



TALIWORKS CORPORATION BERHAD

Dividend Policy

(a) Policy Statement

- The declaration of interim dividends and the recommendation of final dividends, if any, are at the discretion of the Board of Directors of the Company ("Board") and any final dividend recommended by the Board is subject to shareholders' approval.
- It is the Company's intention to provide consistent returns to its shareholders in tandem with its earnings growth by distributing dividends to shareholders. However, such payments will depend upon a number of factors, including amongst others, the earnings, capital commitments, general financial conditions, distributable reserves and other factors to be considered by the Board.
- The Company intends to pay dividends out of cash generated from its operations after setting aside funds required for business expansion, loan commitments and working capital purposes and after taking into consideration actual receipt of cash from the operations less payment of expenses.
- As the Company is primarily an investment holding company, its income, and therefore, its ability to pay dividends, is dependent upon dividends and other distributions that it receives from its subsidiaries, associates and joint ventures ("Group members"). The payment of dividends or other distributions by these Group members will depend upon their operating results, financial condition, capital expenditure plans and other factors to be considered by their respective board. In addition, covenants in loan agreements or the issuance of debt securities, if any, may limit the ability of the Group members to declare or pay dividends.
- As part of this policy, the Company is proposing a payout ratio of not less than 75% of its consolidated profit after tax (excluding exceptional items) for the financial year ending 31 December 2015 onwards subject to the above considerations.
- Shareholders should note that this dividend policy merely describes the Company's present intention and shall not constitute a legal and binding obligation on the part of the Company and/or the Board to declare, recommend or pay any dividends.

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

(b) Rationale for the Proposal

The Group is primarily involved in the treatment, supply and distribution of treated water, toll roads (collectively referred to as "Infrastructure Assets"), management and operation of waste management and construction.

Other than the construction segment, all the other businesses of the Group are concession-based.

The existing Infrastructure Assets are mature and under normal circumstances, require minimal sustaining capital expenditure and therefore, the Board is proposing to pay as dividends cash generated from these business segments.

However, the Board also notes that currently Sungai Harmoni Sdn Bhd, a main subsidiary which manages and operates the Sungai Selangor Water Treatment Works Phase 1 ("SSP1") that supplies to large parts of Selangor and Kuala Lumpur, only receives partial payment from its principal pending the final resolution of the on-going water consolidation exercise in Selangor as highlighted in the Company's Interim Financial Reports and this may impede the ability of the Board to declare, recommend or pay at the above dividend payout ratio.

(c) Proposed Effective Date

The Board has proposed to implement this dividend policy from the financial year ending 31 December 2015 onwards until it announces that such policy is to be terminated, modified or varied as it may deem fit.