycling habits across our service areas. This initiative is a collaborative effort that involves partnerships with government agencies, industrial players, religious institutions, hotels, and commercial spaces. Users can actively participate through a dedicated mobile application, allowing them to exchange recyclable items for Recycling Points, which can be redeemed for cash through online banking.

86,774
participants joined

Resulting in the collection of
1,334,399 kg

596
3R Trooper public awareness activities organised

recyclables through 3R Troopers’ mobile trucks and KITAREcycle

The functionality of the mobile application is illustrated in the diagram below:



Expanding its impact in the southern states of Negeri Sembilan, Malacca, and Johor, the KITARecycle reward programme aimed to motivate residents to actively participate in recycling efforts. In FY2023, the initiative not only successfully collected 1,334,399 kg of recyclable materials but also welcomed 16,126 registrants.

An integral part of the KITARecycle initiative is the establishment of the KITARecycle Drive-Thru Drop-Off Facility Hub Centre, first implemented in Negeri Sembilan. Comprising the KITARecycle Drive-Thru Centre, the KITARecycle Communication, Education, and Public Awareness Centre, and the KITARecycle Mobile Vehicle, this hub is designed to educate the community and align with the government's objectives of promoting solid waste segregation and increasing recycling. Since its launch, the Negeri Sembilan hub has made a positive impact, collecting 78,463kg of recyclable waste through strategic collaboration with Majlis Bandaraya Seremban and Negeri Sembilan Public Library Corporation ("PPANS"). To raise awareness and educate the community on proper recycling methods, KITARecycle partnered with Coca-Cola this year to establish the KITARecycle x Coca-Cola Drive-Thru.

In FY2023, the KITARecycle Drive-Thru Centre expanded its establishment to Melaka and has collected 20 tonnes of recyclables since its opening in May. Additionally, the KITARecycle Education Hub (Zon Sisa Mampan) has been instrumental in educating and engaging the community, with 2,348 participants actively participating since its launch in February 2023.



Sustainability Statement

Furthermore, these are some initiatives that SWME undertook in the last year to help our communities manage waste

COMMUNITY OUTREACH INITIATIVES

Post-Flood Cleaning

SWME was involved in 852 post-flood cleanup activities in Negeri Sembilan, Melaka, and Johor. A total of 1,772 volunteers were dispatched, dedicating 4,625 hours to assist the impacted areas. We mobilised more than 812 vehicles and managed to collect 886,639 kg of post-flood debris. Our contributions to post-flood cleaning efforts include participation in initiatives such as *Gotong-royong*, Bantuan Operasi Pembersihan Khas, Banjir ("KIR"), Clean & Clear ("C&C"), and Operasi Pasca Banjir.

JB Neon Recreation: Lestari Fun Run and Ride

As part of the KITAREcycle programme, SWME conducted a recycling drive at the JB Neon Recreation: Lestari Fun Run and Ride event in Johor Bahru. Through this initiative, 716 kg of recyclable materials were collected from the 1,000 runners who attended the event.

MAFA Fun Run and Ride 2023

In December, SWME became a collaborative partner in the MAFA Fun Run and Ride programme in Melaka. In addition to promoting a healthier lifestyle, SWME's involvement in the programme was to educate participants on recycling practices. The programme recorded a total of 1,500 participants with 4,242kg recyclables collected during the running and cycling event.

World Clean Up Day and World Ozone Day

In 2023, Taliworks continued to foster meaningful partnerships, as exemplified by its collaboration with Great Eastern Takaful and Department of Environment to organise the World Clean Up Day and World Ozone Day. Building on the success of previous years, simultaneous cleaning activities were organised in service areas across Negeri Sembilan, Melaka, and Johor. With the participation of 1,415 volunteers from government agencies, the private sector, learning institutions, and non-governmental agencies, the cleanup efforts yielded the collection of 19,561 kg of recyclable materials from four beaches - Pantai Saujana in Port Dickson, Pantai Residen 8 in Melaka, Pantai Puteri in Melaka Tengah, and Pantai Minyak Beku in Batu Pahat.

Port Dickson

In conjunction with World Clean Up Day and World Ozone Day 2023, SWME has partnered with Great Eastern Takaful Berhad ("GETB") and the Negeri Sembilan DOE in carrying out beach cleaning activities.

361 volunteers consisting of various government agencies such as SWCorp Negeri Sembilan, local authorities, as well as educational institutions managed to collect a total of 10,651 cigarette butts followed by 636 pieces of plastic spoons and forks. In addition, a total of 592 plastic bags, 203 plastic bottle caps and 178 plastic drink bottles were also successfully collected during the implementation of cleaning activities.



Group



Blood Donation Drive

Continuing on our efforts to help those in need, we organised a blood donation drive at our headquarters in Menara LGB. Through this initiative, we managed to collect blood donations from a total of 269 generous individuals, which consisted of Taliworks employees and other tenants in Menara LGB. This event was aimed at educating our employees about the significance of donating blood whilst also addressing the constant need for blood supply in hospitals and medical facilities, ultimately saving lives and fostering a culture of compassion and solidarity within our community.

Education



As a public utilities and infrastructure provider, we recognise our pivotal role in fostering sustainable lifestyles, delivering necessary services, and championing community support, with a particular focus on empowering young adults. In alignment with this commitment, we have introduced a series of impactful initiatives aimed at integrating sustainable practices into students' academic journeys. Our pioneering efforts begin with the annual back-to-school campaign, designed to elevate awareness and promote optimal recycling practices among the future leaders of tomorrow.

The communities we impacted:

616,385
individuals

- 360 school students
- 25 university students
- 616,000 IMELC participants



Highway Toll Concessionaire, Operations, and Maintenance Operator



School Road Safety Programme

Demonstrating a strong commitment to community engagement and safe highways, Taliworks' Highway Toll Concessionaire, Operations, and Maintenance Operator division launched a comprehensive School Road Safety Campaign in FY2023. Targeting schools near Grand Saga and Grand Sepadu's respective highways, the initiative aimed to educate and empower 360 young minds to become responsible road users. Partnering with Jabatan Pengangkutan Jalan ("JPJ") Negeri Selangor, the programme delivered interactive talks and demonstrations at three schools: Kolej Komuniti Klang, Kolej Vokasional Kajang and Kolej Komuniti Hulu Langat.



Sustainability Statement

Water Treatment and Supply



Building Young Talents

The Water Treatment and Supply division at Taliworks is dedicated to cultivating young talents through industrial training opportunities for university students pursuing diplomas and bachelor's degrees. Covering diverse educational backgrounds such as engineering, bioinformatics, mathematical modelling, and human resources management, these students undergo practical attachments at Sungai Harmoni Sdn. Bhd., typically lasting between 2 to 6 months. During their tenure, they engage in a variety of tasks ranging from laboratory routines and health and safety procedures to administrative duties, civil maintenance work, and hands-on maintenance tasks. This initiative not only provides valuable hands-on experience but also helps groom the next generation of professionals in various fields.



Donations to Schools

Throughout FY2023, we provided financial assistance to the parent-teacher associations of several neighbouring schools, including SMK Raja Muda Batang Berjuntai, SK Bukit Badong, SK Jaya Setia, SK Bestari Jaya, and PPLKA Hua Ming. These contributions were instrumental in facilitating much-needed upgrades and improvements to school facilities, ensuring a conducive learning environment for students and educators alike.

Waste Management



Iskandar Malaysia Eco-life Challenge (“IMELC”)

Since 2013, we've partnered with IRDA, UTM, and JPNJ to spark a passion for recycling among Johor's students through the IMELC.

This year, we recorded 616,000 participants from 907 schools, demonstrating the immense impact of empowering young minds to adopt eco-conscious practices. Through this collective endeavour, we successfully diverted a remarkable 328,661 kg of recyclable waste, making substantial strides in carbon reduction efforts throughout Johor, which translates to 1,797,548.28 kg of CO₂ saved.

Embracing digital innovation proved crucial in navigating pandemic restrictions. Webinars and social media campaigns kept the programme vibrant, while an interactive website replaced physical workbooks, fostering deeper engagement and discussion. We even leveraged Google Earth to showcase Taliworks' sustainability projects virtually, replacing in-person school visits.



Towards Low Carbon Lifestyles at Iskandar Puteri

Recognising the importance of education in driving environmental actions, the Waste Management division partnered with Iskandar Puteri City Council (“MBIP”) to promote low-carbon practices through community projects in Iskandar Puteri, Johor. Our combined efforts, including the Iskandar Puteri Low Carbon 1.0 Community Grant and Calendar Competition, inspired residents to take action, leading to the impressive collection of over 14,000 kg of recyclable materials.



Jelajah Sekolah Angkat Wira Lestari Powered by KITAREcycle (“JESAWIL 2023”)

Sponsored by Bank Simpanan Nasional (“BSN”), the JESAWIL programme is aimed to educate students on recycling practices, environmental conservation, and income generation from used oil waste. The programme comprised five distinct competitions: KITAREcycle Wira Lestari Collection, Wira Lestari Storytelling, Wira Lestari Rhyming Speech, Eco-Brick Production Wira Lestari, and Wira Lestari Entrepreneur Club. Involving 30 schools in Muar, the initiative successfully collected over 30,000 kg of recyclables that resulted in the production of 1,000 ecobricks. This contributed to a reduction of approximately 44,911.48 kg of CO₂ over a span of five months. The collaborative efforts involved SWME, UTHM Kampus Pagoh, Majlis Perbandaran Muar (“MPM”), and Jabatan Pendidikan Negeri Johor (“JPNJ”), with additional support from Johor State SWCorp, Nestle Malaysia, and Marigold Malaysia.

Sustainability Statement

Festivities



As we embrace the joyous spirit of festive seasons, Taliworks continue to uphold our commitment to giving back to the community. In tandem with our dedication to prioritising road safety and fostering inclusivity, we are proud to contribute to the community through a series of donations and the introduction of impactful road safety campaigns.

In an effort to alleviate the financial strain on the public during festive periods, we endorse the Government's initiative to provide toll discounts, enhancing accessibility and affordability.



The communities we impacted:

2,809
individuals

- 507 underprivileged community members
- 78 old folks and orphans
- 159 underprivileged children
- 65 orphans
- 2,000 goodie bag recipients

	Chinese New Year	Hari Raya Aidilfitri	Deepavali	Christmas	Total
Grand Saga					
Total vehicles	327,834	607,125	343,402	349,274	1,627,635
Total costing (RM)	432,753	803,733	453,465	470,230	2,160,181
Grand Sepadu					
Total vehicles	167,767	310,964	156,729	174,316	809,776
Total costing (RM)	246,478	458,890	218,451	301,275	1,225,094

SWM Kasih serves as SWME's dedicated corporate social responsibility arm, committed to enriching local communities through volunteerism, material donations, and financial support. Throughout 2023, we joyously engaged with 14 communities, involving 397 participants, and collaborated with 3 schools, engaging 110 participants, in celebrating various festivities.

Lunar New Year

To celebrate the Lunar New Year, our Waste Management division initiated the SWME "Kasih Misi Sampul Merah" programme. We distributed SWME Kasih Kits containing essential food and personal hygiene items to support and uplift vulnerable communities during this special occasion.

During this festive season, the Highway Toll Concessionaire, Operations, and Maintenance Operator division conducted a Road Safety Campaign to promote safety awareness, in collaboration with IPD Klang and JPJ Negeri Selangor. We also extended holiday cheer by distributing around 650 boxes of mandarin oranges to highway users at respective toll plazas. Concurrently, road safety campaigns were conducted through Twitter, Facebook, and highway signage, aiming to spread joy while reinforcing the importance of road safety.

In a heartfelt community initiative, Taliworks organised the Threads of Love and Joy Lunch Box event, dedicated to spreading love and cheer among underprivileged children and the elderly during the Lunar New Year festivities. Five of our employees volunteered their time at Persatuan Kebajikan Chen Ai, where we made donations totaling RM3,716, benefiting 30 children and 95 elderly individuals.



Ramadan

Embracing the spirit of Ramadan, our Waste Management division initiated its annual “Santun Ramadan”, extending a helping hand to vulnerable communities in Melaka, Negeri Sembilan, and Johor. This initiative saw us delivering essential household supplies, preparing and distributing warm meals, and providing additional necessities, demonstrating our dedication to making a positive impact during this holy month.

The Group continued to spread the Ramadan charitable food giving spirit this year through the Ramadan Care Project with Mesra Home Ampang. As a gesture of compassion, we contributed RM1,781 for the “buka puasa” and distribution of adult diapers to 78 old folks from the nursery home. This initiative was aimed at instilling and spreading values of kindness, harmony, and compassion during Ramadan, fostering a sense of community bonding and connection.

Additionally, the Highway Toll Concessionaire, Operations, and Maintenance Operator division, comprising Grand Saga and Grand Sepadu, played a vital role in contributing food and other necessities during Ramadan to 10 orphanages and old folks homes around Kajang, Cheras and Klang. Our donations consisted of rice, sugar, cooking oil, and other home needs, exemplifying our commitment to sharing the essence of Ramadan with those in need.



Christmas

In our continuous effort to spread gratitude and festive joy through the SWM Kasih Krismas programme, SWME donated daily necessities to 25 less fortunate families in Bahau, Negeri Sembilan, aligning with the spirit of giving during this Christmas celebrations.

Deepavali

In upholding the spirit of compassion and community, our SWME Kasih Ceria Deepavali initiative persisted in its mission to extend a helping hand to 20 underprivileged families in Tangkak, Johor this year. By sharing the light of joy and hope, we aim to create a deeper significance for the Festival of Lights and bring forth a sense of togetherness and inclusivity within our diverse communities.



Raya Cheer

Amidst the bustling festivities of Hari Raya Aidilfitri, our Highway Toll Concessionaire, Operations, and Maintenance Operator division conducted a Road Safety Campaign to promote safety awareness. In collaboration with IPD Klang and JPJ Negeri Selangor, 2,000 containers of goodies were distributed to highway users, fostering a sense of community and celebration.

In line with our commitment to road safety during the festive season, the division leveraged social media platforms such as Twitter and Facebook, along with strategically placed signs along the highways. This comprehensive approach served as a gentle reminder for road users to prioritise and embrace safe driving practices, ensuring a joyful and secure journey for all.

Additionally, the Highway Toll Concessionaire, Operations, and Maintenance Operator division handed out raya packets and souvenirs to 65 orphans from two orphanages: Pertubuhan Nur Kasih Klang and Pertubuhan Kebajikan & Pendidikan Al Mahabbah, during its Hari Raya Open House.

In the spirit of fostering togetherness and spreading the joy of Hari Raya, the Group organised the Riang Raya celebration, bringing together employees and underprivileged children from Pusat Jagaan Suci Rohani. The event featured contributions including meals, goodie bags, money packets, travel allowances, and test kits, with a total value of RM5,249. This initiative not only enriched the Raya experience for 34 children but also strengthened the bond between employees and the community.

Sustainability Statement

Sustainability Performance Report

Indicator	Measurement Unit	2021	2022	2023
Bursa (Anti-corruption)				
Bursa C1(a) Percentage of employees who have received training on anti-corruption by employee category				
Senior Management	Percentage	100.00	100.00	100.00
Executive	Percentage	100.00	100.00	100.00
Non-executive/Technical Staff	Percentage	100.00	100.00	100.00
Bursa C1(b) Percentage of operations assessed for corruption-related risks	Percentage	100.00	100.00	100.00
Bursa C1(c) Confirmed incidents of corruption and action taken	Number	0	0	0
Bursa (Community/Society)				
Bursa C2(a) Total amount invested in the community where the target beneficiaries are external to the listed issuer	MYR	402,000.00	899,276.00	496,279.00
Bursa C2(b) Total number of beneficiaries of the investment in communities	Number	-	-	711,591
Bursa (Diversity)				
Bursa C3(a) Percentage of employees by gender and age group, for each employee category				
Age Group by Employee Category				
Senior Management Under 30	Percentage	-	-	0.00
Senior Management Between 30-50	Percentage	-	-	35.00
Senior Management Above 50	Percentage	-	-	65.00
Executive Under 30	Percentage	-	-	18.00
Executive Between 30-50	Percentage	-	-	65.00
Executive Above 50	Percentage	-	-	17.00
Non-executive/Technical Staff Under 30	Percentage	-	-	22.00
Non-executive/Technical Staff Between 30-50	Percentage	-	-	59.00
Non-executive/Technical Staff Above 50	Percentage	-	-	19.00
Gender Group by Employee Category				
Senior Management Male	Percentage	-	-	77.00
Senior Management Female	Percentage	-	-	23.00

Internal assurance

External assurance

No assurance

(*)Restated

Indicator	Measurement Unit	2021	2022	2023
Female				
Executive Male	Percentage	-	-	56.00
Executive Female	Percentage	-	-	44.00
Non-executive/Technical	Percentage	-	-	90.00
Staff Male				
Non-executive/Technical	Percentage	-	-	10.00
Staff Female				
Bursa C3(b) Percentage of directors by gender and age group				
Male	Percentage	87.50	75.00	71.00
Female	Percentage	12.50	25.00	29.00
Under 30	Percentage	0.00	0.00	0.00
Between 30-50	Percentage	25.00	29.00	29.00
Above 50	Percentage	75.00	71.00	71.00
Bursa (Energy management)				
Bursa C4(a) Total energy consumption	Megawatt	164,902.50	165,658.40	232,813.90
C4(a) Total energy consumption	Gigajoules	593,649.10	596,370.30	838,130.10
Bursa (Health and safety)				
Bursa C5(a) Number of work-related fatalities	Number	0	0	0
Bursa C5(b) Lost time incident rate ("LTIR")	Rate	0.30	0.30	0.30
Bursa C5(c) Number of employees trained on health and safety standards	Number	-	-	10,298
Bursa (Labour practices and standards)				
Bursa C6(a) Total hours of training by employee category				
Senior Management	Hours	-	-	1,152
Executive	Hours	-	-	12,919
Non-executive/Technical	Hours	-	-	31,503
Staff				
Bursa C6(b) Percentage of employees that are contractors or temporary staff	Percentage	-	-	19.00
Bursa C6(c) Total number of employee turnover by employee category				
Senior Management	Number	-	-	0
Executive	Number	-	-	62
Non-executive/Technical	Number	-	-	1,361
Staff				
Bursa C6(d) Number of substantiated complaints concerning human rights violations	Number	-	-	0

Internal assurance

External assurance

No assurance

(*)Restated

Notes:

- Total energy consumption for 2021 and 2022 includes purchased electricity from the Water Treatment and Supply, Highway and Toll, and Waste Management divisions only.
- Total energy consumption for 2023 includes purchased electricity, renewable energy, diesel, and petrol consumption from all divisions.

Sustainability Statement

Indicator	Measurement Unit	2021	2022	2023
Bursa (Supply chain management)				
Bursa C7(a) Proportion of spending on local suppliers	Percentage	99.80	99.80	95.20
Bursa (Data privacy and security)				
Bursa C8(a) Number of substantiated complaints concerning breaches of customer privacy and losses of customer data	Number	0	0	0
Bursa (Water)				
Bursa C9(a) Total volume of water used	Megalitres	157.800000	141.700000	116.900000
Bursa (Waste management)				
Bursa C10(a) Total waste generated	Metric tonnes	34,051.50	37,652.20	32,080.80
Bursa C10(a)(i) Total waste diverted from disposal	Metric tonnes	-	-	6.30
Bursa C10(a)(ii) Total waste directed to disposal	Metric tonnes	-	-	32,074.60
Bursa (Emissions management)				
Bursa C11(a) Scope 1 emissions in tonnes of CO ₂ e	Metric tonnes	93,450.00	77,763.00	30,460.30
Bursa C11(b) Scope 2 emissions in tonnes of CO ₂ e	Metric tonnes	-	-	87,288.40
Bursa C11(c) Scope 3 emissions in tonnes of CO ₂ e (at least for the categories of business travel and employee commuting)	Metric tonnes	-	-	-

Internal assurance

External assurance

No assurance

(*)Restated

Note:

- Scope 1 and Scope 2 emissions for 2021 and 2022 include the Water Treatment and Supply division only.

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STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

This Statement on Risk Management and Internal Control (“Statement”) is made pursuant to Paragraph 15.26(b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad which requires the board of directors (“Board”) to include in this Annual Report a statement about the state of risk management and internal controls of the Company and its subsidiaries (“Group”).

This Statement also provides an insight on how the Board has established an effective risk management and internal control framework including its features, adequacy and effectiveness as required under Principle B (II) of the Malaysian Code on Corporate Governance 2021 issued by the Securities Commission of Malaysia.

1.0 BOARD RESPONSIBILITIES

- To enable the Group to achieve its business objectives, the Board is responsible for identifying and managing principal risks (both current and emerging) by establishing a sound risk management framework and in maintaining an appropriate system of internal controls within the Group including ensuring the adequacy, integrity and effectiveness of this system.
- The Board is aware that the risk management framework and system of internal controls are designed to minimise and manage risks at an acceptable level rather than to eliminate them. A risk management framework and system of internal controls can only provide reasonable but not absolute assurance against any failure by the Group to meet its business objectives or to detect material errors, losses, fraud or breaches of laws, rules or regulations.
- Accordingly, the Board is provided with reasonable assurance that adverse impact arising from a foreseeable future event or situation on the Group's business objectives can be mitigated and managed by the establishment of a proper and sound risk management framework and in the maintenance of an appropriate system of internal controls.
- Accompanying the maintenance of an appropriate system of internal controls, is an on-going process to identify, evaluate, monitor and manage principal risks faced by the Group and is generally in line with the Statement on Risk Management and Internal Control (Guidelines for Directors of Listed Issuers) which is intended to guide directors of listed issuers in making disclosures concerning risk management and internal controls in their company's annual report.

2.0 RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

- Proper risk management and internal controls are important aspects of the Group's governance, management and operations. Risk management focuses on identifying threats and opportunities while internal controls help counter threats and take advantage of opportunities. Proper risk management and internal controls assist the Group in making informed decisions about the level of risk that it wants to take and implement the necessary controls to effectively pursue its objectives.
- In fulfilling its responsibilities, the Board has established an Enterprise Risk Management ("ERM") Framework by adopting the Risk Management Policy and Guidelines Document which is designed to:-
 - (i) establish the context for an embedded ERM framework within the Group;
 - (ii) formalise the ERM functions across the Group;
 - (iii) sensitise the Group's personnel to be more adapted to risk identification, measurement, controls, ongoing monitoring, responsibilities and accountabilities;
 - (iv) coordinate and standardise the understanding and application of ERM within the Group; and
 - (v) prove compliance by the Board with its organisational obligations and duties of care and diligence in accordance with good corporate governance practices promulgated by the Malaysian Code on Corporate Governance and the Main Market Listing Requirements via a structured documentation process.

The Risk Management Policy and Guidelines Document was adopted since 2012 and it was subsequently updated in 2021 due to revisions made to the Main Market Listing Requirements and the Malaysian Code on Corporate Governance.

3.0 GOVERNANCE

The Group's ERM Framework consists of risk organisational structure to ensure that roles, responsibilities and accountabilities are clearly defined and communicated at all levels to implement the risk management processes. The ERM is an on-going process to identify, evaluate, monitor, and manage principal risks that affect or will potentially undermine the achievement of the Group's business objectives both now and into the future as explained in the following paragraphs:

3.1 Board

The Board is responsible in identifying and managing risks and in maintaining an appropriate system of internal controls within the Group. This responsibility is delegated to the ARMC under the terms of reference of the ARMC.

3.2 ARMC

The assessment of both the risk management function and system of internal controls are undertaken by the ARMC which reports its findings to the Board. Whilst the ARMC has delegated the implementation of the system of internal controls to the Management, it is assisted by the Group Internal Audit, an in-house internal audit function which provides an independent assessment and relevant assurance on the adequacy, integrity and effectiveness of the risk management function and system of internal controls based on findings from internal audit reviews carried out. The Group's ERM activities are undertaken twice a year and reported to the Board bi-annually by the ARMC whereas internal audit findings are reported to the Board on a quarterly basis by the ARMC.

Statement on Risk Management and Internal Control

3.0 GOVERNANCE (CONT'D)

3.3 Risk Management Working Group

- In respect of the risk management function, this role is undertaken by the Risk Management Working Group (“RMWG”) which reports its findings directly to the ARMC. In accordance with its terms of reference, the RMWG is chaired by the personnel designated as the chief executive officer or the executive director of the company and shall consist of no fewer than three other members, comprising the following: -
 - (i) the personnel designated as the chief financial officer of the Group; and
 - (ii) such any other directors and officers of the company and/or the Group as may be determined by the Board and/or the ARMC.
- For the year under review, members of the RMWG comprise the Executive Director as the chairperson, a non-Executive Director, the Chief Investment Officer and the General Manager, Group Finance. All of them attended the RMWG meetings held on 8 May 2023 and 2 November 2023.

3.4 Internal Audit Function

- The internal audit function is undertaken internally within the Group to provide independent internal audit services to the Group. To ensure the governance, risk management and internal control processes are effective, the internal audit function conducts regular reviews and appraisals on the business operations of the Group according to the Internal Audit Plan approved by the ARMC.
- The key role of the Group Internal Audit is to assess the management’s adherence to established policies and procedures as well as acting as an independent sounding board to the ARMC concerning areas of weaknesses or deficiencies in the risk management, governance and control processes for appropriate remedial measures to be carried out by the Management.
- Further details on the functions and activities of the Group Internal Audit are found in the Report of the ARMC included in this Annual Report.

3.5 Governance Structure

To ensure that proper risk management is being undertaken and the system of internal controls are adequate and effective, the following is the governance structure of the Group’s ERM and internal control framework:



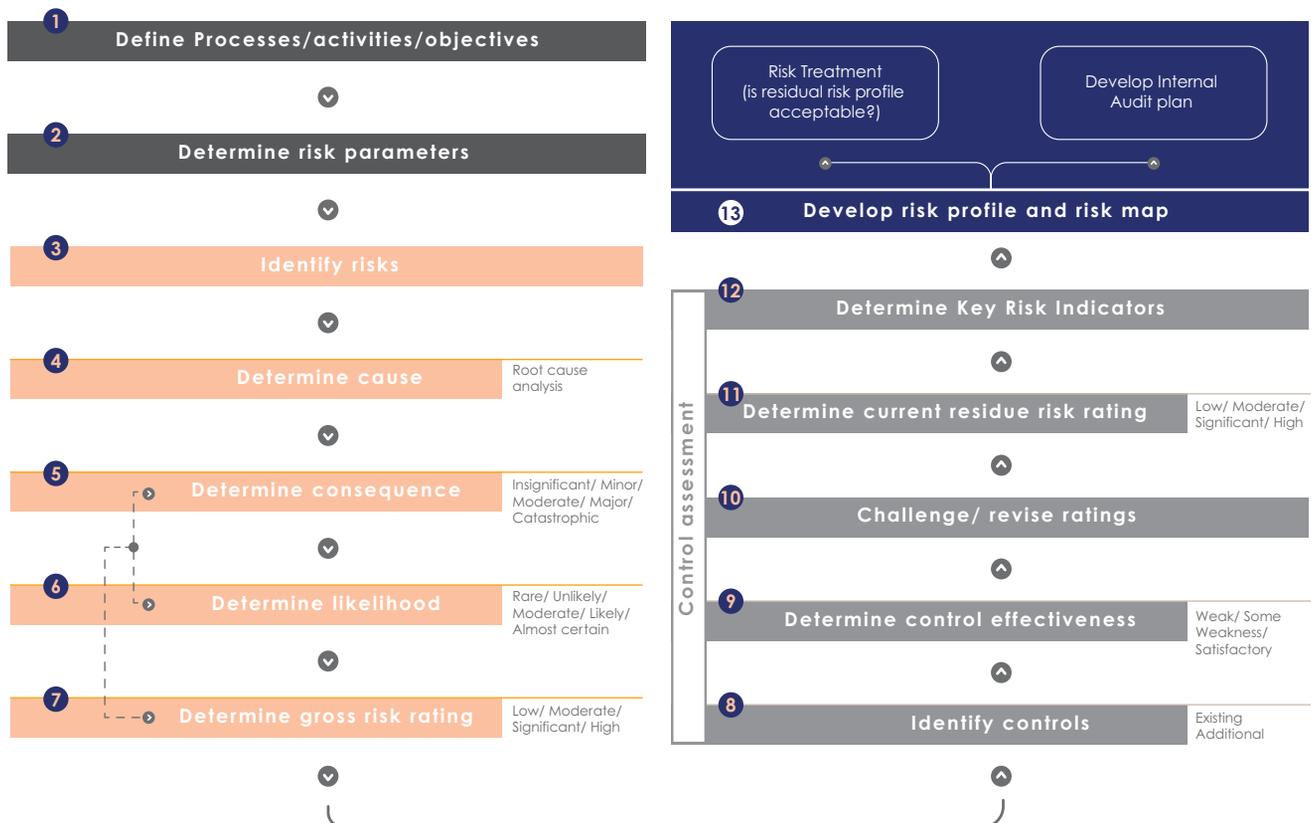
4.0 COVERAGE

- The business operations of the Group are subjected to internal audits and risk management assessments.
- The ARMC reviews the appropriateness of the system of internal controls in joint ventures which contribute significantly to the Group through the Group Internal Audit. In respect of associates that contribute significantly to the Group, the Group Internal Audit may evaluate the system of internal controls of said associates and the internal audit findings will be presented to the ARMC for notation.
- The RMWG will evaluate the risk management policies and processes adopted and risk management reports submitted by major joint ventures and associates that contribute significantly to the Group.

5.0 ENTERPRISE RISK MANAGEMENT FRAMEWORK

5.1 The Key Steps Undertaken in the Risk Management Process

The following summarises the key steps undertaken by the Group in identifying, measuring, controlling, monitoring and reporting of risks under the ERM Framework: -



Statement on Risk Management and Internal Control

5.0 ENTERPRISE RISK MANAGEMENT FRAMEWORK (CONT'D)

5.1 The Key Steps Undertaken in the Risk Management Process (Cont'd)

- A Risk Profile together with a Risk Register are prepared for the purposes of identifying, evaluating, monitoring, managing and reporting of risks. In this respect, risk owners are responsible to determine the risk parameters, identify the risks, determine the causes, consequences and likelihood of occurrence to arrive at the Gross Risk Rating.

Thereafter, risk owners will identify appropriate controls that are in place and any additional controls to be implemented and determine their effectiveness to arrive at the Residual Risk Rating. The Key Risk Indicators are metrics used to indicate the severity of a certain risk. Risk owners will then decide on the risk tolerance level to either terminate, reduce, accept or pass on the risks.

- The Risk Profile and Risk Register are updated by the risk owners twice a year to ensure that the ERM process remains regular and the Risk Profiles and Risk Registers continue to be relevant. Risk owners will update in the Risk Register the action plans taken or to be taken and indicate the timeframe for actions to be taken to mitigate the risks identified.
- The risk owners, who are normally at the operational level, will report the status of risks to the head of business units who then collates and summarises the risks to be briefed to the RMWG on a bi-annual basis.
- This ERM process is an on-going process undertaken by the Group and such process has been in place for the year under review and up to the date of approval of this Statement for inclusion in the Annual Report.

5.2 Main Features of the ERM framework

The main features of the Group's ERM Framework involve the following key processes: -

- (i) The Management develops, operates and monitors the system of internal controls to address the various risks faced by the Group.
- (ii) A database of all risks and controls is maintained and updated, and the information filtered to produce detailed Risk Registers and individual Risk Profiles. Key risk areas are identified and scored for likelihood of the risks occurring and the magnitude of the impact.
- (iii) Risk assessment reports are submitted bi-annually and briefed by the heads of business units to the RMWG in a meeting, attended by the head of the Group Internal Audit, where the following are reported: -
 - (a) the current status or new developments in any of the risks identified;
 - (b) any changes to the Risk Profile including new or removal of risks that were previously reported and the reason(s) thereof;
 - (c) any new or additional controls that have been put in place to mitigate the risks; and
 - (d) the status of action plans to address each of the risks by the risk owners. Specific action plans and the timeline for the action plans to be implemented are documented in the Risk Registers by the risk owners.

5.0 ENTERPRISE RISK MANAGEMENT FRAMEWORK (CONT'D)

5.2 Main Features of the ERM framework (Cont'd)

- (iv) The meetings of the RMWG are held prior to the ARMC meetings. The RMWG, through the General Manager, Group Finance, reports its findings to the ARMC which then reports to the Board. Minutes of the RMWG meetings are made available to the ARMC at subsequent meeting of the ARMC.
- (v) All updated Risk Profiles and Risk Registers are tabled to the ARMC after they have been considered and deliberated by the RMWG.
- (vi) Annual assessment is conducted selectively at operational sites by the General Manager, Group Finance, representing the RMWG together with the risk owners where existing controls are verified to ensure their validity and evaluations are conducted to determine their effectiveness. These assessments are important to collaborate on the appropriateness of the matters disclosed in the Risk Profile and Risk Register presented by the heads of business units to the RMWG.
- (vii) Where appropriate, the Group Internal Audit will develop their internal audit plans around the risks identified.

5.3 Risk Matrix

To ensure that the assessment of risk management are applied consistently across all business divisions, the RMWG has adopted the following standard Risk Matrix.

Risk Rating					
Impact Likelihood	Insignificant	Minor	Moderate	Major	Catastrophic
Almost Certain	Significant	Significant	High	High	High
Likely	Moderate	Significant	Significant	High	High
Moderate	Low	Moderate	Significant	High	High
Unlikely	Low	Low	Moderate	Significant	High
Rare	Low	Low	Moderate	Significant	Significant

Likelihood of Occurrence	
Description	Risk Likelihood Description
Almost Certain	Happens frequently
Likely	Likely to occur
Moderate	Might occur. Happened before but very rare
Unlikely	Unlikely to occur. Happened before but extremely rare
Rare	Has never occurred before and is not expected to occur

Statement on Risk Management and Internal Control

5.0 ENTERPRISE RISK MANAGEMENT FRAMEWORK (CONT'D)

5.3 Risk Matrix (Cont'd)

Magnitude of Impact		
Description	Financial Considerations	Non-Financial Considerations
	% of Budgeted EBITDA	
Catastrophic	> 75%	<ul style="list-style-type: none"> • Reputation/ Image • Service/ operations disruption • Business continuity • Project delay • Damage to life, property, environment • Management involvement
Major	50-75%	
Moderate	25-50%	
Minor	5-25%	
Insignificant	< 5%	

- Although the assessment of the Likelihood of Occurrence and Magnitude of Impact are subjective in nature, nevertheless the description thereto provide guidance to the risk owners to ascertain according to their best judgement and knowledge on:-
 - (i) the likelihood that a risk event will occur or has occurred; and
 - (ii) the level of impact of the risk based on both financial and non-financial considerations.
- There may be certain circumstances where the non-financial criteria of a particular risk are given higher consideration than the financial considerations e.g. where it involves reputational risk which is hard to quantify. Once the Likelihood of Occurrence and Magnitude of Impact have been ascertained, they will be mapped to determine the Risk Rating.

6.0 REPORTING OF KEY RISKS

- The Group, through its normal day-to-day operations, is exposed to various types of risks that could adversely affect the Group's business objectives, reputation, operating results, financial position and its stakeholders. Key risks are monitored regularly by the risk owners and are escalated immediately to the Management if such situation arises. Status of risks are reported to the RMWG, ARMC and Board on a bi-annual basis.
- For the year under review, the Group has identified several risks which were more prevalent among businesses in the Group. Below is a summary of the key risk factors that the Group has focused on.

6.0 REPORTING OF KEY RISKS (CONT'D)

Risk Management Category	Key Risks	Description
Operational and Regulatory	Concessions and Contracts	<p>The Group's businesses are primarily premised on concessions and key contracts and as such, it faces inherent political and regulatory risks due to concentration of regulated businesses. Any cancellation, expiration, termination or re-negotiation of these concessions or key contracts may have an adverse impact on the financial condition and results of the operations of the Group.</p> <p>Having an established track record in operations and maintenance coupled with legal protections accorded in these concessions and key contracts would minimise the Group's exposure to such risks.</p>
Cybersecurity	Cyber Threats	<p>Cybersecurity consists of technologies, processes and controls designed to protect systems, networks, programs, devices and data from cyberattacks.</p> <p>The Group has put in place cybersecurity protocols that reduce the risk of cyberattacks and protect the Group's IT infrastructure and end-point equipment against unauthorised exploitation of systems, networks and technologies such as ransomware, phishing email and spoofing email.</p>
Business Continuity and Resilience Risks	Natural Disasters and Climate Change	<p>Disruptions to operations maybe caused by natural disasters such as heavy rains, flooding or drought arising from extreme weather conditions brought about by climate change.</p> <p>The impact from natural disasters on the operations may vary depending on the severity but to-date, there has not been a prolonged disruption arising from natural disasters. Nevertheless, the Group would be concerned with the long-term impact of climate changes which may severely jeopardise the business continuity of the Group's business e.g. arising from:-</p> <ul style="list-style-type: none"> (a) shortage of raw water sources and rising sea levels which will impact the production of treated raw water; (b) severe weather conditions which will impact the integrity of highway infrastructure, occurrence of flooding at low lying areas where some of the Group's infrastructure assets are located. <p>To address these risks, the Group has implemented several risk mitigation plans e.g. long-term planning of additional raw storages, flood emergency response plan etc</p>

Statement on Risk Management and Internal Control

7.0 ENVIRONMENTAL, SOCIAL, AND GOVERNANCE ("ESG") AND CORRUPTION RISKS

- As sustainability and the underlying ESG issues become increasingly critical to the ability of companies to create durable and sustainable value and confidence to stakeholders, the RMWG has taken proactive and effective measures to anticipate and address material ESG risks and opportunities. In this respect, the Group has undertaken risk assessment to identify and determine the ESG risks within the Group specifically to evaluate their impact to the Group's operations and accordingly take appropriate action plans to mitigate these risks. Material ESG risks to the Group have been identified and are elaborated in the Sustainability Statement included in this Annual Report.
- In its efforts to minimise the incidences of corruption and bribery, the Group has in place an Anti-Bribery Management System ("ABMS") and an Anti-Bribery and Anti-Corruption Policy ("ABAC Policy") which cover all operations undertaken by the Company (including entities over which it has control), to all levels of employees, and any person associated with the Group. As part of the ABMS, the Group undertakes a corruption risk assessment on an annual basis as required under Paragraph 15.29(1)(c) of the Main Market Listing Requirements. The ABMS, ABAC Policy and the governance structure of the Group's anti-bribery programme are elaborated in the Sustainability Statement included in this Annual Report.

8.0 OTHER KEY ELEMENTS OF GOVERNANCE, RISK MANAGEMENT AND CONTROLS

Other key elements of governance, risk management and controls established by the Group, amongst others, are as follows:

- (i) clearly defined governance structure with the respective terms of reference, duties and responsibilities of the Board and the Board Committees, as described in the Corporate Governance Overview Statement.
- (ii) clearly defined delegation of responsibilities to the Board Committees and to the Management, including appropriate authorisation levels in the form of written Limits of Authority to assist the Board and the Management in determining the appropriate levels of authority in approving transactions or attending to certain issues related to corporate, finance, legal, secretarial, public affairs and investor relations matters. Limits of Authority are reviewed once every three (3) years.
- (iii) attendance and recording of minutes of Board and Board Committees by the Company Secretaries and attendance and recording of minutes of the RWMG and monthly management meetings by the Secretarial department.
- (iv) a budgetary process whereby the Executive Committee approves the operating and capital budgets of the key operating units and the Board approves the operating and capital budgets of the Group on a consolidated basis.
- (v) review of operational and financial performance by the operating unit's Management at monthly management meetings attended by the Executive Committee, heads of department and business units including the Head of Internal Audit. At these meetings, relevant operational, financial and strategic issues are discussed, deliberated and followed up by the Management.
- (vi) briefing by the Executive Director to the Board on the operational performance of the Group on a quarterly basis.
- (vii) briefing by the General Manager, Group Finance to the ARMC and to Board on the financial performance of the Group on a quarterly basis.
- (viii) a yearly assessment undertaken by the External Auditors to identify any significant risks affecting the preparation of the financial statements. Private sessions are held twice a year by the External Auditors with the ARMC without the presence of Management.

8.0 OTHER KEY ELEMENTS OF GOVERNANCE, RISK MANAGEMENT AND CONTROLS (CONT'D)

- (ix) briefing by the head of Group Internal Audit to the ARMC on a quarterly basis on the internal audit findings together with any follow up actions taken or to be taken to remedy any significant failings or weaknesses identified from the internal audit findings. Private sessions are held by the Group Internal Audit with the ARMC without the presence of management.
- (x) the existence of a whistleblowing policy and procedure to provide a channel for legitimate concerns related to, amongst others, fraud, financial irregularity, corruption, bribery, serious breaches of the Employees Code of Conduct and Ethics, non-compliance with laws and regulations or company policies, illegal, unethical or questionable practices etc. (collectively referred to as "Misconduct") to be raised or reported, investigated and where necessary, appropriate action to be taken to resolve such issues promptly and effectively within the Group. The Misconduct can be raised to the Executive Director, the Head of Group Human Resource (on staff related matters), head of Group Internal Audit, the Senior Independent Director and/or to the Chairman of the ARMC. The whistleblowing policy is uploaded to the Company's website at <https://taliworks.com.my/corporate-governance> under the caption "Whistleblowing Policy".
- (xi) the provision of a dedicated email address to the Whistle-blowing Committee at we_hear@lgb.com.my for reporting of Misconduct.
- (xii) the provision of a dedicated email address to the Senior Independent Director at SID@taliworks.com.my and to the Chairperson of the ARMC at ARMC@taliworks.com.my for shareholders and other stakeholders to communicate with them on matters relating to the Group.
- (xiii) a Code of Business Conduct and Ethics for Directors which sets out the general principles and standards of business conduct and ethical behaviour for the Directors in the performance and exercise of their responsibilities as directors of the Company. The Code of Business Conduct and Ethics for Directors was last revised in 2023.
- (xiv) a Board Charter that constitutes, and forms, an integral part of the Director's duties and responsibilities. The Board Charter was last revised in 2023.
- (xv) a Code of Conduct contained in the Employment Handbook which governs the policies and guidelines relating to the standards and ethics that all employees of the Group are expected to adhere to in discharging their duties and responsibilities. The revised Employment Handbook was circulated to all employees in January 2024.
- (xvi) an Anti-Bribery Management System approved and adopted by the Group on 1 June 2020 to implement the Guidelines on Adequate Procedures issued pursuant to subsection (5) of section 17A of the Malaysian Anti-Corruption Commission Act 2009 (Act 694) as stated in the Malaysian Anti-Corruption Commission (Amendment) Act 2018 which requires commercial organisations to establish adequate procedures to avert corruption as a defence against corporate liability under the said Act. Updated anti-bribery procedures were introduced and implemented in January 2024 whilst the ABAC Policy was uploaded to the Company's website at <https://taliworks.com.my/corporate-governance> under the caption "Policies". The Company has also established an anti-bribery committee, namely the ABMS Committee, to ensure amongst others; the Anti-Bribery Management System implemented is maintained and reviewed to adequately address the Group's bribery risks.
- (xvii) the Group has incorporated corruption risks as part of its annual risk assessment. The corruption risk assessment is undertaken and documented in the Risk Registers of individual business units and reported as part of the ERM process.

Statement on Risk Management and Internal Control

9.0 ADEQUACY AND EFFECTIVENESS OF THE GROUP'S RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM

In accordance with Paragraph 42 of the Statement on Risk Management and Internal Control (Guidelines for Directors of Listed Issuers), the Board after receiving assurances from the Executive Director and the General Manager, Group Finance, is of the view that the Group's risk management process and internal control systems are operating adequately and effectively in all material aspects. The assurances are also premised on the following: -

- (i) the ERM Framework adopted by the Group, the system of internal controls in place and other key elements of governance, risk management and controls established by the Group as elaborated in section 8 above;
- (ii) similar written assurance given by the respective heads of business units to the Executive Director; and
- (iii) formal feedback on the adequacy of risk management and internal controls from the head of the Group Internal Audit which is based primarily on the scope and coverage of the internal audit's remit for the year under review.

10.0 REVIEW BY THE EXTERNAL AUDITORS

- As required by paragraph 15.23 of the Main Market Listing Requirements, the External Auditors have reviewed this Statement. Their limited assurance review is in accordance with Audit and Assurance Practice Guide 3: Guidance for Auditors on Engagements to Report on the Statement of Risk Management and Internal Control Included in the Annual Report ("AAPG 3"), issued by the Malaysian Institute of Accountants.
- Based on their review, the External Auditors have reported to the Board that nothing has come to their attention that causes them to believe that this Statement is inconsistent with their understanding of the process the Board has adopted in the review of the adequacy and integrity of the risk management and internal controls of the Group.
- AAPG 3 does not require the External Auditors to form an opinion on the adequacy and effectiveness of the risk management and internal control systems of the Group.

11.0 AUTHORISATION FOR ISSUANCE

The Board and the ARMC have reviewed and approved this Statement for inclusion in the Annual Report.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

THIS CORPORATE GOVERNANCE OVERVIEW STATEMENT TOGETHER WITH THE CORPORATE GOVERNANCE REPORT PROVIDE AN OVERVIEW OF THE COMMITMENT BY THE BOARD OF DIRECTORS ("BOARD") TOWARDS A HIGH STANDARD OF CORPORATE GOVERNANCE PRACTICES, VALUES AND ETHICAL BUSINESS CONDUCTS BY DISCLOSING THE APPLICATIONS OF EACH PRACTICE SET OUT IN THE MALAYSIAN CODE ON CORPORATE GOVERNANCE 2021 ("MCCG 2021") PURSUANT TO PARAGRAPH 15.25 OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD. THIS CORPORATE GOVERNANCE OVERVIEW STATEMENT SHOULD BE READ IN TANDEM WITH THE CORPORATE GOVERNANCE REPORT WHICH HAS BEEN UPLOADED ON THE COMPANY'S WEBSITE.

- In today's dynamic business landscape and heightened stakeholders' expectations, demand for greater accountability and transparency are expected from the Board in discharging its fiduciary duties in delivering long-term value proposition to shareholders as well as upholding the rights of other stakeholders. As a direct consequence thereof, greater internalisation of enterprise-wide culture of good corporate governance practices, maintenance of a sound system of internal control, embedding risk management practices and policies into the day-to-day operations, addressing business sustainability issues including environment, social and governance ("ESG") risks and opportunities, as well as adherence to regulatory requirements are some of the key challenges for the Board.
- Corporate governance is about having processes and structures to direct and manage the business and affairs of the Company towards promoting business prosperity and corporate accountability with the ultimate objective of realising long-term shareholder value while taking into consideration the interest of other stakeholders. Good corporate governance practices underpin a successful and sustainable business. To succeed in the long term, companies are required to build and maintain successful relationships with a wide range of stakeholders. Accordingly, a company should promote integrity, openness and be responsive to the views of the stakeholders at large.
- The Board recognises the importance of complying with the Principles and Practices stipulated in the MCCG 2021 published by the Securities Commission of Malaysia on 28 April 2021 and is committed to ensure that good corporate governance is observed, practised and enhanced throughout the Company and its subsidiaries ("Group") to safeguard the interest of shareholders and other stakeholders such as our employees, customers, suppliers and the communities in which the Group conducts its businesses.
- Since the introduction of the first Malaysian Code on Corporate Governance in 2000, the Board has continuously made efforts and avail resources to strengthen the corporate governance framework and practices within the Group; to not only attract but also retain investors and other valued stakeholders. The Board recognises that good ethical conduct and a high level of accountability are important criteria to support the sustainable development and growth trajectory of the Group's businesses. Good corporate governance is a shared responsibility with various stakeholders having equal duty and responsibility to protect and advance their own interests by exercising the rights accorded to them to ensure that the Group is well-governed and driven by the basic tenets of good governance.
- Pursuant to paragraph 15.25(2) of the Main Market Listing Requirements ("Listing Requirements"), the Group has disclosed in a prescribed format the extent of how it has applied and complied with the Practices specified in the MCCG 2021 to achieve the Intended Outcome. The detailed application for each of the Practices is disclosed in the Corporate Governance Report 2023 ("CG Report") which is available on the Company's website at <http://taliworks.com.my/corporate-governance/> under the caption "Corporate Governance Report". As defined in the MCCG 2021, Intended Outcomes are designed to provide a line of sight on what companies will achieve through implementing the Practices. On the other hand, Practices are actions, procedures, or processes which a company is expected to adopt to achieve the Intended Outcome.

Corporate Governance Overview Statement

- For 2023, the Group is categorised as a Non-Large Company under the MCCG 2021. Large Companies are defined as companies on the FTSE Bursa Malaysia Top 100 Index or companies with a market capitalisation of RM2 billion and above; at the start of a company's financial year.
- During the year, the Group has applied all the Practices except as follows:-
 - Practice 5.9 - The board comprises at least 30% women directors.

As at the end of 2023, women directors represent 28.6% of the composition of the Board i.e. two (2) out of seven (7) Board members. The Company will continue to source for more women candidates.
 - Practice 8.2 - The board discloses on a named basis the top five senior management's remuneration component including salary, bonus, benefits-in-kind and other emoluments in bands of RM50,000.

The Board will review this as and when appropriate.
- For the Practices where the Group has yet to comply, the explanation for the departures is provided in the CG Report.
- Over the years, we were placed in the Malaysian Corporate Governance reports and surveys undertaken by the Minority Shareholder Watch Group with the latest being ranked 86th out of the Top 100 Malaysian PLCs for Corporate Governance Disclosure in 2021.

PRINCIPLE A

BOARD LEADERSHIP AND EFFECTIVENESS

1.0 Board Responsibilities

1.1 Clear Roles and Responsibilities

- The business and affairs of the Group are managed under the direction of the Board. The role of the Board is to collectively allocate resources and set the strategic direction of the Group, inculcate healthy corporate governance practices within the Group by aligning the governance practices to meet expectations of stakeholders while exercising oversight on the management's performance.
- The Board is entrusted to discharge its fiduciary duties and it has an overall responsibility for the corporate governance practices of the Group, including amongst others:-
 - overseeing the conduct of the Group's business. In this regard, the Board meets quarterly together with the management, namely the Executive Director, Chief Investment Officer, General Manager, Group Finance and the Company Secretaries to discuss and deliberate on the agendas put forth at the Board meetings. The important agenda that would be deliberated are the reports from the various Board Committees together with the Executive Director's Quarterly Operational Report and the Quarterly Financial Interim Report by the General Manager, Group Finance, detailing the operations of each of the business divisions and the financial performance of the Group respectively;
 - reviewing and adopting a strategic plan prepared by the Executive Director and the Chief Investment Officer for the Group's future growth and expansion with a view to support long term value creation for shareholders;
 - reviewing the Group's effort in driving and implementing sustainable business practices covering economic, environmental and social considerations. The Group has established a Sustainability Steering Committee to assist the Board and Executive Committee ("EXCO") to manage and drive the implementation of the Group's sustainability agenda;

PRINCIPLE A**BOARD LEADERSHIP AND EFFECTIVENESS****1.0 Board Responsibilities (Cont'd)****1.1 Clear Roles and Responsibilities (Cont'd)**

- The Board is entrusted to discharge its fiduciary duties and it has an overall responsibility for the corporate governance practices of the Group, including amongst others:- (Cont'd)
 - (d) identifying principal risks and ensuring the implementation of appropriate internal controls and mitigation measures. To undertake these dual responsibilities, the Board has delegated both the risk management and internal audit functions to the Audit and Risk Management Committee. Detailed descriptions of these functions are elaborated in the Statement of Risk Management and Internal Controls and the Audit and Risk Management Committee's Report included in this Annual Report;
 - (e) succession planning to provide for a clear and orderly succession and ensure that all candidates appointed for a particular position are capable and of calibre. To assist the Board in discharging these responsibilities, the Board has adopted the Succession Planning Policy for the Board, Chairman of the Audit and Risk Management Committee and key senior management, and a Fit and Proper Policy under the Nominating Committee;
 - (f) overseeing the development and implementation of a shareholder communications policy for the Group to enable effective communication with the shareholders and other stakeholders. In this respect, the Group has established an investors' relationship function helmed by the Chief Investment Officer and channels and communication platforms (including the Company's website) where shareholders and other stakeholders are able to communicate with the Company and vice versa;
 - (g) reviewing the adequacy and integrity of the Group's management information and internal control systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines. In discharging these responsibilities, the Board has established an internal audit function to assess the adequacy and integrity of the internal control systems. The Board has also at its disposal the services of the Group Legal Advisor and the Company Secretaries to advise the Board on matters relating to regulatory, governance and statutory issues that concern the Group.
- The roles played by the Board and the management are separate and distinct whereby the Board provides the stewardship role whereas the management is given the mandate and authority to implement the strategic directions of the Board. The Board fulfils its fiduciary role by overseeing that the management has undertaken its responsibilities in executing the policies and strategies adopted by the Board and the Board being adequately kept informed on matters relating to the Group's business and financial performance at the Board meetings which are held at every quarter of the year. Where there are important issues that require the Board's immediate attention e.g. major corporate exercises, the Board may convene a special Board meeting.
- The Company and its key operating subsidiaries have established their respective Limits of Authority that define the authority given to the respective management to act on specific matters and any matters that require the approval of the Board, Board Committees, EXCO or the board of the subsidiaries. The Limits of Authority of the Company was last reviewed by the Board in March 2022.
- To further assist the Board in its oversight role, the Board, through the Nominating Committee, has established the KPI for the Executive Director that are linked to the Group's financial performance, material sustainability and opportunity, employees' competencies and development and securing of new projects. In the Remuneration Committee meeting held in January 2024, it was concluded that all the KPIs have been met by the Executive Director in respect of the financial year ended 31 December 2023.

Corporate Governance Overview Statement

PRINCIPLE A BOARD LEADERSHIP AND EFFECTIVENESS

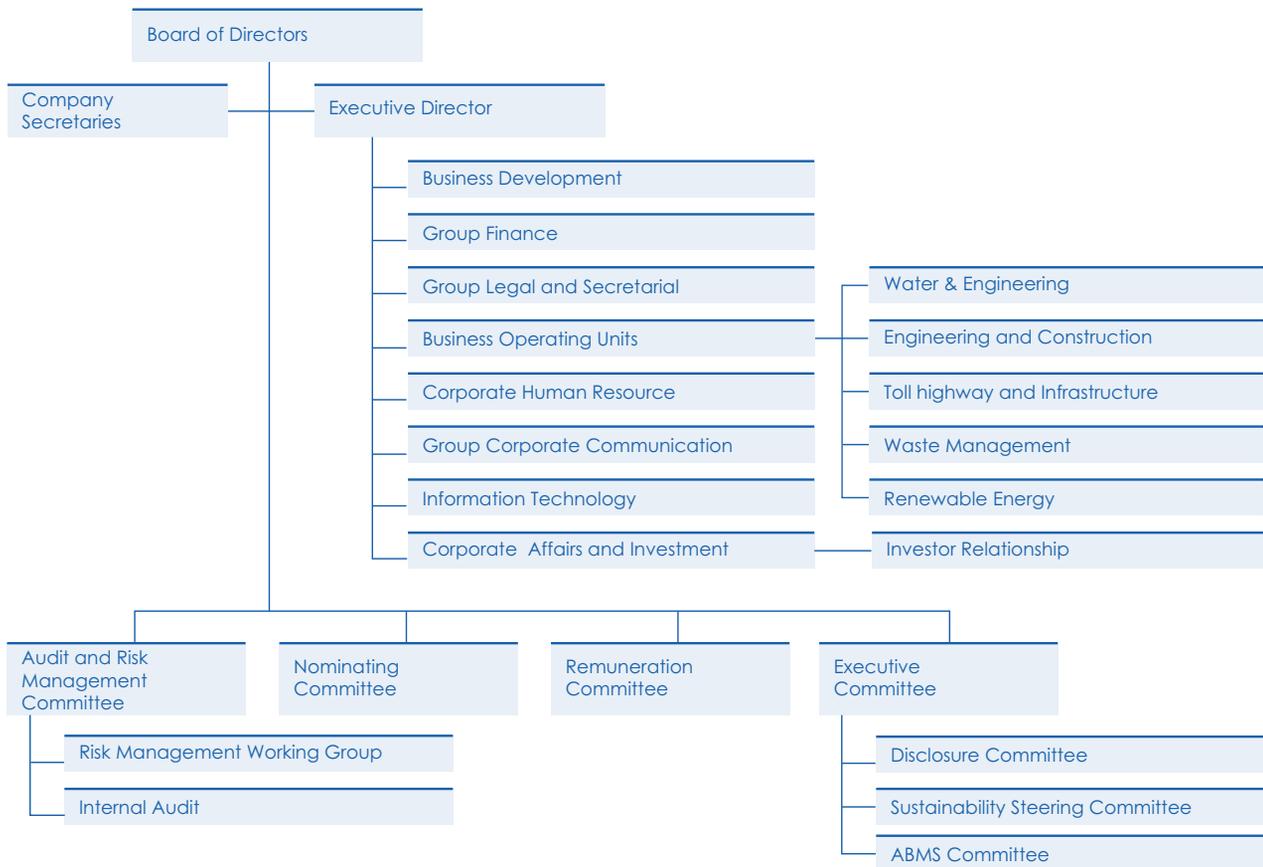
1.0 Board Responsibilities (Cont'd)

1.1 Clear Roles and Responsibilities (Cont'd)

- The Board is also guided by the new Guidelines on Conduct of Directors of Listed Issuers and their Subsidiaries ("Guidelines") issued by the Securities Commission ("SC") on 30 July 2020 (and revised 12 April 2021) in discharging their fiduciary duties. These Guidelines set out guidance for the establishment of a groupwide framework to enable among others, oversight of the group performance and the implementation of corporate governance policies.
- The Group has adopted an ABAC Policy and Whistleblowing Policy which are accessible at the Company's website at <https://taliworks.com.my/corporate-governance/> under the caption "Policies".

1.2 Governance Structure

The current governance structure of the Group is as follows:



PRINCIPLE A**BOARD LEADERSHIP AND EFFECTIVENESS****1.0 Board Responsibilities (Cont'd)****1.3 Executive Committee**

- The Board delegates to the Executive Director to manage the Group's business and day-to-day management to achieve the Group's corporate targets and plans.
- To assist the Executive Director in executing the mandates from the Board, an EXCO has been established to speed up the decision-making process on issues that are routine and administrative in nature or on matters that do not require the immediate attention of the Board including approving non-material announcements to the stock exchange.
- Delegation of mandates to the EXCO is subject to defined Limits of Authority and monitoring by the Board. A list of all written resolutions approved by the EXCO is circulated to the Board on a quarterly basis for the Board's notation.
- Members of the EXCO together with other senior management and business divisional heads meet monthly to review the operational issues, financial performance, business prospects and other matters of the Group requiring their attention. Collectively, they are responsible to oversee the day-to-day management of the Group's business affairs.

1.4 Board Composition

- At the end of the year 2023, the Board, led by YAM Tunku Ali Redhaudin Ibni Tuanku Muhriz, a Non-Executive Chairman, is made up of seven (7) members (including the Chairman) comprising:
 - (a) one (1) Executive Director;
 - (b) one (1) Non-Independent Non-Executive Director; and
 - (c) five (5) Independent Non-Executive Directors.
- As stated in the Board Charter (a copy of which is available on the Company's website at <https://taliworks.com.my/corporate-governance/> under the caption "Board Charter"), the Board shall consist of qualified individuals with diverse experience, background and perspective. The composition and size of the Board are such that it facilitates the making of informed and critical decisions. At any one time, at least two (2) or one-third (1/3), whichever is higher, of the Board members shall be Independent Directors. Where the Chairman of the Board is not an Independent Director, majority of Board members shall be Independent Directors. This provision in the Board Charter has been complied with by the Board.
- The Board, through the Nominating Committee, having reviewed the size and complexity of the Group's operations, is of the view that the number of members in the Board is appropriate and that no individual dominated the decision-making process and that the Board has operated effectively throughout the year and is confident that it will continue to do so.
- As disclosed in the Directors' Profile included in this Annual Report, members of the Board come from varied backgrounds (gender, age, qualification, working experience, ethnicity) and each brings with them a diverse range of business and financial acumen, competence, knowledge and experience relevant and necessary for the effective stewardship of the Group.

Corporate Governance Overview Statement

PRINCIPLE A

BOARD LEADERSHIP AND EFFECTIVENESS

1.0 Board Responsibilities (Cont'd)

1.5 Board to comprise a Majority of Independent Directors

- The current Chairman is an Independent Non-Executive Chairman whilst more than half of the composition of Board members comprises Independent Directors.

1.6 Role of the Chairman

- The role of the Chairman is spelt out in Clause 4.1 of the Board Charter.

1.7 Role of the Executive Director

- The Executive Director is a paid employee of the Company. He is assisted by the EXCO to develop and implement, in conjunction with the Board, the Group's strategic plans for existing businesses and future growth expansion plans. Other than that, the Executive Director is responsible for carrying out all the directions of the Board and ensuring that they are implemented and that adequate actions have been taken to follow up on significant outstanding matters on a timely basis.
- In connection therewith, the Executive Director keeps the Board informed of the overall operations and major issues faced by the Group, together with bringing forward to the Board, significant matters for its consideration and approval, where required.
- The Executive Director is accountable to the Board and he oversees all the business and corporate divisions within the Group. The performance of the Executive Director, including achievements of his KPIs, is reviewed annually by the Nominating Committee.

1.8 Role of the Non-Independent Non-Executive Directors

- Non-Independent Non-Executive Directors do not actively participate in the day-to-day management of the Group. However, they contribute to areas such as policy and strategy, performance monitoring, as well as improving governance and controls. They are expected to provide constructive input and where required, provide the requisite guidance to the Executive Director when faced with the challenges in running the day-to-day affairs of the Group.

1.9 Role of the Independent Non-Executive Directors

- Independent Non-Executive Directors play a significant role as a check and balance in the functioning of the Board. They have declared themselves to be independent from management and free of any business or other relationship which could interfere with the exercise of their independent judgment and objective participation and decision-making process of the Board.
- Independent Non-Executive Directors are required to voice their reservations or objections to any Board decisions which are deemed detrimental to the interest of the minority shareholders and their reservations or objections are then duly recorded by the Company Secretaries in the Board minutes.

PRINCIPLE A

BOARD LEADERSHIP AND EFFECTIVENESS

1.0 Board Responsibilities (Cont'd)

1.10 Independent Directors

- Independent Directors bring independent and objective judgment to the Board and this mitigates risks arising from conflict of interest or undue influence from interested parties. Nonetheless, the existence of Independent Directors by itself does not ensure the exercise of independent and objective judgment as independent judgment can be compromised by, amongst others, familiarity or close relationship with other board members or major shareholders.
- The Nominating Committee undertakes an assessment of the Independent Directors annually. Other matters considered and deliberated by the Nominating Committee are disclosed in Section 2.2(b) of this Statement and the outcome in Practice 6.1 of the CG Report.
- Other than fully complying with the definition of an "independent director" set out in the criteria listed in Section 1.1 (a) to (g) of Practice Note 13 - Requirements for Directors and Signatory of Statutory Declaration for Accounts by Bursa Malaysia Securities Berhad, the Independent Directors have themselves self-assessed in the Independent Directors' Self-Assessment Checklist including the application of subjective assessments pursuant to the definition of independent directors in the Listing Requirements which is submitted to the Nominating Committee.

1.11 Tenure of Independent Directors

- The tenure of Independent Directors as at the end of the year is as follows:-

As of 31 December 2023	<4 years	4-8 years	>8 years
YAM Tunku Ali Redhauddin Ibni Tuanku Muhriz		x	
Raja Datuk Zaharaton Binti Raja Dato' Zainal Abidin			x
Ahmad Jauhari Bin Yahya			x
Datuk Roger Tan Kor Mee		x	
Datin Pauline Tam Poh Lin	x		

- Under the MCCG 2021, the tenure of an Independent Director should not exceed a cumulative term of nine years. Upon completion of the nine years, an Independent Director may continue to serve on the Board subject to the director's re-designation as a Non-Independent Director. Where the Board has determined that the said Independent Director shall not remain as an Independent Director, then he/she will be re-designated as a Non-Independent Director accordingly.
- Under clause 3.7.1 of the Board Charter, the tenure of an Independent Director shall not exceed a term limit of nine years.
- Nevertheless, if any Independent Director has served the Board for a term of nine years, the Nominating Committee will assess and decide whether he/she can remain as an Independent Director. In such a situation, the Board will make a recommendation and provide justification to the shareholders in a general meeting to enable them to assess the merits of the Board's decision to retain the services of the Independent Director beyond the nine-year tenure. Under these circumstances, the Board will seek annual shareholder's approval through a two-tier voting process. To-date, no Independent Director has served more than nine years since the introduction of the MCCG 2021.

Corporate Governance Overview Statement

PRINCIPLE A BOARD LEADERSHIP AND EFFECTIVENESS

1.0 Board Responsibilities (Cont'd)

1.11 Tenure of Independent Directors (Cont'd)

- To encourage periodic refresh of Board composition, the Board shall not retain an Independent Director with a tenure of more than twelve years. This is provided under Clause 3.7.4 of the Board Charter to be in line with the Listing Requirements. To-date, no Independent Directors has served more than twelve years since the introduction of the MCCG 2021.

1.12 Appointments to the Board

- The Nominating Committee is responsible for reviewing the Board's composition and recommending to the Board the appointment of new directors by evaluating and assessing the suitability of candidates for board membership.

1.13 Re-Election of Directors

- Pursuant to Clause 77 of the Company's Constitution, one-third (1/3) of the Directors for the time being, or, if their number is not three or a multiple of three, then the number nearest to one-third, shall retire from office (who have been longest in office since their last election) shall retire by rotation. In addition, the Listing Requirements require that all Directors of listed companies shall retire once at least every three (3) years. The Directors retiring by rotation shall be eligible for re-election.
- The Nominating Committee is responsible for recommending to the Board those Directors who are eligible to stand for re-election. Pursuant to Clause 77 of the Company's Constitution, the Director who is due to retire by rotation at the forthcoming Annual General Meeting is Lim Chin Sean. The Board, except for the retiring Director, has approved the recommendation of the Nominating Committee that the name of the retiring Director be put forth for shareholders' approval at the forthcoming Annual General Meeting for re-election.
- Pursuant to Clause 82 of the Company's Constitution, any person appointed by the Board either to fill a casual vacancy or as an addition to the existing Directors, shall hold office until the conclusion of the next Annual General Meeting and shall then be eligible for re-election. During the year, Kevin Chin Soong Jin was appointed as the Executive Director on 1 March 2024 in place of Dato' Lim Yew Boon, who retired on 29 February 2024. As such, he is due to retire at the forthcoming Annual General Meeting. The Board, except for the retiring Director, has approved the recommendation of the Nominating Committee that the name of the retiring Director be put forth for shareholders' approval at the forthcoming Annual General Meeting for re-election.

1.14 Board Diversity, Age Profile and Skill-set as at 31 December 2023:-

	Gender		Age Profile			Skill-set		
	Male	Female	<51 years	51-60 years	>60 years	Finance related	Engineering related	Others
Executive Director	1	-	-	-	1	-	1	-
Independent Non-Executive Directors	3	2	1	-	4	1	1	3
Non-Independent Non-Executive Directors	1	-	1	-	-	-	1	-
Total					7			

PRINCIPLE A**BOARD LEADERSHIP AND EFFECTIVENESS****1.0 Board Responsibilities (Cont'd)****1.14 Board Diversity, Age Profile and Skill-set as at 31 December 2023:- (Cont'd)**

- The Board acknowledges the promotion of diversity and gender mix in its composition and gives due recognition to the financial, technical and business experience of the Directors and believes the presence of diverse nationalities and gender mix on the Board can widen the Board's perspectives in effectively discharging its duties and responsibilities as well as assist the Board in its decision-making process in line with the challenging and evolving business environment.
- In 2021, the Company was ranked 8 out of the top 10 Mid-Cap Companies (RM1-2 billion) of the inaugural Malaysia Board Diversity Study & Index, conducted by the Institute of Corporate Directors Malaysia in collaboration with Wills Towers Watson.

1.15 Board Diversity Policy

The following is a summary of the Board Diversity Policy adopted by the Board:-

- **Policy statement**

The Company sees increasing diversity at the Board level as an essential element in supporting the attainment of its strategic objectives and in maintaining a competitive advantage. A diverse Board should be considered from a number of aspects, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. The composition of the members of the Board should always comprise of mixed genders to bring about a more diverse perspective to issues faced by the Group. All Board appointments will be based on meritocracy.

- **Gender diversity**

In the appointment process for future directors, the Board shall continue to take diversity of gender and background into account and identify the need for a female perspective on the Board in addition to previous board and leadership experience, candidates' skills and experience in a variety of specified fields to fit and enhance the board skills matrix.

As of the end of the year 2023, the composition of the Board comprises of 28.6% women directors.

The Nominating Committee refers to this Policy in selecting and assessing candidates and in presenting recommendations to the Board by considering gender diversity and the objectives of the Policy when considering new appointments.

- **Objectives**

The Nominating Committee reviews annually the attributes of all the Board members to ensure that the objective of achieving diversity on the Board is achieved and proposes to the Board for adoption. The Board may seek to improve one or more aspects of its diversity progressively. The ultimate decision for appointment to the Board will be based on merit and contribution that the selected candidates bring to the Board.

- **Monitoring and reporting**

The Nominating Committee reports in the annual report on the Board's composition under diversified perspectives and monitor the implementation of this Policy.

Corporate Governance Overview Statement

PRINCIPLE A

BOARD LEADERSHIP AND EFFECTIVENESS

1.0 Board Responsibilities (Cont'd)

1.16 Senior Management Diversity Policy

- The Senior Management Diversity Policy states that Group recognises the importance of a gender balanced leadership team as an essential element in supporting the attainment of its strategic objectives and in maintaining a competitive advantage. A diverse senior management should be considered from a number of aspects, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. The composition of the members of the senior management should comprise mixed genders to bring about a more diverse perspective to issues faced by the Group.
- As disclosed in the Sustainability Statement, the percentage of women in senior management role is 23%.

1.17 Time Commitment

- Under the Board Charter:-
 - a) the directorships in other public listed companies in Malaysia held by any Board member at any one time shall not exceed the number as may be prescribed by the Listing Requirements. In this respect, based on the disclosure in the Directors' Profile, none of the Board members holds more than five directorships in listed issuers in compliance with paragraph 15.06(1) of the Listing Requirements.
 - b) the Directors should devote sufficient time to the Company and observe the following policies and procedures:-
 - i. to disclose to the Board, through the Nominating Committee, at the time of his/her appointment, and in a timely manner for any change, the number and nature of office held in public listed companies, non-listed companies or organisations and any other significant commitments;
 - ii. to notify the Chairman and the Board before accepting any new directorships and provide an indication of the time that will be spent in the new appointment which should include the time required to prepare and attend board and board committee meetings, general meetings, continuous training programmes, site visitation and major company events. At the beginning of each calendar year, a schedule for Board and Board Committee meetings will be prepared and distributed to all Board members for their reference. Each Board member should allocate sufficient time for these meetings and attend all the scheduled meetings. If a Board member is unable to attend any of the scheduled meetings, he/she should notify the Board, through the Company Secretary, as early as practicable;
 - iii. to ensure that sufficient time and attention are allocated to the Company and that other commitments do not affect the effectiveness of their contribution or the time available in the discharge of their duties and responsibilities; and
 - iv. to take an interest in the affairs of the Group, obtain a general understanding of its businesses and follow up on all the unusual transactions that come to his/her attention.
- The dates for the Board and Board Committee meetings for the year will be circulated by the Company Secretaries well in advance at the end of the previous year to ensure that each of the Directors is able to attend the planned Board and/or Board Committee meetings including that of the Annual General Meeting.
- The Board and Board Committee members are expected to attend these meetings which have been scheduled well in advance. In the situation where any of them will not be available, they will inform the Company Secretaries who accordingly will endeavour to re-schedule to another date where all other members would be able to attend.

PRINCIPLE A

BOARD LEADERSHIP AND EFFECTIVENESS

1.0 Board Responsibilities (Cont'd)

1.17 Time Commitment (Cont'd)

- Directors who are unable to attend meetings in person may join the meeting virtually.

1.18 Access to Training

- The Board recognises the importance of training and development for the Directors to enhance their skills and knowledge to meet the challenges of the Board. The role to review the training and development needs of the Directors has been delegated to the Nominating Committee which then reports its findings to the Board.
- During the year, all the Directors had attended various training programmes, seminars and/or workshops externally or those provided in-house, reading relevant publications and adhering to continuing professional education required by the respective professional bodies to broaden their knowledge and to keep abreast with current issues. There are no restrictions as to the type of training programmes, courses, seminars, conferences, talks, briefings to be attended by the Directors.
- Directors are also kept informed of the latest statutory and regulatory developments by the Company Secretaries at every Board meeting.
- The Company has induction programmes to enable the Directors to familiarise themselves with the operations and other aspects of the group. Members of the Board have participated in relevant training and education programmes to keep themselves updated on developments that are current and relevant. As and when requested by the Directors, site visits will be arranged for the Directors to get themselves familiarised with the Group's operations. A visit to the KLIA project sites for the Directors was held on 13 February 2023. A briefing was given at the operation office located at the KLIA long-term car park, which is also the project site of the 10MW solar plant. The visit has provided a first-hand overview of the operational aspects of the solar business to the attendees, including Datin Pauline Tam Poh Lin, who has been appointed a member of our Board in August 2022.
- The following were the training attended by the Directors during the year:-

Name of Director	Course Title
YAM Tunku Ali Redhauddin Ibni Tuanku Muhriz	<ul style="list-style-type: none"> ▪ AML / CFT & The Corporate Liability (Section 17A, MACC Act) ▪ Cyber Risk & Awareness ▪ ESG – Understanding Climate Risks and Opportunities for the Banking Industry – Effective Board Oversight on Climate-related Risks. ▪ Anti Bribery and Corruption Policy & Section 17A of MACC Act 2009 ▪ Cybersecurity Ecosystem ▪ Pay TV & Streaming Industry Trends ▪ More stories to love, all eyes on VIU ▪ Forbes Global CEO Conference 2023 ▪ Sixth Annual Bloomberg New Economy Forum 2023
Dato' Lim Yew Boon	<ul style="list-style-type: none"> ▪ Anti-Bribery Management System
Lim Chin Sean	<ul style="list-style-type: none"> ▪ Bursa Malaysia's Enhanced Conflict of Interest Disclosure Requirements – Understanding and Navigating Its Changes

Corporate Governance Overview Statement

PRINCIPLE A BOARD LEADERSHIP AND EFFECTIVENESS**1.0 Board Responsibilities (Cont'd)****1.18 Access to Training (Cont'd)**

- The following were the training attended by the Directors during the year:- (Cont'd)

Name of Director	Course Title
Raja Datuk Zaharaton Binti Raja Dato' Zainal Abidin	<ul style="list-style-type: none"> Synergy Inclusive Transition Anti-Bribery Management System Bursa Malaysia Mandatory Accreditation Programme (MAP II : Leading for Impact) Bursa Malaysia's Enhanced Conflict of Interest Disclosure Requirements – Understanding and Navigating its Changes Yinson's Cybersecurity Awareness Training
Ahmad Jauhari Bin Yahya	<ul style="list-style-type: none"> International Defence Exhibition and Conference (IDEX 2023) and Naval Defence Exhibition and Conference (NAVDEX 2023) Power Talk by Dato' Ir. Dr. Dennis Ganendra Preventing Corruption, Strengthening Integrity New ISSB Sustainability Standards: Beyond Compliance Khazanah Megatrends Forum 2023 – Orchestrating a Development Bargain for Sustainable Growth Seoul ADEX 2023 (Seoul International Aerospace & Defense Exhibition)
Datuk Roger Tan Kor Mee	<ul style="list-style-type: none"> Northern Region Seminar on Conveyancing Matters National Young Lawyers and Pupils Conference: "Thriving in 2023 – Mastering the Unknown" Sesi Bengkel dan Libat Urus KPKT Bersama HDB Singapura BICAM's Opening Ceremony and Conference Routes World 2023 – Routes (Aviation) ISWA World Congress 2023
Datin Pauline Tam Poh Lin	<ul style="list-style-type: none"> ESG: Living up to the Sustainability Promise KPMG Tax and Business Summit 2022 Special Voluntary Disclosure Program (SVDP) 2.0 – Are You Ready to Come Forward? 2023 Board and Audit Committee Priorities E-Invoicing: The Digital Way Forward New TP Horizon: Transition or Transformation Anti-Bribery Management System Bursa Malaysia's Enhanced Conflict of Interest Disclosure Requirements – Understanding and Navigating its Changes. KPMG Tax and Business Summit 2023 MFRS Updates 2023

- The list of training programmes attended by the Directors for the year was presented to the Nominating Committee whereby the Committee had opined that the current training attended by the Directors, though adequate, could be further enhanced to up-skill their knowledge and add value to the Board and the Board Committees.

PRINCIPLE A**BOARD LEADERSHIP AND EFFECTIVENESS****1.0 Board Responsibilities (Cont'd)****1.19 Access to Information and Services from the Company Secretary and External Parties**

- The Directors have access to the advice and services of the Company Secretaries and where necessary, in furtherance of their duties, are entitled to seek independent professional advice at the Company's expense. The following are the procedures adopted by the Board in engaging the services of independent professional advisors:
 - a) where any member of the Board makes a request to the management to engage the services of independent professional advisors, the request is then communicated by the Company Secretaries to other Board members for concurrence;
 - b) where necessary, the Chairman will convene a special Board meeting to discuss the matter and where a concurrence from a majority of the Directors is obtained, the management will be directed to procure suitable independent professional advisors acceptable to the Board; and
 - c) the independent professional advisors will report their findings to the Board.

1.20 Conflict of Interest

The Conflict of Interest Policy and Procedures ("COI P&P") were adopted on 22 November 2023. The COI P&P apply to all Directors and key senior management of the Company. It covers conflict of interest that may arise between their personal interests and the interests of the Group. The circumstance which constitutes or may give rise to conflict of interest and the disclosure and management of conflict of interest are stated in the COI P&P.

2.0 Board Committees

- The Board has reserved for itself, decisions in respect of matters significant to the Group's business operations, that include the approval of key corporate plans, annual operating and capital expenditure budgets, major business transactions involving either the acquisitions or disposals of business, interests and/or assets, consideration of significant financial matters and announcements of financial results, changes to the composition of the Board and the Board Committees as well as control structure within the Group.
- For the Board to operate efficiently and give the right level of attention and consideration to relevant matters, the Board has delegated certain of its duties and responsibilities to the various Board Committees namely:-
 - a) Audit and Risk Management Committee;
 - b) Nominating Committee; and
 - c) Remuneration Committee
- The primary objectives of establishing the Board Committees are amongst others, to allow Board members to make better use of their limited time and resources, allow more focus to be given to complex issues and recommending any course of action; and reinforcing the role of Independent Directors in monitoring the activities of the Group.
- Each of the Board Committees operates under its own Terms of Reference as approved by the Board. At every Board meeting, the Board Committee Chairman shall report to the Board, any significant developments and deliberations conducted at the Board Committee level.
- The delegation by the Board does not diminish nor abdicate its responsibilities and the Board remains responsible for all the actions of the Board Committees with regard to the execution of the delegated responsibilities. To ensure proper delegation, the Board formulates, establishes and approves the appropriate terms of reference, defining the responsibilities and authority of the said Board Committees.

Corporate Governance Overview Statement

PRINCIPLE A BOARD LEADERSHIP AND EFFECTIVENESS

2.0 Board Committees (Cont'd)

2.1 Composition of Board Committees

- The composition of the Board Committees as at the end of the year 2023 was as follows:-

Name of Director	Audit and Risk Management Committee	Nominating Committee	Remuneration Committee
Independent Non-Executive Directors			
Raja Datuk Zaharaton Binti Raja Dato' Zainal Abidin	-	Chairperson (appointed on 27/08/2019)	Chairperson (appointed on 13/02/2018)
Ahmad Jauhari Bin Yahya	-	Member (appointed on 02/07/2015)	-
Datuk Roger Tan Kor Mee	Member (appointed on 27/02/2020)	Member (appointed on 24/08/2022)	-
Datin Pauline Tam Poh Lin	Chairperson (appointed as member on 17/08/2022 and re-designated to Chairperson on 24/08/2022)	-	Member (appointed on 24/08/2022)
Non-Independent Non-Executive Director			
Lim Chin Sean	Member (appointed on 15/09/2014)	-	Member (appointed on 13/02/2018)

2.2 Functions, Duties and Responsibilities of the Board Committees

(a) Audit and Risk Management Committee

- The Audit and Risk Management Committee comprises at least three (3) members, a majority of whom are Independent Directors. All members of the Audit and Risk Management Committee are Non-Executive Directors. Currently, there are three (3) members of the Audit and Risk Management Committee out of seven (7) Board members.
- No alternate director is to be appointed as a member of the Audit and Risk Management Committee.
- The Audit and Risk Management Committee oversees and is mainly responsible for the financial reporting, internal controls, internal audit function, external audit reports, risk management and related party transactions.

PRINCIPLE A**BOARD LEADERSHIP AND EFFECTIVENESS****2.0 Board Committees (Cont'd)****2.2 Functions, Duties and Responsibilities of the Board Committees (Cont'd)****(a) Audit and Risk Management Committee (Cont'd)**

- The functions and activities undertaken by the Audit and Risk Management Committee are elaborated in the Audit and Risk Management Committee's Report set out in this Annual Report.
- The terms of reference of the Audit and Risk Management Committee is available on the Company's website at <http://www.taliworks.com.my/corporate-governance/> under the caption "Terms of Reference of the Audit and Risk Management Committee". The Terms of Reference were last revised in August 2023.

(b) Nominating Committee

- The Nominating Committee comprises no less than three (3) members made up exclusively of Non-Executive Directors, all of whom are Independent Directors. Currently, there are three (3) members of the Nominating Committee out of seven (7) Board members.
- The terms of reference of the Nominating Committee are available on the Company's website at <http://www.taliworks.com.my/corporate-governance/> under the caption "Terms of Reference of the Nominating Committee". The Terms of Reference were last revised in August 2021.
- The functions and activities undertaken by the Nominating Committee are elaborated in Practice 5.6 and 6.1 of the CG Report.
- The Nominating Committee met once during the year in January 2023.
- The activities of the Nominating Committee in January 2023 were disclosed in the previous year's Corporate Governance Overview Statement.
- In January 2024, the Nominating Committee convened a meeting and the following matters were considered and deliberated:-
 - a) to assess and if thought fit, to recommend to the Board for approval, the appointment of Kevin Chin Soong Jin as the Executive Director of the Company effective 1 March 2024, after having taken into consideration his fitness and propriety in accordance with the Fit and Proper Policy.
 - b) to review the Assessment Report on Individual Directors and make appropriate recommendation to the Board;
 - c) to review the Independent Directors' Self-Assessment Report and make appropriate recommendation to the Board;
 - d) to review the effectiveness and composition of the Board and Board Committees and make appropriate recommendation to the Board;
 - e) to review the term of office and performance of the Audit and Risk Management Committee and each member and make appropriate recommendation to the Board;
 - f) to discuss training requirements for Directors;

Corporate Governance Overview Statement

PRINCIPLE A

BOARD LEADERSHIP AND EFFECTIVENESS

2.0 Board Committees (Cont'd)

2.2 Functions, Duties and Responsibilities of the Board Committees (Cont'd)

(b) Nominating Committee (Cont'd)

- In January 2024, the Nominating Committee convened a meeting and the following matters were considered and deliberated:- (Cont'd)
 - g) to review the assessment of the Key Officers and make appropriate recommendation to the Board;
 - h) to note the retirement of Directors at the forthcoming Thirty-third Annual General Meeting pursuant to Clause 77 of the Constitution of the Company, and recommend the re-election of the relevant Director who is willing to seek for re-election, after having assessed the fitness and propriety in accordance with the Fit and Proper Policy;
 - i) to note the retirement of the proposed Executive Director at the forthcoming Thirty-third Annual General Meeting pursuant to Clause 82 of the Constitution of the Company, and recommend his re-election after having assessed his fitness and propriety in accordance with the Fit and Proper Policy;
 - j) to consider and if thought fit, to recommend the appointment of a stand-in Board Chairman and Audit and Risk Management Committee Chairman for the calendar year 2024 to the Board for approval;
 - k) to consider and if thought fit, to recommend to the Board for approval, to retain (i) Raja Datuk Zaharaton Binti Raja Dato' Zainal Abidin until her retirement as Director of the Company at the conclusion of the Thirty-third Annual General Meeting and (ii) Lim Chin Sean, both of whom having served as members of the Remuneration Committee for a term of more than five years; and
 - l) to consider and if thought fit, to recommend to the Board for approval, to retain Ahmad Jauhari Bin Yahya until his retirement as Director of the Company at the conclusion of the Thirty-third Annual General Meeting, having served as a member of the Nominating Committee for a term of more than five years.

(c) Remuneration Committee

- The Remuneration Committee comprises no less than three (3) members made up exclusively of Non-Executive Directors, a majority of whom are Independent Directors. Currently, there are three (3) members of the Remuneration Committee out of seven (7) Board members.
- The terms of reference of the Remuneration Committee are available on the Company's website at <http://www.taliworks.com.my/corporate-governance/> under the caption "Terms of Reference of the Remuneration Committee". The Terms of Reference were last revised in August 2021.
- The functions and activities undertaken by the Remuneration Committee are in Section 3.2 of this Statement.

PRINCIPLE A BOARD LEADERSHIP AND EFFECTIVENESS

2.0 Board Committees (Cont'd)

2.3 Record of Attendance at Board and Board Committee Meetings

- Under paragraph 15.05(3)(c) of the Listing Requirements, the office of a director will become vacant if the director is absent for more than 50% of the total Board of Directors' meetings held during a year. In this respect, the Board is satisfied with the level of time commitment given by all the Board members towards fulfilling their roles and responsibilities. All Directors have given their full commitment to the Board meetings by attending most of the Board meetings held during the year. Their meeting attendance at Board and Board Committee meetings as evidenced by the attendance record is set out in the table below.

Name of Director	Board Meeting	Audit and Risk Management Committee Meeting	Nominating Committee Meeting	Remuneration Committee Meeting
Dates of meetings held during the year	16 February 28 March 22 May 22 August 22 November	15 February 27 March 17 May 21 August 21 November	31 January	17 January 14 March
Total meetings held during the year	5	5	1	2
Executive Director				
Dato' Lim Yew Boon	5/5	N/A	N/A	N/A
Independent Non-Executive Directors				
YAM Tunku Ali Redhauddin Ibni Tuanku Muhriz	5/5	N/A	N/A	N/A
Raja Datuk Zaharaton Binti Raja Dato' Zainal Abidin	4/5	N/A	1/1	1/1
Ahmad Jauhari Bin Yahya	5/5	N/A	1/1	N/A
Datuk Roger Tan Kor Mee	4/5	5/5	1/1	N/A
Datin Pauline Tam Poh Lin	5/5	5/5	N/A	1/1
Dato' Sri Amrin Bin Awaluddin (resigned on 20 June 2023)	2/3	1/3	N/A	N/A
Non-Independent Non-Executive Directors				
Lim Chin Sean	5/5	5/5	N/A	1/1

The Independent Directors discussed and approved agendas during board meetings without the presence of Executive Director, Non-Independent Non-Executive Director and management who are, in any way, directly or indirectly interested in such agendas during the year under review.

Corporate Governance Overview Statement

PRINCIPLE A

BOARD LEADERSHIP AND EFFECTIVENESS

3.0 Remuneration

3.1 Remuneration Committee

- The Remuneration Committee, comprising wholly of Non-Executive Directors, is headed by the Senior Independent Non-Executive Director, Raja Datuk Zaharaton Binti Raja Dato' Zainal Abidin.

3.2 Meeting Proceedings

- Directors do not participate in decisions regarding their own remuneration package. Directors' fees and meeting allowances are to be approved by shareholders at annual general meetings before any payment of fees are made to the Directors. Directors who are shareholders will abstain from voting at general meetings to approve their fees.
- The Remuneration Committee met twice during the year in 2023, the activities of which have been disclosed in the previous year's Corporate Governance Overview Statement. In January 2024, the Remuneration Committee convened a meeting and the following matters were considered and deliberated:-
 - to recommend the remuneration package for the Company's Executive Director for the period ended 29 February 2024 to the Board for approval;
 - to recommend the Directors' Fees for the period from 14 June 2024 until the next Annual General Meeting of the Company to be held in 2025, to the Board for recommendation of the same to the shareholders for approval;
 - to recommend the Directors' benefits, which includes meeting allowance, for the period from 14 June 2024 until the next Annual General Meeting of the Company to be held in 2025, to the Board for approval;
 - to recommend the remuneration packages for the senior management for the year ending 31 December 2024 to the Board for approval; and
 - to recommend to the Board for approval, to retain Raja Datuk Zaharaton Binti Raja Dato' Zainal Abidin (up to the date of her retirement as Director of the Company i.e. 13 June 2024) and Lim Chin Sean who have served in the Remuneration Committee for a term of more than five years as members of Remuneration Committee.

In February 2024, the Remuneration Committee convened another meeting to discuss the proposed remuneration package for Kevin Chin Soong Jin, the proposed Executive Director, for the period from the recommended appointment date of 1 March 2024 to 31 December 2024 to the Board for approval.

3.3 Directors' Remuneration

- The Group recognises that to attract and retain Directors is to have a fair and comprehensive remuneration package that commensurate with their experience, skills and responsibilities as well as benchmarking against the industry's standards. In view of this, the remuneration package for the Executive Director and Directors' fees for Non-Executive Directors were determined by benchmarking against remuneration packages of relevant positions with similar industry and business size.

PRINCIPLE A BOARD LEADERSHIP AND EFFECTIVENESS

3.0 Remuneration (Cont'd)

3.3 Directors' Remuneration (Cont'd)

- The remuneration of the Executive Director is based on the terms of his employment contract and his remuneration package is structured to link rewards to corporate and individual performance. The performance and remuneration package of the Executive Director is subject to evaluation by the Remuneration Committee. Other than his employment income, he is also remunerated in the form of Directors' fees as approved by shareholders at the Annual General Meeting and a meeting allowance for his attendance at the Board meetings. The Board, through the Nominating Committee, establishes the Key Performance Indicators ("KPI") for the Executive Director.
- Non-Executive Directors are remunerated in the form of Directors' fees as approved by shareholders at annual general meetings and a meeting allowance for their attendance at the Board or Board Committee meetings. The remuneration for the Chairman of the Board and the Audit and Risk Management Committee is comparatively higher than the other Non-Executive Directors in view of their greater responsibility and accountability. In the same light, the Chairman of the other Board Committees is accorded higher meeting allowance.
- The members of the Board are covered under a Directors' and Officers' Liability Insurance Policy of up to an amount of RM10 million against any liability incurred by them in discharging their duties while holding office as directors of the Company and this is recognised as a non-financial benefit to Directors.
- Below are the Directors' fees (which are not performance related) and meeting allowances with effect from 14 June 2024 until the next Annual General Meeting to be held in 2025, subject to the approval of shareholders at the forthcoming Annual General Meeting. The fees remain unchanged since January 2016.

Directors' Fees RM per Annum	
Chairman	200,000
Chairman of the Audit and Risk Management Committee	160,000
Executive Director	120,000
Independent Non-Executive Directors	120,000
Non-Independent Non-Executive Directors	120,000

Meeting allowances (RM per Meeting)				
	Board	Audit and Risk Management Committee	Nominating Committee	Remuneration Committee
Chairman	2,000	2,000	2,000	2,000
Members	1,500	1,500	1,500	1,500

- The details of Directors' remuneration for the financial year including remuneration for services rendered to the Company and its subsidiaries are disclosed in Practice 8.1 of the CG Report.

Corporate Governance Overview Statement

PRINCIPLE A

BOARD LEADERSHIP AND EFFECTIVENESS

3.0 Remuneration (Cont'd)

3.4 Remuneration of Key Senior Management

- Under the Listing Requirements, key senior management refers to a person, who in the opinion of the listed issuer, is the key senior management of the group, and must include a person who is primarily responsible for the business operations of the listed issuer's core business and principal subsidiaries.
- As at the end of the year, there were six (6) key senior management personnel identified by the Group as primarily being responsible for managing the business operations and corporate divisions of the Group. The profile of the current key senior management is disclosed on the Company's website at <http://www.taliworks.com.my/corporate-information/> under the caption "Key Senior Management".
- The remuneration policy for the key senior management is disclosed in the Company's website at <http://www.taliworks.com.my/corporate-governance/> under the caption "Remuneration Policy for Senior Management Staff".
- The yearly remuneration paid to the then top five (5) key senior management including salary, bonus, benefits-in-kind and other emoluments in bands of RM50,000 is as follows:-

Range of Remuneration	Total
RM450,001 to RM500,000	3
RM500,001 to RM550,000	2

PRINCIPLE B

EFFECTIVE AUDIT AND RISK MANAGEMENT

4.0 Audit and Risk Management Committee

- The Audit and Risk Management Committee comprises three (3) members, one (1) of whom is a member of the Malaysian Institute of Accountants.
- The Audit and Risk Management Committee is headed by Datin Pauline Tam Poh Lin who is an Independent Non-Executive Director. The duties, functions and responsibilities of the Audit and Risk Management Committee are spelt out in its Terms of Reference.
- The performance of the Audit and Risk Management Committee and each of its members is assessed annually by the Nominating Committee. Datuk Roger Tan Kor Mee is a member of the Nominating Committee and the Audit and Risk Management Committee. He was appointed as a member of the Nominating Committee on 24 August 2022 and as such has abstained in respect of his assessment by the Nominating Committee in January 2024. The Nominating Committee also assesses on an annual basis the effectiveness of the Audit and Risk Management Committee in carrying out its responsibilities.

PRINCIPLE B EFFECTIVE AUDIT AND RISK MANAGEMENT**5.0 Risk Management and Internal Control Framework**

- The Board acknowledges its responsibility in maintaining a robust risk management framework and a sound system of internal controls.
- The Statement on Risk Management and Internal Controls included in this Annual Report provides a detailed description of the state of risk management and internal controls as implemented by the Group.

PRINCIPLE C INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS**6.0 Communication with Stakeholders****6.1 Corporate Disclosure Policies and Procedures**

- Along with good corporate governance practices, the Group is committed to provide to investors and the public with comprehensive, accurate and material information on a timely basis. In line with this commitment and to enhance transparency and accountability, the Group has formulated the Corporate Disclosure Policies and Procedures that set out the general principles and standards of disclosure of information in relation to the business, operations and financial performance of the Group.
- The Group has established a Disclosure Committee, reporting to the EXCO, to administer, implement and interpret the Company's Corporate Disclosure Policies and Procedures. The members of the Disclosure Committee comprise the following:-
 - a) the chief executive officer of the Company;
 - b) the chief financial officer of the Company;
 - c) the chief regulatory officer of the Company;
 - d) the chief investment officer of the Company; and
 - e) such any other Directors and officers of the Company as may be determined by the EXCO.

6.2 Maintenance of Company Website

- The Group leverages on the use of information technology for effective dissemination of information by maintaining a website at <https://taliworks.com.my/> which shareholders or other stakeholders can access for information. All information released to the stock exchange is posted on the Investor Relations section of the website.
- Alternatively, the Group's latest announcements can be obtained via the stock exchange's website maintained at: https://www.bursamalaysia.com/market_information/announcements/company_announcement.
- Included in the Company's website are matters relating to:
 - a) corporate information and profile of the Group business activities;
 - b) investor relations including financial information (financial statements, factsheet ratios, financial highlights and dividend policy), stock information, reports (annual reports, quarterly reports and analysts reports), announcements to Bursa Malaysia Securities Berhad, information request (email alert subscription and investor relation contact), general meeting (minutes of shareholders' meeting);
 - c) corporate governance including the Board Charter, Code of Business Conduct and Ethics for Directors, Terms of Reference of Board Committees, Corporate Governance Report, Remuneration Policy, Constitution of the Company, Whistleblowing Policy, and Anti-Bribery and Anti-Corruption ("ABAC") Policy.

Corporate Governance Overview Statement

PRINCIPLE C

INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

6.0 Communication with Stakeholders

6.3 Integrity in Financial Reporting

- The Board aims to present a balanced and meaningful assessment of the Group's financial performance and prospects to shareholders, investors and regulators. This assessment is primarily provided in the Annual Report through the Chairman's Statement, the Management Discussion and Analysis and the accompanying audited financial statements. The Group also announces its interim financial results on a quarterly basis in compliance with the Listing Requirements. The interim financial results are reviewed by the Audit and Risk Management Committee and approved by the Board prior to public release.
- For the year under review, the Group had announced its quarterly results and published its audited financial statements within the timeframe as required under the Listing Requirements.
- In releasing the unaudited full year's results, the Audit and Risk Management Committee will meet with External Auditors who summarises all the principal matters that have arisen from the audit that may have a material impact on the Group results. The Audit and Risk Management Committee also engages the External Auditors on financial disclosures and the accounting judgments made in preparing the financial statements.
- The Board is responsible for the preparation of the financial statements to give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 of Malaysia. The Board is also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.
- The Board has considered in preparing the latest set of financial statements, that the Group has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates.

7.0 Conduct of General Meetings

7.1 Annual General Meeting ("AGM")

- The AGM which is held once a year is the principal forum for dialogue with shareholders. In line with good corporate governance practice, the Notice of AGM is issued at least twenty eight (28) days prior to the date of the meeting. Where special business items appear in the Notice of AGM, an explanatory note will be included as a footnote to enlighten shareholders on the significance and impact when shareholders deliberate on a resolution.
- At the AGM, shareholders are encouraged to participate, speak, vote and to demand a poll vote. Shareholders are given the opportunity to seek clarification on any matters pertaining to the business activities and financial performance of the Group. Shareholders are also encouraged to make their views known to the Board and to raise directly any matters of concern to the Chairman or to the Chairman of the Board Committees. Management personnel are also present to respond to any enquiries directed to them by the shareholders.
- The External Auditors are invited to attend the AGM and avail themselves to answer questions from shareholders on the conduct of the statutory audit and the preparation and content of the audited financial statements.
- Where a transaction is required to be approved by shareholders, interested Directors will abstain from deliberation and voting in respect of their shareholdings in the Company and they will further undertake to ensure that persons connected to them will similarly abstain from voting.
- Minutes of AGM are posted at the Company's website at <https://taliworks.com.my/general-meeting/> under the caption "Minutes of Shareholders' Meeting" within one (1) month from the conclusion of AGMs.

PRINCIPLE C

INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

7.0 Conduct of General Meetings (Cont'd)

7.2 Poll Voting

- The polling process will be conducted via electronic polling by an external party as the Poll Administrator and an Independent Scrutineer will also be engaged to oversee the conduct of the poll and verify the results of the poll. Before shareholders proceed to conduct the poll voting, the Poll Administrator will brief the shareholders on the poll procedures.

AUTHORISATION FOR ISSUANCE

The Board has reviewed and approved this Corporate Governance Overview Statement and the Corporate Governance Report for inclusion in this Annual Report.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

1.0 COMPOSITION

- The Audit and Risk Management Committee ("ARMC") comprises three (3) members, the majority of whom are Independent Non-Executive Directors, as follows:

Chairperson

The Chairperson of the ARMC, Datin Pauline Tam Poh Lin, an Independent Non-Executive Director, is a member of the Malaysian Institute of Accountants ("MIA"), Malaysian Institute of Certified Public Accountants ("MICPA") and the Chartered Tax Institute of Malaysia ("CTIM"). She was appointed as a member of the ARMC on 17 August 2022 and as the Chairperson on 24 August 2022.

Members

- Lim Chin Sean, a Non-Independent Non-Executive Director, appointed on 23 May 2011; and
- Datuk Roger Tan Kor Mee, an Independent Non-Executive Director, appointed on 27 February 2020.

Dato' Sri Amrin Bin Awaluddin, who had served the Board as an Independent Non-Executive Director for a cumulative term of nine (9) years since his appointment on 15 September 2014, resigned as both an Independent Non-Executive Director and an ARMC member on 20 June 2023, following the conclusion of the Annual General Meeting.

- The composition of the ARMC complied with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad as follows:

Requirements	Commentary
Paragraph 15.09(1)(a)	The ARMC comprises no fewer than three (3) members.
Paragraph 15.09(1)(b)	All the members of the ARMC are non-executive directors, with a majority of them being independent directors.
Paragraph 15.09(1)(c)(i)	The Chairperson of the ARMC is a member of the MIA.
Paragraph 15.09(2)	No alternate director has been appointed as a member of the ARMC.
Paragraph 15.10	The Chairperson of the ARMC is an independent director.

2.0 TERMS OF REFERENCE ("TOR")

- A copy of the TOR of the ARMC is published in the Company's website at taliworks.com.my/corporate-governance/.
- The TOR were last revised on 21 August 2023 to align with the amendments to the Main Market Listing Requirements in relation to conflict of interest ("COI") situations by (a) expanding the scope of the ARMC's review of COI situations to include those that arose or persist (in addition to those that may arise) and the measures taken to resolve, eliminate, or mitigate the COI; and (b) requiring the ARMC to disclose a summary of any COI or potential COI situation within the Company or Group that it has reviewed (excluding a related party transaction) and the measures taken to resolve, eliminate, or mitigate such conflicts, in the ARMC report.
- In accordance with the TOR of the ARMC, the Board will review and reassess the adequacy of these TOR at least once in every three years or as and when required.

3.0 MEETINGS

- The ARMC convened five (5) meetings during the year. These meetings were scheduled to align with the key dates within the financial reporting and audit cycle and prior to Board meetings being held to approve the release of the quarterly unaudited financial results and the year-end audited financial statements of the Group and the Company.
- Details of the ARMC members' attendance for the financial year ended 31 December 2023 are as follows:

		No. of meetings attended
1	Datin Pauline Tam Poh Lin <i>Independent Non-Executive Director</i>	5/5
2	Lim Chin Sean <i>Non-Independent Non-Executive Director</i>	5/5
3	Datuk Roger Tan Kor Mee <i>Independent Non-Executive Director</i>	5/5
4	Dato' Sri Amrin Bin Awaluddin <i>Independent Non-Executive Director</i> <i>(resigned on 20 June 2023)</i>	1/3

- The meetings were held on the following dates and the main agenda are summarised in the table below. A more detailed elaboration on the activities of the ARMC are summarised in Section 5.0 below.

Date	Main Agenda
15 February 2023	<ul style="list-style-type: none"> ▪ to review, approve and recommend for the approval of the Board the following: <ol style="list-style-type: none"> (i) the unaudited quarterly financial results for the fourth quarter ended 31 December 2022; and (ii) the ARMC Report for inclusion in the 2022 Annual Report. ▪ to discuss the Internal Audit reports. ▪ to discuss and approve the revisions to the Internal Audit Charter. ▪ to review and approve the Internal Audit Plan 2023. The Internal Audit Plan was developed by the Group Internal Audit ("GIA") department and prioritised based on the adequacy and integrity of key processes and controls. ▪ to note the External Auditors' progress report on the unaudited results for the financial year ended 31 December 2022. ▪ to note the minutes of the Risk Management Working Group ("RMWG") meeting held on 1 November 2022, quarterly report on the recurrent related party transactions ("RRPTs") of a revenue or trading nature and quarterly report on the provision of non-audit services. During that meeting, the ARMC held a private session with the External Auditors.

Audit and Risk Management Committee Report

3.0 MEETINGS (CONT'D)

- The meetings were held on the following dates and the main agenda are summarised in the table below. A more detailed elaboration on the activities of the ARMC are summarised in Section 5.0 below. (Cont'd)

Date	Main Agenda
27 March 2023	<ul style="list-style-type: none"> to review, approve and recommend for the approval of the Board the following: <ol style="list-style-type: none"> the audited financial statements for the financial year ended 31 December 2022; the Statement of Risk Management and Internal Controls for inclusion in the 2022 Annual Report; the revisions to the ARMC Report for inclusion in the 2022 Annual Report; the renewal of contractual agreements which are recurrent transactions of a revenue or trading nature as outlined in section 2.5 of the RRPT circular; and the revised Policies and Procedures on Non-Assurance Services by External Auditors. to note the Final Report from the External Auditors on the final audit for the financial year ended 31 December 2022. to review the performance of the External Auditors, and if thought fit, to recommend to the Board to seek shareholders' approval on the re-appointment of the External Auditors at the forthcoming Annual General Meeting. to note the "Review Procedures and Guidelines in relation to RRPT" as outlined in section 2.6 of the RRPT circular and to approve the "Statement by the Company's Audit and Risk Management Committee" as outlined in section 2.7 of the RRPT circular.
17 May 2023	<ul style="list-style-type: none"> to review, approve and recommend for the approval of the Board the unaudited quarterly financial results for the first quarter ended 31 March 2023. to review and approve the Internal Audit Budget and Human Resource Plan for the financial year 2023. to discuss the Internal Audit reports. to review the report from the RMWG on the risk assessment of the Group as of 28 February 2023. to note the updated risk registers, quarterly report on the RRPTs of a revenue or trading nature and quarterly report on the provision of non-audit services.
21 August 2023	<ul style="list-style-type: none"> to review, approve and recommend for the approval of the Board the following: <ol style="list-style-type: none"> the unaudited quarterly financial results for the second quarter ended 30 June 2023; the renewal and execution of new contractual agreements which are recurrent related party transactions of a revenue or trading nature; the COI Policy and COI declaration form; the revisions to the TOR of the ARMC; and the revisions to the Policy and Procedures on Related Party Transaction ("RPT"). to discuss the Internal Audit reports. to note the quarterly report on the RRPTs of a revenue or trading nature, quarterly report on the provision of non-audit services and the minutes of the RMWG meeting held on 8 May 2023.

3.0 MEETINGS (CONT'D)

- The meetings were held on the following dates and the main agenda are summarised in the table below. A more detailed elaboration on the activities of the ARMC are summarised in Section 5.0 below. (Cont'd)

Date	Main Agenda
21 November 2023	<ul style="list-style-type: none"> to review, approve and recommend for the approval of the Board the following: <ol style="list-style-type: none"> the unaudited quarterly financial results for the third quarter ended 30 September 2023; the Letter of engagement for the Statutory Audit and Statement of Risk Management and Internal Control for 2023; the proposed external audit fees of the Group for 2023; and the revisions to the COI Policy and COI declaration form. to approve the External Auditors' Professional Services Planning Memorandum 2023. to discuss the Internal Audit reports as well as to review and approve the Internal Audit Plan 2024. to review the report from the RMWG on its risk assessment of the Group as of 31 August 2023. to note the following: <ol style="list-style-type: none"> the Transparency Report for the year ended 31 May 2023 from External Auditors; the updated risk registers; the quarterly report on the RRPTs of a revenue or trading nature; and the quarterly report on the provision of non-audit services as well as the provision of Planned Non-Audit Services for 2024. <p>During that meeting, the ARMC held two (2) separate private sessions with the Head of GIA and the External Auditors.</p>

- The ARMC held its meetings without the presence of other Directors and Management, except where the ARMC requested their attendance. The General Manager of Group Finance, representing the Management, was invited to all the ARMC meetings to present the relevant papers and provide clarification on issues raised by the ARMC. The Head of the GIA attended the ARMC meetings to present the Internal Audit reports for the discussion of the ARMC.
- To ensure that the audited financial statements complied with the Malaysian Financial Reporting Standards ("MFRS"), External Auditors are engaged to audit the Company's and Group's financial statements before they are presented to the ARMC for review and recommendation to the Board for its approval.
- Subsequent to the meetings of the ARMC, the Chairperson of the ARMC briefed the Board on matters discussed and deliberated at the ARMC meetings. The Chairperson of the ARMC also conveyed to the Board, matters of significant concern as and when raised by the Management, External Auditors and the GIA.
- Minutes of the ARMC meeting were recorded by the Company Secretary and circulated to ARMC for comments. The minutes were tabled for confirmation at the subsequent ARMC meeting before presenting to the Board for notation.

4.0 TRAININGS

The trainings attended by members of the ARMC during the year are disclosed in the Corporate Governance Overview Statement included in this Annual Report.

Audit and Risk Management Committee Report

5.0 SUMMARY OF ACTIVITIES

During the financial year, the ARMC carried out the following activities:

5.1 Financial Reporting

- Reviewing and approving the Group's quarterly unaudited financial results as well as the Group's and Company's audited financial statements for the financial year ended 31 December 2022. Following the conclusion of the ARMC meeting, the ARMC recommended them for approval at the subsequent Board meeting.
- In the review of the quarterly unaudited financial results, the ARMC discussed with the Management, amongst others, the following:
 - (a) changes in or implementation of major accounting policies;
 - (b) significant matters highlighted including financial reporting issues, significant judgements made by the Management, significant and unusual events or transactions, and how these matters are addressed; and
 - (c) compliance with accounting standards and other regulatory requirements.

In this respect, the ARMC satisfied itself that the quarterly unaudited financial statements had been prepared in compliance with MFRS134: Interim Financial Reporting, issued by the Malaysian Accounting Standards Board, Paragraph 9.22 of the Main Market Listing Requirements and guidance communication notes issued by Bursa Malaysia Securities Berhad before recommending the same to the Board for its approval.

- In the review of the audited financial statements, the ARMC discussed with the Management and the External Auditors in attendance, amongst others, the following:
 - (a) the impact of the new accounting standards on the financial results and statements for the financial period being reported;
 - (b) the underlying accounting policies applied, as well as the use of critical accounting estimates and the exercise of judgement in applying the Group's accounting policies, that have significant impact on the amounts recognised in the financial statements;
 - (c) significant and unusual events; and
 - (d) confirming with the Management and the External Auditors that the audited financial statements had been prepared in compliance with the MFRS and the requirements of the Companies Act, 2016 in Malaysia.

The ARMC, having satisfied that the audited financial statements had been prepared in compliance with accounting standards and other regulatory requirements and that all issues have been adequately addressed with the Management and the External Auditors, recommended the same to the Board for its approval.

5.0 SUMMARY OF ACTIVITIES (CONT'D)

5.2 External Audit

5.2.1 Overseeing the work of the External Auditors

- On 15 February 2023, the ARMC reviewed and discussed the progress report by the External Auditors on the unaudited financial results for the financial year ended 31 December 2022. The ARMC noted that the External Auditors had substantially completed their audit in accordance with the Professional Services Planning Memorandum 2022 which was presented earlier to the ARMC on 14 November 2022.
- On 27 March 2023, the ARMC deliberated on the audited financial statements for the financial year ended 31 December 2022 prepared by Management with the External Auditors in attendance. The audited financial statements were thereafter recommended to the Board for approval.
- On 21 November 2023, the ARMC reviewed and approved the External Auditors' Professional Services Planning Memorandum 2023 which includes, amongst others,
 - (a) materiality;
 - (b) the overall work plan, including significant risks and areas of audit focus, as well as their audit scope of work;
 - (c) level of involvement from other specialists;
 - (d) climate-related risk on financial statement results and disclosures; and
 - (e) engagement quality control as well as independent policies and procedures.

Following the review of the External Auditors' Professional Services Planning Memorandum 2023, the ARMC approved and recommended for the Board's approval the detailed terms of responsibilities and the scope of work as set out in the External Auditors' engagement letter and proposed audit fees of the Group.

- The ARMC noted the provision of any non-audit services by the External Auditors permissible to undertake, as provided under the By-Laws of the MIA and the Independence policies and procedures set out in the External Auditors' Professional Services Planning Memorandum 2023. The provision has been strengthened to require that, ARMC must concur with the External Auditor's assessment of the threats associated with the non-assurance services prior to proposal of the non-assurance services. This was accomplished by ARMC approving a Non-Assurance Services Pre-Approval Policies and Procedures, which sufficiently fulfils the new requirements.
- The ARMC had two (2) private sessions with the External Auditors on 15 February 2023 and 21 November 2023. It was noted that there were no major concerns, and that the External Auditors had sufficient resources and unlimited access to information and received full co-operation from the Management throughout the course of the audit.

Audit and Risk Management Committee Report

5.0 SUMMARY OF ACTIVITIES (CONT'D)

5.2 External Audit (Cont'd)

5.2.2 Assessing the Independence and Suitability of the External Auditors

- Prior to the ARMC recommending to the Board for approval to re-appoint the External Auditors by shareholders at the forthcoming Annual General Meeting, the ARMC had been given access to an online evaluation form to be completed individually to assess and rate the performance of the External Auditors. The online questionnaire consists of thirty-nine (39) questions covering the following topics:

- (a) Section A: Calibre of external audit firm
- (b) Section B: Quality processes/performance
- (c) Section C: Audit team
- (d) Section D: Independence and objectivity
- (e) Section E: Audit scope and planning
- (f) Section F: Audit fees
- (g) Section G: Audit communications

The online evaluation form provides ratings from one (1) to five (5), or 'yes' and 'no', with indicators to be responded in relation to the nature of the questions. The results of the questionnaire were presented to the ARMC for deliberation and review.

- Based on the results of the questionnaire, the ARMC was satisfied with the performance as well as the suitability, objectivity and independence of the External Auditors and these were duly recorded by the Company Secretary. The overall average rating for the assessment was above 4 based on a full scale of 5. A completed copy of the questionnaire was filed with the Company Secretary for record purposes.
- Other than the above, the ARMC also noted the following matters disclosed in the Independence Policies and Procedures set out in the External Auditors' Professional Services Planning Memorandum 2023:
 - (a) that the External Auditors complied with their independence requirements set out in the By-Laws (On Professional Ethics, Conduct and Practice) of the MIA ("By-Laws"). In this respect, the External Auditors have provided a written assurance to the ARMC on their independence.
 - (b) that the External Auditors have developed important safeguards and procedures to address threats to their independence and objectivity including:
 - (i) assessment is made to the level of threat to objectivity and potential safeguards to combat these threats prior to acceptance of any non-audit engagement;
 - (ii) partners and managers are required to declare their financial interests in the partnership's Independence Monitoring System;
 - (iii) the audit engagement partner will be consulted and will approve all non-audit services to be provided to audit clients; and
 - (iv) periodic rotation takes place of the audit engagement partner, the independent review partner and key audit partners in accordance with their policies and professional and regulatory requirements.

5.0 SUMMARY OF ACTIVITIES (CONT'D)

5.2 External Audit (Cont'd)

5.2.2 Assessing the Independence and Suitability of the External Auditors (Cont'd)

- Other than the above, the ARMC also noted the following matters disclosed in the Independence Policies and Procedures set out in the External Auditors' Professional Services Planning Memorandum 2023: (Cont'd)
 - (c) that the External Auditors have issued a detailed ethical standards and independence policies to all partners and employees who are required to confirm their compliance annually. They are also required to comply with the policies of other relevant professional and regulatory bodies. Amongst other things, these policies:
 - (i) generally state that no partner or employee (or their financial dependents) are allowed to hold a financial interest in any of their audit clients (unless otherwise expressly permitted);
 - (ii) state that no partner or employee (or their financial dependents) should enter into business relationships with an audit client or affiliates;
 - (iii) prohibit any professional employee from accepting gifts from clients unless the value is clearly insignificant, trivial and inconsequential; and
 - (iv) provide safeguards against potential conflicts of interest.
 - (d) the External Auditors' independence policy requires them to communicate in writing to the ARMC all breaches of independence set out in the By-Laws on a timely basis and all insignificant breaches on an annual basis as well as to obtain concurrence from the ARMC on actions taken to satisfactorily address any consequence of any identified breach.
- Based on the Audit Transparency Report for the year ended 31 May 2023 presented by the External Auditors, the ARMC noted that the audit firm as a whole is able to uphold high-quality audits based on assessment using the required Audit Quality Indicators mandated by the Audit Oversight Board including audit partner workload, audit independence, capacity and competence of the audit practice, audit engagement supervision, audit firm's investment to uphold audit quality as well as internal and external monitoring (inspection) reviews.
- Upon due consideration on the External Auditors' past performance, client service team, engagement quality control, independence policies and procedures as set out in the External Auditors' Professional Services Planning Memorandum 2023 as well as a written assurance by the External Auditors on their independence, the ARMC determined that the External Auditors were suitable to be engaged to undertake the statutory audit and are satisfied that their independence had not been compromised.

The current Audit Engagement Partner has been auditing the financial statements of the Group since 31 December 2020. According to the External Auditors' Professional Services Planning Memorandum 2023, the audit engagement partner, the independent review partner and key audit partners are periodically rotated in accordance with the firm's policies and professional and regulatory requirements.

Audit and Risk Management Committee Report

5.0 SUMMARY OF ACTIVITIES (CONT'D)

5.3 Internal Audit

- On 15 February 2023, the ARMC reviewed and approved the annual risk-based Internal Audit Plan 2023 that covers all core operations including water treatment, highway management, construction, renewable energy and waste management.
- On 17 May 2023, the ARMC reviewed and approved the Internal Audit Budget and Human Resource Plan 2023 to ensure that GIA was competently staffed and has adequate resources to carry out the internal audit function in the coming year.
- The ARMC reviewed and discussed with the Head of GIA all the internal audit reports presented. These reports contain: -
 - (a) status and progress of internal audit assignments including summaries of findings and the audit reports issued;
 - (b) effects/potential risks and audit recommendations provided by the GIA;
 - (c) Management's responses to audit recommendations and their committed action plans; and
 - (d) status of follow-up audits on Management's committed action plans.

The ARMC then discussed and considered those findings including the Management's responses thereon, before proposing that those noted weaknesses be rectified and recommendations for improvements be implemented where appropriate, in a timely manner.

- The risk-based Internal Audit Plans are reviewed on a yearly basis and as required contingent on the changes in internal and external risks faced by the various core operations and industries. During the year, a total of eleven (11) full internal audits and fifteen (15) follow-up internal audits were conducted, with a focus on the thirteen (13) key areas listed below:

(a) Anti-Bribery Management System	(h) Operation
(b) Billing & Collection	(i) Procurement
(c) Contract Management	(j) Project Management
(d) Financial	(k) Regulatory & Compliance
(e) Fixed Asset Management	(l) Related Party Transaction
(f) Information Technology	(m) Store Management
(g) Maintenance	
- The ARMC had a private session with the Head of GIA on 21 November 2023. It was noted that there were no major concerns and that the GIA had received full cooperation from the Management and staff throughout the course of their work.

5.0 SUMMARY OF ACTIVITIES (CONT'D)

5.4 Risk Management

- The ARMC reviewed the report of the RMWG which was presented by the General Manager of Group Finance as a member of the RMWG. RMWG meetings were held on 8 May 2023 and 2 November 2023 to discuss the Risk Management Reports of the following divisions:
 - (a) Engineering and Construction Division;
 - (b) Water and Engineering Division;
 - (c) Toll Highway Division;
 - (d) Waste Management Division;
 - (e) Renewable Energy Division; and
 - (f) Group Strategic Risks
- The Risk Management Reports comprise the Risk Profile which indicate the impact, likelihood of occurrence and residual risk rating of every risk identified and supported by individual Risk Registers that detail the description, causes, consequences, controls, its effectiveness and action plans for each and every identified risk.
- The ARMC presented a summary of the RMWG reports at the subsequent Board meetings for notation.

5.5 Recurrent Related Party Transactions (“RRPTs”), Related Party Transactions (“RPTs”) and Conflict of Interest Situations

- In accordance with the Main Market Listing Requirements and subject to the approved Limits of Authority, the ARMC reviewed all RPTs tabled and conflict of interest situation that may arise within the Group to ensure that they are:
 - (a) at arm's length;
 - (b) on normal commercial terms;
 - (c) on terms not more favourable to the Related Party than those generally available to the public;
 - (d) in its opinion, are not detrimental to the minority shareholders; and
 - (e) in the best interest of the Company.

The ARMC (except for interested director(s)) would recommend the RPTs and/or the RRPTs for approval at the subsequent Board meetings.

- On 26 May 2023, Bursa Malaysia Securities Berhad amended its Main Market Listing Requirements on enhanced conflict of interest (“COI”) disclosures. As a result, the scope of ARMC's review of COI situation has been expanded to include those that arose or persist (in addition to those that may arise) and the measures taken to resolve, eliminate or mitigate such conflicts. In this regard, upon the recommendation from the ARMC, the Board had on 22 November 2023 adopted a COI Policy and COI declaration form to ensure the Directors and Key Senior Management act in the best interests of the Group when a conflict of interest arises or potentially arises to ensure systematic identification, disclosure, and management of conflict of interest in an effective and timely manner.

Audit and Risk Management Committee Report

5.0 SUMMARY OF ACTIVITIES (CONT'D)

5.5 Recurrent Related Party Transactions ("RRPTs"), Related Party Transactions ("RPTs") and Conflict of Interest Situations (Cont'd)

- The ARMC also noted the quarterly report on RRPT that the cumulative amount of RRPT is within the shareholders' mandate obtained at the Annual General Meeting.
- Management is also guided by the Group internal policy on RPTs i.e. Policies and Procedures on Related Party Transactions in identifying related parties and in the reporting of RPTs in compliance with the Main Market Listing Requirements.

5.6 Fraud, Bribery and Corruption

- There was no incident of fraud, bribery or corruption reported to the ARMC by the Executive Director or to the Chairperson of the ARMC during the year under the Group's whistle-blowing policy.
- The Chairperson of the ARMC has also not received any reports requiring further investigation sent to a dedicated email at ARMC@taliworks.com.my.
- Members of the ARMC and Management have also confirmed to the External Auditors that they were not aware of any incidence of fraud. Likewise the External Auditors have also confirmed the same to the ARMC.

6.0 INTERNAL AUDIT FUNCTION

- The internal audit functions by assisting a company in accomplishing its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance process. The internal audit function provides assessments as to whether risks, which may hinder the company from achieving its objectives, are being adequately evaluated, managed and controlled. It further evaluates the effectiveness of the governance, risk management and internal control framework (including RPTs) and facilitates enhancement, where appropriate.
- In this respect, the ARMC is supported by an in-house GIA in the discharge of its duties and responsibilities. The GIA is guided by the Guidelines on Internal Audit Function issued by the Internal Auditors Malaysia and the Internal Audit Charter as approved by the ARMC that provides the framework for the efficient and effective functioning of the internal audit function.
- The GIA personnel have declared themselves to be free from any relationships or conflicts of interest which might impair their objectivity and independence. To further safeguard their impartiality, the GIA reports directly to the ARMC and it is not involved, directly or indirectly, in any operational responsibilities. The Internal Audit Budget and Resource Plan is also tabled and approved by the ARMC. The GIA carries out its role in accordance with the Institute of Internal Auditors International Professional Practices Framework. The GIA is responsible to independently review, appraise and recommend improvements to the governance, risk management and internal control systems established by the Management. The GIA provides timely and impartial advice to the ARMC and the respective Management as to whether activities reviewed are:
 - (a) in accordance with the Group's policies and direction;
 - (b) in compliance with prescribed laws and regulations; and
 - (c) achieving the desired results effectively and efficiently.
- On a quarterly basis, the GIA submits audit reports to the ARMC for review and action.

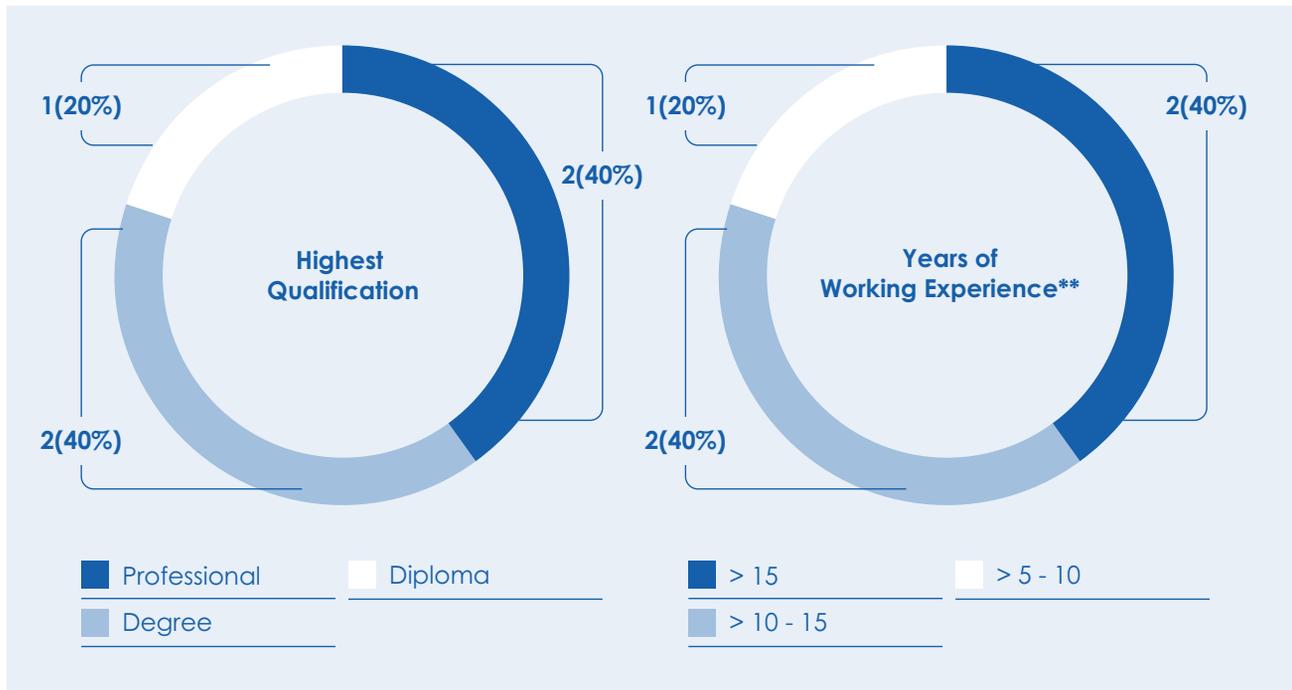
6.0 INTERNAL AUDIT FUNCTION

- The GIA performs risk-based (i.e. high priority risk areas based on risk evaluations including risk management profile), ad-hoc and routine audits in accordance with the Internal Audit Plans as approved by the ARMC. Root-cause analysis is conducted as part of the IA work to enable relevant recommendations to address the weaknesses noted. The audit results are discussed with the respective Management and action plans were put in place to complete the necessary preventive and corrective actions before presenting to ARMC for review. Where applicable, the GIA conducts follow up audits to ensure that Management's commitment on corrective actions are fulfilled timely and appropriately. Internal audit engagements carried out by the GIA include operational, financial and compliance reviews.
- In addition, the GIA plays an advisory role to the Management in the course of performing its internal audit activities. In turn, the Management supports the internal audit function by:
 - (a) inviting the Head of GIA as an observer to the monthly management meetings and meetings of the RMWG to keep abreast of any important developments on business, operations, strategies, risks, controls etc;
 - (b) providing unrestricted access to information and records, as well as making available adequate resources including personnel which are relevant to the internal audit function;
 - (c) ensuring that the auditees implement all the internal audit recommendations to improve the effectiveness of governance, risk management, and internal control processes;
 - (d) requiring all the heads of department in the Group to indicate in their annual appraisal form the status of all outstanding internal audit findings; and
 - (e) not placing any restrictions on the scope of the internal audit undertaken by the GIA.
- The GIA provides internal audit services covering the Company, its operating subsidiaries and major associated companies. The total staff costs for the year (including remuneration, training, administrative charges etc) incurred by the GIA were approximately RM936,962 (2022: RM776,772).
- The GIA is headed by a Senior Manager (Lee Chee Leong, Henry) who is a fellow member of the Association of Chartered Certified Accountants with double degrees in Applied Accounting and Applied Science with Computing. He was appointed as the Head of GIA since December 2011. He is well qualified to provide the necessary assurances to the ARMC and Management; having over twenty (20) years of experience in internal audit and various other functions (i.e. compliance, information technology, risk management, quality management, finance and credit control) involving multiple industries including merchant banking, investment banking, both life and general insurance, property development and construction.
- As of 31 December 2023, the Head of GIA is supported by a team of four (4) members.

Audit and Risk Management Committee Report

6.0 INTERNAL AUDIT FUNCTION (CONT'D)

- There is an adequate mix of knowledge, skills and other competencies needed to perform the internal audit function. The qualification of the GIA team members and their working experience can be categorised respectively as follows:



** Total of all functions including internal audit, external audit, compliance, finance etc.

- To enhance the competency of the GIA, team members are provided with internal and external trainings throughout the year that include on-the-job trainings in auditing, report writing, presentation and communication skills, as well as external trainings e.g. anti-bribery training modules, mastering the growth mindset workshop, digital human resource software briefing, sustainability briefing, cybercrime briefing etc.
- Internal reviews are performed by the GIA on a routine basis to appraise the quality of work performed.

7.0 AUDIT AND RISK MANAGEMENT COMMITTEE'S REPORT

The ARMC had approved this Audit and Risk Management Committee Report for inclusion in this Annual Report.

ADDITIONAL COMPLIANCE INFORMATION

In compliance with Part A of Appendix 9C of the Main Market Listing Requirements, the following are additional information to be disclosed in this Annual Report: -

1.0 PROFILE OF DIRECTORS, CHIEF EXECUTIVE AND KEY SENIOR MANAGEMENT

- (a) The profile of the Directors and Chief Executive of the Company are stated under the Directors' Profile in this Annual Report.
- (b) The profile of key senior management of the Group is disclosed in the Company's website at <http://taliworks.com.my/corporate-information/> under the caption "Key Senior Management". Key Senior Management include (i) those who are charged with the Company's governance and management collective decision making and (ii) those who are primarily responsible for the business operations of the Group's core businesses.

2.0 AUDIT AND NON-AUDIT FEES

- (a) The amount of audit fees paid or payable by the Company and its subsidiaries to the External Auditors, Deloitte PLT, are as follows:
 - (i) Company – RM109,000 (2022: RM109,000)
 - (ii) Group – RM502,385 (2022: RM502,385)
- (b) The non-audit fees paid or payable for services rendered to the Company and its subsidiaries by the External Auditors, Deloitte PLT, or a firm or corporation affiliated to it, are as follows:
 - (i) Company – RM13,800 (2022: RM35,000)
 - (ii) Group – RM85,600 (2022: RM119,300)

The non-audit fees are mainly in relation to the following services :-

- (i) provision of company taxation; and
- (ii) tax advisory services

The above fees exclude Sales and Service Tax and out-of-pocket expenses.

3.0 STATUS OF UTILISATION OF PROCEEDS

There are no proceeds raised in a corporate proposal.

4.0 MATERIAL CONTRACTS

Save as disclosed in the Note 45 to the Financial Statements on the Significant Related Party Transactions, there were no material contracts entered into by the Company and its subsidiaries involving the interests of the directors, chief executive who is not a director or major shareholders, either still subsisting at the end of the financial year or, if not then subsisting, entered into since the end of the previous financial year.

Additional Compliance Information

5.0 RECURRENT RELATED PARTY TRANSACTIONS

Pursuant to Paragraph 3.1.5 of Practice Note 12, the Recurrent Related Party Transactions entered into by the Company and its subsidiaries with related parties pursuant to a shareholders' mandate were as follows:

Related Parties	Type of the Recurrent Related Party Transactions	Aggregate value of Recurrent Related Party Transactions made during the financial year (RM'000)
Extra Sdn. Bhd. and Extra Solutions Sdn. Bhd.	Services rendered to the Company and Group by the related parties in relation to the provision of information technology services, broadband and maintenance, sales of hardware and software either as vendor or re-seller	928
SWM Environment Sdn. Bhd.	Management services rendered by the Company to the related party.	1,521
Edaran SWM Sdn. Bhd.	Management services rendered by the Company to the related party.	1,710

6.0 PROPERTIES OF THE GROUP

Particulars of the properties of the Company or its subsidiaries have not been separately disclosed as their respective net book value represent less than 5% of the consolidated total assets of the Group as at the end of the financial year.

7.0 EMPLOYEE SHARE OPTIONS SCHEME ("ESOS")

There is no ESOS implemented by the Company which is subsisting as at the end of the financial year.

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DIRECTORS' REPORT

The directors of TALIWORKS CORPORATION BERHAD have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2023.

PRINCIPAL ACTIVITIES

The principal activities of the Company are investment holding, provision of contracting, project and management services.

The information on the name, principal place of business, principal activities and percentage of issued share capital held by the holding company in each subsidiary is as disclosed in Note 19 to the financial statements.

RESULTS OF OPERATIONS

The results of operations of the Group and of the Company for the financial year are as follows:

	The Group RM'000	The Company RM'000
Profit before tax	67,066	97,056
Income tax expense	(17,613)	(1,416)
Profit for the year	49,453	95,640
Profit attributable to:		
Owners of the Company	41,962	95,640
Non-controlling interests	7,491	-
	49,453	95,640

In the opinion of the directors, the results of operations of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature.

DIVIDENDS

The dividends on ordinary shares declared and paid by the Company since the previous financial year were as follows:

	RM'000
In respect of the financial year ended 31 December 2022 and dealt with in the previous year's Directors' Report:	
Fourth interim single-tier dividend of 1.65 sen per share paid on 31 March 2023	33,261
In respect of the financial year ended 31 December 2023:	
First interim single-tier dividend of 1.65 sen per share paid on 30 June 2023;	33,261
Second interim single-tier dividend of 1.65 sen per share paid on 29 September 2023; and	33,261
Third interim single-tier dividend of 1.65 sen per share paid on 22 December 2023	33,261
	133,044

Subsequent to the end of the financial year, on 27 February 2024, the directors declared the payment of a fourth interim single-tier dividend of 1.0 sen per share on 2,015,817,574 ordinary shares, amounting to approximately RM20,158,176 in respect of the current financial year to be paid on 29 March 2024. This dividend has not been included as a liability in the statements of financial position as of 31 December 2023. The dividend payment will be accounted for in equity as an appropriation of retained earnings during the financial year ending 31 December 2024.

The directors do not recommend any final dividend in respect of the current financial year.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year other than those disclosed in the financial statements.

ISSUE OF SHARES AND DEBENTURES

There were no new shares or debentures issued during the financial year.

SHARE OPTIONS

No options have been granted by the Company to any parties during the financial year to take up unissued shares of the Company.

No shares have been issued during the financial year by virtue of the exercise of any option to take up unissued shares of the Company. As of the end of the financial year, there were no unissued shares of the Company under options.

Directors' Report

OTHER STATUTORY INFORMATION

Before the financial statements of the Group and of the Company were prepared, the directors took reasonable steps:

- (a) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and had satisfied themselves that there were no known bad debts to be written off and that adequate provision had been made for doubtful debts; and
- (b) to ensure that any current assets which were unlikely to be realised in the ordinary course of business including the value of current assets as shown in the accounting records of the Group and of the Company had been written down to an amount which the current assets might be expected so to realise.

At the date of this report, the directors are not aware of any circumstances:

- (a) which would require the writing off of bad debts or render the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or
- (b) which would render the values attributed to the current assets in the financial statements of the Group and of the Company misleading; or
- (c) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate; or
- (d) not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

At the date of this report, there does not exist:

- (a) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year which secures the liability of any other person; or
- (b) any contingent liability of the Group and of the Company which has arisen since the end of the financial year.

No contingent or other liability has become enforceable, or is likely to become enforceable, within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations when they fall due.

In the opinion of the directors, no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of operations of the Group and of the Company in the financial year in which this report is made.

DIRECTORS

The directors of the Company in office during the financial year and during the period from the end of the financial year to the date of this report are:

YAM Tunku Ali Redhauddin Ibni Tuanku Muhriz
Raja Datuk Zaharaton Binti Raja Dato' Zainal Abidin
Ahmad Jauhari Bin Yahya
Datuk Roger Tan Kor Mee
Lim Chin Sean
Datin Tam Poh Lin
Chin Soong Jin (appointed on 1 March 2024)
Dato' Sri Amrin Bin Awaluddin (resigned on 20 June 2023)
Dato' Lim Yew Boon (resigned on 29 February 2024)

The directors of the subsidiaries of the Company in office during the financial year and during the period from the end of the financial year to the date of this report are:

Chee Lean Thong
Chew Hoong Cheong
Chin Soong Jin
Chua Yueh Ling
Datin Lee Li May
Dato' Lim Chee Meng
Lim Siew Ling
Norsam @ Norsamsida Binti Hassan
Teh Siok Wah
Wang Kwee Luan
Wong Voon Leong
Wong Wai Meng
Zulfikri Bin Suboh
Annie Binti Rosle (appointed on 17 March 2023)
Eric Tan Chin Hong (alternate to Annie Binti Rosle) (appointed on 22 February 2024)
Rajasolan A/L Arumugam (appointed on 29 February 2024)
Mohamad Hafiz Bin Kassim (resigned on 17 March 2023)
Azrina Binti Mohd Isa (alternate director to Mohamad Hafiz Bin Kassim and Annie Binti Rosle) (resigned on 22 February 2024)
Dato' Lim Yew Boon (resigned on 29 February 2024)
Phang Kwai Sang (resigned on 29 February 2024)

Directors' Report

DIRECTORS' INTERESTS

The interest in shares and options over shares in the Company and in the related corporation of those who were directors at the end of the financial year according to the Register of Directors' Shareholdings kept by the Company under Section 59 of the Companies Act, 2016 are as follows:

	Balance as at 1.1.2023	Number of Ordinary Shares		Balance as at 31.12.2023
		Bought	Sold	
Shares in the Company				
Direct interest				
Dato' Lim Yew Boon	1,000,000	-	-	1,000,000
Lim Chin Sean	250,006	-	-	250,006
Indirect interest				
Lim Chin Sean #	1,006,833,333	-	-	1,006,833,333
Datin Tam Poh Lin @	275,000	-	-	275,000

Deemed interest by virtue of his interest in corporate shareholders pursuant to Section 8(4) of the Companies Act, 2016.

By virtue of his interest in the Company, he is also deemed to have an interest in the shares of all the Company's subsidiaries to the extent the Company has an interest pursuant to Section 8(4) of the Companies Act, 2016.

@ Deemed interest by virtue of her spouse's shareholdings in the Company pursuant to Section 59(11)(c) of the Companies Act, 2016.

Other than disclosed above, none of the other directors in office at the end of the financial year held shares or had beneficial interest in the shares and options over shares in the Company or its related corporation during or at the beginning and end of the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, none of the directors of the Company has received or become entitled to receive a benefit (other than the benefits included in the aggregate amount of emoluments received or due and receivable by the directors) by reason of a contract made by the Company or a related corporation with the director or with a firm of which he is a member, or with a company in which he has a substantial financial interest except for any benefits which may be deemed to have arisen by virtue of the transactions between the Company and/or its subsidiaries and companies in which certain directors of the Company or persons connected with such directors have an interest as disclosed below.

During and at the end of the financial year, no arrangement subsisted to which the Company was a party whereby directors of the Company might acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

DIRECTORS' REMUNERATION

The aggregate amount of emoluments receivable by directors of the Group and of the Company during the financial year are as follows:

	Group RM'000	Company RM'000
Non-executive Directors:		
Fees	897	897
Other emoluments	71	71
Executive Director:		
Fees	144	120
Salaries and bonus	528	528
Defined contribution plan	21	21
Other emoluments	52	48
	1,713	1,685

INDEMNITY AND INSURANCE FOR DIRECTORS, OFFICERS AND AUDITORS

The Company maintains directors' and officers' liability insurance for the purposes of Section 289 of the Companies Act, 2016, throughout the year, amounting to RM10,000,000, which provides indemnity coverage for the directors and officers of the Company and its subsidiaries. The amount of insurance premium paid during the year amounted to RM18,114 (inclusive of Sales and Service Tax and stamp duty).

There was no indemnity given to or insurance effected for auditors of the Company in accordance with Section 289 of the Companies Act, 2016.

AUDITORS

The auditors, Deloitte PLT, have indicated their willingness to continue in office.

Directors' Report

AUDITORS' REMUNERATION

The details of auditors' remuneration of the Group and of the Company for the financial year ended 31 December 2023 were as follows:

	Group RM'000	Company RM'000
Statutory audit	502	109
Non-audit services	85	14
	587	123

Signed on behalf of the Board
in accordance with a resolution of the directors,



LIM CHIN SEAN



CHIN SOONG JIN

Kuala Lumpur,
25 March 2024

STATEMENT BY DIRECTORS

The directors of **TALIWORKS CORPORATION BERHAD** state that, in their opinion, the accompanying financial statements are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2023 and of the financial performance and the cash flows of the Group and of the Company for the year ended on that date.

Signed on behalf of the Board
in accordance with a resolution of the directors,



LIM CHIN SEAN



CHIN SOONG JIN

Kuala Lumpur,
25 March 2024

DECLARATION BY THE OFFICER PRIMARILY RESPONSIBLE FOR THE FINANCIAL MANAGEMENT OF THE COMPANY

I, **WONG VOON LEONG (CA 7225)**, the officer primarily responsible for the financial management of **TALIWORKS CORPORATION BERHAD**, do solemnly and sincerely declare that the accompanying financial statements are, in my opinion, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.



WONG VOON LEONG

Subscribed and solemnly declared by the abovenamed **WONG VOON LEONG** at **KUALA LUMPUR** this 25th day of March, 2024.

Before me,



COMMISSIONER FOR OATHS



No. 12-1, Jalan 9/23A,
Medan Makmur,
Off Jalan Usahawan, Setapak,
53200 Kuala Lumpur.

INDEPENDENT AUDITORS' REPORT

to the Members of Taliworks Corporation Berhad
(Incorporated in Malaysia)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **TALIWORKS CORPORATION BERHAD**, which comprise the statements of financial position as at 31 December 2023 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including material accounting policies information, as set out on pages 215 to 295.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2023, and of their financial performance and their cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of the Group and of the Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matters (Cont'd)

Key audit matters	How the matter was addressed in the audit
<p>Impairment assessment of goodwill</p> <p>As at 31 December 2023, the Group has goodwill of RM132,503,000, of which RM129,385,000 is relating to a subsidiary, Cerah Sama Sdn. Bhd. ("CSSB") which arose from a restructuring exercise in August 2014. The goodwill is allocated to the Toll Highway cash generating unit (the "Toll CGU").</p> <p>In performing the impairment assessment of goodwill, management is required to estimate the recoverable amount of the Toll CGU. The recoverable amount is calculated based on an estimation of the present value of the future cash flows expected to be generated ("value-in-use model").</p> <p>The key bases and assumptions used in the value-in-use model involve a significant degree of management judgements and estimates, such as discount rate and the traffic volume growth, which was projected by an external traffic expert engaged to assist management.</p> <p>Refer to key bases and assumptions used as disclosed in Note 23.</p>	<p>Our audit procedures, amongst others, included the following:</p> <ul style="list-style-type: none"> ▪ Performed inquiries with the management to understand and evaluated the process and controls in developing the value-in-use model; ▪ Evaluated the appropriateness of the methodology of the management's value-in-use model, including the verification of the mathematical accuracy of the underlying calculations and understanding the basis for management judgements and estimates; ▪ Performed retrospective review of the cash flow projections used in the value-in-use model to assess the reliability of the management's estimates; ▪ Involved our internal valuation specialists in assessing the appropriateness of the discount rate used; ▪ Evaluated the work of our internal valuation specialists which includes the relevance and reasonableness of their findings or conclusions; ▪ Challenged the reasonableness of the key bases and assumptions underpinning the value-in-use model, specifically the traffic volume growth rate and the discount rate used; ▪ Performed sensitivity analysis on the key assumptions to assess if any reasonably possible change in these assumptions can lead to an impairment loss; ▪ Assessed the results of the impairment assessment by comparing the recoverable amount of the Toll CGU to its carrying amount; and ▪ Assessed the adequacy and appropriateness of the disclosures made in the financial statements.

We have determined that there are no key audit matters in the audit of the separate financial statements of the Company to communicate in our auditors' report.

Independent Auditors' Report

to the Members of Taliworks Corporation Berhad
(Incorporated in Malaysia)

Information Other than the Financial Statements and Auditors' Report Thereon

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Auditors' Responsibilities for the Audit of the Financial Statements (Cont'd)

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Independent Auditors' Report

to the Members of Taliworks Corporation Berhad
(Incorporated in Malaysia)

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 19 to the financial statements.

Other Matter

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act, 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.



DELOITTE PLT (LLP0010145-LCA)
Chartered Accountants (AF 0080)



WONG KAR CHOON
Partner - 03153/08/2024 J
Chartered Accountant

Kuala Lumpur,
25 March 2024

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 31 December 2023

	Note	The Group		The Company	
		2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Revenue	5	374,704	337,712	161,465	65,627
Cost of operations	6	(250,191)	(200,826)	(61,641)	(34,600)
Gross profit		124,513	136,886	99,824	31,027
Other operating income	7	11,863	13,648	8,970	16,488
Administrative and other expenses	8	(36,510)	(33,905)	(10,347)	(37,548)
Finance costs	9	(17,491)	(17,975)	(1,391)	(545)
Share of results of joint venture		5,502	6,182	-	-
Share of results of associates		(20,811)	(22,962)	-	-
Profit before tax		67,066	81,874	97,056	9,422
Income tax (expense)/credit	12	(17,613)	(15,444)	(1,416)	2,866
Profit for the year		49,453	66,430	95,640	12,288
Other comprehensive loss					
Items that may be reclassified subsequently to profit or loss:					
Currency translation differences		(398)	(217)	-	-
Total comprehensive income for the financial year		49,055	66,213	95,640	12,288
Profit for the year attributable to:					
Owners of the Company		41,962	55,140	95,640	12,288
Non-controlling interests		7,491	11,290	-	-
		49,453	66,430	95,640	12,288
Total comprehensive income for the year attributable to:					
Owners of the Company		41,564	54,923	95,640	12,288
Non-controlling interests		7,491	11,290	-	-
		49,055	66,213	95,640	12,288
Earnings per share attributable to owners of the Company (sen)					
Basic and diluted	13	2.08	2.74		

The accompanying Notes form an integral part of the financial statements.

STATEMENTS OF FINANCIAL POSITION

as at 31 December 2023

	Note	The Group		The Company	
		2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
ASSETS					
Non-Current Assets					
Property, plant and equipment	14	121,072	132,047	458	320
Right-of-use assets	15	31,967	35,750	23,444	26,375
Investment properties	16	96	99	96	99
Intangible assets	18	959,438	988,040	-	-
Investment in subsidiaries	19	-	-	328,079	331,989
Investment in joint venture	20	71,410	73,783	67,173	67,173
Investment in associates	21	107,668	129,343	230,784	230,784
Other investment	22	200	200	-	-
Goodwill on consolidation	23	132,503	132,503	-	-
Long-term other receivable	29	13,423	15,561	-	-
Amount due from subsidiaries	30	-	-	115,898	124,226
Deposits, cash and bank balances	26	45,924	47,517	4,533	4,524
Deferred tax assets	24	6,373	6,228	3,513	3,961
Total Non-Current Assets		1,490,074	1,561,071	773,978	789,451
Current Assets					
Inventories	27	39,023	20,914	-	-
Amount due from subsidiaries	30	-	-	42,528	24,276
Trade receivables	25	65,905	74,758	16,178	12,548
Other receivables, deposits and prepayments	29	18,590	17,924	1,837	1,725
Tax recoverable		1,008	9,355	598	1,249
Investments designated at fair value through profit or loss	31	50,846	120,740	271	26,611
Deposits, cash and bank balances	26	82,478	48,854	20,345	10,000
Assets held-for-sale	17	257,850	292,545	81,757	76,409
		-	694	-	-
Total Current Assets		257,850	293,239	81,757	76,409
TOTAL ASSETS		1,747,924	1,854,310	855,735	865,860

	Note	The Group		The Company	
		2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
EQUITY AND LIABILITIES					
Capital and Reserves					
Share capital	32	438,354	438,354	438,354	438,354
Merger deficit	33	(71,500)	(71,500)	-	-
Currency translation reserve	34	(615)	(217)	-	-
Retained earnings	35	329,673	420,755	332,665	370,069
Total Equity Attributable to Owners of the Company					
		695,912	787,392	771,019	808,423
Non-controlling interests		267,950	260,459	-	-
Total Equity					
		963,862	1,047,851	771,019	808,423
Non-Current Liabilities					
Long-term borrowings	36	269,215	298,907	-	-
Lease liabilities	37	30,548	33,391	21,635	23,900
Long-term trade payables	38	1,629	1,050	-	-
Provisions	39	39,745	34,253	809	809
Deferred income	40	52,401	63,278	-	-
Deferred tax liabilities	24	237,670	248,139	-	-
Total Non-Current Liabilities					
		631,208	679,018	22,444	24,709
Current Liabilities					
Trade payables	38	28,033	23,882	719	606
Other payables and accruals	41	34,334	37,176	17,067	12,550
Amount due to contract customers	28	35,923	13,772	37,221	16,324
Provisions	39	8	93	-	-
Short-term borrowings	36	35,000	30,000	5,000	-
Lease liabilities	37	2,943	2,738	2,265	2,152
Deferred income	40	13,989	14,389	-	-
Tax liabilities		2,624	5,391	-	1,096
Total Current Liabilities					
		152,854	127,441	62,272	32,728
Total Liabilities					
		784,062	806,459	84,716	57,437
TOTAL EQUITY AND LIABILITIES					
		1,747,924	1,854,310	855,735	865,860

The accompanying Notes form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY

for the year ended 31 December 2023

The Group	Note	Share capital RM'000	Non-distributable reserve Merger deficit RM'000	Currency translation reserve RM'000	Distributable reserve Retained earnings RM'000	Attributable to Owners of the Company RM'000	Non- controlling interests RM'000	Total equity RM'000
As at 1 January 2022		438,354	(71,500)	-	537,949	904,803	252,646	1,157,449
Profit for the year		-	-	-	55,140	55,140	11,290	66,430
Other Comprehensive Loss:								
Currency translation differences		-	-	(217)	-	(217)	-	(217)
Total comprehensive income for the year		-	-	(217)	55,140	54,923	11,290	66,213
Transactions with Owners of the Company:								
Dividends paid	42	-	-	-	(133,044)	(133,044)	-	(133,044)
Dividends paid by a subsidiary to non-controlling interest		-	-	-	-	-	(3,430)	(3,430)
Non-controlling interest arising from business combination	48	-	-	-	-	-	(2,081)	(2,081)
Changes in ownership interests in subsidiaries	48	-	-	-	(39,290)	(39,290)	-	(39,290)
Reduction in non-controlling interest arising from increase in stake in subsidiaries	48	-	-	-	-	-	2,034	2,034
Total transactions with Owners of the Company		-	-	-	(172,334)	(172,334)	(3,477)	(175,811)
As at 31 December 2022		438,354	(71,500)	(217)	420,755	787,392	260,459	1,047,851

The Group	Note	Share capital RM'000	Non-distributable reserve Merger deficit RM'000	Currency translation reserve RM'000	Distributable reserve Retained earnings RM'000	Attributable to Owners of the Company RM'000	Non- controlling interests RM'000	Total equity RM'000
As at 1 January 2023		438,354	(71,500)	(217)	420,755	787,392	260,459	1,047,851
Profit for the year		-	-	-	41,962	41,962	7,491	49,453
Other Comprehensive Loss:								
Currency translation differences		-	-	(398)	-	(398)	-	(398)
Total comprehensive income for the year		-	-	(398)	41,962	41,564	7,491	49,055
Transactions with Owners of the Company:								
Dividends paid	42	-	-	-	(133,044)	(133,044)	-	(133,044)
As at 31 December 2023		438,354	(71,500)	(615)	329,673	695,912	267,950	963,862

Statements of Changes in Equity

for the year ended 31 December 2023

The Company	Note	Share capital RM'000	Distributable reserve- Retained earnings RM'000	Total equity RM'000
As at 1 January 2022		438,354	490,825	929,179
Profit for the year/Total comprehensive income for the year		-	12,288	12,288
Total comprehensive income for the year		-	12,288	12,288
Transactions with Owners of the Company:				
Dividends paid	42	-	(133,044)	(133,044)
As at 31 December 2022		438,354	370,069	808,423
As at 1 January 2023		438,354	370,069	808,423
Profit for the year/Total comprehensive income for the year		-	95,640	95,640
Total comprehensive income for the year		-	95,640	95,640
Transactions with Owners of the Company:				
Dividends paid	42	-	(133,044)	(133,044)
As at 31 December 2023		438,354	332,665	771,019

The accompanying Notes form an integral part of the financial statements.

STATEMENTS OF CASH FLOWS

for the year ended 31 December 2023

	The Group		The Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES				
Profit before tax	67,066	81,874	97,056	9,422
Adjustments for:				
Net (gain)/loss arising on financial assets measured at fair value through profit or loss	(339)	33	(184)	199
Net (reversal of)/allowance on receivables and amount due from contract customers	(727)	226	43	24
Amortisation of intangible assets	29,104	28,926	-	-
Finance costs	17,491	17,975	1,391	545
Depreciation of:				
Property, plant and equipment	13,311	10,648	221	831
Investment properties	3	3	3	3
Right-of-use assets	3,783	3,751	2,931	3,161
Gain on lease modifications	-	(3,537)	-	(3,537)
Loss on disposal of other investments	-	6	-	-
Gain on disposal of assets held for sale	(1,806)	(130)	-	(130)
Provision for heavy repairs	5,492	4,658	-	-
Provision for restoration cost	-	6	-	-
Reversal of impairment of amount owing from a subsidiary	-	-	-	(3,465)
Impairment loss on investment in subsidiaries	-	-	3,910	30,818
Write off of property, plant and equipment	2	64	-	6
Unrealised foreign exchange gain - net	(421)	(180)	(2)	(4)
Interest expense imputed in borrowings	308	367	-	-
(Addition)/Reversal of interest income imputed in retention sums	(17)	10	-	-
Deferred income recognised:				
Government compensation	(14,389)	(14,864)	-	-
Rental and maintenance fee	(328)	(123)	-	-
Interest income from banks	(2,391)	(2,258)	(502)	(322)
Interest income on intercompany loans	-	-	(6,988)	(5,131)
Share of results of:				
Joint venture	(5,502)	(6,182)	-	-
Associates	20,811	22,962	-	-
Investment designated at fair value through profit or loss:				
Dividend income	(2,321)	(2,107)	(500)	(1,196)
Gain on redemption	(368)	(1,863)	-	(1,964)
Gain on disposal of property, plant and equipment	(64)	(258)	(30)	-
Dividend income	-	-	(96,729)	(28,687)

Statements of Cash Flows

for the year ended 31 December 2023

	The Group		The Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Operating Profit Before Working Capital Changes	128,698	140,007	620	573
Decrease/(Increase) in:				
Inventories	(18,109)	(18,627)	-	-
Amount due from contract customers	22,151	20,353	20,897	16,631
Amount due from joint venture	-	-	(113)	-
Amount due from associate	-	-	713	-
Trade and other receivables	11,987	(25,255)	(47,587)	(9,389)
Trade and other payables*	4,544	(2,516)	4,608	11,597
Provisions	(85)	(3,361)	-	-
Deferred income	3,440	-	-	-
Cash Generated From/(Used In) Operations	152,626	110,601	(20,862)	19,412
Income tax paid	(26,506)	(23,948)	(1,503)	(1,108)
Income tax refunded	3,993	40	90	-
Net Cash From/(Used In) Operating Activities	130,113	86,693	(22,275)	18,304
CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES				
Interest received	1,885	2,028	241	273
Net increase/(decrease) in amount due from subsidiaries and associates	-	-	25,212	(55,107)
Property, plant and equipment:				
Proceeds from disposal	64	263	30	-
Purchases	(2,329)	(3,683)	(359)	(76)
Dividends received from:				
Subsidiaries	-	-	87,990	27,870
Joint venture	7,875	-	7,875	-
Associates	864	817	864	817
Investment designated at fair value through profit or loss:				
Dividend income	2,321	2,107	500	1,196
Purchase	(35,124)	(161,172)	(500)	(74,096)
Proceeds from redemption	105,724	388,705	27,024	350,100
Proceeds from disposal of other investments	-	34	-	-
Proceeds from assets held-for-sale	-	240	-	240
Payment for acquisition of non-controlling interests	-	(37,256)	-	-
Net cash inflow from acquisition of subsidiaries	-	32,588	-	-
Subscription of additional shares in a subsidiary	-	-	-	(35)
Loan to subsidiaries	-	-	-	(138,800)
Repayment of loan from subsidiaries	-	-	15,316	6,060
Withdrawals/(Placements) of deposits pledged as security	1,593	989	(9)	50
Net Cash From Investing Activities	82,873	225,660	164,184	118,492

	The Group		The Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
CASH FLOWS (USED IN)/FROM FINANCING ACTIVITIES				
Interest paid	(18,157)	(18,471)	(1,368)	(545)
Dividends paid	(133,044)	(133,044)	(133,044)	(133,044)
Dividends paid by a subsidiary to non-controlling interests	-	(3,430)	-	-
Repayments of borrowings	(30,000)	(42,121)	-	-
Drawdown of revolving credit	5,000	-	5,000	-
Repayment of previous shareholder' loans owing by subsidiaries	-	(125,614)	-	-
Repayment of lease liabilities	(2,758)	(3,054)	(2,152)	(2,729)
Net Cash Used In Financing Activities	(178,959)	(325,734)	(131,564)	(136,318)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS				
	34,027	(13,381)	10,345	478
Effects of foreign exchange rate changes	(403)	7	-	-
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF YEAR				
	48,854	62,228	10,000	9,522
CASH AND CASH EQUIVALENTS AT THE END OF YEAR				
	82,478	48,854	20,345	10,000

+ The proceeds from disposal of Assets held for sales during the year were received via instalment since previous financial year and recorded as other payables. The final instalment was paid during the year.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2023

1. GENERAL INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and listed on the Main Market of Bursa Malaysia Securities Berhad.

The principal activities of the Company are investment holding, provision of contracting, project and management services.

The information on the name, principal place of business, principal activities and percentage of issued share capital held by the holding company in each subsidiary is as disclosed in Note 19.

The registered office of the Company is located at 12th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor, Malaysia.

The principal place of business of the Company is located at Level 19, Menara LGB, No. 1, Jalan Wan Kadir, Taman Tun Dr. Ismail, 60000 Kuala Lumpur, Malaysia.

The financial statements of the Group and of the Company are presented in their functional currency which is Ringgit Malaysia ("RM").

The financial statements of the Group and of the Company were authorised by the Board of Directors for issuance in accordance with a resolution of the directors dated 25 March 2024.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards ("IFRS") and the requirements of the Companies Act, 2016 in Malaysia.

Adoption of MFRS and the Amendments to MFRSs

In the current financial year, the Group and the Company adopted MFRS and all the amendments to MFRSs issued by the Malaysian Accounting Standards Board ("MASB") that are effective for annual financial periods beginning on or after 1 January 2023 as follows:

MFRS 17	Insurance Contracts
Amendments to MFRS 17	Insurance Contracts
Amendments to MFRS 17	Initial Application of MFRS 17 and MFRS 9-Comparative Information
Amendments to MFRS 108	Definition of Accounting Estimates
Amendments to MFRS 101	Disclosure of Accounting Policies
Amendments to MFRS 101	Classification of Liabilities as Current or Non-Current
Amendments to MFRS 112	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to MFRS 112	International Tax Reform-Pillar Two Model Rules - Application of the exception and disclosure of that fact
Amendments to MFRS 112	International Tax Reform-Pillar Two Model Rules - other disclosure requirements

The Group and the Company have applied the temporary exception from accounting for deferred taxes arising from Pillar Two model rules, as provided in the International Tax Reform - Pillar Two Model Rules (Amendments to MFRS 112 Income Taxes) issued on 2 June 2023. Accordingly, the Group and the Company neither recognise nor disclose information about deferred tax assets and liabilities related to Pillar Two income taxes.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONT'D)

Changes in material accounting policies

The Group adopted amendments to MFRS 101, Presentation of Financial Statements and MFRS Practice Statement 2 - Disclosure of Accounting Policies from 1 January 2023. The amendments require the disclosure of 'material', rather than 'significant', accounting policies. The amendments also provide guidance on the application of materiality to disclosure of accounting policies, assisting entities to provide useful, entity-specific accounting policy information that users need to understand other information in the financial statements.

Although the amendments did not result in any changes to the Group's accounting policies, it impacted the accounting policy information disclosed in the financial statements.

Amendments to MFRSs in issue but not yet effective

At the date of authorisation for issue of these financial statements, the amendments to MFRSs which were in issue but not yet effective and not early adopted by the Group and the Company are as listed below:

Amendments to MFRS 16	Lease Liability in a Sale and Leaseback ¹
Amendments to MFRS 101	Non-current Liabilities with Covenants ¹
Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ²
Amendments to MFRS 107 and MFRS 7	Supplier Finance Arrangements ¹
Amendments to MFRS 121	Lack of Exchangeability ²

¹ Effective for annual periods beginning on or after 1 January 2024, with earlier application permitted.

² Effective for annual periods beginning on or after 1 January 2025, with earlier application permitted.

The directors anticipate that the abovementioned amendments to MFRSs will be adopted in the annual financial statements of the Group and of the Company when they become effective and that the adoption of these standards will have no material impact on the financial statements of the Group and of the Company in the period of initial application.

Notes to the Financial Statements

for the year ended 31 December 2023

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

(i) Critical judgements in applying the Group's accounting policies

The accounting policies adopted by the Group are consistent with those adopted in the previous years and the directors are of the opinion that there are no instances of application of judgement which are expected to have significant effect on the amounts recognised in the financial statements.

(ii) Key sources of estimation uncertainty

The directors believe that there are no key assumptions made concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year except as disclosed in the following notes:

Accounting judgements and estimates	Note
Impairment of intangible assets	Note 18
Impairment of goodwill on consolidation	Note 23
Amortisation of intangible assets	Note 18
Provision for heavy repairs	Note 39
Recognition of deferred tax assets	Note 24
Construction contracts	Note 5
Impairment of amount due from contract customers and other receivables	Note 28, Note 29

4. SEGMENT REPORTING

The Group has determined the operating segments based on the reports reviewed by the chief operating decision maker which is the Executive Committee entrusted to make decisions and performance review:

Water	Management, operations and maintenance of water treatment plants.
Construction	Provision of contracting, project and management services relating to construction contracts.
Toll highway	Operations and maintenance of toll highways.
Waste management	Solid waste collection and public cleansing management and other related activities.
Renewable energy	Business development of solar and other renewable energy projects.
Others	Investment holding and other non-core businesses other than the above.

The revenue and profit performance represent the Group's proportionate share of interest in each of the subsidiaries (instead of full consolidation) and includes a proportionate share of the interest of joint ventures or associates (instead of being equity accounted). The total is then reconciled to the revenue and profit performance in the statements of profit or loss and other comprehensive income. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

4. SEGMENT REPORTING (CONT'D)

Segment revenues and results

The following is an analysis of the Group's revenue and results by reportable segment:

	Water		Construction		Toll highway		Waste management		Renewable energy		Others		Total		Reconciliation		Amount as per statement of profit or loss and other comprehensive income		
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	195,981	184,924	59,759	32,984	70,520	77,210	342,077	332,910	24,933	17,238	4,332	5,001	697,602	650,267	(322,898)	(312,555)	374,704	337,712	
EBDA(i)	58,736	61,233	4,554	1,289	53,076	62,949	63,787	42,628	21,435	16,168	(7,866)	(288)	193,722	183,979	(48,305)	(24,478)	145,417	159,501	
Depreciation and amortisation	(375)	(308)	(21)	(22)	(23,303)	(24,682)	(11,495)	(7,589)	(11,515)	(8,078)	(3,152)	(3,993)	(49,861)	(44,672)	4,310	1,800	(45,551)	(42,872)	
Operating profit/(loss)	58,361	60,925	4,533	1,267	29,773	38,267	52,292	35,039	9,920	8,090	(11,018)	(4,281)	143,861	139,307	(43,995)	(22,678)	99,866	116,629	
Finance costs	(4)	-	-	-	(9,402)	(10,726)	(30,090)	(28,463)	(521)	(374)	(1,390)	(545)	(41,407)	(40,108)	23,916	22,133	(17,491)	(17,975)	
Share of results of joint venture	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	5,502	6,182
Share of results of associates	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(20,811)	(22,962)	(20,811)	(22,962)	
Profit/(Loss) before tax	58,357	60,925	4,533	1,267	20,371	27,541	22,202	6,576	9,399	7,716	(12,408)	(4,826)	102,454	99,199	(35,388)	(17,325)	67,066	81,874	
Income tax (expense)/credit	(12,661)	(13,699)	(471)	4,106	(6,079)	(8,216)	(18,970)	(21,397)	1,097	3,570	(321)	(1,096)	(37,405)	(36,732)	19,792	21,288	(17,613)	(15,444)	
Profit/(Loss) for the year	45,696	47,226	4,062	5,373	14,292	19,325	3,232	(14,821)	10,496	11,286	(12,729)	(5,922)	65,049	62,467	(15,596)	3,963	49,453	66,430	
EBDA(ii)	46,071	47,534	4,083	5,395	37,595	44,007	14,727	(7,232)	22,011	19,364	(9,577)	(1,929)	114,910	107,139	(19,906)	2,163	95,004	109,302	
Capex(iii)	509	682	127	3,100	757	361	26,829	22,102	471	293	359	76	29,052	26,614	(26,714)	(22,373)	2,338	4,241	

Notes to the Financial Statements

for the year ended 31 December 2023

4. SEGMENT REPORTING (CONT'D)

- (i) EBITDA is defined as earnings before finance costs, taxation, depreciation and amortisation (and excludes share of results of associates and joint venture).
- (ii) EBDA is defined as earnings before depreciation and amortisation.
- (iii) Capex is defined as capital expenditure based on the Group's proportionate share on capital expenditure incurred for the year.

Notes

1. The Group monitors the performance of its business by five main business divisions namely water treatment and supply, construction, toll highway, waste management and renewable energy. Others refer to investment holding and other non-core businesses. Goodwill has been allocated to reportable segments as described in Note 23.
2. The segmental information on the waste management division excluded the fair value measurement adjustments made at the Group level. This is to better assess the operational performance of the division. The segmental results (including the calculation of the EBITDA and EBDA), are solely from the concession business, after proportionate deduction of the dividend on the cumulative preferences shares held by parties other than the Group.

Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities:

As of	Water		Construction		Toll highway		Waste management		Renewable energy		Others		Total	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
31 December	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Segment assets	101,794	151,691	74,662	62,197	1,247,504	1,274,891	94,176	116,524	169,413	178,037	60,375	70,970	1,747,924	1,854,310
Segment liabilities	(22,954)	(27,896)	(60,439)	(53,211)	(625,778)	(670,579)	-	-	(38,328)	(39,913)	(36,563)	(14,860)	(784,062)	(806,459)
Net segment assets	78,840	123,795	14,223	8,986	621,726	604,312	94,176	116,524	131,085	138,124	23,812	56,110	963,862	1,047,851

Geographical segments

No geographical segment information is presented as the Group's revenue is all derived from Malaysia based on the location of services delivered.

Information about major customer

Revenue from Water segment of RM195,981,000 (2022: RM184,924,000) and Construction segment of RM52,709,000 (2022: RM25,489,000) are contributed from sales to Pengurusan Air Selangor Sdn. Bhd., the Group's one and only largest customer, as described in Note 25. No other single customer contributed 10% or more to the Group's revenue in either 2023 or 2022.

5. REVENUE

	Note	The Group		The Company	
		2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Revenue from contracts with customers					
Management, operations and maintenance of water treatment plants	(a)	195,981	184,924	-	-
Toll collection	(b)	75,309	71,451	-	-
Revenue from construction contracts	(c)	59,760	32,984	52,709	25,490
Sales of electricity	(d)	24,933	17,238	-	-
Management fees (Note 45)	(e)	4,332	5,001	12,027	11,450
		360,315	311,598	64,736	36,940
Revenue from other sources:					
Deferred income (Note 40)		14,389	14,864	-	-
Government compensation	(f)	-	11,250	-	-
Dividend from subsidiaries, associates and joint venture (Note 45)	(g)	-	-	96,729	28,687
		14,389	26,114	96,729	28,687
		374,704	337,712	161,465	65,627
Timing of revenue recognition:					
At a point in time		296,223	273,613	-	-
Over time		64,092	37,985	64,736	36,940
Revenue from contracts with customers		360,315	311,598	64,736	36,940

(a) Management, operation and maintenance of water treatment plants

The revenue from water treatment and supply segment operated by a subsidiary is derived from the operations and maintenance contract for the Sungai Selangor Water Treatment Plant Phase 1 owned by Pengurusan Air Selangor Sdn. Bhd which supplies treated potable water to large parts of Selangor and Kuala Lumpur.

The Group recognises revenue from water treatment and supply segment at a point-in-time as and when each cubic meter of treated water is produced for Pengurusan Air Selangor Sdn. Bhd.

(b) Toll collection

The Group recognises revenue from toll collection at a point-in-time as and when toll is chargeable for the usage of its highways.

Notes to the Financial Statements

for the year ended 31 December 2023

5. REVENUE (CONT'D)

(c) Revenue from construction contracts

The Group recognises contract revenue and cost over time based on the percentage of completion method for the Rasau Projects. The stage of completion is referred to as the proportion of contract costs incurred for work performed to date relative to the estimated total contract costs.

Significant judgement is required in determining the stage of completion towards complete satisfaction of performance obligations and determine whether there is any exposure to Liquidated Ascertained Damage ("LAD") based on the facts and circumstances of the relevant construction projects, transaction price allocation and the extent of the contract costs incurred to recognise revenue over time. The Group also considers the completeness and accuracy of its estimated total contract sum and contract costs, including contract variations, claims and contingencies. In making these judgements, the Group relies on past experience and work of specialists.

There is no significant financing component in construction contracts with customers as the period between the recognition of revenue under the cost-to-cost method and the progress billing is always less than one year.

(d) Sales of electricity

The revenue from renewable energy segment is derived from the sale of electricity generated from solar photovoltaic plants by subsidiaries with feed-in approval certificate by the Sustainable Energy Development Authority ("SEDA").

The Group recognises revenue from the sale of electricity at the point in time as and when electricity is delivered to the off-takers, based on the invoiced value of sale of electricity computed at a pre-determined rate.

(e) Management fees

Management fee from the provision of management services is recognised over time and on an accrual basis, by reference to the agreements entered into.

(f) Government compensation

Pursuant to the relevant concession agreement, the Government of Malaysia ("the Government") reserves the right to restructure or to restrict the imposition of unit toll rate increases, and in such event, the Government shall compensate the company for any reduction in toll revenue, subject to negotiation and other considerations that the Government may deem fit. Toll compensation is recognised as and when recovery is probable and the amount that is recoverable can be measured reliably.

In 2022, the government compensation mainly represents compensation from the Government as a result of the deferment of toll increase due in the year 2021 recognised by a subsidiary, Grand Saga Sdn. Bhd. No such compensation was recognised in the current financial year.

(g) Dividend income

Dividend income is recognised when the rights of the Company to receive payment are established.

6. COST OF OPERATIONS

The cost of operations for the year has been arrived at after charging/(crediting):

	The Group		The Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Contract costs recognised	53,946	30,826	51,430	24,874
Amortisation of intangible assets (Note 18)	29,104	28,926	-	-
(Utilisation)/Provision for restoration cost (Note 39)	(85)	6	-	-
Provision for heavy repairs and asset retirement obligations (Note 39)	5,492	4,658	-	-
Depreciation of property, plant and equipment (Note 14)	11,794	8,756	-	-
Short term lease of plant and machinery	47	16	-	-

7. OTHER OPERATING INCOME

The other operating income consist of the following:

	The Group		The Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Interest income on fixed deposits with licensed banks	2,391	2,258	502	322
Interest income on intercompany loan	-	-	6,988	5,131
Interest income imputed in retention sums (Note 38)	17	-	-	-
Investment designated at FVTPL:				
Dividend income	2,321	2,107	500	1,196
Gain on redemption	368	1,989	-	1,964
Rental income	351	373	15	14
Income from subleasing right-of-use assets	-	-	737	718
Gain on disposal of property, plant and equipment	77	258	30	-
Unrealised gain on foreign exchange	807	182	2	4
Fair value gain arising on financial assets measured at FVTPL (Note 31)	339	166	184	-
Recognition of rental and maintenance fee (Note 40)	328	123	-	-
Reversal of loss allowances on:				
Amount due from contract customers (Note 28)	313	1	-	-
Other receivables (Note 29)	459	-	-	-
Amount due from Subsidiaries (Note 30)	-	-	-	3,465
Gain on disposal of assets held for sale (Note 17)	1,806	130	-	130
Gain on lease modification (Note 15)	-	3,537	-	3,537

Notes to the Financial Statements

for the year ended 31 December 2023

8. ADMINISTRATIVE AND OTHER EXPENSES

The administrative and other expenses consist of the following:

	The Group		The Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Loss allowance on:				
Trade receivables (Note 25)	45	24	43	24
Other receivables (Note 29)	-	84	-	-
Amount due from contract customers (Note 28)	-	119	-	-
Fair value loss arising on financial assets measured at FVTPL (Note 31)	-	199	-	199
Depreciation of right-of-use assets (Note 15)	3,783	3,751	2,931	3,161
Depreciation of property, plant and equipment (Note 14)	868	1,436	221	831
Expense relating to short-term leases:				
Premises	11	27	-	-
Others	117	105	55	55
Unrealised loss on foreign exchange	386	2	-	-
Realised loss on foreign exchange	6	17	-	-
Auditors' remuneration of:				
Statutory audit	502	502	109	109
Other services β	85	119	14	35
Interest expense imputed in borrowings (Note 36)	308	367	-	-
Write off of property, plant and equipment	2	64	-	6
Depreciation of investment properties (Note 16)	3	3	3	3
Loss on disposal of property, plant and equipment	16	-	-	-
Loss on redemption of investment designated at FVTPL	-	126	-	-
Loss on disposal of other investment	-	6	-	-
Reversal of interest income imputed in retention sums (Note 38)	-	10	-	-
Impairment on investment in subsidiaries (Note 19)	-	-	3,910	30,818

β Other services included, amongst others, tax-related services rendered to the Group and the Company amounting to RM85,000 and RM14,000 (2022: RM119,300 and RM35,000) respectively which were paid or payable to a firm affiliated to the Group's auditors.

9. FINANCE COSTS

	The Group		The Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Interest expense:				
IMTN	15,575	17,056	-	-
Lease liabilities	1,889	919	1,368	545
Revolving credit	23	-	23	-
Others (Note 38)	4	-	-	-
	17,491	17,975	1,391	545

10. STAFF COSTS

	The Group		The Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Wages, salaries and bonus	29,062	26,232	9,643	8,297
Defined contribution plan	2,781	2,546	946	809
Other employee benefits	644	606	170	125
	32,487	29,384	10,759	9,231

Included in staff costs of the Group and of the Company are directors' remuneration of RM1,713,000 (2022: RM1,695,000) and RM1,685,000 (2022: RM1,667,000) respectively as further disclosed in Note 11.

Benefits-in-kind received by Executive Director and other members of key management of the Group and the Company are RM374,000 (2022: RM148,000) and RM85,000 (2022: RM81,000) respectively.

11. DIRECTORS' REMUNERATION

The directors of the Company in office during the financial year and during the period from the end of the financial year to the date of this report are as follows:

Non-executive Directors

YAM Tunku Ali Redhaudin Ibni Tuanku Muhriz
Raja Datuk Zaharaton Binti Raja Dato' Zainal Abidin
Ahmad Jauhari Bin Yahya
Datuk Roger Tan Kor Mee
Lim Chin Sean
Datin Tam Poh Lin
Dato' Sri Amrin Bin Awaluddin (resigned on 20 June 2023)

Executive Director

Chin Soong Jin (appointed on 1 March 2024)
Dato' Lim Yew Boon (resigned on 29 February 2024)

Notes to the Financial Statements

for the year ended 31 December 2023

11. DIRECTORS' REMUNERATION (CONT'D)

The aggregate amount of emoluments receivable by directors of the Company during the financial year are as follows:

	The Group		The Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Non-executive Directors:				
Fees	897	926	897	926
Other emoluments	71	69	71	69
Executive Director:				
Fees	144	144	120	120
Salaries and bonus	528	492	528	492
Defined contribution plan	21	20	21	20
Other emoluments	52	44	48	40
	1,713	1,695	1,685	1,667

12. INCOME TAX EXPENSE/(CREDIT)

	The Group		The Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Malaysian income tax:				
Current year	28,532	31,098	1,092	1,095
Overprovision in prior year	(305)	(188)	(124)	-
	28,227	30,910	968	1,095
Deferred tax (Note 24):				
Current year	(10,614)	(15,466)	448	(3,961)
Income tax expense/(credit) recognised in profit or loss	17,613	15,444	1,416	(2,866)

Income tax for the Group is calculated at the Malaysian statutory tax rate of 24% (2022: 24%) of the estimated assessable profit for the year.

12. INCOME TAX EXPENSE/(CREDIT) (CONT'D)

A reconciliation of income tax expense/(credit) applicable to profit before tax at the statutory income tax rate to income tax expense/(credit) at the effective income tax rate of the Group and of the Company are as follows:

	The Group		The Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Profit before tax	67,066	81,874	97,056	9,422
Taxation at statutory tax rate	16,096	19,650	23,293	2,261
Tax effects of:				
Non-deductible expenses	4,903	6,104	1,296	7,379
Non-taxable income	(2,326)	(5,603)	(23,387)	(8,035)
Utilisation of previously unrecognised deferred tax assets	(1,096)	(4,528)	-	(4,471)
Deferred tax assets not recognised	341	9	338	-
Overprovision of income tax expense in prior years	(305)	(188)	(124)	-
Income tax expense/(credit) recognised in profit or loss	17,613	15,444	1,416	(2,866)

13. EARNINGS PER SHARE

Basic and diluted earnings per share attributable to owner of the Company are computed by dividing the profit for the financial year attributable to owners of the Company by the weighted average number of ordinary shares in issue during the financial year.

	The Group	
	2023 RM'000	2022 RM'000
Profit for the year attributable to owners of the Company	41,962	55,140
Weighted average number of ordinary shares in issue ('000)	2,015,817	2,015,817
Earnings per share (sen)	2.08	2.74

There are no dilutive potential ordinary shares attributable to the Company as at the end of the financial year.

Notes to the Financial Statements

for the year ended 31 December 2023

14. PROPERTY, PLANT AND EQUIPMENT

The Group 2023	Renewable energy plant RM'000	Assets retirement obligation RM'000	Assets under construction RM'000	Plant and machinery RM'000	Mechanical and electrical RM'000	Office equipment, furniture and fittings RM'000	Motor vehicles RM'000	Building renovations RM'000	Toll equipment RM'000	Highway- operation equipment RM'000	Total RM'000
Cost											
As of 1 January 2023	127,218	5,163	95	544	2,058	10,742	6,446	6,107	22,304	26	180,703
Additions	-	-	49	267	-	1,256	501	28	237	-	2,338
Disposals	-	-	-	-	-	(5)	(526)	-	-	-	(531)
Write offs	-	-	-	-	-	(75)	-	-	-	-	(75)
As of 31 December 2023	127,218	5,163	144	811	2,058	11,918	6,421	6,135	22,541	26	182,435
Accumulated depreciation											
As of 1 January 2023	7,208	250	-	109	2,058	9,721	3,506	5,967	19,812	25	48,656
Charge for the year	10,311	250	-	161	-	531	788	36	1,233	1	13,311
Disposals	-	-	-	-	-	(5)	(526)	-	-	-	(531)
Write offs	-	-	-	-	-	(73)	-	-	-	-	(73)
As of 31 December 2023	17,519	500	-	270	2,058	10,174	3,768	6,003	21,045	26	61,363

14. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

The Group 2022	Renewable energy plant RM'000	Assets retirement obligation RM'000	Assets under construction RM'000	Plant and machinery RM'000	Mechanical and electrical RM'000	Office equipment, furniture and fittings RM'000	Motor vehicles RM'000	Building renovations equipment RM'000	Toll equipment RM'000	Highway- operation equipment RM'000	Total RM'000
Cost											
As of 1 January 2022	-	-	-	822	2,058	10,589	4,920	6,385	22,278	26	47,078
Arising from business combination (Note 48)	127,218	5,163	-	-	-	10	-	-	-	-	132,391
Additions	-	-	95	107	-	755	3,105	153	26	-	4,241
Disposals	-	-	-	(2)	-	(78)	(1,224)	-	-	-	(1,304)
Write offs	-	-	-	(383)	-	(534)	(355)	(431)	-	-	(1,703)
As of 31 December 2022	127,218	5,163	95	544	2,058	10,742	6,446	6,107	22,304	26	180,703
Accumulated depreciation											
As of 1 January 2022	-	-	-	287	2,058	9,394	4,338	6,329	18,516	23	40,945
Charge for the year	7,208	250	-	154	-	928	741	69	1,296	2	10,648
Disposals	-	-	-	(1)	-	(73)	(1,224)	-	-	-	(1,298)
Write offs	-	-	-	(331)	-	(528)	(349)	(431)	-	-	(1,639)
As of 31 December 2022	7,208	250	-	109	2,058	9,721	3,506	5,967	19,812	25	48,656
Net book value											
As of 31 December 2023	109,699	4,663	144	541	-	1,744	2,653	132	1,496	-	121,072
As of 31 December 2022	120,010	4,913	95	435	-	1,021	2,940	140	2,492	1	132,047

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14. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

The Company 2023	Mechanical and electrical RM'000	Office equipment, furniture and fittings RM'000	Motor vehicles RM'000	Building renovations RM'000	Total RM'000
Cost					
As of 1 January 2023	1,773	6,759	752	5,426	14,710
Additions	-	359	-	-	359
Disposals	-	-	(165)	-	(165)
As of 31 December 2023	1,773	7,118	587	5,426	14,904
Accumulated depreciation					
As of 1 January 2023	1,773	6,586	605	5,426	14,390
Charge for the year	-	137	84	-	221
Disposals	-	-	(165)	-	(165)
As of 31 December 2023	1,773	6,723	524	5,426	14,446
2022					
Cost					
As of 1 January 2022	1,773	6,683	1,104	5,426	14,986
Additions	-	76	-	-	76
Write off	-	-	(352)	-	(352)
As of 31 December 2022	1,773	6,759	752	5,426	14,710
Accumulated depreciation					
As of 1 January 2022	1,773	5,933	802	5,397	13,905
Charge for the year	-	653	149	29	831
Write off	-	-	(346)	-	(346)
As of 31 December 2022	1,773	6,586	605	5,426	14,390
Net book value					
As of 31 December 2023	-	395	63	-	458
As of 31 December 2022	-	173	147	-	320

14. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

- (a) All items of property, plant and equipment (excluding right-of-use assets) are initially recorded at cost. After initial recognition, property, plant and equipment (excluding right-of-use assets) are stated at cost less accumulated depreciation and any accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the property, plant and equipment. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Depreciation is computed on a straight-line method to allocate the cost of the assets, to their residual values over their estimated useful lives, summarised as follows:

Renewable energy plants	12 to 13 years
Asset retirement obligations	12 to 13 years
Plant and machinery	5 to 20 years
Mechanical and electrical	5 years
Office equipment, furniture and fittings	3 to 10 years
Motor vehicles	5 to 7 years
Building renovations	5 years
Toll equipment	10 years
Highway-operation equipment	5 to 10 years

- (b) Assets under construction will only be depreciated when it is available for use, i.e.; when it is in the location and condition necessary for it to be operated.
- (c) Included in motor vehicles are the right-of-use motor vehicles held under finance lease agreements. These assets are initially measured at cost, which comprise the initial amount of the lease liabilities adjusted for any lease payments made at or before the commencement date of the leases. After the initial recognition, the right-of-use assets are stated at cost less accumulated depreciation and accumulated impairment losses, if any, and adjusted for any remeasurement of the lease liabilities.

The right-of-use motor vehicles are depreciated on the straight-line basis over the periods 5 years of the lease terms.

The net book value of motor vehicles held under finance lease agreements of the Group and of the Company as at financial year end amounted to RM 457,000 and RM Nil respectively (2022: RM452,000 and RM Nil).

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for the year ended 31 December 2023

14. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

(d) Depreciation charges for the financial year consist of:

	Note	The Group		The Company	
		2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Capitalised in amount due from contract customers	28	649	456	-	-
Included in statements of profit or loss and other comprehensive income:					
Cost of operations	6	11,794	8,756	-	-
Administrative and other expenses	8	868	1,436	221	831
		12,662	10,192	221	831
		13,311	10,648	221	831

15. RIGHT-OF-USE ASSETS

	The Group		The Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Cost				
As of 1 January	38,886	28,360	28,921	28,360
Addition	-	16,188	-	16,188
Arising from business combination (Note 48)	-	9,965	-	-
Reassessment (Note 7)	-	(15,627)	-	(15,627)
As of 31 December	38,886	38,886	28,921	28,921
Accumulated depreciation				
As of 1 January	3,136	18,517	2,546	18,517
Charge for the year (Note 8)	3,783	3,751	2,931	3,161
Reassessment (Note 7)	-	(19,132)	-	(19,132)
As of 31 December	6,919	3,136	5,477	2,546
Net book value				
As of 31 December	31,967	35,750	23,444	26,375

The right-of-use assets are initially measured at cost, which comprise the initial amount of the lease liabilities. After the initial recognition, the right-of-use assets are stated at cost less accumulated depreciation and accumulated impairment losses, if any, and adjusted for any remeasurement of the lease liabilities.

15. RIGHT-OF-USE ASSETS (CONT'D)

The right-of-use assets comprises leases on office premises and land. The assets are depreciated on the straight-line basis over the periods of the lease terms as follow:

Office premises lease	over the lease period of 9 years
Land leases	over the lease period of 12 years

(a) Office premises lease

In 2022, the Company renewed the lease arrangement with the landlord for a tenure of 3 years at RM3,519,757 per annum, commencing from 1 January 2023 and expiring on 31 December 2025 with the option of renewal of two (2) terms of 3 years each up to 31 December 2031. In addition, the Company added the right to use of additional office space in the lease arrangement. These changes were deemed as "a change in the scope of a lease" pursuant to MFRS 16 Leases and therefore, the lease modification is remeasured by discounting the revised lease payments using a revised discount rate at the date of the modification. Arising thereof, the Group and the Company recognised a gain on lease modification in the previous financial year, equivalent to RM3,537,000, being the difference between carrying amount of right-of-use assets and lease liabilities as at the date of modification, as disclosed in Note 7.

(b) Land leases

In 2022, the Group completed the acquisition of several subsidiaries as disclosed in Note 48. These subsidiaries had entered into agreements with Malaysia Airports (Sepang) Sdn. Bhd. to lease several parcels of land located at Sepang, Selangor for a tenure of 21 years from feed-in tariff commencement date or by 31 December 2033, whichever is earlier, for the right to use the concession area for the purpose of constructing and operating the solar photovoltaic system and related facilities to produce solar energy during the concession period. Accordingly, right-of-use assets are recognised for the leases.

16. INVESTMENT PROPERTIES

	The Group and The Company	
	2023 RM'000	2022 RM'000
Cost		
As of 1 January	187	369
Transfer to assets held for sale (Note 17)	-	(182)
As of 31 December	187	187
Accumulated depreciation		
As of 1 January	62	131
Charge for the year (Note 8)	3	3
Transfer to assets held for sale (Note 17)	-	(72)
As of 31 December	65	62
Accumulated impairment loss		
As of 1 January/As of 31 December	26	26

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16. INVESTMENT PROPERTIES (CONT'D)

	The Group and The Company	
	2023 RM'000	2022 RM'000
Net book value		
As of 31 December	96	99
Representing:		
Freehold building	96	99

Investment properties, comprising buildings that the Group does not occupy, are held for long-term rental yields or for capital appreciation, or both.

Fair value of the investment property of the Group and of the Company as of 31 December 2023 is estimated at RM249,600 (2022: RM250,000) based on directors' assessment of the current prices in an active market for the respective properties within the vicinity.

Details of the Group's and the Company's investment property, which is located in Malaysia, and information about the fair value hierarchy as at 31 December are as follows:

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Fair Value RM'000
2023				
Freehold building	-	-	250	250
2022				
Freehold building	-	-	250	250

There were no transfers between Levels 1, 2 and 3 during the year.

17. ASSETS HELD-FOR-SALE

	The Group		The Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
At beginning of year	694	694	-	-
Transfer from investment properties (Note 16)	-	110	-	110
Disposal	(694)	(110)	-	(110)
	-	694	-	-

In 2021, a subsidiary, Taliworks (Langkawi) Sdn. Bhd. ("Taliworks Langkawi"), has accepted a purchase offer from Syarikat Air Darul Aman Sdn. Bhd. for the disposal of a parcel of land and building located in Kuah, Langkawi for a cash consideration of RM2.5 million. The disposal has been completed in the current financial year and arising thereof, the Group recognised a gain on disposal amounting to RM1,806,000 in the current financial year as disclosed in Note 7.

In 2022, the Company accepted an offer from a third-party buyer to acquire its investment properties located in Pekan Serdang, Daerah Petaling, Negeri Selangor for a cash consideration of RM240,000. The disposal was completed in 2022 and a gain on disposal amounting to RM130,000 was recognised in the previous financial year.

18. INTANGIBLE ASSETS

	The Group	
	2023 RM'000	2022 RM'000
Cost		
As of 1 January	1,262,903	1,262,903
Addition	502	-
As of 31 December	1,263,405	1,262,903
Accumulated amortisation		
As of 1 January	274,863	245,937
Charge for the year (Note 6)	29,104	28,926
As of 31 December	303,967	274,863
Carrying amount		
As of 31 December	959,438	988,040

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18. INTANGIBLE ASSETS (CONT'D)

The intangible assets of the Group at the end of the reporting period comprises:

- (a) A concession right awarded by the Government to a subsidiary, Grand Saga Sdn. Bhd. to upgrade and maintain a section of the existing Federal Route 1 at the Kuala Lumpur-Seremban Road described as the Cheras-Kajang Highway. The ownership of the Highway will be transferred to the Government of Malaysia at the end of the concession period in September 2045.

The concession right is recognised as an intangible asset pursuant to IC Interpretation 12. Under the intangible asset model, it is initially measured at cost. After initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

The intangible assets are amortised over the concession period by applying traffic volume method as disclosed below. The denominator of the formula includes projected total traffic volume for subsequent financial years to 2045 and is based on the initial base case traffic volume projections prepared by independent traffic consultants, which is updated by management annually. The assumptions to arrive at the traffic volume projections take into consideration the management's expectations of the growth rates based on current market and economic conditions. Changes in the expected traffic volume could impact future amortisation charges.

Cumulative traffic volume from 1.1.2016	X	Opening Net Book Value
Cumulative traffic volume from 1.1.2016 plus projected traffic volume till end of concession		as of 1.1.2016 plus additions to-date

The carrying amounts of intangible assets are reviewed annually and adjusted for impairment where they are considered necessary. Management is required to exercise significant judgements in estimating the recoverable amount. The recoverable amount is determined based on the estimation of the present value of future cash flows expected to be generated. The disclosure key bases and assumptions used in the estimation of its recoverable amount are similar to the impairment assessment on the goodwill, which have been set out in Note 23 to the financial statements.

- b) The cost of constructing a river monitoring system's shelter by a subsidiary, Sungai Harmoni Sdn Bhd, to fulfil its obligations under the Bulk Water Supply Agreement ("BWSA") with Pengurusan Air Selangor Sdn. Bhd. ("Air Selangor"). The shelter's estimated cost is initially measured at present value of future payments amounting to RM502,000 and amortised over the remaining concession period of the BWSA upon the completion of the shelter. As at the end of the reporting period, the carrying amount of the cost is amounting to RM496,000. The carrying amounts of intangible assets are reviewed for impairment when there are indicators.

19. INVESTMENT IN SUBSIDIARIES

	The Company	
	2023	2022
	RM'000	RM'000
Redeemable preference shares - at FVTOCI		
As of 1 January	275,812	238,012
Additions	-	37,800
As of 31 December	275,812	275,812
Unquoted ordinary shares - at cost:		
As of 1 January	86,995	81,495
Additions (Note 19(b) and Note 30(a))	-	5,500
As of 31 December	86,995	86,995
Accumulated impairment loss:		
As of 1 January	30,818	-
Addition (Note 8)	3,910	30,818
As of 31 December	34,728	30,818
Carrying amount	328,079	331,989

- (a) Investments in subsidiaries other than redeemable preference shares are stated at cost less impairment losses, if any, in the separate financial statements of the Company.

The investments in preference shares are not held for trading. Instead, they are held for medium to long-term strategic purposes. Accordingly, the directors have elected to designate these investments in equity instruments as at fair value through other comprehensive income ("FVTOCI") as they believe that recognising short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes and realising their performance potential in the long run. The fair value of investments in preference shares is categorised as Level 3 in the fair value hierarchy as disclosed in Note 44 to the financial statements.

- (b) The Company and/or its subsidiaries review the investments in subsidiaries measured at cost for impairment when there is an indication of impairment. The recoverable amounts of the investments in subsidiaries are assessed by reference to the value-in-use of the respective subsidiaries. The value-in-use is the net present value of the projected future cash flows derived from the business operations of the respective subsidiaries discounted at an appropriate pre-tax discount rate. For such discounted cash flow method, it involves the use of estimated future results and a set of assumptions to support their income and cash flows. Judgement had also been used to determine the pre-tax discount rate for the cash flows and the future growth rate of the business of the entities.

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19. INVESTMENT IN SUBSIDIARIES (CONT'D)

The shares of all subsidiaries are held directly by the Company unless otherwise indicated as follows:

Name	Principal place of business	Proportion of ownership interest held by the Group		Principal activities
		2023 %	2022 %	
Held directly by the Company:				
Sungai Harmoni Sdn. Bhd.	Taman Tun Dr. Ismail, Kuala Lumpur	100	100	Management, operations and maintenance of Sungai Selangor Water Treatment Plant Phase 1 for a period expiring in December 2036.
Taliworks Construction Sdn. Bhd.	Taman Tun Dr. Ismail, Kuala Lumpur	100	100	General construction.
TEI Sdn. Bhd.	Cheras, Selangor	51	51	Investment holding.
Taliworks Renewables Sdn. Bhd. ("TRSB")€	Taman Tun Dr. Ismail, Kuala Lumpur	100	100	Investment holding.
Taliworks (Langkawi) Sdn. Bhd.	Taman Tun Dr. Ismail, Kuala Lumpur	100	100	The concession for management, operations and maintenance of water treatment plants and water distribution systems has expired on 31 October 2020. Upon expiration of the concession, the operations have been handed over to Syarikat Air Darul Aman Sdn. Bhd., a corporatised body under the state government of Kedah.
Taliworks Technologies Sdn. Bhd.	Taman Tun Dr. Ismail, Kuala Lumpur	100	100	Provision of project consultancy and technical services and sales of products related to water and waste treatment.
Held through TEI Sdn. Bhd.:				
Trinitywin Sdn. Bhd.	Cheras, Selangor	51	51	Investment holding.
Cerah Sama Sdn. Bhd.	Cheras, Selangor	51	51	Investment holding.
Held through Cerah Sama Sdn. Bhd.:				
Grand Saga Sdn. Bhd. #	Cheras, Selangor	51	51	Design, planning and construction of Cheras-Kajang Highway. The Highway has a concession period expiring in September 2045.
Trupadu Sdn. Bhd. #	Cheras, Selangor	51	51	Toll operator and general contractor of Cheras-Kajang Highway.

19. INVESTMENT IN SUBSIDIARIES (CONT'D)

The shares of all subsidiaries are held directly by the Company unless otherwise indicated as follows: (Cont'd)

Name	Principal place of business	Proportion of ownership interest held by the Group		Principal activities
		2023 %	2022 %	
Held through Cerah Sama Sdn. Bhd.: (Cont'd)				
Peak Synergy Sdn. Bhd. #	Cheras, Selangor	51	51	Investment holding. The company is placed under member's voluntary winding-up pursuant to Section 254(1)(b) of the Companies Act, 1965 with effect from 4 November 2016.
Europlex Consortium Sdn. Bhd. #	Cheras, Selangor	51	51	Investment holding. The company is placed under member's voluntary winding-up pursuant to Section 254(1)(b) of the Companies Act, 1965 with effect from 4 November 2016.
Held through TRSB:				
TR (SG1) Pte. Ltd @ £ ("SG1")	Robinson Road, Singapore	100	100	Investment holding.
TR (SG2) Pte. Ltd. @ £ ("SG2")	Robinson Road, Singapore	100	100	Investment holding.
TR (SG3) Pte. Ltd. @ £ ("SG3")	Robinson Road, Singapore	100	100	Investment holding.
Taliworks Renewables Operations Sdn. Bhd. @	Taman Tun Dr. Ismail, Kuala Lumpur	100	100	Provision of operation and maintenance services in relation with the business development of solar and other renewable energy projects.
TR Sepang Sdn. Bhd. @¥ (of which 48% is held directly by SG1)	Taman Tun Dr. Ismail, Kuala Lumpur	100	100	Business development of solar and other renewable energy projects. Operate a 5.0 MWp ground-mounted solar photovoltaic plant on a Build-Own-Operate project model. The company holds a feed-in approval granted by the SEDA pursuant to Section 7 of the Renewable Energy Act 2011 ("REA") for a period of 21 years expiring on 6 October 2034.
TR Saterm Sdn. Bhd. @¥ (of which 48% is held directly by SG2)	Taman Tun Dr. Ismail, Kuala Lumpur	100	100	Business development of solar and other renewable energy projects. Operate a 4.0 MWp rooftop-mounted solar photovoltaic plant on a Build-Own-Operate project model. The company holds a feed-in approval granted by the SEDA pursuant to Section 7 of the REA for a period of 21 years expiring on 17 December 2034.

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19. INVESTMENT IN SUBSIDIARIES (CONT'D)

The shares of all subsidiaries are held directly by the Company unless otherwise indicated as follows: (Cont'd)

Name	Principal place of business	Proportion of ownership interest held by the Group		Principal activities
		2023 %	2022 %	
Held through TRSB: (Cont'd)				
TR Cpark Sdn. Bhd. @¥ (of which 48% is held directly by SG3)	Taman Tun Dr. Ismail, Kuala Lumpur	100	100	Business development of solar and other renewable energy projects. Operate two (2) separate 5.0 MWp parking rooftop-mounted solar photovoltaic plant on a Build-Own-Operate project model. The company holds two (2) feed-in approvals granted by the SEDA pursuant to Section 7 of the REA for a period of 21 years expiring on 23 November 2034 and 4 December 2034 respectively.

£ The financial statements of these subsidiaries are not audited by the member firms of the auditors of the Company.

The equity interest in these subsidiaries formed part of the security arrangements for the Islamic Medium-Term Notes borrowings as disclosed in Note 36.

@ The acquisition of equity interest in these subsidiaries formed part of the significant event in the previous financial year as disclosed in Note 48.

¥ The feed-in approval holders, namely TR Sepang Sdn. Bhd., TR Satern Sdn. Bhd. and TR Cpark Sdn. Bhd. have 21 years renewable energy power purchase agreements ("REPPAs") with offtakers, Tenaga Nasional Berhad and Malaysia Airports (Sepang) Sdn Bhd., which allows the companies to exclusively sell its power generation to offtakers at the applicable feed-in tariff rate as prescribed under the REA.

€ To facilitate the settlement of the purchase consideration of the acquisition by TRSB in the previous financial year as disclosed in Note 48, the Company had on 21 April 2022 undertaken the following:

- Subscribed for 37,800,000 redeemable preference shares ("RPS") in the share capital of TRSB, at an issue price of RM1 per RPS for a total consideration of RM37,800,000, satisfied by capitalising the amount owing by TRSB to the Company, in which 300,000 RPS were subscribed on 21 April 2022 and remaining 37,500,000 RPS subscribed on 15 June 2022;
- Subscribed for 2,000,000 new ordinary shares in the share capital of TRSB, at an issue price of RM1 per share for a total consideration of RM2,000,000, satisfied by capitalising the amount owing by TRSB to the Company. The new ordinary shares issued ranked pari-passu with the existing ordinary shares of TRSB; and
- Provided a shareholder's loan amounting to RM138,800,000 to TRSB, at an interest rate of 5.4% per annum as disclosed in Note 30. The shareholder's loan was to enable TRSB to extend funding to its subsidiaries to settle the latter's loans owing to their former shareholder and a bank loan.

19. INVESTMENT IN SUBSIDIARIES (CONT'D)

Composition of the Group

Information about the composition of the Group at the end of the reporting period is as follows:

Principal activities	Place of incorporation and operation	Number of wholly-owned subsidiaries		Number of non-wholly-owned subsidiaries	
		2023	2022	2023	2022
Management, operations and maintenance of water treatment plants and water distribution systems	Malaysia	2	2	-	-
Provision of management and technical services relating to waste management	Malaysia	1	1	-	-
General construction	Malaysia	1	1	-	-
Investment holding	Malaysia	1	1	5	5
Investment holding	Singapore	3	3	-	-
Toll highway	Malaysia	-	-	2	2
Provision of operation and maintenance services in relation with the business development of solar and other renewable energy projects.	Malaysia	1	1	-	-
Business development of solar and other renewable energy projects.	Malaysia	3	3	-	-
		12	12	7	7

Details for non-wholly-owned subsidiary that have material non-controlling interests

The table below shows details of non-wholly-owned subsidiary of the Group that have material non-controlling interests.

Name of subsidiary	Proportion of ownership interests held by non-controlling interests		Profit allocated to non-controlling interests		Accumulated non-controlling interest	
	2023 %	2022 %	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
TEI Sdn. Bhd.	49%	49%	7,491	11,243	267,950	260,459

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19. INVESTMENT IN SUBSIDIARIES (CONT'D)

Summarised financial information in respect of the subsidiary that has material non-controlling interests is set out as below. The summarised financial information below represents amounts before intragroup eliminations.

	The Group	
	2023	2022
	RM'000	RM'000
Non-current assets	1,109,497	1,140,760
Current assets	39,688	37,924
Current liabilities	(56,578)	(56,617)
Non-current liabilities	(545,771)	(590,519)
Net assets	546,836	531,548
Equity attributable to owners of the Company	278,886	271,089
Non-controlling interest	267,950	260,459
Revenue*	89,698	97,565
Expenses	(74,411)	(74,621)
Profit for the year	15,287	22,944
Profit attributable to owners of the Company	7,796	11,701
Profit attributable to non-controlling interest	7,491	11,243
Net cash generated from/(used in):		
Operating activities	56,938	38,718
Investing activities	2,190	2,220
Financing activities	(46,268)	(54,552)
Net change in cash and cash equivalents	12,860	(13,614)

* Included in the revenue is one-off government compensation for deferment of toll increase amounted to RM Nil (2022: RM11,050,000).

20. INVESTMENT IN JOINT VENTURE

	The Group	
	2023	2022
	RM'000	RM'000
Unquoted ordinary shares, at cost	30,749	30,749
Redeemable preference shares, at FVTOCI	36,424	36,424
Group's share of post-acquisition reserve, net of dividend	4,237	6,610
	71,410	73,783

	The Company	
	2023	2022
	RM'000	RM'000
Unquoted ordinary shares, at cost	30,749	30,749
Redeemable preference shares, at FVTOCI	36,424	36,424
	67,173	67,173

Investments in joint venture other than redeemable preference shares are stated at cost less impairment losses, if any, in the separate financial statements of the Company and it is accounted for using the equity method of accounting in the consolidated financial statements.

The investments in redeemable preference shares are not held for trading. Instead, they are held for medium to long-term strategic purposes. Accordingly, the directors have elected to designate these investments in equity instruments as at FVTOCI as they believe that recognising short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes and realising their performance potential in the long run. The fair value of investments in redeemable preference shares is categorised as Level 3 in the fair value hierarchy as disclosed in Note 44 to the financial statements.

Details of the joint venture, which is incorporated in Malaysia, are as follows:

Name	Principal place of business	Proportion of ownership interest held by the Group		Principal activities
		2023	2022	
		%	%	
Pinggiran Muhibbah Sdn. Bhd.	Taman Tun Dr. Ismail, Kuala Lumpur	50	50	Investment holding in Grand Sepadu (NK) Sdn. Bhd. which is engaged in the operation and maintenance of the New North Klang Straits Bypass Expressway for a concession period ending in December 2032.

The summarised financial information set out below represents amounts shown in the joint venture's financial statements prepared in accordance with MFRS, adjusted by the Group for equity accounting purposes.

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20. INVESTMENT IN JOINT VENTURE (CONT'D)

Pinggiran Muhibbah Sdn. Bhd.	2023 RM'000	2022 RM'000
Summarised statement of financial position		
Non-current assets	258,937	294,159
Current assets	20,657	19,914
Current liabilities	(18,339)	(35,678)
Non-current liabilities	(66,279)	(80,598)
Non-controlling interests	(52,156)	(50,231)
Net assets	142,820	147,566
Summarised statement of profit or loss and other comprehensive income		
Revenue*	66,063	73,203
Profit for the year	11,004	12,364

* Included in the revenue is government compensation for deferment of toll increase amounted to RM13,830,000 (2022: RM21,821,000).

Reconciliation of the above summarised financial information to the carrying amount of the interest in joint ventures recognised in the financial statements of the Group is as follows:

	2023 RM'000	2022 RM'000
Net assets		
Carrying amount of the investment in joint venture	142,819	147,566
Proportion of the Group's ownership interest in the joint venture	50%	50%
	71,410	73,783

21. INVESTMENT IN ASSOCIATES

	The Group	
	2023 RM'000	2022 RM'000
Unquoted ordinary shares, at cost	247,871	247,871
Compensation	(17,087)	(17,087)
Share of post-acquisition reserve, net of dividend	(123,116)	(101,441)
	107,668	129,343

21. INVESTMENT IN ASSOCIATES (CONT'D)

	The Company	
	2023 RM'000	2022 RM'000
Unquoted ordinary shares, at cost	247,871	247,871
Compensation	(17,087)	(17,087)
	230,784	230,784

- (a) Investment in associate is stated at cost less accumulated impairment losses, if any, in the separate financial statements of the Company and it is accounted for using the equity method of accounting in the consolidated financial statements.
- (b) During the financial year, the Company conducted a review of the recoverable amounts of certain associate and no impairments loss is required due to higher recoverable amounts as compared to carrying amounts based on value-in-use calculations.

Details of the associates, which are incorporated in Malaysia, are as follows:

Name	Principal place of business	Proportion of ownership interest held by the Group		Principal activities
		2023 %	2022 %	
LGB Taliworks Consortium Sdn. Bhd. Kuala Lumpur	Taman Tun Dr. Ismail,	20	20	General construction.
SWM Environment Holdings Sdn. Bhd.	Taman Tun Dr. Ismail, Kuala Lumpur	35	35	Investment holding with its principal investment in a company managing and carrying on solid waste management and other related activities for a collection and public cleansing concession period until 31 August 2033.
Aqua Flo Sdn. Bhd.	Petaling Jaya, Selangor	24	24	Trading in chemical products.

All the associates are audited by a firm other than Deloitte PLT.

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21. INVESTMENT IN ASSOCIATES (CONT'D)

The summarised financial information of the material associate is set out below. The summarised financial information below represents amounts shown in the associate's financial statements prepared in accordance with MFRS, adjusted by the Group for equity accounting purposes.

The Group	2023 RM'000	2022 RM'000
Summarised statements of financial position		
Non-current assets	2,256,928	2,397,376
Current assets	678,250	621,241
Current liabilities	(288,807)	(226,892)
Non-current liabilities	(1,488,816)	(1,504,922)
Non-controlling interest	(841,757)	(907,152)
Net assets	315,798	379,651
Summarised statements of profit or loss and other comprehensive income		
Revenue	977,377	951,186
Profit for the year	182,335	168,752
Less:		
Adjustment relating to interest on dividend on the cumulative preferences shares held by parties other than the Group	(107,708)	(97,503)
Group consolidation adjustments	(138,497)	(140,887)
Loss for the year	(63,870)	(69,638)

Reconciliation of the above summarised financial information to the carrying amount of the interest in the material associate recognised in the financial statements of the Group is as follows:

	2023 RM'000	2022 RM'000
Net assets	315,799	379,651
Proportion of the Group's ownership interest in the associate	35%	35%
Compensation	110,530	132,878
Adjustment for stamp duties paid	(17,087) 735	(17,087) 735
Carrying amount of the investment in the associate	94,178	116,526

21. INVESTMENT IN ASSOCIATES (CONT'D)

The summarised financial information of other individually immaterial associates is set out below.

The Group	Others	
	2023 RM'000	2022 RM'000
Summarised statements of financial position		
Non-current assets	3,463	3,572
Current assets	103,869	106,125
Current liabilities	(50,412)	(52,308)
Non-current liabilities	-	(3,284)
Net assets	56,920	54,105
Summarised statements of profit or loss and other comprehensive income		
Revenue	160,078	158,312
Profit for the year	6,423	5,889

22. OTHER INVESTMENT

	The Group	
	2023 RM'000	2022 RM'000
Financial assets carried at FVTPL:		
<u>Golf membership</u>		
As of 1 January	200	240
Disposal	-	(40)
As of 31 December	200	200

There are no measurement impacts to the carrying amount of other investment at the end of the reporting period as the directors are of the opinion that the carrying amounts approximate its fair value.

23. GOODWILL ON CONSOLIDATION

	The Group	
	2023 RM'000	2022 RM'000
As of 1 January	132,503	129,385
Arising from business combination (Note 48)	-	3,118
As of 31 December	132,503	132,503

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23. GOODWILL ON CONSOLIDATION (CONT'D)

Goodwill on consolidation arose from:

- (i) the acquisition of a subsidiary, Cerah Sama Sdn. Bhd. pursuant to a restructuring exercise in 2014.
- (ii) acquisition of majority equity interest in subsidiaries which formed part of the significant event in the previous financial year as disclosed in Note 48.

Key bases assumptions used in value-in-use calculations

The Group determines whether goodwill on consolidation is impaired on an annual basis. This requires an estimation of the value-in-use of the cash generating unit ("CGU") of the toll highway and solar photovoltaic plants to which goodwill is allocated. Estimating a value-in-use amount requires management to make an estimate of the expected future cash flows from the CGU and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The recoverable amount of a CGU is determined based on value-in-use calculations using cash flow projections based on financial budgets approved by management covering the remaining concession period and renewable energy power purchase agreements ("REPPAs") whichever is applicable.

The key bases and assumptions used in the estimation of the recoverable amount are as follows:

- (a) Cerah Sama Sdn. Bhd.
 - (i) Traffic volume of Toll Plaza Batu 9 and Batu 11 are projected based on the average yearly growth rate of 1.60% and 2.56% (2022: 1.83% and 2.80%) respectively;
 - (ii) Toll operation costs, routine maintenance costs and other operating expenses are expected to increase at the rate of 3.0% (2022: 3.0%) annually;
 - (iii) Commissions to be paid to Touch & Go and Smart Tag are estimated at a fixed rate of 1.3% (2022: 1.3%) of total toll revenue collected; and
 - (iv) Pre-tax discount rate of 10.86% (2022: 10.86%) applied to the cash flow projections is derived from a subsidiary, Grand Saga Sdn. Bhd.'s weighted average cost of capital.
- (b) Solar Photovoltaic Plants
 - (i) Total capital expenditure of RM14,856,000 on replacement of solar panels for renewable energy plants of TR Sepang and TR Cpark;
 - (ii) Energy outputs are projected based on irradiance of 1,785 (2022:1,785) kWh/m²/year, performance ratio of 80% (2022: 80%) per year and degradation of 0.5% (2022: 0.5%) per year;
 - (iii) Operation costs and other operating expenses are expected to increase at the rate of 3.0% (2022: 3.0%) annually; and
 - (iv) Pre-tax discount rate of 9.5% (2022: 7.40%) applied to the cash flow projections is derived from FIAH's weighted average cost of capital.

The above key bases and assumptions are determined based on management's expectation of future events and actions to take place in the relevant business segments. Any differences in expectations from the original estimates may result in the variation of the recoverable amounts. The directors are of the opinion that the bases and assumptions used in the estimation of the recoverable amounts are reasonable and do not foresee any possible changes in the above key assumptions that would cause the carrying amounts of the goodwill to materially exceed its recoverable amount.

24. DEFERRED TAX (LIABILITIES)/ASSETS

	The Group		The Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
As of 1 January	(241,911)	(234,196)	3,961	-
Arising from business combination (Note 48)	-	(23,181)	-	-
Transfer from/(to) profit or loss (Note 12):				
Property, plant and equipment	1,527	3,694	-	-
Intangible assets	6,848	6,760	-	-
Trade receivables	308	308	-	-
Other receivables, deposits and prepayments	(186)	148	-	-
Provision for heavy repairs	3,532	78	-	-
Trade payables	-	-	-	-
Other payables and accruals	185	320	-	-
Deferred income	950	(15)	-	-
Unused business losses	241	4,322	(448)	3,961
Unabsorbed capital allowances	(2,944)	(384)	-	-
Net of right-of-use assets and lease liabilities	153	235	-	-
	10,614	15,466	(448)	3,961
As of 31 December	(231,297)	(241,911)	3,513	3,961
Presented after appropriate offsetting as follows:				
Deferred tax assets, net	6,373	6,228	3,513	3,961
Deferred tax liabilities, net	(237,670)	(248,139)	-	-
	(231,297)	(241,911)	3,513	3,961

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24. DEFERRED TAX (LIABILITIES)/ASSETS (CONT'D)

The movements in deferred tax assets and liabilities during the financial year (prior to offsetting of balances) comprise the following:

	The Group		The Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Deferred tax assets (before offsetting)				
Tax effects of deductible temporary differences arising from:				
Other receivables, deposits and prepayments	1,268	1,452	-	-
Other payables and accruals	1,107	922	-	-
Deferred income	1,024	74	-	-
Provision for heavy repairs	9,928	6,941	-	-
Net of right-of-use assets and lease liabilities	266	122	-	-
Unused business losses	4,865	4,624	3,513	3,961
Unabsorbed capital allowance	5,085	8,029	-	-
	23,543	22,164	3,513	3,961
Offsetting	(17,170)	(15,936)	-	-
Deferred tax assets (after offsetting)	6,373	6,228	3,513	3,961
Deferred tax liabilities (before offsetting)				
Tax effects of taxable temporary differences arising from:				
Property, plant and equipment	26,995	28,522	-	-
Intangible assets	226,302	233,150	-	-
Trade receivables	1,539	1,847	-	-
Other receivables, deposits and prepayments	4	2	-	-
Right-of-use asset	-	9	-	-
Provision for heavy repairs	-	545	-	-
	254,840	264,075	-	-
Offsetting	(17,170)	(15,936)	-	-
Deferred tax liabilities (after offsetting)	237,670	248,139	-	-

24. DEFERRED TAX (LIABILITIES)/ASSETS (CONT'D)

Deferred tax assets have not been recognised in respect of the following items:

	The Group		The Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Temporary differences arising from:				
Property, plant and equipment	(765)	(729)	(766)	(730)
Right-of-use assets	456	(323)	456	(323)
Other payables and accruals	2,018	1,626	2,010	1,533
Unused tax losses				
expies by 31 December 2028	1,831	1,831	-	-
expies by 31 December 2029	16	16	-	-
expies by 31 December 2030	10	10	-	-
expies by 31 December 2032	341	4,908	-	-
expies by 31 December 2033	98	-	-	-
Unabsorbed capital allowances	11,900	11,713	11,799	11,612
	15,905	19,052	13,499	12,092

The Group and the Company have assessed the likelihood of sufficient future profits available to recover the amounts of deductible temporary differences. Deferred tax assets have not been recognised in respect of these items as they have arisen in companies that have a recent history of losses or in companies where future taxable profits may be insufficient to trigger the utilisation of these items.

The unused tax losses can be carried forward up to 10 consecutive years of assessment immediately following the year of assessment under the tax legislation of Inland Revenue Board. The amount and availability of these items to be carried forward up to the periods as disclosed above are subject to the agreement of the respective local tax authorities.

25. TRADE RECEIVABLES

The analysis of trade receivables is as follows:

	The Group		The Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Trade receivables	65,975	74,783	16,245	12,572
Less: Loss allowance	(70)	(25)	(67)	(24)
Net	65,905	74,758	16,178	12,548

Total trade receivables are classified as financial assets measured at amortised cost.

The average credit period granted to the customers is 60 days (2022: 60 days). No interest is charged on trade receivables, even for those which are past due.

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25. TRADE RECEIVABLES (CONT'D)

Of the Group's and the Company's total trade receivables, a gross invoiced amount of RM62,005,000 and RM16,245,000 (2022: RM59,324,000 and RM12,572,000) come from Pengurusan Air Selangor Sdn. Bhd. ("Air Selangor"), the sole entity with the license to extract, treat and distribute water to consumers in Selangor, Federal Territories of Kuala Lumpur and Putrajaya, under the following contracts:

(i) Bulk Water Supply Agreement ("BWSA")

On 24 May 2019, Sungai Harmoni entered into a BWSA with Air Selangor in relation to the appointment of Sungai Harmoni for the operations and maintenance of Sungai Selangor Water Treatment Plant Phase 1 ("SSP1") and the supply of treated water until December 2036. Sungai Harmoni started operating and maintaining the SSP1 under the BWSA from 13 September 2019 onwards, being the date where the agreement become unconditional and completed.

(ii) The two packages under Stage 1 of the Sungai Rasau water supply scheme. The projects are (a) Design and Build of Proposed Rasau Treated Water Pumping Station, Treated Water Pumping Mains to Existing Bukit Lipat Kajang Reservoirs, Distribution and Associated Works (Package 2); and (b) Design and Build of Proposed New Bukit Lipat Kajang Booster Station, Reservoirs and Associated Works (Package 3) (collectively referred to as the "The Rasau Projects")

The initial completion date for the Rasau Projects, which were secured in 2021, was set for 31 December 2024. During the financial year, the authorities have given permission to extend Package 2 and Package 3's completion dates to 29 November 2025 and 19 December 2025, respectively.

The amounts represent invoiced value for certified work performed. The amounts were transferred from amount due from/(to) contract customers when the rights became unconditional.

The Group and the Company apply a simplified approach in calculating loss allowances for trade receivables at an amount equal to lifetime expected credit losses ("ECL"). The Group and the Company estimate the loss allowance on trade receivables by applying an ECL rate at each reporting date. The ECL rate reflects the historical time value loss rate which is computed based on the actual and projected amounts and timing of repayment from the trade receivables on current year billings and the historical loss rate from past collection records, adjusted by forward-looking information that is available without undue cost or effort. The Group and the Company review the ECL rate at each reporting date to re-measure the loss allowance amount. Changes in the above variables could impact future ECL charges. In addition, trade receivables with significant balances and credit impaired are assessed for ECL individually.

The following table shows the movement in lifetime ECL that has been recognised for trade receivables in accordance with the simplified approach set out in MFRS 9:

The Group	Collectively assessed RM'000	Individually assessed RM'000	Total RM'000
As at 1 January 2022	1	-	1
Net re-measurement of loss allowances	24	-	24
As at 31 December 2022/1 January 2023	25	-	25
Net re-measurement of loss allowances	45	-	45
As at 31 December 2023	70	-	70

25. TRADE RECEIVABLES (CONT'D)

The Company	Collectively assessed RM'000	Individually assessed RM'000	Total RM'000
As at 1 January 2022	-	-	-
Net re-measurement of loss allowances	24	-	24
As at 31 December 2022/1 January 2023	24	-	24
Net re-measurement of loss allowances	43	-	43
As at 31 December 2023	67	-	67

26. DEPOSITS, CASH AND BANK BALANCES

	The Group	
	2023 RM'000	2022 RM'000
Non-Current:		
Deposits with licensed banks	45,924	47,517
Current:		
Deposits with licensed banks	60,587	34,306
Cash and bank balances	21,891	14,548
	82,478	48,854
Total	128,402	96,371
Less: Deposits pledged as security	(45,924)	(47,517)
Cash and cash equivalents	82,478	48,854

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26. DEPOSITS, CASH AND BANK BALANCES (CONT'D)

	The Company	
	2023	2022
	RM'000	RM'000
Non-Current:		
Deposits with licensed banks	4,533	4,524
Current:		
Cash and bank balances	20,345	10,000
Total	24,878	14,524
Less: Deposits pledged as security	(4,533)	(4,524)
Cash and cash equivalents	20,345	10,000

The currency profile of deposits, cash and bank balances is as follows:

	The Group	
	2023	2022
	RM'000	RM'000
Ringgit Malaysia	128,297	96,098
Australian Dollar	28	82
United States Dollar	77	191
Total	128,402	96,371

	The Company	
	2023	2022
	RM'000	RM'000
Ringgit Malaysia	24,801	14,451
United States Dollar	77	73
Total	24,878	14,524

Deposits, cash and bank balances (excluding deposits pledge as security) are classified as financial assets measured at amortised cost.

Included in long-term deposits with licensed banks of the Group are the following:

- (a) amounts totalling RM7,492,000 (2022: RM8,906,000) that are pledged as security for banking facilities to facilitate the issuance of performance guarantees and tender bonds for the bidding of projects, and performance bonds on contracts for the management, operations and maintenance of water treatment plants as disclosed in Note 36; and
- (b) an amount of RM38,432,000 (2022: RM38,611,000) set aside under the Financial Service Reserve Account as part of the security arrangements of Islamic Medium-Term Notes as disclosed in Note 36.

26. DEPOSITS, CASH AND BANK BALANCES (CONT'D)

Included in deposits with licensed banks of the Company are long-term deposits amounting to RM4,533,000 (2022: RM4,524,000) that are pledged as security for banking facilities to facilitate issuance of performance guarantees and tender bonds for the bidding of projects and as security for a revolving credit facility as disclosed in Note 36. Included in current deposits with licensed banks are short-term investments amounting to RM60,587,000 (2022: RM34,306,000) which are highly liquid investments that are readily convertible to known amounts of cash and have an insignificant risk of changes in value.

The average interest rates of deposits of the Group and of the Company at the end of the reporting period ranging from 2.00% to 4.81% (2022: 1.50% to 3.52%) per annum and 2.00% to 2.90% (2022: 1.85% to 2.65%) per annum, respectively.

Deposits of the Group and of the Company have an average maturity ranging from 7 days to 365 days (2022: 7 days to 365 days) and from 7 days to 365 days (2022: 30 days to 365 days) respectively. Bank balances are deposits held at call with licensed banks.

No ECL is recognised arising from cash at banks and deposits with licensed banks because the probability of default by these financial institutions is negligible.

27. INVENTORIES

	The Group	
	2023 RM'000	2022 RM'000
Materials on site	37,447	19,504
Consumable spares	1,576	1,410
	39,023	20,914

- (a) Inventories are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the selling expenses. All the inventories are expected to be used within the next 12 months and therefore, no provision for impairment losses is recognised during the current and previous financial year.
- (b) The costs of materials on site are determined using the first-in first-out method and comprise the original cost of purchase plus the cost of bringing the inventories to their present location and condition. The asset is subsequently capitalised to construction work-in-progress when utilised.
- (c) The costs of consumable spares are determined using the weighted average method and comprise the original cost of purchase plus the cost of bringing the inventories to their present location and condition.
- (d) The amount of inventories recognised in profit or loss during the financial year is RM16,693,000 (2022: RM17,198,000).

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28. AMOUNT DUE (TO)/FROM CONTRACT CUSTOMERS

	The Group	
	2023	2022
	RM'000	RM'000
Construction contracts:		
Contract assets:		
Unbilled revenue of construction contracts (a)	460	1,441
Retention receivables of construction contracts (b)	1,059	3,303
Less: Loss allowance	(221)	(534)
	1,298	4,210
Less:		
Contract liabilities	(37,221)	(17,982)
	(35,923)	(13,772)

	The Company	
	2023	2022
	RM'000	RM'000
Construction contracts:		
Contract liabilities	(37,221)	(16,324)

- (a) Unbilled revenue included in contract assets represents the Group's and the Company's right to receive consideration for work completed but yet to be billed because the rights are conditional upon the satisfaction by the customers on the construction work completed by the Group and the Company and the work is pending for the certification by the customers. The contract assets are transferred to the trade receivables when the rights become unconditional, which is typically at the time the Group and the Company issue invoices for certified works performed.
- (b) Retention receivables included in contract assets represent the Group's and the Company's right to receive consideration for work performed and yet to be billed because the rights are conditional upon customers' satisfaction with the service quality over a period of time as stipulated in the contracts. The retention period is ranging from 12 months to 24 months and is based on 5% of the contract value and thus has been classified as current.

The amount will be transferred to the trade receivables when the rights become unconditional, which is typically upon issuance of certificate of making good defects by the customer.

Retention receivables are unsecured, interest-free and are expected to be collected as follows:

	The Group		The Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Within 1 year	-	1,185	-	-
1 year to 2 years	1,059	2,118	-	-
	1,059	3,303	-	-

28. AMOUNT DUE (TO)/FROM CONTRACT CUSTOMERS (CONT'D)

Included in the retention receivables of the Group are the following:

	The Group	
	2023 RM'000	2022 RM'000
An amount owing from an associate	-	1,186

The above amounts owing mainly arose from trade transactions which are unsecured and interest free.

- (c) There is no provision for foreseeable losses recognised during the current and previous financial year.
- (d) Significant changes in contract assets during the year are as follows:

	The Group		The Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Contract assets (other than retention sums) at the beginning of the period transferred to trade receivables	981	2,253	-	308
Retention sums receivables included in contract assets at the beginning of the period transferred to trade receivables	2,244	-	-	-

- (e) Contract value yet to be recognised as revenue

Revenue expected to be recognised in the future relating to the Rasau Projects' performance obligations that are unsatisfied (or partially unsatisfied) at the end of the reporting period, are as follows:

	The Group		The Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Year 2023	-	358,203	-	353,757
Year 2024	394,834	531,059	394,834	531,059
Year 2025	437,273	-	437,273	-
	832,107	889,262	832,107	884,816

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28. AMOUNT DUE (TO)/FROM CONTRACT CUSTOMERS (CONT'D)

- (f) The loss allowance is computed based on the time value loss rate from the timing of repayment of amount due from contract customers, adjusted by forward-looking information that is available without undue cost or effort. At each reporting date, the Group and the Company review the ECL rate and re-measure the loss allowance amount.

The following table shows the movements in lifetime ECL that has been recognised for contract assets in accordance with simplified approach set out in MFRS 9.

	The Group		The Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
As of 1 January	534	416	-	-
Net re-measurement of loss allowances	(313)	118	-	-
As of 31 December	221	534	-	-

- (g) Included in amount due from contract customers are the following:

	The Group	
	2023 RM'000	2022 RM'000
Depreciation of property, plant and equipment (Note 14)	649	456
(Gain)/Loss on disposal of property, plant and equipment	(3)	2
Short term lease of site office	88	57

29. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	The Group		The Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Non-Current:				
Other receivables	18,483	21,080	-	-
Less: Loss allowance	(5,060)	(5,519)	-	-
	13,423	15,561	-	-
Current:				
Other receivables	3,462	4,010	512	288
Interest receivables	483	400	-	-
GST refundable	4,317	4,317	-	-
Prepayments	7,577	6,581	289	480
Deposits	2,751	2,616	1,036	957
	18,590	17,924	1,837	1,725
Total	32,013	33,485	1,837	1,725

29. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS (CONT'D)

- (a) Total other receivables, net of prepayments and GST refundable are classified as financial assets measured at amortised cost.
- (b) Included in other receivables is a deferred consideration receivable from Starbright Capital Berhad ("Starbright"), a special purpose bankruptcy remote vehicle. The deferred consideration, which amounted RM33,946,000, resulted from disposal of trade receivables to Starbright by Sungai Harmoni in 2019 under an asset-backed securitisation exercise. The deferred consideration is to be repaid over a 9-year term, subject to the projected cash flows of Starbright.

As at 31 December 2023, the outstanding deferred consideration of the Group is RM20,621,000 (2022: RM23,898,000). The Group expects that RM2,138,000 (2022: RM2,818,000) will be collected in the next 12 months and thus has been classified as current assets. The remaining outstanding balance of RM18,483,000 (2022: RM21,080,000) has been classified as long-term other receivables and it is expected to be collected in the year 2025 to 2028 (2022: year 2024 to 2028).

	The Group		The Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
As of 1 January	5,519	5,435	-	-
Net re-measurement of loss allowances (Note 7 and 8)	(459)	84	-	-
As of 31 December	5,060	5,519	-	-

During the year, the Group remeasured the loss allowance for other receivables at an amount equal to the lifetime ECL amounting to reversal of loss allowance of RM459,000 (2022: Provision of loss allowance of RM84,000) on the deferred consideration due from Starbright as disclosed in Note 8. The loss allowance is computed based on the time value loss rate from the timing of repayment of deferred consideration, adjusted by forward-looking information that is available without undue cost or effort. At each reporting date, the Group reviews the ECL rate and re-measures the loss allowance amount.

30. AMOUNT DUE FROM SUBSIDIARIES

	The Company	
	2023 RM'000	2022 RM'000
Non-Current:		
Amount due from subsidiaries	115,898	124,226
Current:		
Amount due from subsidiaries	42,528	24,276
	158,426	148,502

Amounts due from subsidiaries are classified as financial assets measured at amortised cost.

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30. AMOUNT DUE FROM SUBSIDIARIES (CONT'D)

Included in the amount due from subsidiaries are as follows:

- (a) In 2022, the Company provided a shareholder's loan amounting RM138,800,000 at 5.4% interest to TRSB as disclosed in Note 19. The outstanding loan included in the amount due from subsidiaries as of the end of the reporting period is RM124,226,000 (2022:RM 132,554,000), of which RM8,328,000 (2022: RM8,328,000) is expected to be collected in the next 12 months and thus has been classified as current. The remaining balance of RM115,898,000 (2022: RM 124,226,000) has been classified as long-term amount due from subsidiaries and it is expected to be collected between year 2025 to 2034 (2022: 2024 to 2034).
- (b) Trade transactions that are interest free, unsecured and repayable on demand. This amount is classified as current.

31. INVESTMENTS DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS ("FVTPL")

Investments designated at FVTPL comprise investments in quoted unit trusts in money market securities instruments that are not held for trading. The fair value of these investments are categorised as Level 2 in the fair value hierarchy as disclosed in Note 44 to the financial statements.

The movements in the investments designated at FVTPL during the financial year is as follows:

	The Group		The Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
As of 1 January	120,740	346,443	26,611	300,850
Additions	35,124	161,172	500	74,096
Disposals	(105,357)	(386,842)	(27,024)	(348,136)
Fair value changes recognised in profit or loss (Notes 7 and 8)	339	(33)	184	(199)
As of 31 December	50,846	120,740	271	26,611

32. SHARE CAPITAL

	The Group and The Company 2023		2022	
	Number of shares '000	RM'000	Number of shares '000	RM'000
Issued and fully paid:				
As of 1 January/ 31 December	2,015,817	438,354	2,015,817	438,354

33. MERGER DEFICIT

	The Group	
	2023 RM'000	2022 RM'000
Merger deficit	71,500	71,500

The merger deficit is derived from the following:

	Nominal Value of Shares Issued RM'000	Nominal Value of Shares Acquired RM'000	Merger Deficit RM'000
Subsidiaries acquired in the financial year ended 31 December 2000:			
Sungai Harmoni Sdn. Bhd.	47,000	(5,000)	42,000
Taliworks (Langkawi) Sdn. Bhd.	32,500	(3,000)	29,500
	79,500	(8,000)	71,500

34. CURRENCY TRANSLATION RESERVE

	The Group	
	2023 RM'000	2022 RM'000
Non-distributable:		
Currency translation reserve	615	217

Currency translation reserve represents exchange differences arising from the translation of foreign controlled subsidiaries.

35. RETAINED EARNINGS

The Company is currently under the single-tier income tax system.

The entire retained earnings of the Company as of the end of the reporting period are available for distribution as single-tier dividends under the single-tier income tax system. Under this system, tax on a company's profit is a final tax and dividends distributed to shareholders will be exempted from tax.

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36. BORROWINGS

	The Group		The Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Non-Current:				
Islamic Medium-Term Note ("IMTN") (a)	269,215	298,907	-	-
Current:				
Islamic Medium-Term Note ("IMTN") (a)	30,000	30,000	-	-
Revolving credit (b)	5,000	-	5,000	-
	35,000	30,000	5,000	-
Total	304,215	328,907	5,000	-

Borrowings are classified as financial liabilities and measured at amortised cost.

The Group and the Company have a total of RM934,121,000 and RM115,121,000 (2022: RM934,121,000 and RM115,121,000) of credit facilities, respectively comprising revolving credit and other trade financing facilities granted by financial institutions and RM750,000,000 in nominal value IMTN programme.

The Group and the Company have access to financing facilities of which RM541,211,000 and RM38,715,000 (2022: RM524,882,000 and RM52,389,000) were unused at the reporting date. The Group and the Company expect to meet its other obligations from operating cash flows and proceeds of maturing financial assets.

Facilities of the Group amounting to RM836,121,000 (2022: RM836,121,000) are secured by way of either proceeds deposited into designated bank accounts and fixed deposits.

Facilities of the Company amounting to RM76,406,000 (2022: RM67,121,000) are secured by way of proceeds deposited into designated bank accounts and fixed deposits.

In the event of default in any of the subsidiaries' borrowings, there is no recourse against the Company.

(a) IMTN

	The Group	
	2023 RM'000	2022 RM'000
As of 1 January	328,907	358,540
Redeemed	(30,000)	(30,000)
Interest imputed in borrowing (Note 8)	308	367
As of 31 December	299,215	328,907

36. BORROWINGS (CONT'D)

(a) IMTN (Cont'd)

The non-current portion is repayable as follows:

	The Group	
	2023	2022
	RM'000	RM'000
Between 1 to 2 years	39,796	29,946
Between 2 to 5 years	179,595	169,322
Over 5 years	49,824	99,639
As of 31 December	269,215	298,907

The Ringgit Malaysia denominated IMTN was issued by a subsidiary, Cerah Sama Sdn. Bhd. under the Islamic principle of Musyarakah. Profits shall be paid on a semi-annual basis, and the IMTNs are secured by the following:

- (i) deposits with licensed banks, set aside under the subsidiary's Financial Service Reserve Account as disclosed in Note 26;
- (ii) the subsidiary's equity interest in ordinary shares of all of its subsidiaries as disclosed in Note 19; and
- (iii) the subsidiary's revenue and income including but not limited to any dividends and distributions, whether income or capital in nature, from its group of companies.

The IMTN bears profit at fixed rates ranging from 4.87% to 5.39% (2022: 4.78% to 5.39%) per annum. The weighted average profit rate that was effective as of the end of the reporting period is 5.1% (2022: 5.1%). The revolving credit is unsecured and subject to fixed rate of 5.13% (2022: Nil) per annum.

The RM420 million in nominal value IMTN is repayable over 11 annual instalments commencing 2020. During the year, the fourth tranche of the IMTN amounting to RM30,000,000 in nominal value was redeemed in full at maturity on 31 January 2023. The repayment terms of the remaining IMTN tranches are as follows:

- (i) a nominal value of RM30,000,000 is repayable in 2024;
- (ii) a nominal value of RM120,000,000 in which each RM40,000,000 is repayable annually from 2025 to 2027; and
- (iii) a nominal value of RM150,000,000 in which each RM50,000,000 is repayable annually from 2028 to 2030.

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36. BORROWINGS (CONT'D)

(b) Revolving credit

	The Group and The Company	
	2023 RM'000	2022 RM'000
As of 1 January	-	-
Addition	5,000	-
As of 31 December	5,000	-

(c) Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's and the Company's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were or future cash flows will be, classified in the Group's and the Company's statements of cash flows from financing activities.

	Lease liabilities		IMTN		Revolving Credit	
	Group RM'000	Company RM'000	Group RM'000	Company RM'000	Group RM'000	Company RM'000
As of 1 January 2022	12,625	12,625	358,540	-	-	-
Cash flows (Note 37)	(3,977)	(3,274)	(30,000)	-	-	-
Non-cash flows:						
- Additions	16,625	16,188	-	-	-	-
- Unwinding of interest	923	545	367	-	-	-
- Reassessment of lease (Note 7)	(32)	(32)	-	-	-	-
- Acquisition of subsidiaries	9,965	-	-	-	-	-
As of 31 December 2022/1 January 2023	36,129	26,052	328,907	-	-	-
Cash flows (Note 37)	(4,672)	(3,520)	(30,000)	-	5,000	5,000
Non-cash flows:						
- Addition	120	-	-	-	-	-
- Unwinding of interest	1,914	1,368	308	-	-	-
As of 31 December 2023	33,491	23,900	299,215	-	5,000	5,000

37. LEASE LIABILITIES

	The Group		The Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Non-Current: Lease liabilities	30,548	33,391	21,635	23,900
Current: Lease liabilities	2,943	2,738	2,265	2,152
Total	33,491	36,129	23,900	26,052

- (a) The lease liabilities are classified as financial liabilities and measured at amortised cost.
- (b) The lease liabilities are denominated in Ringgit Malaysia and comprises leases on land and office premises as well as obligations under finance lease on motor vehicles.
- (c) The lease liabilities are initially measured at the present value of the lease payments that are not paid at the commencement date.

After initial recognition, lease liabilities are measured by increasing the carrying amounts to reflect interest on the lease liabilities, reducing the carrying amounts to reflect the lease payments made and remeasuring the carrying amounts to reflect any reassessment or lease modifications.

The corresponding right-of-use assets of the lease liabilities are presented as property, plant and equipment and right-of-use assets as disclosed in Note 14 and 15 to the financial statements respectively.

The Group does not face a significant liquidity risk with regard to its lease liabilities.

- (d) The Group's obligations under finance lease bear effective interest rate ranging from 2.50% to 2.76% (2022: 2.50% to 2.60%) per annum. The lease payments relating to other lease liabilities are discounted using the Group's and the Company's incremental borrowing rates of 5.25% to 5.40% (2022: 5.25% to 5.40%) and 5.25% (2022: 5.25%) respectively.

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37. LEASE LIABILITIES (CONT'D)

Cash outflows for leases as a lessee are as follows:

	The Group		The Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Included in the net cash from operating activities:				
Payment relating to short-term leases	128	166	55	55
Included in the net cash from financing activities:				
Payment of lease liabilities	2,758	3,054	2,152	2,729
Interest paid in relation to lease liabilities	1,914	923	1,368	545
Total cash outflows for leases (Note 36)	4,672	3,977	3,520	3,274

The maturity analysis of the future lease payments at the reporting date are as follows:

	The Group		The Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Maturity analysis:				
Year 1	2,943	2,738	2,265	2,152
Year 2	3,153	2,921	2,384	2,265
Year 3	3,525	3,130	2,714	2,384
Year 4	3,734	3,500	2,856	2,714
Year 5 onwards	20,136	23,840	13,681	16,537
Present value	33,491	36,129	23,900	26,052

38. TRADE PAYABLES

	The Group		The Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Non-Current:				
Trade payables (b)	396	-	-	-
Retention sums (a)	1,320	1,120	-	-
Less: Interest income imputed in retention sum	(87)	(70)	-	-
Net	1,629	1,050	-	-
Current:				
Trade payables (b)	26,090	22,822	5	358
Retention sums (a)	1,943	1,060	714	248
Net	28,033	23,882	719	606
Total	29,662	24,932	719	606

Trade payables and retention sums are classified as financial liabilities and measured at amortised cost.

- (a) At the end of the financial year, the Group has a retention sum owing to contractors amounting to approximately RM3,263,000 (2022: RM2,180,000). The Group anticipated that RM1,943,000 (2022: RM1,060,000) will be repaid in the next 12 months and thus has been classified as current. The remaining outstanding balance of RM1,320,000 (2022: RM1,120,000) has been classified as long-term payables, and it is expected to be released to contractors in year 2025 to 2026 (2022: 2024).

The directors consider that the carrying amount of trade payables approximate to their fair values.

The movement in interest income imputed in retention sum during the financial year is as follows:

	The Group	
	2023 RM'000	2022 RM'000
Non-Current:		
As of 1 January	70	80
Addition/(Reversal) (Notes 8)	17	(10)
As of 31 December	87	70

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38. TRADE PAYABLES (CONT'D)

- (b) Included in trade payables of the Group are a present value of the future payments for the river monitoring system's shelter as disclosed in Note 18. The amount will increase to reflect the imputed interest; and will decrease when future payments is made to contractor. As of the end of the financial year, the total imputed interest recognised to profit or loss is RM4,000 as disclosed in Note 9 to the financial statements.

Included in the trade payables of the Group are also the following:

	The Group	
	2023 RM'000	2022 RM'000
(i) an amount owing to a company in which a director and indirect common major shareholders have an interest	1,749	1,189
(ii) an amount owing to a company in which indirect common major shareholders have an interest	874	595
(iii) an amount owing to an associate	4,451	4,766

The above amounts owing mainly arose from trade transactions which are unsecured, interest free and repayable on demand.

The average credit period of trade payables is 30 days (2022: 30 days). No interest is charged by the trade payables for balances which are past due.

39. PROVISIONS

	The Group		The Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Provision for heavy repairs (a)	30,475	25,544	-	-
Provision for restoration costs (b)	817	902	809	809
Provision for asset retirement obligation (c)	8,461	7,900	-	-
	39,753	34,346	809	809
Current	8	93	-	-
Non-current	39,745	34,253	809	809
	39,753	34,346	809	809

39. PROVISIONS (CONT'D)

The Group	Provision for heavy repairs RM'000	Provision for restoration costs RM'000	Provision for asset retirement obligations RM'000	Total RM'000
As of 1 January 2022	24,143	1,372	-	25,515
Arising from business combination (Note 48)	-	-	7,528	7,528
Provision for the year	4,286	6	372	4,664
Utilisation for the year	(2,885)	(476)	-	(3,361)
As of 31 December 2022/1 January 2023	25,544	902	7,900	34,346
Provision for the year	4,931	-	561	5,492
Utilisation for the year	-	(85)	-	(85)
As of 31 December 2023	30,475	817	8,461	39,753
The Company				Provision for restoration costs RM'000
As of 1 January 2022/31 December 2022/1 January 2023/31 December 2023				809

- (a) Provision of heavy repairs of the Group represents management's best estimate of Grand Saga Sdn. Bhd., a subsidiary's obligation to perform heavy repairs for the concession of Cheras-Kajang Highway.

The heavy repairs of highway are provided based on annual independent pavement assessment condition that estimates the future requirements for pavement resurfacing, and it requires management to exercise significant judgement in estimating the incidental costs and the discount rate used to derive at present value. Changes to the expected level of usage and technological developments could impact future requirements for heavy repairs, and therefore, the provision could be revised.

The Group has reassessed the basis of estimation for the provision of heavy repairs for maintenance and repairs based on the independent pavement condition assessment conducted annually. This change in estimates is in accordance with the requirements of MFRS108 "Accounting Policies, Changes in Accounting Estimates and Errors". The reassessment did not result in significant changes to the provision for heavy repair as of 31 December 2023.

- (b) Provision for restoration costs of the Group represents management's best estimate of the liabilities to restore the concession assets under Taliworks Langkawi, a subsidiary as at the date of expiration of the Privatisation Contract on 31 October 2020, and the liability to restore the leased office premises for the Group and the Company at the end of the lease term.

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39. PROVISIONS (CONT'D)

- (c) Provision for asset retirement obligations represents management's best estimate of the feed-in approval holders' obligation to restore the leased land, include amongst others, disassembling costs of the solar photovoltaic modules as stipulated under the land lease agreement.

Management is required to exercise significant judgements in estimating the future cost to restore the leased land, include amongst others, disassembling costs of the solar photovoltaic modules as stipulated under the land lease agreement and the discount rate used to derive at present value. Changes to the future disassembling costs and technological developments could impact future requirements for asset retirement obligations, and therefore, the provision could be revised.

40. DEFERRED INCOME

	The Group	
	2023 RM'000	2022 RM'000
Rental and maintenance fee: (a)		
As of 1 January	1,618	1,741
Addition	3,440	-
Recognised in profit or loss (Note 7)	(328)	(123)
As of 31 December	4,730	1,618
Government compensation: (b)		
As of 1 January	76,049	90,913
Recognised in profit or loss (Note 5)	(14,389)	(14,864)
As of 31 December	61,660	76,049
Current	13,989	14,389
Non-current	52,401	63,278
Total deferred income	66,390	77,667

Deferred income comprises the following:

- (a) Fees received by a subsidiary, Grand Saga Sdn. Bhd., from third parties for the use of ancillary facilities along the Cheras-Kajang Highway, which is recognised in profit or loss on a straight-line basis over the concession period; and
- (b) Government compensation received by a subsidiary, Grand Saga Sdn. Bhd., as a result of changes made to the terms and conditions of the concession agreement in respect of the Cheras-Kajang Highway. Government compensation is initially recognised in the statements of financial position at the fair value of consideration received. Government compensation is subsequently recognised to profit or loss on a systematic basis over the concession period in which it was intended to compensate.

41. OTHER PAYABLES AND ACCRUALS

	The Group	
	2023	2022
	RM'000	RM'000
Other payables and accruals	27,856	30,005
Interest payables	6,478	7,171
	34,334	37,176

	The Company	
	2023	2022
	RM'000	RM'000
Other payables and accruals	17,067	12,550

Other payables and accruals are classified as financial liabilities and measured at amortised cost.

Included in other payables and accruals of the Group and of the Company are the following:

	The Group	
	2023	2022
	RM'000	RM'000
An amount owing to a company in which a director and indirect common major shareholders have an interest	92	98

	The Company	
	2023	2022
	RM'000	RM'000
An amount owing to a company in which a director and indirect common major shareholders have an interest	6	-

The above amounts owing mainly arose from non-trade transactions which are unsecured, interest free and repayable on demand.

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42. DIVIDENDS

Dividends declared and paid/payable in respect of the financial year are as follows:

	The Group and The Company Gross dividend per share Sen	Amount of dividend, net of tax RM'000
2023		
Dividends paid:		
In respect of the financial year ended 31 December 2022:		
Fourth interim single-tier dividend paid on 31 March 2023	1.65	33,261
In respect of the financial year ended 31 December 2023:		
First interim single-tier dividend paid on 30 June 2023	1.65	33,261
Second interim single-tier dividend paid on 29 September 2023	1.65	33,261
Third interim single-tier dividend paid on 22 December 2023	1.65	33,261
		133,044

On 27 February 2024, the directors declared a fourth interim single-tier dividend of 1.0 sen per share amounting to approximately RM20,158,176 in respect of the current financial year, to be paid on 29 March 2024. This dividend has not been included as a liability in the statements of financial position as of 31 December 2023. The dividend payment will be accounted for in equity as an appropriation of retained earnings during the financial year ending 31 December 2024.

The directors do not recommend any final dividend in respect of the current financial year.

	The Group and The Company Gross dividend per share Sen	Amount of dividend, net of tax RM'000
2022		
Dividends paid:		
In respect of the financial year ended 31 December 2021:		
Fourth interim single-tier dividend paid on 25 March 2022	1.65	33,261
In respect of the financial year ended 31 December 2022:		
First interim single-tier dividend paid on 30 June 2022	1.65	33,261
Second interim single-tier dividend paid on 30 September 2022	1.65	33,261
Third interim single-tier dividend paid on 23 December 2022	1.65	33,261
		133,044

43. FINANCIAL INSTRUMENTS

Capital Risk Management

The Group's and the Company's objectives when managing capital are to safeguard the Group's and the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, institute share-buy-backs or increase the level of debt.

Consistent with others in the industry, the Group and the Company monitor capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including "current and non-current borrowings" as shown in the statements of financial position) less deposits, cash and bank balances and investments designated at FVTPL. Total capital is the "total equity" as shown in the statements of financial position.

The Group's and the Company's strategy, which was unchanged from the previous year, is to maintain the gearing ratio of less than 100%.

The gearing ratios at the end of each reporting period are as follows:

	The Group		The Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Total borrowings (Note 36)	304,215	328,907	5,000	-
Less: Deposits, cash and bank balances (Note 26)	(128,402)	(96,371)	(24,878)	(14,524)
Less: Investments designated at FVTPL (Note 31)	(50,846)	(120,740)	(271)	(26,611)
Net debt	124,967	111,796	N/A	N/A
Total capital	963,862	1,047,851	771,019	808,423
Net gearing ratio (%)	13.0	10.7	N/A	N/A

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43. FINANCIAL INSTRUMENTS (CONT'D)

Categories of financial instruments

	The Group	
	2023 RM'000	2022 RM'000
Financial assets		
<u>Financial assets at amortised cost:</u>		
Trade receivables	65,905	74,758
Other receivables and deposits (Note 29)	20,119	22,587
Deposits, cash and bank balances	128,402	96,371
<u>Financial assets at FVTPL:</u>		
Investment designated at FVTPL	50,846	120,740
Other investment	200	200
<u>Financial assets at FVTOCI:</u>		
Investment in redeemable preference shares of a joint venture (Note 20)	36,424	36,424

Financial liabilitiesFinancial liabilities at amortised cost:

Trade payables	29,662	24,932
Other payables and accruals	34,334	37,176
Borrowings	304,215	328,907
Lease liabilities	33,491	36,129

	The Company	
	2023 RM'000	2022 RM'000
Financial assets		
<u>Financial assets at amortised cost:</u>		
Trade receivables	16,178	12,548
Other receivables and deposits (Note 29)	1,837	1,245
Amount due from subsidiaries (Note 30)	158,426	148,502
Deposits, cash and bank balances	24,878	14,524
<u>Financial assets at FVTPL:</u>		
Investment designated at FVTPL	271	26,611
<u>Financial assets at FVTOCI:</u>		
Investment in redeemable preference shares of a subsidiary (Note 19)	275,812	275,812
Investment in redeemable preference shares of a joint venture (Note 20)	36,424	36,424

Financial liabilitiesFinancial liabilities at amortised cost:

Trade payables	719	606
Other payables and accruals	17,067	12,550
Lease liabilities	23,900	26,052

43. FINANCIAL INSTRUMENTS (CONT'D)

Financial Risk Management Objectives

The Group's and the Company's activities in the normal course of business expose it to a variety of financial risks, including foreign currency, interest rate, credit and liquidity risks. The Group's and the Company's overall financial risk management objective is to minimise potential adverse effects of these risks on the financial performance of the Group and of the Company. Financial risk management is carried out through risk reviews, internal control systems and adherence to prudent financial risk management policies.

The Group and the Company do not use derivative financial instruments as the nature and size of its financial assets and liabilities do not warrant the use of such instruments at present. It does not trade in financial instruments.

Foreign Currency Risk

Foreign currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. The Group are not exposed to significant foreign currency risk as there are minimal transactions undertaken denominated in currencies other than the functional currencies of the entities.

Sensitivity analysis for foreign currency risk

The Group is mainly exposed to the foreign currency risk of US Dollar.

5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes all monetary assets/liabilities denominated in foreign currency and adjusts their translation at year end for a 5% change in foreign currency rates. If US Dollar strengthens/weakens against RM by 5%, with all other variables held constant, the impact to the Group's pre-tax profit for the financial year would have been RM456,000 (2022: RM107,000) higher/lower.

In the Director's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk because the exposure at the end of the reporting period does not reflect the exposure during the year.

Interest Rate Risk

Interest rate risk is the risk that the fair value of future cash flows of the Group's and the Company's financial instruments will fluctuate due to changes in market interest rates. Interest rate exposure primarily arises from the Group's and the Company's deposits and borrowings. Borrowings obtained at fixed rates expose the Group and the Company to fair value interest rate risk. The Group and the Company closely monitor the interest rate trend on an ongoing basis. Decisions in respect of fixed or floating rate debt structure and tenure of borrowings and deposits are made based on the expected trend of interest rate movements.

Sensitivity analysis for interest rate risk

At the end of the reporting period, if interest rates had been 100 basis points lower/higher, with all other variables held constant, the Group's and the Company's pre-tax profit for the financial year would have been RM1,977,000 and RM85,000 (2022: RM2,471,000 and RM135,000) higher/lower respectively, arising mainly as a result of lower/higher finance costs on floating rate borrowings. The assumed movement in basis points for interest rate sensitivity analysis is based on a prudent estimate of the current market environment.

The above sensitivity analysis excludes finance lease liabilities as their interest rates are fixed at the inception of the financing arrangement.

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43. FINANCIAL INSTRUMENTS (CONT'D)Credit Risk

Credit risk is the risk of a financial loss if a customer or counterparty to a financial instrument fails to meet its contractual obligations. It arises when services or sales are made on deferred credit terms. The credit risk of the Group and the Company is concentrated in a few customers. The Group and the Company consider the risk of material loss in the event of non-performance by the financial counter-party or customer to be unlikely beyond amounts allowed for collection losses in the Group's and the Company's receivables. Further disclosure is made in Note 25.

Maximum exposure to credit risk

At the end of the reporting period, the Group's and the Company's maximum exposure to credit risk is represented by the carrying amount of their trade and other receivables as disclosed in the statements of financial position, in the event that all their customers fail to perform their obligations at the end of the reporting period.

Investments designated at FVTPL comprise investment in liquid securities primarily in quoted unit trusts in money market securities instruments managed by companies that are authorised to issue or offer for purchase of units of a Unit Trust Scheme as defined under the Capital Markets and Services Act, 2007 of Malaysia. The carrying amount of investments designated at FVTPL disclosed in Note 31 best represents their maximum exposure to credit risk.

The Group and the Company do not hold any collateral or credit enhancements to cover its credit risk associated with its receivables.

As disclosed in Note 25, the concentration of credit risk is in the one single largest customer. Apart from this, the Group does not have significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics.

The credit quality of deposits, cash and bank balances assessed by reference to external credit ratings or to historical information about counterparty default rates is as follows:

	The Group		The Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Deposits, cash and bank balances (Note 26):				
External credit rating				
(as rated by a rating agency in Malaysia):				
AAA	122,637	95,265	19,964	14,059
AA1	21	28	-	-
AA2	219	213	4,905	57
AA3	4,920	471	-	-
Without external credit rating	605	394	9	8
	128,402	96,371	24,878	14,524

43. FINANCIAL INSTRUMENTS (CONT'D)

Liquidity Risk

Liquidity risk is the risk that the Group and the Company will not be able to meet their financial obligations as and when they fall due. Liquidity risk is managed by maintaining an adequate level of cash reserves and committed credit facilities, and close monitoring of working capital requirements. The Group and the Company seek to maintain flexibility in funding by keeping committed credit lines available. If required, the Group and the Company will raise additional funds through external borrowings or from the capital markets.

In circumstances where current liabilities exceed current assets and there is a deficit in shareholders' funds, the Company may undertake to provide financial support to its subsidiaries to enable the subsidiaries to meet their liabilities as and when they fall due.

The table below analyses the financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the undiscounted contractual cash flows.

	Weighted average effective interest rate %	Less than 1 year RM'000	Between 1 to 2 years RM'000	Between 2 to 5 years RM'000	Over 5 years RM'000	Total RM'000
The Group						
2023						
Non-interest bearing:						
Trade payables		27,942	-	-	-	27,942
Other payables and accruals		34,334	-	-	-	34,334
Interest bearing:						
Trade payables	4.50	91	676	1,040	-	1,807
Borrowings	5.12	44,767	53,014	156,678	105,392	359,851
Lease liabilities	4.24 to 7.24	4,712	4,766	14,912	18,347	42,737
		111,846	58,456	172,630	123,739	466,671
2022						
Non-interest bearing:						
Trade payables		23,882	-	-	-	23,882
Other payables and accruals		37,176	-	-	-	37,176
Interest bearing:						
Trade payables	4.00 to 8.00	-	1,120	-	-	1,120
Borrowings	5.08	46,264	44,767	152,990	162,094	406,115
Lease liabilities	4.24 to 7.24	4,646	4,685	14,648	23,294	47,273
		111,968	50,572	167,638	185,388	515,566

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43. FINANCIAL INSTRUMENTS (CONT'D)

	Weighted average effective interest rate %	Less than 1 year RM'000	Between 1 to 2 years RM'000	Between 2 to 5 years RM'000	Over 5 years RM'000	Total RM'000
The Company						
2023						
Non-interest bearing:						
Trade payables		719	-	-	-	719
Other payables and accruals		17,067	-	-	-	17,067
Interest bearing:						
Lease liabilities	5.25	3,520	3,520	11,174	11,814	30,028
		21,306	3,520	11,174	11,814	47,814
2022						
Non-interest bearing:						
Trade payables		606	-	-	-	606
Other payables and accruals		12,550	-	-	-	12,550
Interest bearing:						
Lease liabilities	5.25	3,520	3,520	10,970	15,538	33,548
		16,676	3,520	10,970	15,538	46,704

At the end of the reporting period, no events have arisen which may cause the Financial Guarantees amounting to RM87,910,000 (2022: RM74,239,000) provided by the Group and the Company to be called upon or claimed by any counterparty pursuant to the relevant contracts entered by the Group or the Company. Consequently, no amount is included.

44. FAIR VALUE MEASUREMENT

This note provides information about how the Group and the Company determine fair values of various financial assets and liabilities.

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

(a) Financial assets that are measured at fair value

The table below analyses the financial instruments measured at fair value at the reporting date, by the level in the fair value hierarchy:

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
The Group				
2023				
Financial assets at FVTPL:				
Other investment	-	-	200	200
Investment designated at FVTPL	-	50,846	-	50,846
Financial assets at FVTOCI:				
Investment in redeemable preference shares of a joint venture	-	-	36,424	36,424
2022				
Financial assets at FVTPL:				
Other investment	-	-	200	200
Investment designated at FVTPL	-	120,740	-	120,740
Financial assets at FVTOCI:				
Investment in redeemable preference shares of a joint venture	-	-	36,424	36,424

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for the year ended 31 December 2023

44. FAIR VALUE MEASUREMENT (CONT'D)**(a) Financial assets that are measured at fair value (Cont'd)**

The table below analyses the financial instruments measured at fair value at the reporting date, by the level in the fair value hierarchy: (Cont'd)

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
The Company				
2023				
Financial assets at FVTPL:				
Investment designated at FVTPL	-	271	-	271
Financial assets at FVTOCI:				
Investment in redeemable preference shares of a subsidiary	-	-	275,812	275,812
Investment in redeemable preference shares of a joint venture	-	-	36,424	36,424
2022				
Financial assets at FVTPL:				
Investment designated at FVTPL	-	26,611	-	26,611
Financial assets at FVTOCI:				
Investment in redeemable preference shares of a subsidiary	-	-	275,812	275,812
Investment in redeemable preference shares of a joint venture	-	-	36,424	36,424

There was no transfer between Levels 1, 2 and 3 during the year.

For investment in unquoted unit trusts in general, fair values have been estimated by reference to quotes published by unit trust companies.

For investment in redeemable preference shares of a subsidiary and a joint venture, fair values have been estimated by discounting the projected cash flows of dividends to be distributed by the subsidiary and joint venture up to the expiry date of the concession agreements at cost of equity of the respective subsidiary and joint venture. There are no measurement impacts to the carrying amount of investment in preference shares at the end of the reporting period as the directors are of the opinion that the carrying amounts approximate its fair value.

For other investment, the fair value is based on market comparison technique.

44. FAIR VALUE MEASUREMENT (CONT'D)**(b) Fair value of financial assets and financial liabilities that are not measured at fair value (but fair value disclosures are required)**

Except as detailed in the following table, the directors consider that the carrying amounts of financial assets and financial liabilities recognised in the consolidated financial statements approximate their fair values.

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
The Group				
2023				
IMTN	-	316,273	-	316,273
2022				
IMTN	-	342,180	-	342,180

The fair value of IMTN was determined from future cash flows discounted using current market profit rates available for similar financial instruments of 3.86% to 4.29% (2022: 3.77% to 5.04%).

45. SIGNIFICANT RELATED PARTY TRANSACTIONS

The significant related party transactions described below were carried out on an arm's length basis and on normal commercial terms not more favourable to the related parties than those generally available to the non-related parties.

Terms offered by the related parties are fair and reasonable and in the commercial interests of the Company and comparable with those offered by the non-related parties.

The related parties and the relationship with the Company are as follows:

<u>Related party</u>	<u>Relationship</u>
Alam Ria Sdn. Bhd.	Common director and indirect common major shareholders
Perangasang Water Management Sdn. Bhd.	Indirect common major shareholder
Extra Sdn. Bhd.	Common director and indirect common major shareholder
Extra Solutions Sdn. Bhd.	Common director and indirect common major shareholder
GSL Realty Sdn. Bhd.	Common director and indirect common major shareholder
Sungai Harmoni Sdn. Bhd.	Subsidiary
Taliworks (Langkawi) Sdn. Bhd.	Subsidiary
Taliworks Construction Sdn. Bhd.	Subsidiary
Grand Saga Sdn. Bhd.	Subsidiary
TEI Sdn. Bhd.	Subsidiary
Taliworks Renewables Sdn. Bhd.	Subsidiary
Grand Sepadu (NK) Sdn. Bhd.	Subsidiary of joint venture
Aqua-Flo Sdn. Bhd.	Associate
SWM Environment Holdings Sdn. Bhd.	Associate
LGB Taliworks Consortium Sdn. Bhd.	Associate

Notes to the Financial Statements

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45. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONT'D)

In addition to related party disclosures disclosed elsewhere in the financial statements, set out below are other significant related party transactions:

	The Group		The Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Purchase of water treatment chemicals and related equipment or systems from and design, supply, install, testing and commissioning of equipment for water treatment plant from:				
Aqua-Flo Sdn. Bhd.	17,020	17,659	-	-
Contractual payments in respect of technical support and management services to:				
Alam Ria Sdn. Bhd. (a)	7,020	7,109	-	-
Perangsang Water Management Sdn. Bhd. (a)	3,510	3,554	-	-
Purchase of hardware and software and service rendered in relation to information technology services and maintenance fee paid to:				
Exitra Sdn. Bhd. (b)	773	1,487	247	340
Exitra Solutions Sdn. Bhd. (b)	155	141	107	93
Rental of office premises paid to:				
GSL Realty Sdn. Bhd. (b)	3,520	3,274	3,520	3,274
Progress billings:				
LGB Taliworks Consortium Sdn. Bhd.	3,264	-	-	-
Interest income on intercompany loan from Taliworks Renewables Sdn. Bhd.	-	-	6,988	5,131
Income from subleasing right-of-use assets:				
Sungai Harmoni Sdn. Bhd.	-	-	313	295
Taliworks Construction Sdn. Bhd.	-	-	423	422
Management fee from:				
Subsidiaries:				
Sungai Harmoni Sdn. Bhd.	-	-	2,588	2,882
Taliworks Construction Sdn. Bhd.	-	-	1,370	747
Grand Saga Sdn. Bhd.	-	-	1,943	2,820
Taliworks Renewables Operation Sdn Bhd	-	-	1,794	-
Joint venture:				
Grand Sepadu (NK) Sdn. Bhd.	1,101	1,391	1,101	1,391
Associates:				
SWM Environment Holdings Sdn. Bhd. (b)	-	3,610	-	3,610
SWM Environment Sdn Bhd	1,521	-	1,521	-
Edaran SWM Sdn Bhd	1,710	-	1,710	-
Total (Note 5)	4,332	5,001	12,027	11,450

45. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONT'D)

In addition to related party disclosures disclosed elsewhere in the financial statements, set out below are other significant related party transactions: (Cont'd)

	The Group		The Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Dividend income from:				
Subsidiaries:				
Taliworks (Langkawi) Sdn. Bhd.	-	-	3,990	24,300
Sungai Harmoni Sdn. Bhd.	-	-	84,000	-
TEI Sdn. Bhd.	-	-	-	3,570
Joint venture:				
Pinggiran Muhibbah Sdn. Bhd.	-	-	7,875	-
Associates:				
Aqua Flo Sdn. Bhd.	-	-	864	817
Total (Note 5)	-	-	96,729	28,687

- (a) The contractual payments relating to the operations and maintenance of water treatment plants are based on fee rates stated in the respective agreements entered into by Alam Ria Sdn. Bhd. and Perangsang Water Management Sdn. Bhd. with Sungai Harmoni. The contractual agreement in respect of technical support and management services between Sungai Harmoni and Alam Ria Sdn. Bhd. and Perangsang Water Management Sdn. Bhd. was entered into in 2000.

Lim Chin Sean is a director and indirect major shareholder of the Company. He is also a director and major shareholder of Alam Ria Sdn. Bhd., and indirect major shareholder of Perangsang Water Management Sdn. Bhd..

- (b) Lim Chin Sean is a director of Extra Sdn. Bhd., Extra Solutions Sdn. Bhd. and GSL Realty Sdn. Bhd.. He is also indirect major shareholder in these companies as well as in SWM Environment Holdings Sdn. Bhd..

Compensation of key management personnel

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group and of the Company either directly or indirectly. The key management personnel of the Group and of the Company include Executive Director of the Company and certain members of senior management of the Group and of the Company.

The remuneration of Executive Director and other members of key management during the financial year are as follows:

	The Group		The Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Fees	144	144	120	120
Wages, salaries and bonus	4,623	4,786	2,747	2,639
Defined contribution plan	427	445	221	247
Other emoluments	779	498	244	292
	5,973	5,873	3,332	3,298

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45. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONT'D)**Compensation of key management personnel (Cont'd)**

Included in total key management remuneration of the Group and of the Company is remuneration (consisting of fees, salaries, bonus, defined contribution plan and other remuneration) of the Company's Executive Director of RM746,000 (2022: RM700,000) and RM718,000 (2022: RM672,000) respectively.

Benefits-in-kind received by Executive Director and other members of key management of the Group and of the Company are RM374,000 (2022: RM148,000) and RM85,000 (2022: RM81,000) respectively.

46. CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES**Capital commitments**

Capital commitments not provided for in the financial statements are as follows:

	The Group		The Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Authorised but not contracted for:				
Property, plant and equipment	24,601	34,022	98	410

Contingent liabilities

There are no contingent liabilities in the Group and in the Company which have arisen as at the end the current and previous financial year.

47. OPERATING LEASE ARRANGEMENTS**The Group as a lessor**

The Group enters into lease agreements as a lessor with respect to its investment properties, the advertisement billboards, rest and services area along its highways to business operators or retailers. The Group entered into operating lease arrangements of between 1 to 5 years, with extension option. All operating lease contracts contain market review clauses in the event that the lessee exercises its option to renew. The lessee does not have an option to purchase the property at the expiry of the lease period.

Maturity analysis of operating lease payments:

	The Group		The Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Year 1	272	286	752	752
Year 2	15	65	739	752
Year 3	4	3	779	739
Year 4	-	-	779	779
Year 5 onwards	-	-	3,241	4,020
	291	354	6,290	7,042

48. SIGNIFICANT EVENTS

2022

On 30 November 2020 and 15 December 2020, TRSB, a wholly-owned subsidiary of the Company, executed two (2) separate Conditional Share Sale and Purchase Agreements ("SSPA") to acquire the entire equity interest in four solar projects held by feed-in approval holders namely TR Sepang Sdn. Bhd. ("TR Sepang"), TR Satern Sdn. Bhd. ("TR Satern") and TR Cpark Sdn. Bhd. ("TR Cpark") (collectively known as "FIAHs"), with an aggregate capacity of 19MW within the vicinity of the Kuala Lumpur International Airport.

The proposed acquisition entails the following:

- (i) direct acquisition of the entire equity interest in TR (SG1) Pte. Ltd. ("SG1"), TR (SG2) Pte. Ltd. ("SG2"), TR (SG3) Pte. Ltd. ("SG3") and Taliworks Renewables Operations Sdn. Bhd. ("TRO"), for a purchase consideration of RM144.1 million where SG1, SG2 and SG3 held majority economic interest in each of the FIAH (collectively known as "Renewables Group")
- (ii) direct acquisition of the remaining equity interest in FIAHs not held by SG1, SG2 and SG3 for a purchase consideration of RM36.3 million.

On 30 November 2021, the SSPA of the proposed acquisition (i) has been extended to 15 March 2022 and was further extended until 15 June 2022 on 15 March 2022. On 25 March 2022, the SSPA for the proposed acquisition (ii) which has lapsed on 16 December 2021 was extended to 15 June 2022 with the purchase consideration being revised to RM37.5 million.

Proposed Acquisition (i)

On 21 April 2022, the SSPA of the proposed acquisition (i) has been completed. Accordingly, SG1, SG2, SG3 and TRO became wholly-owned subsidiaries of TRSB, a wholly-owned subsidiary of the Company. Due to that, the Group obtained control over the FIAHs by virtue of the majority economic interest held by SG1, SG2 and SG3 and TRO, and therefore, they have been accounted for using the acquisition method in accordance with MFRS 3 Business Combinations and MFRS 10 Consolidated Financial Statements, which resulted in a goodwill on consolidation to the Group amounting to RM3,118,000.

The analysis of the above acquisition is as follows: -

- (i) Consideration transferred

	The Group 2022 RM'000
Aggregate Transaction Sum	144,050
Adjustments*	(16,217)
	127,833
Settlement of previous shareholders' loans owing by FIAHs	(125,614)
	2,219

* The equity consideration was adjusted downward by RM16.22 million as mutually agreed upon between the seller and the Group pursuant to the Conditional Share Sale and Purchase Agreement ("SPA") executed by the parties.

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for the year ended 31 December 2023

48. SIGNIFICANT EVENTS (CONT'D)

The analysis of the above acquisition is as follows: - (Cont'd)

(ii) The fair value of the identifiable assets acquired and liabilities at the date of acquisition:

	Acquiree's carrying amount RM'000	FVM adjustments RM'000	Fair values Recognised on acquisition date RM'000
Non-current assets			
Property, plant and equipment (Note 14)	114,150	18,241	132,391
Lease assets (Note 15)	8,309	1,656	9,965
Current assets			
Trade and other receivables	2,338	-	2,338
Tax recoverable	387	-	387
Bank and cash balances	34,807	-	34,807
Non-current liabilities			
Lease liabilities (Note 37)	(8,466)	(839)	(9,305)
Provision for asset retirement obligations (Note 39)	(10,080)	2,552	(7,528)
Deferred tax liabilities (Note 24)	(18,070)	(5,111)	(23,181)
Current liabilities			
Trade and other payables	(141,950)	-	(141,950)
Proposed dividends	(244)	-	(244)
Lease liabilities (Note 37)	(351)	(309)	(660)
Total identifiable net liabilities	(19,170)	16,190	(2,980)

Goodwill recognised as a result of the acquisition is as follows:

	The Group 2022 RM'000
Equity consideration paid	2,219
Add: the non-controlling interest measured at its acquisition-date at fair value	(2,081)
Add: fair value of net identifiable liabilities	2,980
Goodwill on consolidation (Note 23)	3,118

48. SIGNIFICANT EVENTS (CONT'D)

The analysis of the above acquisition is as follows: - (Cont'd)

(iii) Net cash inflow on acquisition of subsidiaries

	The Group 2022 RM'000
Equity consideration paid in cash	(2,219)
Less: Cash and cash equivalents acquired	34,807
	32,588

Proposed Acquisition (ii)

On 15 June 2022, the SSPA of the proposed acquisition (ii) has been completed. Accordingly, TRSB, a wholly-owned subsidiary of the Company, will hold the entire equity interest in FIAHs via direct ownership in SG1, SG2 and SG3 and remaining equity interest in FIAHs not held by SG1, SG2 and SG3. The analysis of the above acquisition is as follows:

(i) Consideration transferred

	The Group 2022 RM'000
Aggregate Transaction Sum	37,500
Less: Settlement of dividends owing to a minority shareholder pursuant to the share sale and purchase agreement	(244)
Equity Consideration paid in cash	37,256

(ii) The financial effects of the acquisition of non-controlling interests are as follows:

	The Group 2022 RM'000
Proportionate share of the carrying amount of the net liabilities at date of acquisition	(2,034)
Less: Consideration paid	(37,256)
Positive movement in equity	(39,290)

The seller and the Group agreed to a capital expenditure of RM5.67 million (referred to as "Agreed Mitigation Costs") to be incurred on the site of a photovoltaic plant. Out of this sum, RM4,120,000 is borne by the vendor and the amount has been adjusted to the equity consideration as elaborated in Note 48(i). Pursuant to the SPA, if the total Mitigation Costs incurred is less than RM4,800,000 by 28 February 2023 ("Shortfall"), the Group would undertake to pay to the seller an amount equivalent to 85% of the Shortfall, as calculated using an agreed formulae stipulated in the SPA.

In March 2023, both parties had reached a consensus of the mitigation work plan estimated fee at more than RM4,800,000, and hence, there was no refund was required by the Group.

ANALYSIS OF SHAREHOLDINGS

as at 24 March 2024

SHAREHOLDINGS STRUCTURE

The total number of issued shares of the Company stands at 2,015,817,574 ordinary shares, with voting right of one vote per ordinary share.

ANALYSIS OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	%	No. of Shares Held	%
1 – 99	354	4.24	10,646	0.00
100 – 1,000	1,015	12.16	605,345	0.03
1,001 – 10,000	3,706	44.42	20,278,474	1.00
10,001 – 100,000	2,744	32.89	87,290,894	4.33
100,001 to less than 5% of issued shares	519	6.22	753,318,882	37.37
5% and above of issued shares	6	0.07	1,154,313,333	57.26
Total	8,344	100.00	2,015,817,574	100.00

LIST OF THIRTY LARGEST SHAREHOLDERS

No.	Name	No. of Shares Held	%
1.	Tali-Eaux Sdn Bhd	383,385,000	19.02
2.	Water Clinic Sdn Bhd	270,000,000	13.39
3.	Lembaga Tabung Haji	146,950,000	7.29
4.	Malar Terang Sdn Bhd	124,638,333	6.18
5.	Century General Water (M) Sdn Bhd	123,090,000	6.11
6.	CIMB Group Nominees (Asing) Sdn Bhd Pledged Securities Account – DBS Bank Ltd for Vijay Vijendra Sethu (SG1400407752)	106,250,000	5.27
7.	Mal Monte Sdn Bhd	95,850,000	4.75
8.	HSBC Nominees (Asing) Sdn Bhd Exempt AN for Credit Suisse (SG BR-TST-Asing)	75,000,000	3.72
9.	Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board	49,442,381	2.45
10.	Citigroup Nominees (Asing) Sdn Bhd Exempt AN for Morgan Stanley Smith Barney LLC (CLNT FUL PD SEG)	42,669,583	2.12
11.	Lim Chee Meng	42,645,050	2.12
12.	CIMSEC Nominees (Tempatan) Sdn Bhd CIMB for Lim Chee Meng (PB)	41,666,666	2.07
13.	Citigroup Nominees (Tempatan) Sdn Bhd Exempt AN for AIA BHD.	27,506,532	1.37

LIST OF THIRTY LARGEST SHAREHOLDERS (CONT'D)

No.	Name	No. of Shares Held	%
14.	Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board (Islamic)	20,970,919	1.04
15.	Ng Yim Hoo	18,063,333	0.90
16.	Maybank Nominees (Tempatan) Sdn Bhd Etika Family Takaful Berhad (Family)	15,224,400	0.76
17.	Minhat Bin Mion	13,333,333	0.66
18.	Maybank Nominees (Tempatan) Sdn Bhd Etika Life Insurance Berhad (Life Par)	11,408,400	0.57
19.	Citigroup Nominees (Tempatan) Sdn Bhd Great Eastern Life Assurance (Malaysia) Berhad (LBF)	9,572,800	0.48
20.	CIMSEC Nominees (Tempatan) Sdn Bhd CIMB for Ng Lee Ling (PB)	9,000,000	0.45
21.	Maybank Nominees (Tempatan) Sdn Bhd Etika General Takaful Berhad (Shareholders Fund – EQ)	8,981,200	0.45
22.	Century General Water (M) Sdn Bhd	8,745,000	0.43
23.	Maybank Nominees (Tempatan) Sdn Bhd Etika General Takaful Berhad (General 2)	7,021,000	0.35
24.	Maybank Nominees (Tempatan) Sdn Bhd Etika Life Insurance Berhad (Life Non Par)	6,368,600	0.32
25.	CIMB Islamic Nominees (Tempatan) Sdn Bhd Principal Islamic Asset Management Sdn Bhd for Lembaga Tabung Haji	6,290,033	0.31
26.	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Ong Ka Ting (E-SS2)	6,200,000	0.31
27.	Maybank Nominees (Tempatan) Sdn Bhd Etika Family Takaful Berhad (Shareholders)	5,793,900	0.29
28.	Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board (CGS CIMB)	5,039,000	0.25
29.	Citigroup Nominees (Tempatan) Sdn Bhd Great Eastern Life Assurance (Malaysia) Berhad (DR)	4,696,500	0.23
30.	Phang Wai Hoong	3,910,916	0.19
TOTAL		1,689,712,879	83.85

Analysis of Shareholdings

as at 24 March 2024

The substantial shareholders as per the Register of Substantial Shareholders:-

Name	Direct No. of Shares Held	%	Indirect No. of Shares Held	Notes	%
Tali-Eaux Sdn Bhd	383,385,000	19.02	-	-	-
Water Clinic Sdn Bhd	270,000,000	13.39	-	-	-
Lembaga Tabung Haji	153,240,033	7.60	-	-	-
Century General Water (M) Sdn Bhd	131,835,000	6.54	-	-	-
Malar Terang Sdn Bhd	124,638,333	6.18	-	-	-
Vijay Vijendra Sethu	106,250,000	5.27	75,000,000	(a)	3.72
Anekawal Sdn Bhd	-	-	383,385,000	(b)	19.02
LGB Holdings Sdn Bhd	-	-	1,005,708,333	(c)	49.89
Adil Cita Sdn Bhd	-	-	515,220,000	(d)	25.56
Dato' Lim Chee Meng	84,311,716	4.18	1,006,833,333	(e)	49.95
Lim Chin Sean	250,006	0.01	1,006,833,333	(e)	49.95
LGB Group Sdn Bhd	-	-	1,006,833,333	(e)	49.95
GSL Development Sdn Bhd	-	-	131,835,000	(f)	6.54

Notes:-

(a) Indirect interest through a family trust.

(b) Deemed interest by virtue of its shareholdings in Tali-Eaux Sdn Bhd pursuant to Section 8(4) of the Companies Act 2016.

(c) Deemed interest by virtue of its shareholdings in Tali-Eaux Sdn Bhd, Malar Terang Sdn Bhd, Water Clinic Sdn Bhd, Century General Water (M) Sdn Bhd and Mal Monte Sdn Bhd pursuant to Section 8(4) of the Companies Act 2016.

(d) Deemed interest by virtue of its shareholdings in Tali-Eaux Sdn Bhd and Century General Water (M) Sdn Bhd pursuant to Section 8(4) of the Companies Act 2016.

(e) Deemed interest by virtue of their shareholdings in Tali-Eaux Sdn Bhd, Malar Terang Sdn Bhd, Water Clinic Sdn Bhd, Century General Water (M) Sdn Bhd, Mal Monte Sdn Bhd and LGB Engineering Sdn Bhd pursuant to Section 8(4) of the Companies Act 2016.

(f) Deemed interest by virtue of its shareholdings in Century General Water (M) Sdn Bhd pursuant to Section 8(4) of the Companies Act 2016.

The Directors' shareholdings as per the Register of Directors' Shareholdings:-

Name	Direct No. of Shares Held	%	Indirect No. of Shares Held	Notes	%
YAM Tunku Ali Redhauddin Ibni Tuanku Muhriz	-	-	-	-	-
Raja Datuk Zaharaton Binti Raja Dato' Zainal Abidin	-	-	-	-	-
Datin Pauline Tam Poh Lin	-	-	275,000	(a)	0.014
Ahmad Jauhari Bin Yahya	-	-	-	-	-
Datuk Roger Tan Kor Mee	-	-	-	-	-
Lim Chin Sean	250,006	0.01	1,006,833,333	(b)	49.95
Kevin Chin Soong Jin	1,438,333	0.07	-	-	-

Notes:-

(a) Deemed interest by virtue of her spouse's shareholdings in the Company pursuant to Section 59(11)(c) of the Companies Act, 2016.

(b) Deemed interest by virtue of his shareholdings in Tali-Eaux Sdn Bhd, Malar Terang Sdn Bhd, Water Clinic Sdn Bhd, Century General Water (M) Sdn Bhd, Mal Monte Sdn Bhd and LGB Engineering Sdn Bhd.

By virtue of his interest in the Company pursuant to Section 8 of the Companies Act 2016, Lim Chin Sean is also deemed interested in shares of all the Company's subsidiaries to the extent the Company has an interest.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Thirty-Third Annual General Meeting (“33rd AGM”) of the Company will be held on a virtual basis through live streaming and online voting via the Remote Participation and Electronic Voting (“RPEV”) Facilities on Thursday, 13 June 2024 at 11.00 a.m. or any adjournment thereof for the following purposes:

Online Meeting Platform : <https://meeting.boardroomlimited.my>
(Domain Registration No. with MYNIC – D6A357657)
Broadcast Venue : Training Hall 1 & 2, Level 3, Menara LGB, No. 1, Jalan Wan Kadir
Taman Tun Dr. Ismail, 60000 Kuala Lumpur

AGENDA

1. To receive the Audited Financial Statements for the financial year ended 31 December 2023 together with the Reports of the Directors and the Auditors thereon. **(Please refer to Note 1)**
2. To approve the payment of Directors' fees with effect from 14 June 2024 until the next Annual General Meeting of the Company to be held in 2025. **(Resolution 1)**
(Please refer to Note 2)
3. To approve the payment of Directors' benefits with effect from 14 June 2024 until the next Annual General Meeting of the Company to be held in 2025. **(Resolution 2)**
(Please refer to Note 3)
4. To re-elect Lim Chin Sean who is retiring pursuant to Clause 77 of the Constitution of the Company and being eligible, has offered himself for re-election. **(Resolution 3)**
(Please refer to Note 4)
5. To re-elect Kevin Chin Soong Jin who is retiring pursuant to Clause 82 of the Constitution of the Company and being eligible, has offered himself for re-election. **(Resolution 4)**
(Please refer to Note 5)
6. To re-appoint Deloitte PLT as Auditors of the Company until the conclusion of the next Annual General Meeting and to authorise the Directors to fix their remuneration. **(Resolution 5)**
(Please refer to Note 6)

As Special Business

To consider and if thought fit, with or without any modification(s), to pass the following Resolutions:

7. **AUTHORITY TO ISSUE AND ALLOT SHARES OF THE COMPANY PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT 2016 (“PROPOSED GENERAL MANDATE”)**

“THAT pursuant to Sections 75 and 76 of the Companies Act 2016, Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”) (“Listing Requirements”) and the approvals of the relevant regulatory authorities, where such approval is required, the Directors of the Company be and are hereby empowered to issue and allot shares in the capital of the Company, grant rights to subscribe for shares in the Company, convert any securities into shares in the Company, or allot shares under an agreement or option or offer (“New Shares”) from time to time, at such price, to such persons and for such purposes and upon such terms and conditions as the Directors may, in their absolute discretion, deem fit, provided that the aggregate number of such New Shares to be issued, to be subscribed under any rights granted, to be issued from conversion of any security, or to be issued and allotted under an agreement or option or offer, pursuant to this resolution, when aggregated with the total number of any such shares issued during the preceding 12 months does not exceed ten per centum (10%) of the total number of the issued shares (excluding any treasury shares) of the Company for the time being.

(Resolution 6)
(Please refer to Note 7)

THAT pursuant to Section 85 of Companies Act 2016, read together with Clause 3 of the Constitution of the Company, approval be and is hereby given for the waiver of the statutory pre-emptive rights of the shareholders of the Company to be offered new shares ranking equally to the existing issued shares arising from issuance of new shares pursuant to the Proposed General Mandate.

THAT the new shares to be issued shall, upon allotment and issuance, rank equally in all respects with the existing shares of the Company, save and except that they shall not be entitled to any dividends, rights, allotments and/or any other forms of distribution that which may be declared, made or paid before the date of allotment of such new shares.

THAT such approval on the Proposed 10% General Mandate shall continue to be in force until:

- a. the conclusion of the next Annual General Meeting of the Company held after the approval was given;
- b. at the expiration of the period within which the next Annual General Meeting is required to be held after the approval was given; or
- c. revoked or varied by resolution passed by the shareholders of the Company in a general meeting,

whichever is the earlier.

THAT the Directors of the Company be and are hereby also empowered to obtain the approval from Bursa Securities for the listing of and quotation for such New Shares on the Main Market of Bursa Securities.

THAT authority be and is hereby given to the Directors of the Company, to give effect to the Proposed General Mandate with full powers to assent to any conditions, modifications, variations and/or amendments as they may deem fit in the best interest of the Company and/or as may be imposed by the relevant authorities.

AND FURTHER THAT the Directors of the Company, be and are hereby authorised to implement, finalise, complete and take all necessary steps and to do all acts (including execute such documents as may be required), deeds and things in relation to the Proposed General Mandate.”

Notice of Annual General Meeting

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

(Resolution 7)
(Please refer to Note 8)

"THAT subject to the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad, approval be and is hereby given to the Company and/or its subsidiaries ("the Group") to enter into recurrent related party transactions of a revenue or trading nature ("RRPT") with the related party(ies) as set out in Section 2.5 of the Circular to Shareholders of the Company dated 29 April 2024 ("the Circular") provided that such transactions are:

- (a) necessary for the day-to-day operations;
 - (b) in the ordinary course of business and are on normal commercial terms and transaction prices which are not more favourable to the related parties than those generally available to the public; and
 - (c) not prejudicial to the minority shareholders of the Company.
- ("Shareholders' Mandate").

THAT such approval shall continue to be in force and effect until:

- (a) the conclusion of the next Annual General Meeting of the Company at which time it will lapse, unless the authority is renewed by a resolution passed at the said Annual General Meeting;
- (b) the expiration of the period within which the next Annual General Meeting of the Company is required to be held pursuant to Section 340(2) of the Companies Act 2016 (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Companies Act 2016); or
- (c) revoked or varied by resolution passed by the shareholders in general meeting;

whichever is the earlier;

AND THAT the Directors of the Company be and are hereby empowered and authorised to complete and do all such acts, deeds and things as they may consider expedient or necessary or in the best interest of the Company to give effect to the Shareholders' Mandate, with full power to assent to any condition, modification, variation and/or amendment (if any) as may be imposed or permitted by the relevant authorities."

- 9. To transact any other business of which due notice shall have been given in accordance with the Companies Act 2016 and the Company's Constitution.

By Order of the Board

TAI YIT CHAN (SSM PC No.:202008001023) (MAICSA 7009143)
TAI YUEN LING (SSM PC No.: 202008001075) (LS 0008513)
Company Secretaries

Petaling Jaya
Dated this 29th day of April, 2024

Explanatory Notes on Ordinary Business/Special Business:**1. Item 1 of the Agenda****To receive the Audited Financial Statements for the financial year ended 31 December 2023**

This Agenda item is meant for discussion only as the provisions of Sections 248(2) and 340(1)(a) of the Companies Act 2016 do not require a formal approval of the shareholders for the Audited Financial Statements. Hence, this Agenda item is not put forward for voting.

2. Item 2 of the Agenda**To approve the payment of Directors' fees with effect from 14 June 2024 until the next Annual General Meeting of the Company to be held in 2025.**

The proposed Ordinary Resolution 1, if passed, will give authority to the Company to pay the Directors' fees with effect from 14 June 2024 until the next Annual General Meeting of the Company to be held in 2025, as and when their services are rendered. The quantum of the Directors' fees for each category of Directors remains unchanged as compared with the year 2023.

The Directors' fees were calculated based on the rate of RM200,000 per year for Chairman of the Board, RM160,000 per year for Chairman of the Audit and Risk Management Committee and RM120,000 per year for other Directors.

3. Item 3 of the Agenda**To approve the payment of Directors' benefits with effect from 14 June 2024 until the next Annual General Meeting of the Company to be held in 2025**

The proposed Ordinary Resolution 2, if passed, will give authority to the Company to pay the Directors' benefits with effect from 14 June 2024 until the next Annual General Meeting of the Company to be held in 2025.

The Directors' benefits comprise the following and will be paid as and when incurred:

Benefits	Description	Amount
Meeting allowance	Chairman of the Board/Board Committees Members of the Board/Board Committees	RM2,000 per meeting RM1,500 per meeting
Directors' and Officers' Indemnity Insurance	-	RM17,900

4. Item 4 of the Agenda**To re-elect the Lim Chin Sean who is retiring pursuant to Clause 77 of the Constitution of the Company and being eligible, has offered himself for re-election.**

Pursuant to Clause 77 of the Constitution of the Company, one-third of the Directors for the time being shall retire from office and be eligible for re-election, provided always that all Directors shall retire from office once at least in each three years. The following directors are retiring pursuant to Clause 77 of the Constitution:-

- (i) Lim Chin Sean
- (ii) Raja Datuk Zaharaton Binti Raja Dato' Zainal Abidin

Raja Datuk Zaharaton Binti Raja Dato' Zainal Abidin has informed the Board that she does not wish to seek for re-election and shall accordingly, retire at the conclusion of the 33rd Annual General Meeting.

Notice of Annual General Meeting

Lim Chin Sean has offered himself for re-election at the 33rd AGM. The Nominating Committee ("NC") has reviewed his performance, contribution as well as fit and propriety in accordance with the fit and proper policy, and recommended for his re-election. The Board has endorsed the NC's recommendation, based on the justification that Lim Chin Sean has exercised due care and carried out his duty as a Director proficiently.

Lim Chin Sean has abstained from the deliberation and decision on his proposed re-election. Please refer to the Corporate Governance Overview Statement or Corporate Governance Report for further details on the assessment conducted by the NC and the Board. The profile of Lim Chin Sean is set out in Directors' profile of the Annual Report 2023.

5. Item 5 of the Agenda

To re-elect Kevin Chin Soong Jin who is retiring pursuant to Clause 82 of the Constitution of the Company and being eligible, has offered himself for re-election.

Pursuant to Clause 82 of the Constitution of the Company, any director so appointed shall hold office only until the next annual general meeting and shall then be eligible for re-election but shall not be taken into account in determining the directors who are to retire by rotation at that meeting.

Kevin Chin Soong Jin who was appointed on 1 March 2024 shall hold office until the conclusion of the 33rd AGM and being eligible, have offered himself for re-election. The NC had deliberated and recommended for his re-election. The Board has endorsed the NC's recommendation, based on the justification that Kevin Chin Soong Jin exercises due care and carries out his duties as a Director proficiently.

Kevin Chin Soong Jin has abstained from the deliberation and decision on his proposed re-election. The profile of Kevin Chin Soong Jin is set out in Directors' Profile of the Annual Report 2023.

6. Item 6 of the Agenda

To re-appoint Deloitte PLT as Auditors of the Company until the conclusion of the next Annual General Meeting and to authorise the Directors to fix their remuneration

The Audit and Risk Management Committee ("ARMC") had conducted assessment on the performance of Deloitte PLT. Please refer to the Corporate Governance Overview Statement or Corporate Governance Report for further details on the assessment conducted by ARMC.

7. Item 7 of the Agenda

Authority to issue and allot shares of the Company pursuant to Sections 75 and 76 of the Companies Act 2016 ("Proposed General Mandate")

The proposed Ordinary Resolution 6 is intended to renew the authority granted to the Directors of the Company at the Thirty-Second Annual General Meeting ("32nd AGM") of the Company held on 20 June 2023, and if passed, will give the Directors authority to issue and allot shares of the Company from time to time and to grant rights to subscribe for shares in the Company, convert any securities into shares in the Company, or allot shares under an agreement or option or offer ("New Shares"), provided that the aggregate number of such New Shares to be issued and allotted pursuant to this resolution does not exceed 10% of the total number of the issued shares (excluding any treasury shares) of the Company for the time being, subject always to the approval of all relevant regulatory bodies being obtained for such allotment and issuance. The authority for the Proposed 10% General Mandate will, unless revoked or varied by the Company in a general meeting, expire at the conclusion of the next Annual General Meeting ("AGM") or the expiration of the period within which the next AGM is required by law to be held, whichever is earlier.

As at the date of this Notice, there were no new shares issued pursuant to the mandate granted to the Directors of the Company at the 32nd AGM of the Company held on 20 June 2023 and which will lapse at the conclusion of the 33rd AGM. If there should be a decision to issue new shares after the general mandate is obtained, the Company will make an announcement in respect thereof.

The 10% General Mandate granted by the shareholders at the 32nd AGM of the Company held on 20 June 2023 had not been utilised and hence, no proceeds were raised therefrom.

The renewal of the Proposed General Mandate will enable the Directors to take swift action for allotment of new shares for any possible fund raising activities, including but not limited to placing of new shares, without making a pre-emptive offer to existing shareholders, for the purpose of funding current and/or future investment project(s), working capital, acquisition(s) and/or for issuance of shares as settlement of purchase consideration, or other circumstances arise which involve grant of rights to subscribe for shares, conversion of any securities into shares, or allotment of shares under an agreement or option or offer, or such other application as the Directors of the Company may deem fit in the best interest of the Company.

8. **Item 8 of the Agenda**

Proposed Renewal of Existing Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature ("Proposed Shareholders' Mandate")

The proposed Ordinary Resolution 7 is intended to seek shareholders' mandate to renew the existing shareholders' mandate granted by the shareholders of the Company at the 32nd AGM held on 20 June 2023 for recurrent related party transactions. The Proposed Shareholders' Mandate will enable the Group to enter into the recurrent related party transactions of a revenue or trading nature which are necessary for the Group's day-to-day operations, subject to the transactions being in the ordinary course of business and on normal commercial terms and transaction prices which are not more favourable to the related parties than those generally available to the public and are not to the detriment of the minority shareholders of the Company.

The Proposed Shareholders' Mandate would eliminate the need to convene separate general meetings from time to time to seek shareholders' approvals as and when potential recurrent related party transactions arise, thereby reducing substantially administrative time and expenses in convening such meetings, without compromising the corporate objectives and adversely affecting the business opportunities available to the Company and its subsidiaries.

Further information on the proposed Ordinary Resolution 7 is set out in the Circular to Shareholders dated 29 April 2024.

Notes:

1. The conduct of a virtual AGM is in line with the revised Guidance Note and Frequently Asked Questions on the Conduct of General Meetings for Listed Issuers issued by the Securities Commission Malaysia on 7 April 2022 ("Revised Guidance Note and FAQs"). The Revised Guidance Note and FAQs state that in a virtual general meeting, all meeting participants including the Chairperson of the meeting, board members, senior management and shareholders are required to participate in the meeting online.
2. The Broadcast Venue is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 which requires the Chairperson of the meeting to be present at the main venue of the meeting. Shareholders **WILL NOT BE ALLOWED** to attend the 33rd AGM in person at the Broadcast Venue on the day of the meeting.
3. In respect of deposited securities, only members/shareholders whose names appear in the Record of Depositors on 7 June 2024 shall be eligible to attend the 33rd AGM.
4. A member/shareholder of the Company entitled to attend and vote at the 33rd AGM is entitled to appoint more than one (1) proxy but not more than two (2) proxies to attend and vote in his stead. Where a member/shareholder appoints two (2) proxies to attend and vote at the 33rd AGM, such appointment shall be invalid unless he specifies the proportions of his shareholdings to be represented by each proxy. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend and vote at the 33rd AGM shall have the same rights as the member of the Company to speak at the 33rd AGM.

Notice of Annual General Meeting

5. The instrument appointing a proxy shall be in writing (in the common or usual form) under the hand of the appointer or his attorney duly authorised in writing or, if the appointer is a corporation, either under seal or under the hand of an officer or attorney duly authorised.
6. Where a member of the Company is an exempt authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991 ("SICDA") which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
7. Where a member is an authorised nominee as defined under SICDA, it may appoint at least one (1) proxy but not more than two (2) proxies in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account. Where the authorised nominee appoints two (2) proxies in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account, such appointment shall be invalid unless he specifies the proportions of his shareholdings to be represented by each proxy.
8. The instrument appointing a proxy and the power of attorney or other authority (if any), under which it is signed or a duly notarised certified copy of that power or authority, shall be deposited with the Share Registrars of the Company at Boardroom Share Registrars Sdn Bhd at 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Section 13, 46200 Petaling Jaya, Selangor Darul Ehsan not less than twenty four (24) hours before the time for holding the 33rd AGM, i.e. by 11.00 a.m. on Wednesday, 12 June 2024 or any adjournment thereof. Alternatively, the form of proxy can be deposited electronically through Boardroom Smart Investor Portal at <https://investor.boardroomlimited.com> before the proxy form lodgement cut-off time as mentioned above. **Please follow the procedures in the Administrative Guide for the 33rd AGM in order to participate remotely via RPEV facilities.**

PERSONAL DATA PRIVACY:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM (including any adjournment thereof), and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"); (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes; and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

FORM OF PROXY



TALIWORKS CORPORATION BERHAD
Company Registration No. 196501000264 (6052-V)
(Incorporated in Malaysia)

No. of shares held	:	
CDS Account No.	:	

I/ We* _____ NRIC/Passport/Registration No.* _____
(Name in full)

of _____
(Address)

with email address _____ tel. no. _____

being a member/members* of **TALIWORKS CORPORATION BERHAD** ("the Company"), hereby appoint:-

Full Name:	NRIC/Passport No.:	Proportion of shareholding to be represented by the proxy/proxies:	
		No. of Shares	%
Address:			
Tel. No.:		Email Address:	
*And/or			

Full Name:	NRIC/Passport No.:	Proportion of shareholding to be represented by the proxy/proxies:	
		No. of Shares	%
Address:			
Tel. No.:		Email Address:	
*And/or			

or failing him/her, the *Chair of the Meeting as my/our proxy to vote for me/us on my/our behalf at the Thirty-Third Annual General Meeting ("33rd AGM") of the Company to be conducted on a virtual basis through live streaming and online voting via the Remote Participation and Electronic Voting ("RPEV") Facilities on Thursday, 13 June 2024 at 11.00 a.m. or any adjournment thereof at for the following purposes:

Online Meeting Platform: <https://meeting.boardroomlimited.my> (Domain Registration No. with MYNIC – D6A357657)
Broadcast Venue : Training Hall 1 & 2, Level 3, Menara LGB, No. 1, Jalan Wan Kadir, Taman Tun Dr. Ismail, 60000 Kuala Lumpur

*Please delete as appropriate.

This proxy is to vote on the resolutions set out in the Notice of the Meeting, as indicated with an 'X' in the appropriate spaces below. If no specific direction as to voting is given, the proxy will vote or abstain from voting at his/her discretion.

No.	Resolution		For	Against
Ordinary Business				
1	To approve the payment of Directors' fees	Ordinary Resolution 1		
2	To approve the payment of Directors' benefits	Ordinary Resolution 2		
3	Re-election of Lim Chin Sean as Director pursuant to Clause 77 of the Constitution	Ordinary Resolution 3		
4	Re-election of Kevin Chin Soong Jin as Director pursuant to Clause 82 of the Constitution	Ordinary Resolution 4		
5	Re-appointment of Messrs. Deloitte PLT as Auditors of the Company until the conclusion of the next Annual General Meeting and to authorise the Directors to fix their remuneration	Ordinary Resolution 5		
Special Business				
6	Authority to issue and allot shares of the Company pursuant to Sections 75 and 76 of the Companies Act 2016 ("proposed general mandate")	Ordinary Resolution 6		
7	Proposed renewal of existing Shareholders' mandate for Recurrent Related Party Transactions of a revenue or trading nature	Ordinary Resolution 7		

Signed this _____ day of _____, 2024.

Signature or Common Seal of Member(s)

Tel. No. _____

Notes:

- The conduct of a virtual AGM is in line with the revised Guidance Note and Frequently Asked Questions on the Conduct of General Meetings for Listed Issuers issued by the Securities Commission Malaysia on 7 April 2022 ("Revised Guidance Note and FAQs"). The Revised Guidance Note and FAQs state that in a virtual general meeting, all meeting participants including the Chairperson of the meeting, board members, senior management and shareholders are required to participate in the meeting online.
- The Broadcast Venue is **strictly for the purpose of complying with Section 327(2) of the the Companies Act 2016** which requires the Chairperson of the meeting to be present at the main venue of the meeting. Shareholders **WILL NOT BE ALLOWED** to attend the 33rd AGM in person at the Broadcast Venue on the day of the meeting.

3. In respect of deposited securities, only members/shareholders whose names appear in the Record of Depositors on 7 June 2024 shall be eligible to attend the 33rd AGM.
4. A member/shareholder of the Company entitled to attend and vote at the 33rd AGM is entitled to appoint more than one (1) proxy but not more than two (2) proxies to attend and vote in his stead. Where a member/shareholder appoints two (2) proxies to attend and vote at the 33rd AGM, such appointment shall be invalid unless he specifies the proportions of his shareholdings to be represented by each proxy. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend and vote at the 33rd AGM shall have the same rights as the member of the Company to speak at the 33rd AGM.
5. The instrument appointing a proxy shall be in writing (in the common or usual form) under the hand of the appointer or his attorney duly authorised in writing or, if the appointer is a corporation, either under seal or under the hand of an officer or attorney duly authorised.
6. Where a member of the Company is an exempt authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991 ("SICDA") which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
7. Where a member is an authorised nominee as defined under SICDA, it may appoint at least one (1) proxy but not more than two (2) proxies in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account. Where the authorised nominee appoints two (2) proxies in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account, such appointment shall be invalid unless he specifies the proportions of his shareholdings to be represented by each proxy.
8. The instrument appointing a proxy and the power of attorney or other authority (if any), under which it is signed or a duly notarised certified copy of that power or authority, shall be deposited with the Share Registrars of the Company at Boardroom Share Registrars Sdn Bhd at 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Section 13, 46200 Petaling Jaya, Selangor Darul Ehsan not less than twenty four (24) hours before the time for holding the 33rd AGM, i.e. by 11.00 a.m. on Wednesday, 12 June 2024 or any adjournment thereof. Alternatively, the form of proxy can be deposited electronically through Boardroom Smart Investor Portal at <https://investor.boardroomlimited.com> before the proxy form lodgement cut-off time as mentioned above. **Please follow the procedures in the Administrative Guide for the 33rd AGM in order to participate remotely via RPEV facilities.**

Personal Data Privacy

By submitting an instrument appointing a proxy(ies) and/or representative(s), the shareholder accepts and agrees to the personal data privacy terms set out in the Notice of 33rd AGM dated 29 April 2024.

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Affix Stamp

The Share Registrars
TALIWORKS CORPORATION BERHAD (196501000264) (6052-V)
11th Floor, Menara Symphony
No. 5, Jalan Prof. Khoo Kay Kim
Section 13, 46200 Petaling Jaya
Selangor Darul Ehsan, Malaysia
T +60 3 7890 4700
F +60 3 7890 4670

Then fold here

Fold this flap for sealing

Taliworks Corporation Berhad

[Company No. 196501000264 (6052-V)]

Level 19, Menara LGB,
No. 1, Jalan Wan Kadir,
Taman Tun Dr. Ismail,
60000 Kuala Lumpur, Malaysia

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