

23 February 2006

Dear Friend,

### **Update on Assets Under Management ("AUM")**

I wrote to you on 23 June 2005 informing you of the 'hard close' of Target Asia Fund Limited (the "Fund") due to rapid increase of the assets under management ("AUM") of our firm in the recent years.

Seven months have since past, despite our notification of 'hard close' of the Fund, we continue to receive enquiries from many investors about the re-opening of the Fund. Some of them have even placed firm orders with us on waiting basis. We truly appreciate the confidence and trust shown by them.

A review of the Fund's performance during these 7 months of 'closed' period i.e. between 1 July 2005 to 27 Jan 2006 shows that despite the size of our AUM, the Fund was able to perform credibly. During this period, the Fund achieved an investment return of 25.9% (in US\$ net of all costs and fees). As a comparison, the benchmark index MSCI ACFE Ex-Japan during the same period went up 22.9%. The Fund has out-performed the index by 3%. This past 7 months performance has reinforced our assessment that we are coping well with the AUM growth continuing with our time tested 'value' investment philosophy and the concentrated portfolio strategy.

Our approach in fund raising is a practical one. We will continue to grow our AUM in a manner that we are comfortable with both in terms of executing our investment strategy (without having to compromise our investment philosophy, style and process) and our view of the investment opportunities (without compromising the valuation/growth versus risks). In order to reduce the diversion of attention in our investment works, we intend to raise fund once a calendar year usually in the 2<sup>nd</sup> quarter. As for the quantum, it will depend on our comfort level.

For the year 2006, the fund size we plan to raise is about US\$300 million. As the orders we have received on hand together with the current active enquiries outstanding have exceeded our targeted amount, we will not be in the market for fund raising for the rest of the year. Meanwhile, we are happy to take orders from you on a waiting basis in case opportunities to invest arise as a result of redemptions from existing investors.

Best regards,  
Teng Ngiek Lian

Target Asset Management Pte Ltd  
63 Tras Street, Singapore 079002  
Tel:(65) 6323 0537 Fax:(65) 6323 0542