

TIH LIMITED
(the “Company”)
(Incorporated In the Republic Of Singapore)
Unique Entity No: 199400941K

**RESPONSES TO SUBSTANTIAL AND RELEVANT QUESTIONS SUBMITTED FOR THE
27th ANNUAL GENERAL MEETING TO BE HELD ON 22 APRIL 2021**

The Board of Directors of TIH Limited (the “**Board**”) would like to thank Shareholders for submitting their questions in advance of the Annual General Meeting (“**AGM**”) of the Company to be held on 22 April 2021 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

21 April 2021

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Responses to Substantial and Relevant Questions Submitted for the 27th Annual General Meeting to be held on 22 April 2021

- 1. TIH's NAV/share has essentially remained flat from 5 years ago, hovering between \$0.47-\$0.52, despite the hard work of management. Dividend payout has also been modest. Could the Board enlighten what additional steps can be taken to enhance shareholders' value? The investment record is much poorer when compared to the Transpac Capital era.**

Company's response

TIH currently operates under very different conditions compared to pre-internalisation. After listing in 1994 with a total capital of S\$200 million, the Company spent several years building up its first portfolio before distributing its first dividend in 1997/1998. Prior to the internalisation exercise in 2014 when the management contract with the former manager, Transpac Capital Pte Ltd, was terminated, TIH had divested most of its portfolios and was able to pay out most, if not all, of its cash through capital reductions and dividends. At the point of internalisation, TIH had a limited amount of cash and asset base for making new investments. On the completion of internalisation in 2014, TIH had raised capital through convertible bond and warrants issues amounting to approximately S\$9 million and used the capital to make new investments to generate returns for its shareholders. There has been very limited cash available even now for making new investments. Cash generated from divestments have been redeployed to fund new investments.

The NAV is the sum of the fair value of aggregate portfolio value less the liabilities which fluctuate from time to time based on the generally accepted accounting standards. While the NAV is the best estimate of the Company's value, the actual outcome of the investments can only be realized upon exit. Before the exit for an investment happens, the NAV remains a theoretical number which is still subject to various marked-to-market adjustments.

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The Board, together with the Investment Manager, has been exploring various initiatives to enhance shareholder value by entering into fund management business to manage third party capital, actively sourcing for new investments ideas through its networks, expanding into new markets/countries and establishing new funds with new strategies. All these initiatives will take time and effort before shareholders can see the results and benefits of the work. For example, we first applied for our Capital Markets Services (“CMS”) License from the Monetary Authority of Singapore (“MAS”) in 2014 immediately after the internalisation and was granted the CMS License in 2016 which was almost two years later. Please be rest assured that the Board and the investment manager have the best interests of its shareholders as its top priority and will leave no stones unturned in their mission to create value for the shareholders.

2. With the divestment of CEI, will the Board consider returning part of the capital to shareholders?

Company’s response

The Board will take into account of the future investment program/pipeline and operational cash requirements before making the recommendation on the amount of cash to be declared as dividends to the shareholders.

3. Has Bowen Road been divested in full? How much was the initial investment cost and how much was the sales proceeds?

Company’s response

In FY2020, TIH has successfully divested part of its investment in Bowen Road Limited – an investment vehicle for a structured loan extended to an Indonesian chain of retail convenience stores. TIH received a total distribution of US\$16 million and achieved an IRR of 23% from this deal.

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- 4. How much was raised by Vasanta Fund and how much has been deployed to date? What is the management/performance fee structure that TIHIM is charging the fund?**

Company's response

TIH launched Vasanta Fund 1 SP ("Vasanta Fund") in 2020 in a joint investment with two partners to focus on undervalued listed companies in Asia Pacific and unlock value through active engagement with management and stakeholders. With an initial capital of up to US\$45 million, TIH, through its wholly owned subsidiary Killian Court Pte Ltd, contributed US\$13 million to the US\$39 million raised in total, of which US\$3.5 million has been deployed as at 31 December 2020.

The fee structure for Vasanta Fund and for all other funds managed/to be managed by TIHIM shall be kept confidential as a matter of competitive reason. The fund investors also do not allow us to disclose the fee arrangement due to their concern of the confidentiality.

- 5. Is there a policy to return part or all of profits generated from investments back to shareholders?**

Company's response

Since FY2016, TIH has been consistently paying out dividend of 1.0 cent per share for each financial year in appreciation of shareholders who have supported the Company over the years. The Board has also proposed to distribute a final dividend of 1.0 Singapore cent for FY2020, subject to shareholders' approval at the upcoming Annual General Meeting of the Company.

Given TIH's current limited size and scale, the Board is of the view that it will be in the best interests of all shareholders if the Company can build up its scale and

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recurring income base. It is the Board's intention to reward shareholders with dividends when the Company is in a stronger position to do so

6. What is the company doing to raise better awareness of profile in the investment community?

Company's response

We have reorganized our annual report to better demonstrate the categories of investments and the type of income (including fees and other recurring income) to help shareholders better understand the Company's business and performance. As of now, the Company remains fairly small with limited liquidity, and hence finds it challenging to gain the attention of institutional investors/investment community. We hope we will be able to start engaging more shareholders (both institutional and retail) after we expand in size and scale in the near future. As of now, the Company remains focused on growth by utilizing available resources.

7. On Page 5 of annual report, it mentions that TIH has investment business and fund management business. For many years, the Company has embarked on investment business. Is there a set goal established in the last five years and whether we have achieved the set ROI goals that we have set for the business?

Company's response

While each investment has different risk/return profiles, TIH aims to achieve attractive risk adjusted returns on every investment we make.

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8. What is the targeted goal for the fund management business?

Company's response

The goal for the fund management business, operated under TIHIM, is to raise funds in various strategies and grow the assets under management for each strategy. Ultimately, we aim to increase both the fee income and shareholders' return over the long term.

9. For the benefit of the minority shareholders, can management provide the breakdown of company investments in terms of countries, investment instrument types and etc.? For each category, provide an achieved growth to give a better appreciation of the risk for different segments of business.

Company's response

For the direct investments, we have disclosed the countries in which it invests in. As much as possible to the extent in which we are allowed to under the agreements, we also disclose the investment structures/types. For example, we disclosed that TIH owns 55% in TIHT Investment Holdings Pte. Ltd. which in turn owns Mitsui Life and CEI. For most of the investments, we are bound by the confidentiality to not disclose the actual investment structure.

Starting from this year, we have grouped the investments into different categories:

- Private Credit (which include investments in ASM Connaught House Fund II LP and ASM Connaught House Fund III LP ("CHF"). and co-investment with CHF);
- Public Equity (which includes investments in Vasanta Fund); and
- Direct Investment (which includes strategic holdings such as NECM, Inga, RHC, Fortune Crane; and legacy positions).

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We hope over time, the performance for each category of investments will show a clearer trend of investment performance.

- 10. The consultancy arrangement with Argyle Street Management (“ASM”) cost more than \$500,000 a year. Has the company management reviewed that it is more beneficial to employ direct consultant staff using this fee money?**

Company’s response

The Board reviews the strategic support services agreement with ASM regularly and is of the view that the benefits of this agreement outweighs the costs involved.

The collaboration with ASM has been critical in building up our business after the internalisation. For example, CHF’s were the first funds that TIHIM was appointed as non-discretionary advisor, when first starting our fund management business. ASM has also been instrumental in helping us to procure the mandate for Vasanta Fund and other managed account mandates.

We believe that our business model affords us the most flexibility, where we own 100% of TIHIM and we are able to expand into different investment areas and businesses.

- 11. What would be the targeted goal that we aim for fund management business for the next five years? What has TIH achieved for the past one year in this year?**

Company’s response

The fund management business was built from scratch after we had received our CMS License from the MAS in 2016. Our first mandates were to advise CHF’s which are the funds managed by ASM as a non-discretionary advisor to kickstart our fund management business initiatives. In FY2020, we have raised our first

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discretionary fund (Vasanta Fund) to focus on undervalued listed equities in Asia and we are actively investing the capital. Once the track record for the fund has been established over the next few years, we plan to raise more capital for Vasanta Fund. We have also secured two managed account mandates with single investor each during the year.

Looking ahead, we will continue to actively evaluate and pursue various other strategies that are in line with our growth strategies.