

## CIRCULAR DATED 3 APRIL 2013

This Letter to Shareholders and Depositors (the "Letter") is issued by ARA Asset Management Limited. If you are in any doubt as to the action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other professional advisor immediately.

If you have sold all your shares in the capital of ARA Asset Management Limited, you should hand this Letter together with the Annual Report, Notice of Annual General Meeting and attached Proxy Form to the purchaser or to the stockbroker or to the bank or to the agent through whom you effected the sale for onward transmission to the purchaser.

The Singapore Exchange Securities Trading Limited ("SGX-ST") assumes no responsibility for the correctness of any of the statements made, reports contained or opinions expressed in this Letter.



(An Affiliate of Cheung Kong Group)

### **ARA ASSET MANAGEMENT LIMITED**

(Incorporated in Bermuda as an exempted company)

(Company Registration No. 32276)

## LETTER TO SHAREHOLDERS AND DEPOSITORS

### **IMPORTANT DATES:**

Last date and time for lodgment of Proxy Form	:	24 April 2013 at 1.30 p.m.
Date and time of Annual General Meeting	:	26 April 2013 at 1.30 p.m.
Place of Annual General Meeting	:	Millenia 1, Level 2 The Ritz-Carlton, Millenia Singapore 7 Raffles Avenue, Singapore 039799

## LETTER TO SHAREHOLDERS AND DEPOSITORS

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## APPENDIX A: THE PROPOSED AMENDMENTS TO THE BYE-LAWS

**Board of Directors:**

Dr Chiu Kwok Hung Justin (Chairman and Non-Executive Director)  
 Mr Lim Hwee Chiang John (Group Chief Executive Officer and Executive Director)  
 Mr Ip Tak Chuen Edmond (Non-Executive Director)  
 Mr Lee Yock Suan (Independent Non-Executive Director)  
 Mr Lim How Teck (Independent Non-Executive Director)  
 Dr Cheng Mo Chi Moses (Independent Non-Executive Director)  
 Mr Colin Stevens Russel (Independent Non-Executive Director)

**Registered Office:**

Clarendon House  
 2 Church Street  
 Hamilton HM 11  
 Bermuda

To:

The Shareholders and Depositors of  
 ARA Asset Management Limited

3 April 2013

Dear Sir/Madam,

- (1) **PROPOSED RENEWAL OF THE SHARE PURCHASE MANDATE**
- (2) **PROPOSED AMENDMENTS TO THE BYE-LAWS**

**1. INTRODUCTION**

1.1 **Notice of 2013 AGM.** We refer to:

- (a) the Notice of Annual General Meeting (the "**Notice**") of ARA Asset Management Limited (the "**Company**") dated 3 April 2013, accompanying the Annual Report 2012, convening the Annual General Meeting of the Company to be held on 26 April 2013 (the "**2013 AGM**");
- (b) the Ordinary Resolution 9 proposed in item 8; and
- (c) the Special Resolution 10 proposed in item 9.

1.2 **Letter to Shareholders and Depositors.** The purpose of this Letter is to provide shareholders and depositors with information relating to the Ordinary Resolution 9 and Special Resolution 10 proposed in the Notice.

## 2. PROPOSED RENEWAL OF THE SHARE PURCHASE MANDATE

2.1 **Background.** At the Annual General Meeting of the Company held on 26 April 2012 (the “**2012 AGM**”), the shareholders of the Company (“**Shareholders**”) had approved the renewal of a mandate (“**Share Purchase Mandate**”) to authorise the Directors of the Company to exercise all the powers of the Company to purchase or otherwise acquire the issued ordinary shares in the capital of the Company (“**Shares**”).

The Company is an exempted company limited by shares incorporated in Bermuda, and was admitted to the Official List of the SGX-ST on 2 November 2007. The Company is not subject to the Companies Act, Chapter 50 of Singapore (“**Singapore Companies Act**”) in respect of acquisitions or purchases of its own Shares. Any purchase or acquisition of Shares by the Company will have to be made in accordance with, and in the manner prescribed by, the Companies Act 1981 of Bermuda (“**Bermuda Companies Act**”), the bye-laws of the Company (“**Bye-laws**”), the Listing Manual of the SGX-ST (the “**Listing Manual**”), as amended from time to time, and such other laws and regulations as may for the time being be applicable.

The Share Purchase Mandate was expressed to take effect on the date of the 2012 AGM and will expire upon the conclusion of the 2013 AGM. Accordingly, Shareholders’ approval is being sought for the renewal of the Share Purchase Mandate at the 2013 AGM.

2.2 **Bermuda Laws.** Under the laws of Bermuda, a company may, if authorised by its memorandum of association or bye-laws, purchase its own shares for cancellation or to be held as treasury shares. The Company has such power to purchase its own Shares pursuant to paragraph 7 of the Memorandum of Association of the Company (“**Memorandum of Association**”) and Bye-law 3(2) of the Bye-laws. Such power to purchase its own Shares shall, subject to the Bermuda Companies Act, the Memorandum of Association and if applicable, the rules and regulations of the SGX-ST and other regulatory authorities, be exercisable by the Directors upon such terms and subject to such conditions as they think fit, in accordance with Bye-law 3(2) (which requires the prior approval of the Company’s members in a general meeting to be obtained for such purchase).

Under the laws of Bermuda, such purchases may only be effected out of the capital paid-up on the purchased Shares or out of the funds of the Company otherwise available for dividend or distribution or out of the proceeds of a fresh issue of Shares made for that purpose. The premium payable, if any, on such a purchase over the par value of the Shares to be purchased must be provided for out of the funds of the Company otherwise available for dividend or distribution or out of the Company’s share premium account before the Shares are purchased. Any amount due to a Shareholder on a purchase by the Company of its own Shares may (a) be paid in cash, (b) be satisfied by the transfer of any part of the undertaking or property of the Company having the same value, or (c) be satisfied partly under (a) and partly under (b). Further, such purchase may not be made if, on the date on which the purchase is to be effected, there are reasonable grounds for believing that the Company is, or after the purchase would be, unable to pay its liabilities as they become due.

Shares purchased by the Company may either be cancelled (in which event, the Company’s issued, but not its authorised, capital will be diminished accordingly) or, may be held as treasury shares. Under the laws of Bermuda, if a company holds shares as treasury shares the company shall be entered in the register of members as the member holding the shares but the company is not permitted to exercise any rights in respect of those shares and no dividend or other distribution (whether in cash or otherwise) shall be paid or made to the company in respect of such shares. Further, under Bye-law 8(2) of the Bye-laws, all treasury shares shall be excluded from the calculation of any percentage or fraction of the Company’s share capital or Shares, except where required by the Bermuda Companies Act.

2.3 **Rationale for the Share Purchase Mandate.** The Share Purchase Mandate authorising the Company to purchase or acquire its Shares will provide the Company with flexibility to undertake share purchases or acquisitions at any time, subject to market conditions, during the period when the Share Purchase Mandate is in force. Share purchases or acquisitions allow the Company greater flexibility over its share capital structure. It should be noted that the purchase or acquisition of Shares pursuant to the Share Purchase Mandate will only be undertaken if it can benefit the Company and Shareholders as a whole. No purchase or acquisition of Shares will be made in circumstances which would have or may have a material adverse effect on the financial position of the Company and the Group and/or affect the listing status of the Company on the SGX-ST.

2.4 **Authority and Limits of the Share Purchase Mandate.** The authority and limits placed on purchases or acquisitions of Shares by the Company under the proposed Share Purchase Mandate, if renewed at the 2013 AGM, are substantially the same as those previously approved by Shareholders at the 2012 AGM. For the benefit of Shareholders and Depositors, these are summarised below:

### 2.4.1 **Maximum Number of Shares**

The total number of Shares which may be purchased or acquired by the Company pursuant to the Share Purchase Mandate is limited to that number of Shares representing not more than 10% of the total number of issued Shares of the Company as at the date of the 2013 AGM. Any of the Shares which are held as treasury shares will be disregarded for purposes of computing the 10% limit.

### 2.4.2 **Duration of Authority**

Unless varied or revoked by ordinary resolution of the Company in general meeting, purchases or acquisitions of Shares may be made, at any time and from time to time, during the period commencing from the date of the passing of the resolution renewing the Share Purchase Mandate and expiring on the earlier of:

- (a) the conclusion of the next Annual General Meeting of the Company or the date on which the next Annual General Meeting of the Company is required to be held; or
- (b) the date on which purchases of the Shares have been carried out to the full extent mandated.

### 2.4.3 **Manner of Purchases or Acquisitions of Shares**

Purchases or acquisitions of Shares may be made by way of:

- (a) an on-market purchase (“**Market Purchase**”), transacted on the SGX-ST and/or any other stock exchange on which the Shares may for the time being be listed and quoted; and/or
- (b) an off-market purchase (“**Off-Market Purchase**”) effected pursuant to an equal access scheme(s) for the purchase of Shares from the Shareholders.

Any equal access scheme(s) pursuant to an Off-Market Purchase may be determined or formulated by the Directors as they consider fit, which scheme(s) shall satisfy all the conditions prescribed by the Singapore Companies Act. In particular, an Off-Market Purchase must satisfy all the following conditions:

- (i) offers for the purchase or acquisition of Shares shall be made to every person who holds Shares to purchase or acquire the same percentage of their Shares;
- (ii) all of those persons shall be given a reasonable opportunity to accept the offers made; and
- (iii) the terms of all the offers shall be the same, except that there shall be disregarded (1) differences in consideration attributable to the fact that offers may relate to Shares with different accrued dividend entitlements, and (2) differences in the offers introduced solely to ensure that each person is left with a whole number of Shares.

If the Company wishes to make an Off-Market Purchase in accordance with an equal access scheme, it will issue an offer document containing at least the following information:

- (1) terms and conditions of the offer;
- (2) period and procedures for acceptances; and
- (3) information required under Rule 883(2), (3), (4), (5) and (6) of the Listing Manual.

#### 2.4.4 **Purchase Price**

The purchase price (excluding brokerage, commission, applicable goods and services tax and other related expenses) to be paid for a Share will be determined by the Directors. The Maximum Price to be paid for the Shares as determined by the Directors must not exceed:

- (a) in the case of a Market Purchase, 105% of the average of closing market prices of the Share for the five consecutive Market Days on which the Shares are transacted on the SGX-ST or, as the case may be, any other stock exchange on which the Shares may for the time being be listed and quoted, immediately preceding the date of the Market Purchase by the Company, and deemed to be adjusted in accordance with the listing rules of the SGX-ST for any corporate action which occurs after the relevant five-day period; and
- (b) in the case of an Off-Market Purchase, 120% of the average of closing market prices of the Share for the five consecutive Market Days on which the Shares are transacted on the SGX-ST or, as the case may be, any other stock exchange on which the Shares may for the time being be listed and quoted, immediately preceding the date of the making of the offer pursuant to the Off-Market Purchase, and deemed to be adjusted in accordance with the listing rules of the SGX-ST for any corporate action which occurs after the relevant five-day period.

For the above purposes, "Market Day" means a day on which the SGX-ST is open for trading in securities.

2.5 **Source of Funds.** The Company intends to use internal and/or external sources of funds to finance its purchase or acquisition of Shares, if any. The Directors do not propose to exercise the Share Purchase Mandate in a manner and to such extent that the working capital requirements of the Group would be materially affected.

2.6 **Treasury Shares.** Under the Bermuda Companies Act and the Bye-laws, shares purchased or acquired by the Company may be held as treasury shares. Some of the provisions on treasury shares under the Bermuda Companies Act are summarised below:

- (a) An acquisition by a company of its own shares to be held as treasury shares may be authorised by its board of directors or otherwise by or in accordance with its bye-laws.
- (b) A company may not acquire its own shares to be held as treasury shares if, as a result of the acquisition, all of the company's issued shares, other than the shares to be held as treasury shares, would be non-voting shares.
- (c) A company that acquires its own shares to be held as treasury shares may (i) hold all or any of the shares, (ii) dispose of or transfer all or any of the shares for cash or other consideration, or (iii) cancel all or any of the shares. If the shares are cancelled, the amount of the company's issued share capital shall be diminished by the nominal value of those shares, but the cancellation of shares shall not be taken as reducing the amount of the company's authorised share capital.
- (d) If a company holds shares as treasury shares, the company shall be entered in its register of members as the member holding the shares. However, the company shall not exercise any rights in respect of those shares, including any right to attend and vote at meetings. Any purported exercise of such a right is void. No dividend shall be paid to the company in respect of shares held by the company as treasury shares; and no other distribution (whether in cash or otherwise) of the company's assets (including any distribution of assets to members on a winding up) shall be made to the company in respect of shares held by the company as treasury shares.

In addition, under the Listing Manual, an immediate announcement must be made of any sale, transfer, cancellation and/or use of treasury shares. Such announcement must include details such as the date of the sale, transfer, cancellation and/or use of such treasury shares, the purpose of such sale, transfer, cancellation and/or use of such treasury shares, the number of treasury shares which have been sold, transferred, cancelled and/or used, the number of treasury shares before and after such sale, transfer, cancellation and/or use, the percentage of the number of treasury shares against the total number of issued shares (of the same class as the treasury shares) which are listed before and after such sale, transfer, cancellation and/or use and the value of the treasury shares if they are used for a sale or transfer, or cancelled.

2.7 **Financial Effects.** The financial effects on the Group arising from purchases or acquisitions of Shares which may be made pursuant to the proposed Share Purchase Mandate will depend on, *inter alia*, the number of Shares purchased or acquired, the price paid for such Shares, whether the Shares purchased or acquired are held in treasury or cancelled and the source(s) of funds used to finance such purchase or acquisition.

The financial effects on the Group, based on the audited financial statements of the Group for the financial year ended 31 December 2012, are based on the assumptions set out below.

#### 2.7.1 **Number of Shares Acquired or Purchased**

Purely for illustrative purposes, on the basis of 768,319,189 Shares in issue as at 8 March 2013, being the latest practicable date prior to the printing of this Letter (the "Latest Practicable Date") and assuming no further Shares are issued, and no Shares are held by the Company as treasury shares, on or prior to the 2013 AGM, the purchase by the Company of 10% of its issued Shares will result in the purchase or acquisition of 76,831,918 Shares.

#### 2.7.2 **Maximum Price Paid for Shares Acquired or Purchased**

In the case of Market Purchases by the Company and assuming that the Company purchases or acquires 76,831,918 Shares at the maximum price of S\$1.967 for one Share (being the price equivalent to 105% of the average of closing market prices of the Share for the five consecutive Market Days on which the Shares were transacted on the SGX-ST immediately preceding the Latest Practicable Date), the maximum amount of funds required for the purchase or acquisition of 76,831,918 Shares is S\$151,128,000.

In the case of Off-Market Purchases by the Company and assuming that the Company purchases or acquires 76,831,918 Shares at the maximum price of S\$2.248 for one Share (being the price equivalent to 120% of the average of closing market prices of the Share for the five consecutive Market Days on which the Shares were transacted on the SGX-ST immediately preceding the Latest Practicable Date), the maximum amount of funds required for the purchase or acquisition of 76,831,918 Shares is S\$172,718,000.

#### 2.7.3 **Illustrative Financial Effects**

For illustrative purposes only, on the basis of the assumptions set out above and the following assumptions:

- (a) that the Share Purchase Mandate had been effective on 1 January 2012;
- (b) that such Share purchases are funded by internal resources and where necessary, long-term borrowings; and
- (c) that the borrowings taken up to fund the purchase consideration would incur interest at 2% per annum,

the financial effects of the purchase or acquisition of Shares by the Company pursuant to the Share Purchase Mandate on the audited financial statements of the Group for the financial year ended 31 December 2012 are set out as follows:

	MARKET PURCHASE		OFF-MARKET PURCHASE	
	Before share purchase	After share purchase	Before share purchase	After share purchase
	S\$'000	S\$'000	S\$'000	S\$'000
<b>As at 31 December 2012</b>				
Shareholders' funds	246,619	95,454	246,619	73,864
Current assets	159,692	51,012	159,692	51,012
Current liabilities	42,164	42,164	42,164	42,164
Net working capital	117,528	8,848	117,528	8,848
Borrowings	5,067	47,551	5,067	69,141
Net profit	72,704	72,667	72,704	72,667
Number of issued Shares	768,319,189	691,487,271	768,319,189	691,487,271
Weighted number of Shares	768,319,189	768,319,189	768,319,189	768,319,189
<b>Financial ratios</b>				
NTA per share (cents)	31.80	13.47	31.80	10.35
EPS – basic (cents)	9.46	9.46	9.46	9.46
Current ratio (times)	3.79	1.21	3.79	1.21
Gearing ratio (%)	2.1%	49.8%	2.1%	93.6%

Notes:

- (1) The disclosed financial effects remain the same irrespective of whether:
  - (a) the purchase of the Shares is effected out of capital or profits; or
  - (b) the purchased Shares are held in treasury or are cancelled.
- (2) Shareholders' funds is stated net of treasury shares and minority interests.
- (3) Net profit refers to net profit after tax and minority interests.
- (4) Net tangible asset ("NTA") equals shareholders' funds less minority interests. NTA per Share is calculated based on the number of Shares issued excluding treasury shares.
- (5) Earnings per Share ("EPS") is calculated based on the net profit divided by the weighted number of Shares.
- (6) Current ratio equals current assets divided by current liabilities.

**SHAREHOLDERS AND DEPOSITORS SHOULD NOTE THAT THE FINANCIAL EFFECTS SET OUT ABOVE ARE FOR ILLUSTRATION PURPOSES ONLY (BASED ON THE ABOVEMENTIONED ASSUMPTIONS). Although the Share Purchase Mandate would authorise the Company to purchase or acquire up to 10% of the issued Shares, the Company may not necessarily purchase or acquire or be able to purchase or acquire the entire 10% of the issued Shares. In addition, the Company may cancel all or part of the purchased Shares or hold all or part of the purchased Shares in treasury.**

- 2.8 **Reporting Requirements.** The Listing Manual requires a listed company to report all purchases or acquisitions of its shares to the SGX-ST not later than 9.00 a.m. (i) in the case of a Market Purchase, on the Market Day following the day of purchase or acquisition of any of its shares, and (ii) in the case of an Off-Market Purchase under an equal access scheme, on the second Market Day after the close of acceptances of the offer. Such announcement (which must be in the form of Appendix 8.3.1 to the Listing Manual) must include details of the date of the purchase, the total number of shares purchased, the purchase price per share or the highest and lowest prices paid for such shares, as applicable, and the total consideration (including stamp duties and clearing charges) paid or payable for the shares.

- 2.9 **No Purchases During Price Sensitive Developments.** While the Listing Manual does not expressly prohibit any purchase of shares by a listed company during any particular period, because the Company would be regarded as an "insider" in relation to any proposed purchase or acquisition of its issued Shares, the Company will not undertake any purchase or acquisition of Shares pursuant to the proposed Share Purchase Mandate at any time after a price sensitive development has occurred or has been the subject of a decision until the price sensitive information has been publicly announced. In particular, the Company will not purchase or acquire any Shares through Market Purchases or Off-Market Purchases during the period commencing one month immediately preceding the announcement of the Company's quarterly, half year and full year results and ending on the date of the announcement of the results, or if they are in possession of non-public, price-sensitive information of the Company.

- 2.10 **Listing Status of the Shares.** The Listing Manual requires a listed company to ensure that at least 10% of equity securities (excluding treasury shares, preference shares and convertible equity securities) in a class that is listed is at all times held by the public (as that term is defined in the Listing Manual). As at the Latest Practicable Date, Mr Lim Hwee Chiang John had a direct interest and deemed interest (through JL Investment Group Limited and Citibank Nominees Singapore Pte. Ltd., as nominee for JL Philanthropy Ltd) in 4,451,660 Shares and 249,767,440 Shares respectively, representing approximately 0.58% and 32.51% of the issued Shares respectively as at that date, Cheung Kong (Holdings) Limited ("**Cheung Kong**") had a deemed interest (through Cheung Kong Investment Company Limited) in 106,571,760 Shares, representing approximately 13.87% of the issued Shares as at that date and Matthews International Capital Management, LLC had a deemed interest (including through Matthews International Funds and other clients) in 69,320,300 Shares, representing approximately 9.02% of the issued Shares as at that date. No Shares were held by the Company as treasury shares as at the Latest Practicable Date. Approximately 43.93% of the issued Shares were held by public Shareholders as at the Latest Practicable Date. Assuming the Company had purchased or acquired Shares from the public up to the full 10% limit pursuant to the proposed Share Purchase Mandate on the Latest Practicable Date, approximately 33.93% of the issued Shares would have been held by public Shareholders as at that date.

The Company will ensure that there is a sufficient number of the Shares in issue held by public Shareholders which would permit the Company to undertake purchases or acquisitions of its Shares through Market Purchases up to the full 10% limit pursuant to the proposed Share Purchase Mandate without affecting the listing status of the Shares on the SGX-ST, causing market illiquidity or affecting orderly trading.

- 2.11 **Take-over Implications.** Appendix 2 of the Singapore Take-over Code contains the Share Buy-Back Guidance Note. The take-over implications arising from any purchase or acquisition by the Company of its Shares are set out below.

#### 2.11.1 **Obligation to make a Take-over Offer**

If, as a result of any purchase or acquisition by the Company of its Shares, the proportionate interest in the voting capital of the Company of a Shareholder or a Depositor and persons acting in concert with him increases, such increase will be treated as an acquisition for the purposes of Rule 14 of the Singapore Take-over Code. Consequently, a Shareholder or a Depositor or a group of Shareholders or Depositors acting in concert with a Director could obtain or consolidate effective control of the Company and become obliged to make an offer under Rule 14 of the Singapore Take-over Code.

#### 2.11.2 **Persons Acting in Concert**

Under the Singapore Take-over Code, persons acting in concert comprise individuals or companies who, pursuant to an agreement or understanding (whether formal or informal), co-operate, through the acquisition by any of them of shares in a company to obtain or consolidate effective control of that company.

Unless the contrary is established, the Singapore Take-over Code presumes, *inter alia*, the following individuals and companies to be persons acting in concert with each other:

- (a) the following companies:
  - (i) a company;
  - (ii) the parent company of (i);
  - (iii) the subsidiaries of (i);
  - (iv) the fellow subsidiaries of (i);
  - (v) the associated companies of any of (i), (ii), (iii) or (iv);
  - (vi) companies whose associated companies include any of (i), (ii), (iii), (iv) or (v); and
  - (vii) any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the companies referred to above for the purchase of voting rights; and
- (b) a company with any of its directors (together with their close relatives, related trusts as well as companies controlled by any of the directors, their close relatives and related trusts).

The circumstances under which Shareholders and Depositors (including Directors), and persons acting in concert with them, will incur an obligation to make a take-over offer under Rule 14 of the Singapore Take-over Code after a purchase or acquisition of Shares by the Company are set out in Appendix 2 of the Singapore Take-over Code.

#### 2.11.3 Effect of Rule 14 and Appendix 2

In general terms, the effect of Rule 14 and Appendix 2 of the Singapore Take-over Code is that, unless exempted, Directors and persons acting in concert with them will incur an obligation to make a take-over offer under Rule 14 if, as a result of the Company purchasing or acquiring Shares, the voting rights of such Directors and their concert parties would increase to 30.0% or more, or in the event that such Directors and their concert parties hold between 30.0% and 50.0% of the Company's voting rights, if the voting rights of such Directors and their concert parties would increase by more than 1.0% in any period of six months. In calculating the percentages of voting rights of such Directors and their concert parties, treasury shares shall be excluded.

Under Appendix 2 of the Singapore Take-over Code, a Shareholder or Depositor not acting in concert with the Directors will not be required to make a take-over offer under Rule 14 if, as a result of the Company purchasing or acquiring its Shares, the voting rights of such Shareholder or Depositor would increase to 30.0% or more, or, if such Shareholder or Depositor holds between 30.0% and 50.0% of the Company's voting rights, the voting rights of such Shareholder or Depositor would increase by more than 1.0% in any period of six months. Such Shareholder or Depositor need not abstain from voting in respect of the resolution authorising the Share Purchase Mandate.

Shareholders and Depositors may wish to note that a ruling was obtained from the Securities Industry Council ("**SIC**") on 22 August 2007 that the presumption that Mr Lim Hwee Chiang John is acting in concert with Cheung Kong has not been rebutted. As at the Latest Practicable Date, Mr Lim Hwee Chiang John had a direct and deemed interest (through JL Investment Group Limited and Citibank Nominees Singapore Pte. Ltd., as nominee for JL Philanthropy Ltd) in 4,451,660 and 249,767,440 Shares respectively, representing approximately 0.58% and 32.51% respectively of the issued Shares as at that date, and Cheung Kong had a deemed interest (through Cheung Kong Investment Company Limited) in 106,571,760 Shares, representing approximately 13.87% of the issued Shares as at that date. Accordingly, the aggregate deemed interest of Mr Lim Hwee Chiang John and Cheung Kong represented 46.96% of the issued Shares as at the Latest Practicable Date.

Based on the above and on Substantial Shareholder/Depositor notifications received by the Company as at the Latest Practicable Date as set out in paragraph 4.2 below, both Mr Lim Hwee Chiang John and Cheung Kong, would be obliged to make a take-over offer for the Company under Rule 14 of the Singapore Take-over Code as a result of the purchase or acquisition by the Company of the maximum limit of 10% of its issued Shares as at the Latest Practicable Date.

**Shareholders and Depositors who are in doubt as to their obligations, if any, to make a mandatory take-over offer under the Singapore Take-over Code as a result of any purchase or acquisition of Shares by the Company should consult the SIC and/or their professional advisors at the earliest opportunity.**

- 2.12 **Previous Purchases.** The Company has not acquired or purchased any Shares since the 2012 AGM, being the date of approval of the renewal of the Share Purchase Mandate.

### 3. PROPOSED AMENDMENTS TO THE BYE-LAWS OF THE COMPANY

- 3.1 **Overview.** It is proposed that Bye-laws 65, 68, 77(1)(a), 77(3), 78, 79, 80 and 82 of the Company's Bye-laws be amended to allow for an instrument of proxy be in the form of an electronic record and also to provide for voting by electronic means at a general meeting.

Further, pursuant to the Companies Amendment Act 2006 and the Companies Amendment (No. 2) Act 2011 (together, "**the Amendment Acts**"), certain amendments were made to the Bermuda Companies Act. It is proposed that the Bye-laws of the Company be amended to align, where relevant, the existing provisions of the Bye-laws to the Bermuda Companies Act. Accordingly, amendments are proposed to the Bye-laws 3(3), 133(2) and 138 of the Company's Bye-laws.

The texts of the aforesaid affected Bye-laws which are proposed to be deleted or amended are set out in Appendix A to this Letter.

Pursuant to Bye-law 165 of the Company's Bye-laws, the proposed amendments to these Bye-laws of the Company are subject to the prior written approval of the SGX-ST (which approval was obtained on 18 March 2013) and to Shareholders' approval, and will be proposed as a Special Resolution at the 2013 AGM.

- 3.2 **Summary of proposed amendments to the Bye-laws of the Company.** A summary of the proposed amendments to be made to the Bye-laws of the Company is as follows:-

- (a) **Proposed amendments to provide for voting by electronic means at a general meeting and to allow for instruments of proxy to be in the form of an electronic record**
  - (i) **Bye-law 65:** It is proposed that the existing Bye-law 65 relating to manner of voting by members at a general meeting be amended to provide for voting by electronic means.
  - (ii) **Bye-laws 68, 77(1)(a) and 77(3):** In connection with the amendments to Bye-law 65 to provide for voting by electronic means, consequential amendments are proposed to be made to these Bye-laws 68, 77(1)(a) and 77(3).
  - (iii) **Bye-laws 78 and 80:** It is proposed that the existing Bye-laws 78 and 80 concerning instruments of proxy be amended to allow for an instrument of proxy to be in the form of an electronic record.
  - (iv) **Bye-laws 79 and 82:** In connection with the amendments to Bye-laws 78 and 80 to allow for an instrument of proxy to be in the form of an electronic record, consequential amendments are proposed to be made to Bye-laws 79 and 82.

**(b) Proposed amendments to align the Bye-laws of the Company to the Bermuda Companies Act**

- (i) **Bye-law 3(3)**: It is proposed that the existing Bye-law 3(3) relating to prohibition against giving of financial assistance in connection with acquisitions of shares in the Company be deleted because the Bermuda Companies Act has been amended to repeal the said prohibition (including all the exceptions and exemptions relating to the said prohibition) pursuant to the Companies Amendment (No. 2) Act 2011 of Bermuda.
- (ii) **Bye-law 133(2)**: Pursuant to the Companies Amendment Act 2006, the Bermuda Companies Act now provides for, among other things, (i) that a company may authorise any person as its agent to sign or execute deeds, instruments or documents on the Company's behalf in any place inside or outside Bermuda and (ii) that a company may, but need not, have a common seal and one or more duplicate seals for use in any place inside or outside Bermuda. It is proposed to update the existing Bye-law 133(2) to reflect the position in the Bermuda Companies Act.
- (iii) **Bye-law 138**: A Bermuda company is not permitted to declare and pay out a dividend or make a distribution unless it meets the statutory solvency test set out in Section 54 of the Bermuda Companies Act. The first branch of the solvency test is the cash flow test and the second branch is the balance sheet test. Pursuant to the Companies Amendment (No. 2) Act 2011, changes were made to the balance sheet test. Previously, the balance sheet test was measured with reference to the difference between the realisable value of a company's assets and the aggregate of its liabilities and its issued share capital and share premium accounts. Following amendments to the Bermuda Companies Act pursuant to the Companies Amendment (No. 2) Act 2011, the appropriate measure is now between the realisable value of the company's assets and its liabilities, and there is no longer any reference to the company's issued share capital and share premium accounts. It is proposed that the existing Bye-law 138 be amended to reflect the present position under the Bermuda Companies Act.

**4. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS'/DEPOSITORS' INTERESTS**

4.1 **Directors' Interests.** The interests of the Directors in the shares of the Company, as extracted from the Register of Directors' Shareholdings as at the Latest Practicable Date, are set out below:

	NUMBER OF SHARES			
	Direct Interest	Deemed Interest	Total Interest	% of Issued Shares
Dr Chiu Kwok Hung Justin	–	–	–	–
Mr Lim Hwee Chiang John	4,451,660	249,767,440 <sup>(1)</sup>	254,219,100	33.09%
Mr Ip Tak Chuen Edmond	–	–	–	–
Mr Lee Yock Suan	66,000	–	66,000	0.01%
Mr Lim How Teck	594,000	–	594,000	0.08%
Dr Cheng Mo Chi Moses	–	–	–	–
Mr Colin Stevens Russel	19,800	–	19,800	0.003%

Notes:

- (1) Mr Lim Hwee Chiang John has an indirect interest in the 248,667,440 shares of the Company held by JL Investment Group Limited which is wholly-owned by him. He is also deemed interested in the 1,100,000 shares held by Citibank Nominees Singapore Pte. Ltd. (as nominee of JL Philanthropy Ltd). The beneficiary of JL Philanthropy Ltd is JL Charitable Settlement and Mr Lim is the settlor of JL Charitable Settlement.

4.2 **Substantial Shareholders'/Depositors' Interests.** The interests of the Substantial Shareholders/Depositors in the shares of the Company, as extracted from the Register of Substantial Shareholders as at the Latest Practicable Date, are set out below:

	NUMBER OF SHARES			
	Direct Interest	Deemed Interest	Total Interest	% of Issued Shares
JL Investment Group Limited	248,667,440	–	248,667,440	32.37%
Mr Lim Hwee Chiang John	4,451,660	249,767,440 <sup>(1)</sup>	254,219,100	33.09%
Cheung Kong Investment Company Limited	106,571,760	–	106,571,760	13.87%
Cheung Kong (Holdings) Limited	–	106,571,760 <sup>(2)</sup>	106,571,760	13.87%
Matthews International Funds	–	53,899,700 <sup>(3)</sup>	53,899,700	7.02%
Matthews International Capital Management, LLC	–	69,320,300 <sup>(4)</sup>	69,320,300	9.02%

Notes:

- (1) Mr Lim Hwee Chiang John has an indirect interest in the shares of the Company held by JL Investment Group Limited which is wholly-owned by him. He is also deemed interested in the 1,100,000 shares held by Citibank Nominees Singapore Pte. Ltd. (as nominee of JL Philanthropy Ltd). The beneficiary of JL Philanthropy Ltd is JL Charitable Settlement and Mr Lim is the settlor of JL Charitable Settlement.
- (2) Cheung Kong has an indirect interest in the shares of the Company held through its wholly-owned subsidiary, Cheung Kong Investment Company Limited.
- (3) Matthews International Funds ("MIF") is deemed to be interested in the shares of the Company held by a local custodial bank.
- (4) Matthews International Capital Management, LLC ("MICM"), a U.S.-registered investment advisor that transacts in the Company's shares on behalf of its clients, is deemed to be interested in these shares of the Company held by a local custodian. MICM which acts as an investment advisor to MIF is also deemed to be interested in the 53,899,700 shares of the Company in which MIF has a deemed interest.

**5. DIRECTORS' RECOMMENDATIONS****5.1 Share Purchase Mandate**

The Directors are of the opinion that the proposed renewal of the Share Purchase Mandate is in the best interests of the Company. Accordingly, they recommend that Shareholders vote in favour of the Ordinary Resolution 9 proposed in item 8 of the Notice, being the Ordinary Resolution relating to the proposed renewal of the Share Purchase Mandate to be proposed at the 2013 AGM.

**5.2 Proposed Amendment to the Bye-laws**

The Directors are of the opinion that the proposed amendments to the Bye-laws are in the best interests of the Company. Accordingly, they recommend that Shareholders vote in favour of the Special Resolution 10 proposed in item 9 of the Notice, being the Special Resolution relating to the proposed amendments to the Bye-laws to be proposed at the 2013 AGM.

## 6. INSPECTION OF DOCUMENTS

The following documents are available for inspection at the principal place of business of the Company at 6 Temasek Boulevard, #16-02 Suntec Tower Four, Singapore 038986, during normal business hours from the date of this Letter up to the date of the 2013 AGM:

- (a) the Annual Report of the Company for the financial year ended 31 December 2012; and
- (b) the Memorandum of Association and Bye-laws of the Company.

## 7. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Letter and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Letter constitutes full and true disclosure of all material facts about the proposed renewal of Share Purchase Mandate and the proposed amendments to the Bye-laws, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Letter misleading.

Where information in this Letter has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this Letter in its proper form and context.

## 8. SGX-ST DISCLAIMER

The SGX-ST assumes no responsibilities for the correctness of any of the statements made, reports contained or opinions expressed in this Letter.

Yours faithfully  
for and on behalf of  
the Board of Directors of

**ARA ASSET MANAGEMENT LIMITED**

Mr Lim Hwee Chiang John  
Group Chief Executive Officer and Executive Director

The amendments which are proposed to be made to the Bye-laws of the Company are as set out in paragraphs 1 to 11 below.

For your ease of reference, and where appropriate, the full text of the Bye-laws proposed to be amended have been reproduced. The rationale for the proposed amendments (as appearing in paragraph 3.2 of this Letter) are reproduced here in italics as marginal notes opposite each of the Bye-law proposed to be amended. These marginal notes do not form part of the proposed amendments and are reproduced here solely for your ease of reference only. For illustration purposes, deleted texts in the existing Bye-laws have been marked with a strike-through and inserted texts are marked in bold. These markings will not be reproduced in the final form of the amended Bye-laws.

### (A) Proposed amendments to provide for voting by electronic means at a general meeting and to allow for instruments of proxy to be in the form of an electronic record

#### 1. Bye-law 65

That the existing Bye-law 65 be amended by inserting the text shown in bold in the manner set out below:-

"65. Subject to any special rights or restrictions as to voting for the time being attached to any shares by or in accordance with these Bye-laws, at any general meeting (i) on a show of hands **or by a count of votes received in the form of an electronic record**, every Member present in person (or, being a corporation, is present by a representative duly authorised under Section 78 of the Act), or by proxy shall have one vote and the chairman of the meeting shall determine which proxy shall be entitled to vote where a Member (other than the Depository) is represented by two proxies, **and such vote may be cast by the Member (or his proxy or, being a corporation, by its duly authorised representative) raising his hand or by communicating his vote in the form of an electronic record**, and (ii) on a poll every Member present in person or by proxy or, in the case of a Member being a corporation, by its duly authorised representative shall have one vote for every fully paid share of which he is the holder or which he represents and in respect of which all calls due to the Company have been paid, but so that no amount paid up or credited as paid up on a share in advance of calls or instalments is treated for the foregoing purposes as paid up on the share. In the event that a Member participates in a general meeting by telephone or electronic means or other communication facilities, the chairman of the meeting shall direct the manner in which such Member may cast his vote on a show of hands **or by a count of votes received in the form of an electronic record** or by poll, as the case may be. A resolution put to the vote of a meeting shall be decided on a show of hands **or by a count of votes received in the form of an electronic record** unless (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) a poll is demanded:-

- (a) by the chairman of such meeting; or
- (b) by at least three Members present in person (or in the case of a Member being a corporation by its duly authorised representative) or by proxy for the time being entitled to vote at the meeting; or

#### *Marginal note*

*It is proposed that the existing Bye-law 65 relating to manner of voting by members at a general meeting be amended to provide for voting by electronic means.*



- (c) by a Member or Members present in person (or in the case of a Member being a corporation by its duly authorised representative) or by proxy and representing not less than one-tenth of the total voting rights of all Members having the right to vote at the meeting; or
- (d) by a Member or Members present in person (or in the case of a Member being a corporation by its duly authorised representative) or by proxy and holding shares in the Company conferring a right to vote at the meeting being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all shares conferring that right; or
- (e) where the Depository is a Member, by at least three proxies representing the Depository.

A demand by a person as proxy for a Member or in the case of a Member being a corporation by its duly authorised representative shall be deemed to be the same as a demand by a Member."

#### 2. Bye-law 68

That the existing Bye-law 68 be amended by inserting the text shown in bold in the manner set out below:-

- "68. A poll demanded on the election of a chairman, or on a question of adjournment, shall be taken forthwith. A poll demanded on any other question shall be taken in such manner (including but not limited to the use of ballot or voting papers or tickets **or by means of communicating the votes in the form of an electronic record**) and either forthwith or at such time (being not later than thirty (30) days after the date of the demand) and place as the chairman directs. It shall not be necessary (unless the chairman otherwise directs) for notice to be given of a poll not taken immediately."

#### 3. Bye-law 77(1)(a)

That the existing Bye-law 77(1)(a) be amended by inserting the text shown in bold in the manner set out below:-

- "77(1) Any Member entitled to attend and vote at a meeting of the Company who is the holder of two or more shares shall be entitled to appoint not more than two proxies to attend and vote instead of him at the same general meeting provided that if the Member is the Depository:-

- (a) the Depository may appoint more than two proxies to attend and vote at the same general meeting and each proxy shall be entitled to exercise the same powers on behalf of the Depository as the Depository could exercise, including, notwithstanding Bye-law 65, the right to vote individually on a show of hands **or by a count of votes received in the form of an electronic record.**"

#### Marginal note

*In connection with the amendments to Bye-law 65 to provide for voting by electronic means, consequential amendments are proposed to be made to the existing Bye-law 68.*

#### Marginal note

*In connection with the amendments to Bye-law 65 to provide for voting by electronic means, consequential amendments are proposed to be made to the existing Bye-law 77(1)(a).*

#### 4. Bye-law 77(3)

That the existing Bye-law 77(3) be amended by inserting the text shown in bold in the manner set out below:-

- "77(3) A proxy need not be a Member. In addition, subject to Bye-law 77(1), a proxy or proxies representing either a Member who is an individual or a Member which is a corporation shall be entitled to exercise the same powers on behalf of the Member which he or they represent as such Member could exercise, including, notwithstanding Bye-law 65, the right to vote individually on a show of hands **or by a count of votes received in the form of an electronic record.** On a poll, a proxy need not use all the votes he is entitled to cast or cast all such votes in the same way."

#### Marginal note

*In connection with the amendments to Bye-law 65 to provide for voting by electronic means, consequential amendments are proposed to be made to the existing Bye-law 77(3).*

#### 5. Bye-law 78

That the existing Bye-law 78 be amended by inserting the text shown in bold in the manner set out below:-

- "78. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under its seal or under the hand of an officer, attorney or other person authorised to sign the same or, in the case of the Depository, signed by its duly authorised officer by some method or system of mechanical signature as the Depository may deem appropriate. **Where the instrument of proxy is in the form of an electronic record, it shall be completed and delivered by electronic means in such manner as may be set out by the Company in any note to or in any document accompanying the notice convening the meeting.** In the case of an instrument of proxy **(or an electronic record of an instrument of proxy)** purporting to be signed **(or delivered by electronic means, as the case may be)** on behalf of a corporation by an officer thereof it shall be assumed, unless the contrary appears, that such officer was duly authorised to sign **(or deliver by electronic means, as the case may be)** such instrument of proxy **(or the electronic record of the instrument of proxy)** on behalf of the corporation without further evidence of the fact."

#### Marginal note

*It is proposed that the existing Bye-law 78 concerning instruments of proxy be amended to allow for an instrument of proxy to be in the form of an electronic record.*

6. Bye-law 79

That the existing Bye-law 79 be amended by inserting the text shown in bold in the manner set out below:-

"79. The instrument appointing a proxy and (if required by the Board) the power of attorney or other authority (if any) under which it is signed **or completed and delivered** on behalf of the appointor (which shall, for this purpose, include a Depositor), or a certified copy of such power or authority, shall be delivered to such place or one of such places (if any) **(or, where the instrument of proxy is in the form of an electronic record, shall be transmitted to such electronic mail address(es))** as may be specified for that purpose in or by way of note to or in any document accompanying the notice convening the meeting (or, if no place is so specified at the Registration Office or the Office, as may be appropriate) not less than forty-eight (48) hours before the time appointed for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote or, in the case of a poll taken subsequently to the date of a meeting or adjourned meeting, not less than twenty-four (24) hours before the time appointed for the taking of the poll and in default the instrument of proxy shall not be treated as valid. No instrument appointing a proxy shall be valid after the expiration of twelve (12) months from the date named in it as the date of its execution, except at an adjourned meeting or on a poll demanded at a meeting or an adjourned meeting in cases where the meeting was originally held within twelve (12) months from such date. Delivery of an instrument appointing a proxy shall not preclude a Member from attending and voting in person at the meeting convened and in such event, the instrument appointing a proxy shall be deemed to be revoked."

7. Bye-law 80

That the existing Bye-law 80 be amended by inserting the text shown in bold in the manner set out below:-

"80. Instruments of proxy shall be in any usual or common form (including any form approved from time to time by the Depository) or in such other form as the Board may approve (provided that this shall not preclude the use of the two-way form). **Instruments of proxy may also be in the form of an electronic record.** ~~and the~~ **The** Board may, if it thinks fit, send out with the notice of any meeting **physical** forms of instrument of proxy for use at the meeting **and/or, in the case of instruments of proxy in the form of an electronic record, a note to or any document accompanying the notice convening the meeting giving details of how an electronic record of the instrument of proxy may be completed and delivered by electronic means to the Company.** The instrument of proxy shall be deemed to confer authority to demand or join in demanding a poll and to vote on any amendment of a resolution put to the meeting for which it is given as the proxy thinks fit. The instrument of proxy shall, unless the contrary is stated therein, be valid as well for any adjournment of the meeting as for the meeting to which it relates."

Marginal note

*In connection with the amendments to Bye-laws 78 and 80 to allow for an instrument of proxy to be in the form of an electronic record, consequential amendments are proposed to be made to the existing Bye-law 79.*

Marginal note

*It is proposed that the existing Bye-law 80 concerning instruments of proxy be amended to allow for an instrument of proxy to be in the form of an electronic record.*

8. Bye-law 82

That the existing Bye-law 82 be amended by inserting the text shown in bold in the manner set out below:-

"82. Anything which under these Bye-laws a Member may do by proxy he may likewise do by his duly appointed attorney and the provisions of these Bye-laws relating to proxies and instruments appointing proxies shall apply *mutatis mutandis* in relation to any such attorney and the instrument under which such attorney is appointed. **All references in these Bye-laws to an instrument appointing a proxy or an instrument of proxy shall, where not inconsistent with the context, include a reference to such instrument in the form of an electronic record.**"

**(B) Proposed amendments to align the Bye-laws of the Company to the Bermuda Companies Act**9. Bye-law 3(3)

That the existing Bye-law 3(3) be deleted in its entirety.

~~"3(3) Neither the Company nor any of its subsidiaries shall give, whether directly or indirectly, whether by means of loan, guarantee, provision of security or otherwise, any financial assistance for the purpose of the acquisition or proposed acquisition by any person of any shares in the Company, but nothing in this Bye-law shall prohibit transactions permitted under the Act."~~

10. Bye-law 133(2)

That the existing Bye-law 133(2) be amended by inserting the text shown in bold and by deleting the text shown in strike-through, in the manner set out below:-

"133(2) Where the Company has a **duplicate** Seal for use abroad, the Board may **authorise any person appointed** ~~by writing under the Seal appoint any agent or committee abroad to be the duly authorised agent of the Company for the purpose~~ **to affix of affixing and using such Seal to any deed or other document to which the Company is a party** and the Board may impose restrictions on the use thereof as may be thought fit. Wherever in these Bye-laws reference is made to the Seal, the reference shall, when and so far as may be applicable, be deemed to include any such other Seal as aforesaid."

Marginal note

*In connection with the amendments to Bye-laws 78 and 80 to allow for an instrument of proxy to be in the form of an electronic record, consequential amendments are proposed to be made to Bye-law 82.*

Marginal note

*It is proposed that the existing Bye-law 3(3) relating to prohibition against giving of financial assistance in connection with acquisitions of shares in the Company be deleted as the Bermuda Companies Act has been amended to repeal the said prohibition pursuant to the Companies Amendment (No. 2) Act 2011 of Bermuda.*

Marginal note

*Pursuant to the Companies Amendment Act 2006, the Bermuda Companies Act now provides for, among other things, (i) that a company may authorise any person as its agent to sign or execute deeds, instruments or documents on the company's behalf in any place inside or outside Bermuda and (ii) that a company may, but need not, have a common seal and one or more duplicate seals for use in any place inside or outside Bermuda. It is proposed to update the existing Bye-law 133(2) to reflect the position in the Bermuda Companies Act.*

11. Bye-law 138

That the existing Bye-law 138 be amended by deleting the text shown in strike-through in the manner set out below:-

"138. No dividend shall be paid or distribution made if to do so would render the Company unable to pay its liabilities as they become due or the realisable value of its assets would thereby become less than ~~the aggregate of its liabilities and its issued share capital and share premium accounts.~~"

Marginal note

*A Bermuda company is not permitted to declare and pay out a dividend or make a distribution unless it meets the statutory solvency test set out in Section 54 of the Bermuda Companies Act. The first branch of the solvency test is the cash flow test and the second branch is the balance sheet test. Pursuant to the Companies Amendment (No. 2) Act 2011, changes were made to the balance sheet test. Previously, the balance sheet test was measured with reference to the difference between the realisable value of a company's assets and the aggregate of its liabilities and its issued share capital and share premium accounts. Following amendments to the Bermuda Companies Act pursuant to the Companies Amendment (No. 2) Act 2011, the appropriate measure is now between the realisable value of the company's assets and its liabilities, and there is no longer any reference to the company's issued share capital and share premium accounts. It is proposed that the existing Bye-law 138 be amended to reflect the present position under the Bermuda Companies Act.*

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