

TIH LIMITED

(the “Company”)

(Incorporated In the Republic Of Singapore)

Unique Entity No: 199400941K

RESPONSES TO SUBSTANTIAL AND RELEVANT QUESTIONS SUBMITTED FOR THE DEFERRED 26th ANNUAL GENERAL MEETING TO BE HELD ON 12 JUNE 2020

The Board of Directors of TIH Limited (the “**Board**”) would like to thank Shareholders for submitting their questions in advance of the deferred Annual General Meeting (“**AGM**”) of the Company to be held on 12 June 2020 at 10.00 am.

Due to the high volume of questions received, the Company will only provide responses to the substantial and relevant questions relating to resolutions tabled for approval at the AGM.

Please refer to the responses as set out in Appendix A.

BY ORDER OF THE BOARD

Lee Hock Heng
Company Secretary

11 June 2020

TIH Limited

Unique Entity No: 199400941K

Responses to Substantial and Relevant Questions Submitted for the Deferred 26th Annual General Meeting to be held on 12 June 2020

1. **Page 4, 10 Largest Investments as at 31 December 2019, there is no information of their underlying assets.**
 - i. **Would the board consider how it could improve the quality of the annual report so that shareholders can understand the achievements made by the fund and of the portfolio companies and to get a better understanding of the fund, including the risks and opportunities**

Company's response

Thank you for your suggestion. We are indeed looking for ways to improve the quality of our reporting to allow our stakeholders to have a better appreciation of the value of our underlying assets. You will appreciate that much as we may want to reveal more information on our underlying portfolio, there are certain constraints in this regard, due primarily to the obligations to our counterparties to maintain strict confidentiality on the terms and nature of the investment for competitive reasons.

Nonetheless, to the extent possible, we shall endeavour to provide more information in the future.

- ii. **May the board share with shareholders on the outlook and prospect of these investments for the coming years? Any of these investments are ripe for divestments or realised its value?**
- iii. **May the board provide comments and assessment of how these investments by TIH are affected by the Covid-19 pandemic?**

Company's response

We understand that shareholders are anxious to learn more about the potential impact of Covid-19 on our investments and what the prospects of our investments are for the coming years. The potential major impact of Covid-19 on our portfolios

is the timing for the expected exit and the potential decline in the fair value due to change in market conditions. The Investment Manager has been very proactive in engaging with all our investee companies to assess the potential impacts and their business outlooks. We have portfolio positions in a wide range of sectors including Property and Development, Financial Services, Consumer Services and Electronic Components, which are not spared from the effects of Covid-19 and we are vigilantly working with all our investee companies to ensure we can manage the impact and preserve the value of our investments as much as we possibly can. In the event that there is any negative impact on any of our portfolio positions, the valuation of that position will be marked down accordingly in our financial statements which will be disclosed. The most significant impact to-date on portfolios is marked to market loss on our indirect investment in quoted securities investment through Fortune Crane Limited (“Fortune Crane”). Overall, we remain positive about the mid- to long- term prospect of our portfolio and are very pleased to see the resiliency of our investee companies in an unprecedented market environment caused by Covid-19.

As all our shareholders can appreciate, we are not in the position to provide details/plans on the divestment timing for any of our portfolio companies. We will make the relevant disclosure whenever appropriate. Please rest assured that senior management of the Investment Manager is constantly evaluating the portfolio performance and will take the appropriate actions for the best interests of the Company and all our shareholders.

- 2. In the Annual reports for TIH, there is no financial performance highlights of TIH. Would the board consider provide the last 5 years financial highlights and summary for the company performance in the Annual Report to help shareholder in better understand the performance of the company?**

Company’s response

We have not provided financial performance highlights because the Group’s income is chiefly derived from the realisation and/or revaluation of its investments. TIH’s investments in listed securities fluctuate up and down in value according to prevailing market conditions. This in turn will affect fair value valuations of its portfolio investments, which do not indicate a permanent increase or decline of the

investment portfolio's valuation. Accordingly, providing financial performance highlights may not be as meaningful in these circumstances.

Nonetheless, we thank you for your suggestion and we will look into doing so for future Annual Reports.

- 3. On 1Q2020 result announcement, "The debt investment at fair value through profit or loss ("FVTPL") relates to a shareholder loan granted to Fortune Crane, as part of total investment to acquire the underlying quoted shares. The loss of S\$11.27 million for 1Q2020 (after net off against interest income of S\$0.21 million) was attributed to the significant decline in the share price of the underlying quoted shares"**

May the board provide additional details of how the loss of S\$11.27 million is computed? How often the fair value of debt investment is assessed, quarterly or annually?

Company's response

The Group's income is primarily derived from the realisation and/or revaluation of its investments. The loss in 1Q2020 was mainly attributable to fair value loss on investments in particular Fortune Crane (which is a non-cash item), due to the significant decline in share price of the underlying quoted shares investment amidst the Covid-19 pandemic.

The debt investment at FVTPL is assessed quarterly.

- 4. On 18th May 2020 announcement by the company on the launch of "Vasanta Fund" by TIH with 3 partners. Vasanta Fund will be managed by TIH Investment Management Pte. Ltd. ("TIH IM"). The Group's investment management arm TIH shall contribute up to US\$15 million.**
 - i. Since Vasanta Fund is managed by TIH IM, may we know what is the management fee structure like and how much management fee will TIH be getting from management of this fund?**

Company's response

We are unable to disclose the management fee structure due to competitive reasons.

- ii. **Funding of US\$15 million of TIH share, TIH has cash of S\$18 million as at 31 December 2019 and if TIH is going to contribute to maximum amount of US\$15 million or S\$21 million, there will be a shortfall of S\$3 million? How will TIH going to cover this amount?**

Company's response

The investment into Vasanta Fund will be funded by internal sources comprising existing cash and proceeds from divestment.

5. **Note 11, page 46 of the Annual Report. "Included in others is an amount of S\$16.16 million for the group and company for foreign tax and expenses relating to certain divestments made in prior years".**

May the board elaborate on further details of which divestment resulted in the foreign tax and expenses? This amount has been reflected in the annual report for the past 5 years as other payables, may the board comment on when this amount will be realised or cancelled?

Company's response

The liability was related to the divestment of Foodstar Holdings Pte Ltd in 2010. The Company is constantly reviewing the liability with advice from external advisors. The Company is unable to comment on when this liability will be realised or cancelled at the moment but will provide update to all our shareholders as soon as we are able to do so.

6. **The new investments made by the Company in 2019 is S\$1.67 million but the Company has to pay almost S\$0.7 million to ASM advisory to gain their service in 2019. Is this expense justifiable?**

Company's response

Please refer to the Company's announcement dated 30 April 2020.

7. **The company is primary an investment company but the company has to pay staff cost of S\$1.97 million in 2019. How many staff are employed by the company and whether these are stationed in Singapore or Hong Kong? Other company in Singapore such as Global Investment Limited (“Global Investment”), though invest in large sum, it has no such staff cost requirements.**

Company’s response

We are not in a position to comment fully on the situation of Global Investment, Companies that are a fund managed by a third-party private investment management firm tend to pay a basic management fee and incentive fee to their manager, which is quite significant. They have no staff cost because they are managed by a third-party manager.

TIH internalised its management since 2014 and the investment management function was given to TIH IM. As TIH IM is a wholly owned subsidiary of TIH, we consolidate the financials and report the staff costs as required by the accounting standards. As such, it is not an apple-to-apple comparison to compare the staff costs of the two companies.

The goal since the internalisation is to expand into the investment management business and utilise the team to take on additional investment mandate. With the support from ASM, TIH IM has been acting as the advisor for ASM Connaught House Funds which are the funds managed by ASM. This was the first step in expanding into the fund management business. With the launch of Vasanta Fund in May 2020, TIH IM will be able to benefit from the future fee income in addition to capital appreciation from our investment in the fund without increasing much of the staff cost. We are finally starting to harvest some of our hard work in the last few years and we hope to build the AUM of our fund management business in the near future.

In FY2019, TIH IM has 14 employees, of which 3 (including CEO) are key management personnel and all are stationed in Singapore. Please refer to the Company’s announcement dated 30 April 2020 for more details.

- 8. Why the Company lose the legal suit on Mitsui Life Insurance case in Japan? Is the Company able to explain why the company is so confident in the initial stage and yet could not win the case?**

Company's response

The outcome of any lawsuit is always uncertain no matter how strong people believe their case is. It was unfortunate that we lost the case even though we thought we had a very strong case. The legal cost incurred to pursue the case on Mitsui Life was small relative to our divestment proceeds and the potential claim. We believe at that time the potential benefit outweighed the cost incurred.

- 9. Has the Company received any dividend from Fortune Crane investment? What is the meaning of gain in fair value on page 3 of the Annual Report but does the company receive any payment from Fortune Crane investment for the share invested?**

Company's response

Fortune Crane did not distribute any dividends in FY2019.

Fair value refers to the estimated worth of financial assets and liabilities at that point in time, that are held by the company. Depending on prevailing public market conditions, TIH's investments in listed securities may fluctuate, affecting fair value valuations of its portfolio investments. These gains or losses on fair value valuations based on generally accepted accounting standards may not indicate a permanent increase or decline of the investment portfolio's valuation and can be non-cash in nature. More details on the measurement of fair values can be found on page 22 of the Annual Report.

On page 5 of the Annual Report, it is stated that the Group recorded net fair value gains of S\$15.46 million on equity investments at FVTPL, which include unrealised gains of S\$6.56 million from its investment in Fortune Crane.

- 10. Concentration risk of investment in Fortune Crane, which holds OUE shares, accounts for S\$50.3 million of TIH portfolio. This is more than 40% of total portfolio value. In 1Q2020, the debt securities that TIH holds, which relates**

to the money that TIH lends to Fortune Crane, fell S\$11 million in value to S\$28 million, from S\$39 million.

TIH has been holding OUE via Fortune Crane since 2006 and the track record and return of this investment can be clearly seen from the stock price performance of OUE.

- i. **Why is TIH assuming so much concentration risk in a single investment in a listco entity when as a venture capital, it has so many investment options and opportunities at its disposal?**

Company's response

Investment in Fortune Crane was made at the time when the Company had a much larger balance sheet. As the Company divested most of its holdings between 2006 and 2014 (prior to the internalisation), the size of the Fortune Crane investment in relation to the Company's overall portfolio became larger over time. It was not intended for the Company to have a big concentration in one position but it was the result of the series of divestments prior to the internalisation.

- ii. **What is the rationale and basis for continuing to hold on to this investment at such a high concentration?**

Company's response

We are confident in the prospect of OUE which in our view, is underappreciated by the market as OUE's share price is currently trading significantly below the intrinsic value of its portfolio of attractive assets. The management team of OUE is extremely resourceful and entrepreneurial. We are working closely with them to create long term value together with them. We are confident of OUE's ability to grow its business and deliver value for investors over the long term. Again, the Investment Manager is constantly evaluating the performance of its investment including Fortune Crane to determine the best course of action, such as continuing to hold, increasing/decreasing exposure and/or complete exit, with respect to each of its investment position. We remain confident that OUE will continue deliver value to its shareholders. As a simple illustration, the book value of OUE (on a 100% basis) has grown from S\$1.52 billion in 2006 to S\$4.07 billion in 2019 which represents a multiple of 2.69x over the 13-year period without taking into account

the dividends. Between FY2006 to FY2019, the total dividends to its shareholders by OUE amounted to S\$872 million. With this in mind, the Investment Manager intends to continue to work with OUE to deliver value to shareholders.

- iii. **Can the manager articulate what are its plans for this investment, or adopt a more activist approach to this investment, as what ASM has done for its own direct investment in Hong Kong, such as China Motor Bus where it actively lobbied the board there for a reasonable return on its investment?**

Company's response

There is no one size fits all strategy for our investments. Different strategies may be required for our portfolio companies. Shareholder engagement takes various forms depending on, among other things, the willingness of the company to work with us. In OUE, we are blessed to have a partner who is open-minded and receptive to our participation. Senior management of the Investment Manager is constantly evaluating the prospect of all its investment to determine the most appropriate timing for potential divestment. In the present case, we have no intention to change our plans for Fortune Crane which we believe is most appropriate at this point in time. The Company remains positive about the mid-to long-term prospects of OUE.

- iv. **ASM was formerly the major shareholder of TIH but decided to form a JV with Lippo to make an offer for TIH. The offer essentially transfers the controlling stake in TIH from ASM to Lippo. Given that OUE is a major holding of the fund as well as a Lippo vehicle, would the manager be able to operate independently with respect to its investments, as well as its holding in TIH?**

Company's response

ASM continues to hold a significant stake in TIH and we believe that its interests are aligned with TIH. The success of TIH may lead to an increase in its share price, bringing economic benefit to ASM.

The presence of Lippo China Resources Limited, a member of the Lippo Group of companies, as TIH's largest shareholder shall provide stability of capital which will form the bedrock of our future development.

With the support of a strategic shareholder, Lippo Group, TIH is well poised to continue to explore investment opportunities in the region while striving to create long-term shareholder value.

It is worth to note that while Lippo China Resource is the largest shareholder of TIH with approximately 39% shareholding, it does not have discretion or decision making power in TIH's management of the portfolio and divestment decisions. The Board Investment Committee ("BIC") which is elected by the board has a veto right for new investments proposed by Investment Manager to be invested by the Company to safe guard the interests of the Company. All divestment decisions and other portfolio management activities once an investment is made are delegated to the Investment Manager. Kin Chan as a representative from ASM remains the Chairman of the Company and director of the Investment Manager to provide strategic oversight and support to the Company and the Investment Manager.

11. Transparency of investments

TIH does not disclose much detail of its investments due to competitive reasons. However, there are many larger funds that are able to operate successfully while offering much better disclosures at the same time. Minority investors in TIH are severely disadvantaged when it comes to assessing the prospects of their investment in TIH. Can the manager provide more disclosure with respect to its investment approach and portfolio investments? Even reference to historical investments and the thinking behind them helps.

Company's response

We have listed details of our investments on page 6 of the Annual Report with regards to the distribution of investments by sector and country. We are constantly reviewing the appropriate level of disclosure balancing between the confidentiality obligations, competition consideration and the desire for higher transparency and hope to provide more details and improvement on reporting whenever we can.

Funds whose strategies are more passive and focused on trading of public securities are able to provide more transparency than funds like ours who are invested in highly structured transactions. The disclosures made by TIH are in compliance with the requirements under the Listing Manual. Nonetheless, we endeavor to continue to look into providing more information on our investments in future Annual Reports and releases to the extent that we are not breaching confidentiality undertakings and hurting commercial interests of the investments.

12. Dividends and fund management expenses

While awaiting for the very long lead time that the manager requires to realise the investments, could the manager also endeavour to provide an increasing stream of dividends for TIH shareholders and look for ways to manage the fund investment expenses downwards?

Company's response

In consideration for dividend payment, the Company takes into account, among other factors, current cash position, future cash needs, profitability, retained earnings and business outlook. We will continually look into balancing cash distributions to shareholders and redeploying surplus funds into higher yielding investments to enhance shareholders' value.

An interim tax-exempt one-tier ordinary dividend of S\$0.01 per share for the financial year ending 31 December 2020 has been paid on 5 June 2020.