



Tiger Synergy
BERHAD (Co. 325631-V)

金虎集团有限公司
(A Member Company of Bursa Malaysia Securities Berhad)

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Date: 4 June 2020

Badan Pengawas Pemegang Saham Minoriti Berhad
Tingkat 11, Bangunan KWSP,
No. 3, Changkat Raja Chulan,
Off Jalan Raja Chulan,
50200 Kuala Lumpur

Dear Sirs,

Re: **24th Annual General Meeting (AGM) of Tiger Synergy Berhad (“the Company” or the “Group”) to be held on Tuesday, 9 June 2020**

We append herewith the reply to the questions raised:-

Strategic and Financial Matters

1. For the ready mixed concrete business, the Group is to be more vigorous in reducing costs further and continue its expansion programme in order to boost higher revenue and profits for the business. (page 30 of Annual Report)

- a) What are the costs cutting initiatives the Group has taken?

Reply : *the costs cutting initiatives that the Group has taken is ;-*
(a) Cut and reduce the material costs
(b) Gain control of inventory and purchases
(c) Optimize the Employee performance

- b) What are the measures the Group has taken to expand the ready mixed concrete business and how successful are the measure?

Reply : *The Group shall adapt and use technology to improve the concrete mix products efficiency and productivity. The implementation of an automated solution will actually help to save the operational costs in the long run. Besides the use of technology, the Group is also considering setting up more concrete mix batching plant to increase the production to generate more revenue and profits.*

2. A wholly-owned subsidiary of the Group has obtained, from the Ministry of Housing and Local Government of Malaysia, a money lending license to operate and carry out money lending business. (page 30 of Annual Report)

a) When is the subsidiary expected to commence the money lending business?

Reply : *the money lending business will be commenced as soon as the Company has raised the funds for the money lending business.*

b) When is the subsidiary expected to contribute profit to the Group's financial result?

Reply : *the subsidiary is expected to contribute profit to the Group's financial result upon the commencement of the money lending business*

3. The Group's has impaired 90.9% (RM9.78 million) of its Trade Receivables of RM10.76 million in FY2019. The reason for the high impairment is due to one single customer's trade receivable constituting 71% of the total Trade Receivables that is uncollectable. (page 118 of Annual Report)

a) What is the nature of the single customer's debt? What measures have the Company taken to recover the debt?

Reply : *The single customer is for timber contracts works. The company has issued letter of demand to recover the debt.*

b) What are the measures the Company has taken to reduce the concentration of single-customer risk moving forward?

Reply : *The company always practice good governance in risk management. The Company will assess the creditability of the debtor with due care to mitigate the risk moving forward.*

c) The high impairment charge is indicative of internal control weakness in Group's/Company's Finance/Credit Control Department. What are the measures taken to improve policies and procedures, including the credit control processes, to ensure such high impairment will not recur?

Reply : *The group has requested the management to meet periodically to review the risks faced by the Group and ensure that existing mitigation action are adequate. Further improvement and restructure on the policies and procedures including the credit control processes to ensure high impairment will not recur.*

4. Note 24 of the Annual Report discloses the Waiver of Director's Remuneration ("WDR") amounting to RM663,103 and the Group pays Executive Directors' ("EDs") and Non-Executive Directors' ("NED") remunerations amounting to RM4,551,704 and RM224,000 respectively. (page 136 of the Annual Report)
Please provide the name and the amount of remuneration waived by each individual director?

Reply : *The name and amount of each individual director remuneration waived as below :*

- a) *Dato Tan Wei Lian - RM348,000*
- b) *Datin Sek China Nee - RM153,502*
- c) *Tan Lee Chin - RM161,601*

5. In the Segmental Reporting, the Property Development Segment, ("PDS"), although the reported revenue was higher in FY 2019 (RM3.2 million) as compared to FY 2018 (RM0.28 million), the loss from operation is much higher in FY2019 (RM3.41 million) as compared to a loss from operation in FY2018 (RM1.16 million). (pages 139 and 140 of Annual Report)

- a) What are the reasons for the higher revenue accompanied by a higher loss from operation for the Property Development Segment in FY2019?

Reply : *The higher loss from operation for the Property Development Segment is due to " Share Based Payment " of RM2.22 million from the issuance of ESOS.*

- b) What measures has the Company taken to ensure that the PDS will not continue to suffer losses from operations, moving forward?

Reply : *In mitigating the losses moving forward , the Company is mindful and exercised greater prudence in its products planning and continuously monitored and strategized its project launches and project planning to achieve the best match of its products to meet customer's needs and affordability levels. The Group continuously urged and initiatives for improvement in achieving cost savings, reducing risk and adding value to our products.*

- c) What is the outlook for PDS in FY2020?

Reply : *The Malaysian property market remain challenging, the economy was confronted with several external and domestic challenges. Uncertainty caused by the Covid-19 pandemic has weighed global economic prospects and we are expecting Malaysia to experience economic contraction which may have negative impact in property development segment.*

6. The Company granted 88,077,929 ESOS options to the Company's Directors that were fully exercised by them (page 59 of Annual Report)

a) Please explain why senior management staffs were not granted any ESOS option as one of the main purposes of the ESOS scheme is to motivate and retain staff?

Reply : *The senior management staffs were not granted any ESOS due to their non-eligibility.*

b) Please provide the names of the directors who were granted the ESOS shares and the amount allocated to each of them?

Reply : *The following Directors were granted the ESOS shares;-*

a) *Dato Tan Wei Lian*

b) *Tan Lee Chin*

Corporate Governance Matters

1. Dato Lee Yuan Fong, an Independent Non-Executive Director ("INED") attended 4 out of the 7 meetings, constituting 57% attendance at the Board and Audit Committee Meetings in FY2019.

Please provide the reason why Dato Lee Yuan Foong attendance is only 57% as compared to other director's whose attendances range from 71% to 100%

Reply : *Dato Lee Yuan Foong attendance of meeting is only 57% in FY2019 as he was on medical leave*

2. The internal audit function is out-sourced to an independent party, Mr. Low Jiun Jack whose remuneration is only RM6,800 per annum. (page 57 of Annual Report).

a) How many internal audit man-days were assigned to carry out the internal audit work that produced 4 internal audit reports in FY2019?

Reply : *The internal audit work that produced 4 internal audit reports in FY2019 consist of 2 stages of audit work performed whereby Stage 1 took between 1 to 3 days and Stage 2 took between 1-4 days depending on the audit work performed and assessed.*

b) What are the key findings and recommendations to improve the internal control process highlighted in the 4 internal audit reports?

Reply : *The key findings is files were being placed without security measurement. The internal audit has recommended to implement some security measurement by introducing log book will help track users of files and identify any un-authorized access to information and a logbook had been created to track all landing records of the company documents.*

c) Is the internal audit work commensurate with the low internal audit fee paid?

Reply : *No*

d) Is the Audit Committee satisfied with the work performance of the internal auditor?

Reply : *Yes. The Audit Committee is satisfied with the work performance of the internal auditor.*

3. Messrs. Morison AAC PLT (formerly known as Morison Anuarul Azizan), the external auditor have indicated that they do not wish to seek re-appointment after the conclusion of the 24th AGM.

Why are Messrs. Morison AAC PLT not seeking reappointment?

Reply : *Messrs. Morison AAC PLT not seeking reappointment is due to internal restructuring and resource constrains.*

Thank You.

Yours faithfully,

For and on behalf of Tiger Synergy Berhad