

TAHPS GROUP BERHAD
(Company No. 37-K)
(Incorporated in Malaysia)

Summary of key matters discussed at the 105th Annual General Meeting held on Thursday, 21 July 2016

Item 1 of the Agenda - Audited Financial Statements for the financial year ended 31 March 2016

A shareholder raised the following questions on the performance and operations of the Company:-

- i) The reason for the significant drop in the profit before tax ("PBT") in the financial year ended 31 March 2016 as compared with the previous financial year.
- ii) The Company's future plan on green project buildings (green policy).
- iii) The effect/impact on the Company's operations as a result of the recent announcement by the Bank Negara Malaysia on the reduction of the Overnight Policy Rate.
- iv) The Company's business model – whether the Company would build properties such as shopping mall, hotels, etc. to generate rental to increase its recurring income.
- v) Whether the Company would consider paying dividend in specie to conserve cash in the Company.

Management/Chairman replied that:-

- i) The reduction of PBT in 2016 was mainly due to the presence of higher margin products such as shops houses in the years 2014 and 2015 and the completion of these higher margin products / projects in 2015.
- ii) Whilst the Company did not have a specific green policy or green building policy, the property division was working towards incorporating the green concept in its products. Moving forward, the Group would consider looking into the green policy concept and incorporating in its future projects.
- iii) The Company acknowledged that the decrease in interest rate should benefit the property industry. Nonetheless, the impact on the interest rate cut and how far it would help in promoting the sale of the products of the Group have yet to be seen.
- iv) The Company was in the midst of planning. The Company has a land bank in Bandar Bukit Puchong and might hold part of the land available for future development potential.
- v) The Company took note of the comments on declaration of dividends in the future and might consider the payment of dividend in specie.

A proxy holder raised concern on the lowered sales achieved by the Group and enquired:

- the balance of the unbilled sales to date; and
- the sales target set by the Company for the coming years.

He suggested that the Company should consider introducing dividend reinvestment scheme to encourage the shareholders to re-invest in the Company.

In addition, he enquired:-

- whether the Company has any plans to purchase additional land or targeted any land bank for future development; and

- the Company's future plan for its plantation segment, the land bank in Terengganu and plans for the secondary jungle since the CPO price was unfavorable.

Management/Chairman replied that:-

- Due to the weak market sentiment, Management was prudent in its projection in setting the sales forecast of the Group for the current year and also the next 2 to 3 years.
- The Company was also looking into other avenues to increase sales.
- The total unbilled sales was RM18.6 million as at 30 June 2016 and the GDP forecast for the property market moving forward was expected to be the same as year 2015/2016.
- The Company would take note on the suggestions made by the shareholders on the dividend re-investment scheme to increase shareholders' value and to benefit the Company.
- The Group currently had a land bank in Bandar Bukit Puchong and Management would focus on maximizing the value of the current land bank available.
- Given the soft market conditions, the Company would focus its financial resources on developing its land bank, re-planning and not actively pursue the acquisition of new parcels of land, unless the offer price was very attractive.
- The performance of the Plantation Division was adversely affected by the lower CPO prices coupled with the ongoing replanting programme. He added that the Management was in the midst of carrying out an environment impact assessment on its land bank with the view of seeking approval from the relevant authorities to make the secondary jungle as a plantation land.

Item 2 of the Agenda – Payment of the first and final dividend of 10 sen per share single tier tax exempt for the financial year ended 31 March 2016

A shareholder commented that the payment of dividend rate was more than 15% of the Company's earnings in the previous years but noted that the current financial year's dividend payment was low. He enquired on the guideline or benchmark set by the Company when deciding on the dividend payout rate.

Management/Chairman replied that:-

- The Company did not have any written dividend policy to date. Nevertheless, in view of the Group projects in hand, future expansion plans and operating expenses, the Group would be required to conserve its financial resources to meet future cash outflow. However, the Company might in future determine a dividend policy.
- The dividend payout rate of the Company was low until the recent 3 years where better dividend rates were declared due to its strong sales performance and the favorable market conditions then. However, due to the weakening demand in the property market in last year and in anticipation of the economic downturn coupled with the aim of avoiding a property bubble in the Malaysian economy, Bank Negara Malaysia had imposed stricter guidelines on financing of properties. As highlighted in the Annual General Meeting of last year, the property market was weakening. Hence, the Directors found it prudent to conserve cash and financial resources to sustain the Group's business and the decision to declare a lower rate of dividend payment as compared to last year, which rate was similar to that declared in the earlier years. Nonetheless, the Board would bear in mind the suggestions made by the shareholders to consider the dividend payment in specie or re-investment scheme in the future and the consideration of a band for future dividend payment

so that shareholders could have some expectation on the amount of dividend likely to be recommended for payment.

Item 6 of the Agenda – Re-appointment of Auditors

A shareholder enquired on the substantial increase in the auditors' remuneration under other services, from RM7,000 in the financial year 2015 to RM43,000 in the financial year 2016.

The External Auditors of the Company replied that the additional fees incurred were in relation to the tax services provided to the Company and its subsidiaries, which were not previously handled by the Auditors or its affiliate.

Item 8 of the Agenda – Retention of Tan Sri Datuk Yong Poh Kon as Independent Director of the Company

A shareholder noted that the new Companies Act would come into force soon and enquired on its impact on the retention of an Independent Director i.e. shareholders' approval would not be required moving forward for the re-appointment of a Director who is over the age of seventy years and thus, its implication on the retention of an Independent Director for a cumulative term of more than nine (9) years.

Another shareholder said that upon completion of the nine (9) years, an independent director may continue to serve on the Board as a Non-Independent Non-Executive Director and that the Company could appoint another person to take over the role of that Independent Director.

The Chairman replied that the said changes in the new Companies Act and the tenure of an Independent Director should not exceed a cumulative term of nine (9) years were 2 different issues as the former was in relation to the age limit of a Director to act as Company Director, whilst the tenure of an Independent Director was a matter of Corporate Governance issue under the Malaysian Code on Corporate Governance 2012.

The Chairman shared his view on the matter and the practices of other companies and informed that the shareholders would have the sole discretion to decide on the motion and the suitability of a Director to remain as Independent Director after the cumulative term of nine (9) years.