OUR COMMITMENT TO STAKEHOLDERS

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

1. To provide sustainable and consistent return to our shareholders supported by existing long-term contracts and cash balances

2. To drive market capitalisation and dividend growth via value enhancing mergers and acquisitions (M&A) and new contracts

3. To perform all existing contracts efficiently while meeting all required KPIs under the contracts, in accordance to best practices and guided by international standards

4. To further develop and strengthen policies on environmental, social and governance (ESG) matters as well as risk management practices

5. To promote human resource capital development to enhance the worth of employees as an individual and as a valuable asset to the organisation

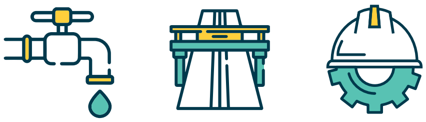
BUSINESS FOCUS AND STRATEGIES

We have identified the following strategic focus which will preserve and create long term value for our shareholders.

FOCUS

To perform obligations under existing contracts

DIVISION



GOALS

- To generate stable income by performing obligations under the contracts safely, securely, and efficiently
- To support the dividend-payout to our shareholders with cashflows from our existing contracts and the outstanding cash balances of the Group

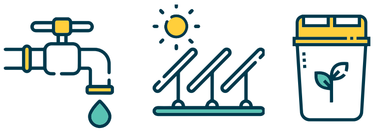
STRATEGIES

- To ensure operation is conducted efficiently by proactively monitoring and managing any potential issues
- To review and ensure operation procedures are in line with international standards and best practices
- To maintain ISO accreditations

FOCUS

To seek out new contracts and M&A opportunities

DIVISION



GOALS

- To tap into potential new infrastructure opportunities within the water industry via Construction, Operation & Maintenance, or Build-Operate-Transfer contracts, given the water industry is one of the Government's priority
- To establish a presence in the renewable energy space, such as solar (commercial & industrial) and waste-to-energy
- To secure new waste management contracts in other states or explore new waste management services
- To seek for brownfield infrastructure opportunities via M&A

STRATEGIES

- To engage in bilateral negotiations with Government by providing solutions to improve water distribution and production in selected targeted states and to actively participate in any tenders call by the Government
- To continue exploring opportunities in the renewable energy space, such as solar and waste-to-energy.
- To actively engage the relevant local government authorities, states and federal government

WE WILL DRAW UPON THE FOLLOWING RESOURCES TO ACHIEVE OUR STRATEGIC FOCUS

1 FINANCIAL CAPITAL

As at 31 Dec 2021, Taliworks has net assets of RM904.8 million and cash balances of RM457.1 million

Taliworks's PAT for FYE2021 is RM102.4 million

Taliworks has healthy cash balances and ability to gear up to pursue new contracts

2 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 division utilises a Computerised Maintenance Management System (CMMS) and river monitoring system

Our waste 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

3 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 division has a R&D team which explores new technology to be adopted in Malaysia (one of it being the membrane technology)

4 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), occupational safety and health

5 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 engagement with our shareholders, financiers, the investment community and the press

6 NATURAL CAPITAL

In line with Taliworks's Sustainability Framework, all divisions are working hard to minimise environmental impact of its operations

For more details, please refer to our Sustainability Statement included in this Annual Report.

OVERVIEW OF OUR STRENGTHS, OPPORTUNITIES, RISKS AND CHALLENGES

Industry Landscape

Business Strengths

1. Strong recurring income from water and toll division
2. Strong balance sheet with healthy cash balances and ability to gear up
3. Highly experienced senior management team
4. Established track record in the water infrastructure industry
5. Nature of business which have proven to be resilient against economic downturn

Identified opportunities and strategic priorities

The water industry has been identified as one of the Government's priorities

- 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

With the increased in the importance of environmental, social and governance (ESG) and Malaysia's commitment to achieve 31% of renewable target mix by 2025, and 40% by 2035, we believe there are opportunities for Taliworks to tap into the renewable energy space

To achieve resolution for the tariff negotiations for our waste and toll concession agreements

To further develop and strengthen policies on environmental, social and governance (ESG) matters and risk management practices in line with Malaysia's target of becoming a carbon-neutral nation by as early as 2050 and its commitments to reduce the greenhouse gas emissions intensity of gross domestic product (GDP) by 45% in 2030, as tabled under the 12th Malaysia Plan

Risk and Challenges

Taliworks's businesses engage in highly competitive markets with finite number of projects, and hence introduce risks in our ability to secure new projects

Given that Taliworks's businesses are all regulated businesses, Taliworks is susceptible to volatility of the political landscape in the country

Taliworks is susceptible to Inflationary pressures from rising cost supplies and raw materials, and shortage and higher cost of labour

Growing ESG awareness introduces new market standards and requirements which Taliworks has to adapt to.

The on-going COVID-19 pandemic introduces potential risk of operational interruptions for certain divisions