

20th December 2016

Lya Rahman

The General Manager

Minority Shareholder Watchdog Group

Tingkat 11, Bangunan KWSP,

No.3, Changkat Raja Chulan,

50200 Kuala Lumpur.

Acknowledge Receipt
By: [Signature]
Date: 23/12/16

Dear Sir/Madam,

**RE: TWENTY-FIRST (21ST) ANNUAL GENERAL MEETING (AGM) OF TIGER SYNERGY
BERHAD ("TSB" OR "THE COMPANY") ON 23 DECEMBER 2016 AT 11.00 AM**

We refer to the above matter and to your letter dated 16th December 2016.

We append below the answer to all the points raised:-

Strategic & Financial Matters

1. For the FY2016, the Group recorded a lost before taxation of RM 1.9 million, increased from RM0.04 million recorded in FY2015. The loss was mainly due to administration costs and pending the launching of new project.

- a) What were the major administration costs that had caused substantial loss before taxation and what are the measures taken to improve cost efficiency of the Group?

Response:

The administration cost was mainly due to the expenses for implementing rights issue and depreciation of the property, plant and equipment. The Group shall take all the necessary steps to reduce the administration costs.

- b) Are all the 170 units of 3-storey linked house in the Bukit Sri Putra project in Sungai Buloh taken up?

Response:

All the 170 units of 3-storey linked house in the Bukit Sri Putra project were taken up.

- c) The company in its Annual Report for FY2015 stated that the following projects were schedule to be launched in 2016:-
- i. Telaris Alam Impian Project
 - ii. Gombak Project
 - iii. Cheras Project

However, in the FY2016 Annual Report, these projects were categorized as on-going projects to be launched in 2017.

Could the Board explain why these projects were not launched in 2016 and would there be any anticipated further delay beyond 2017?

Response:

The Board is being very cautious in launching new project due to the following reasons;

- The drastic downside of economy by the sharp fall in oil price, the goods and services tax (GST), inflation and Ringgit depreciation;
- the stringent in bank borrowings and Bank Negara had also mandated a 70 per cent cap on the 'loan-to-value' ratio (LVR) for the purchase of a third residential property and this has drastically affected the property market in the immediate future;
- The implementation of stricter mortgage loan policies by financial institution, which has affected in number of property buyers failing to secure end financing for their purchase.

The Company shall proceed to launch the projects in 2017 should the policy for the bank borrowings implemented by the financial institution is more relaxed and flexible and the economy is in a more stable condition.

- d) The Annual Report for FY2015 stated that the planning approvals for Seri Kembangan and Bukit Serdang Projects were schedule to be submitted in

2016. However, in the FY2016 Annual Report, it was stated that these projects are under planning stage and the Group is in the midst of preparing for submission of the planning approvals to the relevant authorities.

What was the reason for the delay in submitting the planning approvals to the relevant authorities and would the Board anticipate any problem in the submission?

Response:

The reason for the delay in submitting the planning approvals to the relevant authorities for Seri Kembangan and Bukit Serdang Projects is due to some technical issues to be resolved.

- e) What are the un-billed sales of the Property Development as at 30 June 2016?

Response:

There is no un-billed sale as the Project has yet to be launched.

2. What was the revenue and earnings contribution from the concrete-mixed batching plant in FY2016 and what was the percentage of the revenue and earnings from external customers?

Response:

There was no revenue and earnings contribution from the concrete-mixed batching plant in FY2016 as the operation and sale of the concrete-mixed batching plant only commenced in the first quarter of FY2017.

3. Could the Board describe the nature of the revenue from "sub-contract workers" under the Trading Segment and would this revenue continue to be the main contributor to the Group revenue moving forward?

Response:

The nature of the revenue from "sub-contract workers" under the Trading segment is to extract and remove the timber logs and this revenue will not be the main contributor to the Group revenue moving forward.

4. Since FY2015, there was no revenue contribution from the Manufacturing Segment and the loss of the segment increased to RM778,209 in FY2016 from RM467,056 in FY2015

Moving forward, what would be the plan for this segment?

Response:

The increased loss of the Manufacturing Segment is mainly due to the depreciation of the plant and equipment as well as the administration expenses. The Group has set-up our own batching plant to produce and supply concrete mix and other concrete related products to enhance the revenue and profitability to the Group.

5. The trade receivables as at 30 June 2016 were RM 6 million which was 129% higher than RM 2.6 million as at 30 June 2015. Note 11 further stated that 99% of the total receivables were due from two customers.

- a) What was the reason for the substantial increase in the trade receivables?

Response:

The trade receivables as at 30 June 2016 were 129% higher than FY2015 as there was a substantial increase in revenue of approximately 1598% in the Trading Segment.

- b) What was the percentage of the Group revenue contributed by these two customers in FY2016?

Response:

The percentage of the Group revenue contributed by these two customers in FY2016 is approximately 85%

- c) To-date, what was the amount recovered from the RM6 million outstanding as at 30 June 2016?

Response:

As at to-date, the trade receivable of RM6 million is fully recovered.

- d) What is the Board's view on the significant concentration of the credit risk of the Group and what are the measures taken to mitigate the risk?

Response:

The Board always practise good governance in risk management. The Board will assess the creditability of the creditor with due care to mitigate the risk.

6. In the list of Properties of the Group, we noted that the Group had acquired a freehold land located at Lot 738, Geran Mukim Cheras for RM11.2 million on 6 April 2016.

Also, as disclosed in Note 5 (a) to the Financial Statement, there were additions of freehold land amounted to RM18.2 million, at cost, included in the "Non-Current Landed held for property development".

- a) Could the Board confirm the total land/s acquired in FY2016 and the purchased consideration for these land?

Response:

In FY2016, the Group has acquired the Cheras Land located at Lot 738, Mukim Cheras with the land area of approximately 2 acres at the consideration sum of RM11.2 million.

- b) We noted that the additions of freehold land disclosed in Note 5(a) to the Financial Statements were classified as non-current assets but it was included as changes in working capital in the Cash Flow Statement. In view that the working capital is refer to assets and liabilities which are "current" in nature, could the Board explain this inconsistent accounting treatment?

Response:

The addition of freehold land is classified as working capital in the Cash Flow Statement as the freehold land will be generating cash to the operations of the Group.

- c) Are the purchase consideration for all the lands acquired been fully paid as at 30 June 2016?

Response:

The purchase consideration for all the lands acquired has been fully paid as at 30 June 2016.

7. We noted that 90% of the Group current assets is 'land and property development cost'

What is the amount of the land and property development cost expected to be converted to cash and bank in FY2017?

Response:

The amount of the land and property development cost expected to be converted to cash and bank in FY2017 will depend on the launching of the Project and the sale revenue generated from the Project.

8. The Company had successfully raised RM38.73 million from the issuance of 484,124,930 Right Shares in February 2016. As reported in the Company's Quarterly results ended 30 September 2016, RM27.814 million of the proceeds had been utilized for acquisition of lands and property development expenses.

Could the Board provide the details of lands acquired and the projects in which the property development expenses were incurred?

Response:

The land acquired is the Cheras Land and the property development expenses were incurred for the Telaris Alam Impian project, Cheras project and Gombak project.

Corporate Governance

1. As disclosed in Note 29 to the Financial Statement, the remuneration of the Executive Directors for FY2016 was RM1.246 million, of which, RM285,600 were paid as salaries & other emoluments and RM960,000 as fees, represent an increase of 96% from RM634,951 as in FY2015.

The Errata on Page 30 of the Annual Report 2016 disclosed that salaries & other emoluments totaling RM96,000 were paid to Non-Executive Directors.

We also noted that RM2.52 million of the Director's Remuneration was capitalized to the property development cost in Note 5 to the Financial Statements.

- a) Could the Board justify the substantial increase in Executive Directors' remuneration considering the poor financial performance of the Company?

Response:

There is no increase in Executive Directors' remuneration in FY2016 as compared with FY2015. The difference is due to the reclassification of the capitalization from property development costs to staff costs.

- b) Why there was no resolution on Directors fee tabled for shareholders' approval?

Response:

Only the resolution on the increase of Director Fee will be tabled for shareholders' approval pursuant to the Article of Association of the Company.

- c) What was the basis for the Directors remuneration to be capitalized in the Property Development Cost based on the Malaysian Accounting Standards? Could the board provide the details, including the type of remuneration and name of the Directors whom the payment was made?

Response:

The Directors remuneration is capitalized in the Property Development Cost for their services provided and rendered to the Project.

- d) Could the Board justify the salaries & other emoluments payment to Non-Executive Directors?

Response:

The payment to the Non-Executive Directors is the allowance and other expenses.

2. We noted that the non-audit fee for FY2016 increased substantially to RM101,847 for FY2016 from RM5,000 for FY2015.

What was the reason for the significant increase and could the Board provide the details of the non-audit services rendered on FY2016?

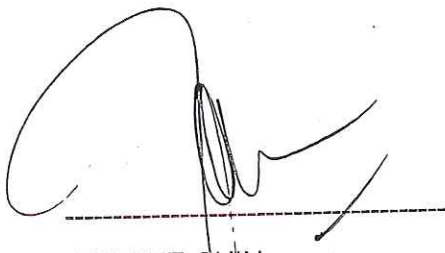
Response:

The increase of the non-audit fee for FY2016 was mainly for the Reporting Accountant fee for the Proposed Corporate Exercise.

Thank you.

Yours faithfully,

TIGER SYNERGY BERHAD

A handwritten signature in black ink, consisting of a large, stylized 'T' followed by a series of loops and a final flourish, positioned above a horizontal dashed line.

TAN LEE CHIN

Managing Director