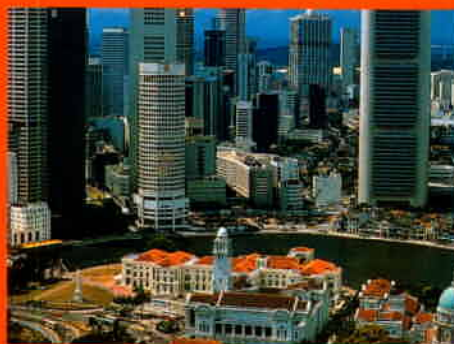


# Fidelity Asian Values PLC



# Prospectus



Placing and Offer for Subscription

sponsored by

Kleinwort Benson Securities Limited





A copy of this prospectus relating to Fidelity Asian Values PLC (the "Company"), prepared in accordance with the listing rules made under section 142 of the Financial Services Act 1986, has been delivered to the Registrar of Companies in accordance with section 149 of that Act.

Application has been made to the London Stock Exchange for all of the Ordinary Shares and Warrants of the Company, issued and now being issued pursuant to the Placing and Offer for Subscription, to be admitted to the Official List. It is expected that admission will become effective and that dealings in the Ordinary Shares and the Warrants will commence separately on Thursday, 13th June 1996.

The Directors of the Company, whose names appear on page 5 of this document, accept responsibility for the information contained in this document. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

Kleinwort Benson Securities Limited, which is regulated by The Securities and Futures Authority Limited and is a member of the London Stock Exchange, is acting exclusively for Fidelity Asian Values PLC and no-one else in connection with the Placing and Offer for Subscription and will not be responsible to anyone other than Fidelity Asian Values PLC for providing the protections afforded to customers of Kleinwort Benson Securities Limited or for providing advice in relation to the Placing and Offer for Subscription.

---

# Fidelity Asian Values PLC

*(Incorporated in England and Wales under the Companies Act 1985, registered no. 3183919)*

## Placing and Offer for Subscription

sponsored by

## Kleinwort Benson Securities Limited

of

up to 130,000,000 Ordinary Shares of 25p each

(with Warrants attached on a one for five basis)

at 100p per Ordinary Share payable in full upon application

---

### SHARE CAPITAL

Authorised			Issued and to be issued fully paid*	
£	Number		£	Number
50,000,000	200,000,000	Ordinary Shares of 25p each	32,500,000	130,000,000

\*On the basis that the Offer is fully subscribed.

### THE PLACING AND OFFER FOR SUBSCRIPTION

Under the Offer for Subscription, the Company is offering 69.8 million Ordinary Shares (with one Warrant attached for every five Ordinary Shares at no additional cost) at 100p per Ordinary Share. The minimum subscription for Ordinary Shares under the Offer for Subscription is 2,000 shares. The application lists under the Offer for Subscription will open at 12.00 noon on Wednesday, 5th June 1996 and may be closed at any time thereafter.

60.2 million Ordinary Shares (with Warrants attached) have been reserved for the Placing. Indications of interest have been received from prospective placees in respect of such shares and subscriptions from such placees will be satisfied in full. The Offer is not being underwritten.

The terms and conditions of, and the procedure for, application under the Offer for Subscription are set out at the end of this document and an Application Form for use in the Offer for Subscription is attached.

**Completed Application Forms must be posted or delivered by hand to New Issues Department, Independent Registrars, P.O. Box 166, Bourne House, 34 Beckenham Road, Beckenham, Kent BR3 4TH or delivered, by hand only, to Independent Registrars, 5th Floor, 56-60 Gresham Street, London EC2 in each case so as to be received by 12.00 noon on Wednesday, 5th June 1996.**

## Contents

	Page
Key Information	3
Offer Statistics	3
Definitions	4
Directors, Manager and Advisers	5
<b>PART I</b>	
Introduction	6
Investment Objective	6
Investment Policy	6
The Investment Approach	7
Fidelity in Asia	8
The Case for Investing in Asia	8
Management of the Company	10
Management Fees and Administration Charges	10
Directors	11
Duration	12
Warrants	12
Accounts and Dividends	12
Overseas Investors	12
Taxation	12
Savings Plan and Personal Equity Plan	12
Risk Factors	13
The Offer	13
Applications and Dealings	14
<b>PART II</b>	
Terms and Conditions of the Warrants	15
<b>PART III</b>	
General Information	23
<b>PART IV</b>	
Terms and Conditions of Application	34
Application Form	39

## Offer Timetable

	1996
Latest time and date for receipt of applications under the Offer for Subscription	12.00 noon on Wednesday, 5th June
Basis of allocation expected to be announced and despatch of certificates in respect of Ordinary Shares and Warrants	Wednesday, 12th June
Dealings in Ordinary Shares and Warrants expected to commence separately on	Thursday, 13th June

## Key Information

The following key information is derived from, and should be read in conjunction with, the full text of this document.

THE COMPANY	Fidelity Asian Values PLC is a new investment trust company which will be managed by Fidelity Investments International, part of the Fidelity Organisation, one of the world's largest investment management organisations with some US \$10 billion invested in stockmarkets of the Asian Region (excluding Japan).
INVESTMENT OBJECTIVE	The investment objective of the Company will be to achieve long-term capital growth through investment principally in the stockmarkets of the Asian Region (excluding Japan).
THE MANAGER	The Company's portfolio will be managed by Fidelity's Hong Kong office which manages the Fidelity South East Asia Trust, a £320 million UK authorised unit trust which has established an impressive performance record.
ASIAN REGION	The Directors believe that Asian stockmarkets offer significant investment opportunities and should provide attractive returns over the longer term.
GEARING	In order to enhance potential returns, it is intended that the Company will initially, subject to market conditions, borrow an amount equal to approximately 20 per cent. of the value of its net assets.
PERFORMANCE MEASUREMENT	Long-term capital growth of the Company will be measured against the MSCI All Countries (Combined) Far East Free ex Japan Index (expressed in sterling).
WARRANTS	For every five Ordinary Shares, successful applicants will receive one Warrant giving the right to subscribe (in any of the years 1997 to 2006 inclusive) for one Ordinary Share at a price of 100p.
OFFER STRUCTURE	The Offer comprises 130 million Ordinary Shares (with Warrants attached). 60.2 million Ordinary Shares (with Warrants attached) have been reserved for the Placing and 69.8 million Ordinary Shares (with Warrants attached) are available to the public under the Offer for Subscription.
INITIAL EXPENSES	Initial expenses will be 4.5 per cent. of the gross proceeds of the Offer.

## Offer Statistics

Maximum number of Ordinary Shares in issue following the Offer*	130 million
Maximum number of Warrants in issue following the Offer*	26 million
Offer price per Ordinary Share	100p
Maximum net proceeds of the Offer*	£124.2 million
Initial net asset value per Ordinary Share	95.5p

\*Assuming that the Offer is fully subscribed

## Definitions

“Act”	the Companies Act 1985, as amended from time to time
“Asian Region”	for the purposes of this document, the continent of Asia (including Hong Kong, South Korea, Thailand, Singapore, Malaysia, Taiwan, Indonesia, Philippines, China, India, Pakistan and Sri Lanka, but excluding Japan, the countries comprising the former U.S.S.R. and the Middle East), together with Australasia
“Company”	Fidelity Asian Values PLC
“Directors”	the directors of the Company
“Fidelity Organisation” or “Fidelity”	the Fidelity Organisation, comprising FMR Corp., USA, and Fidelity International Limited, Bermuda, and their respective subsidiary companies
“Kleinwort Benson Securities”	Kleinwort Benson Securities Limited
“London Stock Exchange”	London Stock Exchange Limited
“Major Developed Countries”	the G7 countries being Canada, France, Germany, Italy, Japan, the United Kingdom and the United States
“Manager”	Fidelity Investments International, a wholly-owned indirect subsidiary of Fidelity International Limited
“MSCI”	Morgan Stanley Capital International
“Offer”	the Placing and Offer for Subscription
“Offer for Subscription”	the offer for subscription of Ordinary Shares (with Warrants attached) as described in this document
“Ordinary Shares”	ordinary shares with a nominal value of 25p each in the Company
“Placing”	the placing of Ordinary Shares (with Warrants attached) as described in this document
“Shareholders”	holders of Ordinary Shares
“Warrantholders”	holders of Warrants
“Warrants”	warrants to subscribe for Ordinary Shares, the terms and conditions of which are set out in Part II of this document

## Directors, Manager and Advisers

### **Directors (non-executive)**

John Alston Morrell (Chairman)  
Martin Paul Cambridge  
Hugh Francis John Davies  
David Hugh FitzWilliam-Lay  
The Hon. Sir Victor Garland KBE

all of Oakhill House, 130 Tonbridge Road,  
Hildenborough, Tonbridge, Kent TN11 9DZ

### **Manager, Secretary and Registered Office of the Company**

Fidelity Investments International  
Oakhill House  
130 Tonbridge Road  
Hildenborough  
Tonbridge  
Kent TN11 9DZ

### **Sponsor and Stockbrokers**

Kleinwort Benson Securities Limited  
20 Fenchurch Street  
London EC3P 3DB

### **Solicitors to the Company and the Sponsor**

Slaughter and May  
35 Basinghall Street  
London EC2V 5DB

### **Auditors**

Coopers & Lybrand  
1 Embankment Place  
London WC2N 6NN

### **Receiving Agents**

New Issues Department  
Independent Registrars Group Limited  
P.O. Box 166  
Bourne House  
34 Beckenham Road  
Beckenham  
Kent BR3 4TH

### **Registrars**

Independent Registrars Group Limited  
Bourne House  
34 Beckenham Road  
Beckenham  
Kent BR3 4TU

### **Bankers and Custodian**

Clydesdale Bank PLC  
30 St. Vincent Place  
Glasgow G1 2HL



## PART I

### Introduction

Fidelity Asian Values PLC is a new investment trust company. It will be managed by Fidelity Investments International, in conjunction with Fidelity Investments Management (Hong Kong) Limited. Both companies are part of the Fidelity Organisation, one of the world's largest investment management organisations, which had total assets under management exceeding US \$400 billion as at 1st May 1996, including some US \$10 billion invested in equities in the Asian Region.

### Investment Objective

The investment objective of the Company will be to achieve long-term capital growth through investment principally in the stockmarkets of the Asian Region (excluding Japan).

### Investment Policy


The Company will primarily invest in a diversified portfolio of companies listed on stockmarkets in the Asian Region, but investments may be made in companies listed elsewhere which, in the opinion of the Manager, have significant interests in the Asian Region.

Long-term capital growth of the Company will be measured against the MSCI All Countries (Combined) Far East Free ex Japan Index (expressed in sterling).

It is expected that the Company's initial portfolio will be concentrated in Hong Kong, South Korea, Thailand, Singapore and Malaysia.



Key:

 Countries in which the Company's initial portfolio is likely to be concentrated

The Company will principally invest in equities but may also invest in equity-related instruments (such as convertible bonds or warrants) and in debt instruments. The Company may invest up to 5 per cent. of the value of the assets of the Company in securities which are not listed on any stock exchange but the Manager will not normally make any such investment, except where it is expected that the securities will become listed on a stock exchange in the foreseeable future. In addition, the Company may invest up to 10 per cent. of the value of the assets of the Company in other investment funds (whether listed or unlisted) where such funds offer the only practicable or an attractive means of gaining exposure to a particular market in the Asian Region.



It is not intended that the Company will undertake any foreign exchange hedging of its portfolio, but it reserves the right to do so.

The investment policy described above will, in the absence of unforeseen circumstances, be adhered to for a minimum period of three years from the date on which the Ordinary Shares and Warrants are first listed on the London Stock Exchange. No material change to this investment policy will be made during that period without the prior approval of Shareholders in general meeting.

### Borrowings

In order to enhance potential returns, it is intended that the Company will initially, subject to market conditions, borrow an amount in US dollars equal to approximately 20 per cent. of the value of its net assets. However, it will be the policy of the Company that the total amount of borrowings will not exceed an amount equal to 30 per cent. of the value of the Company's net assets at the date on which the borrowing is incurred.

## The Investment Approach

Fidelity's investment approach is characterised by "bottom-up" stock selection with securities selected primarily on the basis of specific criteria relevant to the company in question and not on the basis of general macro-economic considerations. Portfolio managers enjoy a high level of freedom in stock selection.

The Company's portfolio will be managed from Fidelity's Hong Kong office. It is intended that the Company's portfolio will be managed by the same team which has managed the Fidelity South East Asia Trust since 1987. The investment approach which the Manager intends to apply to the Company's portfolio is similar to that applied to Fidelity South East Asia Trust. This £320 million UK authorised unit trust has established an impressive performance record. It has outperformed its regional benchmark index and the average for both the Asia unit trust and the comparable investment trust sectors over one, three and five years.

	1 year	3 years	5 years
Fidelity South East Asia Trust South East Asia Index	124.5%	150%	210%
Average Asia (excl Japan) Unit Trust	100.2%	131%	192.2%
Average Asia (excl Japan) Investment Trust	102.1%	137.2%	192.9%
MSCI All Countries (Combined) Far East Free ex Japan Index	84.4%	105%	185%

Source: Micropal, AITC and Datastream at 1st May 1996, in sterling.

#### Notes:

1. Micropal Sector Far East (excluding Japan) Specialist Equity Growth (non-specialist) unit trusts; offer-offer prices with net income reinvested.
2. AITC Far East Investment Trusts (excluding Japan and single country funds). NAV total return with net income reinvested.
3. The MSCI All Countries (Combined) Far East Free ex Japan Index is a price index and does not include any income.

The Manager will seek to identify companies which it believes offer consistent earnings growth. Companies providing moderate earnings growth are therefore likely to be favoured over those producing higher, but potentially unsustainable, levels of growth.

As is the case with other value-oriented investors, stocks which are on moderate to low relative valuations are likely to be preferred. In addition to traditional measures such as P/E ratios which are widely used by other investors, the Manager employs a broad range of analytical techniques to assess valuations and to identify valuation anomalies across sectors and markets.

A longer-term view is likely to be taken than is customary for other portfolio investors in the Asian Region. For example, Fidelity South East Trust had a relatively low annual turnover ratio of approximately 35 per cent. in the twelve month period to November 1995.

Decisions as to whether to invest in larger or smaller and medium-sized companies will tend to be based on local considerations. Country allocation within the Asian Region will largely be a consequence of stock selection.

This stockpicking approach may result in heavily under or overweight country, sector or company weightings. For example, as at 1st May 1996, Hong Kong represented 49 per cent. of Fidelity South East Asia Trust's net assets compared with 32 per cent. of the MSCI All Countries (Combined) Far East Free ex Japan Index, whereas Malaysia represented only 5 per cent. of the trust's net assets compared with 24 per cent. of the same index. As at the same date, Fidelity South East Asia Trust's portfolio comprised some 120 stocks, of which the top ten accounted for approximately 44 per cent. of the portfolio.

## Fidelity in Asia

Fidelity has gained a reputation as a leading investment house in Asia. It was one of the first Western groups to establish a research presence in the region with the opening of a Tokyo office in 1969, and has since extended its network of offices into South East Asia to include Hong Kong, Taiwan, Singapore and Australia.

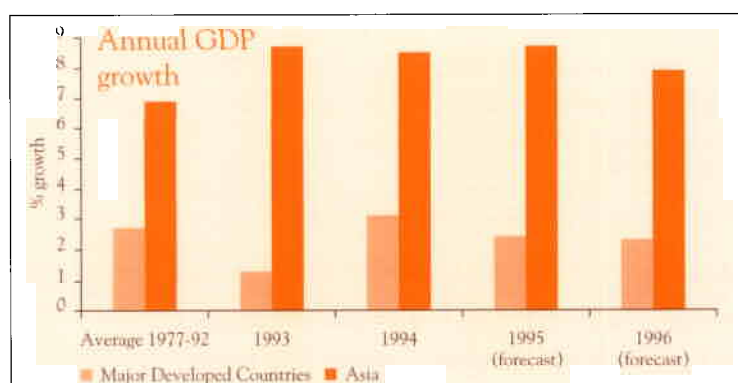
The Manager considers that its research driven investment approach – which relies on first-hand assessment of investment opportunities gained through direct company visits and contacts – is especially important in the Asian Region's dynamic economic and corporate environment. The Manager believes that its presence in the region and its policy of employing primarily local nationals give it an additional edge in understanding local culture and interpreting market trends.

A 22-strong investment team of 4 portfolio managers and 18 research analysts conducted over 1,550 meetings in 1995 with companies throughout Asia. Fidelity was responsible, as at 1st May 1996, for managing over US \$10 billion in the stockmarkets of the Asian Region.

## The Case for Investing in Asia

The Directors believe that Asian stockmarkets offer significant investment opportunities and should provide attractive returns over the longer term.

Over the last 18 years, economic growth in Asia, as measured by annual real GDP growth, has been significantly greater than that of the Major Developed Countries. Furthermore, this superior level of economic growth is widely forecast to continue:



Source: World Economic Outlook – October 1995

Factors which have contributed to superior economic growth include structural change and high levels of savings and investment.

## Structural change

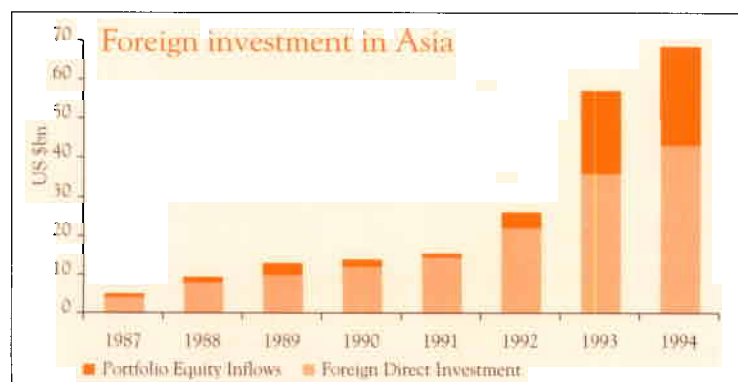
Economic growth has taken place against a background of fundamental structural change in the economies of many Asian countries. Such change has been driven primarily by the process of industrialisation and the development of service sectors. Countries in Asia are at different stages of development, with relatively less mature countries, such as Indonesia and Thailand, focusing on the transformation from traditional agricultural economies to industrial-based economies. In contrast, one of the principal factors driving the economic development of countries such as Hong Kong and South Korea has been the strong growth of financial services and the service sector.

Rapid structural change in Asia has given rise to a significant increase in the demand for infrastructure projects throughout the region. For example, the World Bank estimates that approximately US \$1,400 billion<sup>†</sup> will need to be spent on infrastructure investment over the next decade in order to sustain the forecast economic growth and to meet the growing demand for power, telecommunications, transportation, water and sanitation.

With over one half of the world's population and some of the fastest growing economies in the world, Asia represents a vast and rapidly expanding consumer market. GNP per capita growth over the five year period to 1993, as measured in US dollars, was 47 per cent. in Malaysia and some 86 per cent. in South Korea. The comparable figures for the United States and Japan were 14 per cent. and 34 per cent. respectively.<sup>††</sup>

#### High levels of domestic savings and investment

High levels of domestic savings and investment inflows from overseas have made a significant contribution to the superior level of economic growth in Asia. The average domestic savings ratio as a percentage of GDP in Asia was 29 per cent.\* over the three years between 1991 and 1993, compared with only 15 per cent. and 11 per cent. for the United States and the UK respectively. The inflows of foreign investment have increased in recent years. A majority of the increase in this investment has been in the form of direct investment in commercial and infrastructure projects. Portfolio equity inflows to Asia have also increased substantially from US \$0.4 billion in 1987 to US \$25.3 billion in 1994.



Source: World Bank, World Debt Tables 1994-95

#### Rapidly developing stock markets

The Directors believe that the high levels of economic growth make Asia fundamentally attractive for long-term investment, and further believe that the rapid development of stockmarkets in the region has increased the number of attractive investment opportunities.

In recent years, several stockmarkets in Asia have undergone substantial change, principally through the relaxation of existing regulations, privatisation programmes and new issues. The number of listed companies has increased significantly and the aggregate market capitalisations of stockmarkets in Asia have also grown substantially over the last ten years. The Directors believe that this trend is expected to continue, thereby increasing the number of attractive investment opportunities and the liquidity of such markets.

<sup>†</sup>Source: World Bank, Emerging Asian Bond Market (June 1995).

<sup>††</sup>Source: World Bank, World Tables (May 1995).

\*This figure is an arithmetic average of the domestic savings ratios in each of the twelve Asian countries listed on page 10.

	Stockmarket valuation (US \$bn)		Number of listed companies	
	1985	1995	1985	1995
Hong Kong	34.5	261.6	260	518
Malaysia	16.2	222.7	222	529
Taiwan	10.4	187.2	127	347
India	14.4	183.3	4,344	5,398
South Korea	7.4	182.0	342	721
Thailand	1.9	141.5	100	416
Singapore	11.1	135.8	122	271
Indonesia	0.1	66.6	24	238
Philippines	0.7	58.9	138	205
China	n/a	42.1	n/a	323
Pakistan	1.4	9.3	362	764
Sri Lanka	0.4	2.0	171	226
Total	98.5	1,613.6	5,139	9,795

*Source: International Finance Corporation (1995), Datastream*

## Management of the Company

The Directors are responsible for the determination of the Company's investment policy and have overall responsibility for the Company's activities. The Company has, however, entered into a management agreement with the Manager, Fidelity Investments International, under the terms of which the Manager is responsible for managing the Company's portfolio of investments on a discretionary basis, subject to the overall supervision of the Directors.

Fidelity Investments International is part of the Fidelity Organisation which, as at 1st May 1996, had total assets under management exceeding US \$400 billion. Since its foundation in 1946 in Boston, USA, Fidelity has developed into one of the largest investment management organisations in the world. The Fidelity Organisation comprises FMR Corp., USA and Fidelity International Limited, Bermuda (together with their subsidiary companies) which are separate companies, sharing the same basic investment and management philosophy which has contributed to Fidelity's success around the world. The shares in each company are largely owned by its employees and their families, the Johnson family and related trusts.

## Management Fees and Administration Charges

Under the terms of the Management Agreement between the Company and the Manager (details of which are set out in paragraph 6 of Part III), the Manager will receive a quarterly management fee at the rate of 0.25 per cent. (plus VAT) of the value of the Company's gross assets (less current liabilities other than certain borrowings) payable in arrear, together with a fee for secretarial and administration services initially at a rate of £25,000 per annum (plus VAT), subject to annual indexation, payable quarterly in arrear. It is intended that the Company will charge all of the management and administration expenses, together with the finance costs of borrowings, against the Company's revenue account.

The Company will also pay a fee to the Manager in respect of its participation in The Fidelity Investment Trust Savings Plan and The Fidelity Investment Trust Personal Equity Plan. This fee will initially be charged at a rate not exceeding 0.1 per cent. per annum of the value of the Company's gross assets (less current liabilities other than certain borrowings) and will be subject to a minimum charge of £50,000 (plus VAT) per annum.

The Company will also be responsible for other ongoing costs including directors' fees, registrar's fees, custodian's fees, listing fees, fees for audit and other professional services, the cost of printing and posting annual accounts and interim reports and other administrative expenses.

## Directors

The Directors of the Company, all of whom are non-executive and the majority of whom are independent of Fidelity, are:

John Alston Morrell T.D., Chairman, (aged 68)

Between 1985 and 1991, he served as Executive Chairman of Baring International Investment Limited. Previously he was Chairman of Henderson Baring (a Far East joint venture) from 1980 to 1985 and, prior to that, from 1968 to 1980 was an investment director at Robert Fleming & Co. Limited with particular responsibility for Asian markets. After retirement from Baring International Investment Limited in 1991, he established John Morrell & Associates, an investment consultancy. He currently serves as Chairman of Govett Emerging Markets Investment Trust plc, INVESCO Japan Discovery Trust plc, HCG Lloyds Investment Trust plc and New Throgmorton Trust (1983) plc and is a director of Fidelity Japanese Values PLC and a number of other investment trust companies.

Martin Paul Cambridge (aged 43)

He joined Fidelity Investments in 1987 as UK Finance Director and, from 1988 to 1995, served as Chief Financial Officer. Since 1995, he has been Executive Director of Business Development. He was previously a Senior Manager of Finance and Systems at Creditanstalt-Bankverein between 1984 and 1987. Prior to that, he was a Manager of Systems Accounting at an investment bank subsidiary of Hong Kong and Shanghai Bank and Financial Controller of Union Texas Petroleum Limited, a North Sea oil exploration and production business.

Hugh Francis John Davies (aged 54)

Between 1986 and 1989 he was a Director of Globe International (UK) Limited. From 1976 to 1986 he was self-employed, managing venture capital projects with the Highlands and Islands Development Board in Scotland. During his career, he was at Guinness Mahon & Co., Limited (1971 to 1976) and at Shields & Company in New York (1969 to 1971). He also worked at Robert Fleming & Co. Limited from 1963 to 1969. He currently works as a consultant, including as an associate of John Morrell & Associates.

David Hugh FitzWilliam-Lay (aged 64)

Between 1989 and 1993, he was Chairman of GT Management PLC, having previously been Chief Executive and having also held a number of other senior positions within the company, including chief executive of its Hong Kong subsidiary. Prior to this, from 1968 he was Vice President of institutional sales at Baker Weeks Inc. and its successor firm, Dean Witter Reynolds Inc. He was a Governor of the National Association of Securities Dealers, Washington D.C. from 1987 to 1990. He is currently Chairman of First Russian Frontiers Trust plc and a director of Perpetual UK Smaller Companies Investment Trust plc and a number of other investment companies.

The Hon. Sir Victor Garland KBE (aged 62)

He practised as a Chartered Accountant in Australia from 1958 to 1969, at which time he became a member of the Australian Federal Parliament. In 1971 he became Minister for Supply, subsequently becoming Chief Opposition Whip, Minister for Special Trade Representations, Minister for Business and Consumer Affairs and, in 1981, the High Commissioner for Australia in the UK. He was a non-executive director of Prudential Corporation plc from 1984 to 1993. He is currently a non-executive director of a number of other public companies in the UK including Nelson Hurst plc,



Throgmorton Trust plc and TR Far East Income Trust plc, of the latter of which he is Chairman. He is also Vice-Chairman of the South Bank Board.

## Duration

The Directors believe that Shareholders should have the opportunity to review the future of the Company after approximately ten years. Accordingly, the Articles of Association require that an ordinary resolution be proposed to Shareholders at the Annual General Meeting to be held in 2006 to approve the continuation of the Company. The Articles of Association provide that if Shareholders vote in favour of continuation they will have the opportunity to vote on this issue every five years thereafter.

## Warrants

Each Warrant will carry the right to subscribe for one Ordinary Share at 100p (subject to adjustment in certain circumstances) on 31st August in any one of the years 1997 to 2006. The terms and conditions of the Warrants are set out in Part II of this document.

## Accounts and Dividends

Accounts will be drawn up in sterling to 30th April in each year, the first accounting period being to 30th April 1997. It is expected that the annual report and accounts will be sent to Shareholders and Warrantholders in July of each year. Shareholders and Warrantholders will also receive unaudited interim reports covering the six month period to 31st October in each year.

In view of the Company's objective of achieving long-term capital growth and the intention to charge the management and administration expenses, together with the finance costs of borrowings, against the Company's revenue account, it is not expected that the Company will have sufficient income to pay dividends.

## Overseas Investors

Persons resident in territories other than the UK should consult their professional advisers as to whether they require any governmental or other consents or need to observe any formalities to enable them to apply for, acquire, hold or dispose of Ordinary Shares and/or Warrants.

## Taxation

The Directors intend to conduct the affairs of the Company in a manner which will enable it to satisfy the conditions for approval as a UK investment trust under Section 842 of the Income and Corporation Taxes Act 1988. Such approval is granted retrospectively for each accounting period. The Company will be exempt from United Kingdom corporation tax on capital gains in respect of each accounting period for which such approval is gained. Further information in connection with the general taxation treatment of the Company and of Shareholders and Warrantholders is set out in paragraph 7 of Part III of this document. If any potential investor is in any doubt as to the taxation consequences of the acquisition, holding or disposal of Ordinary Shares or Warrants, he or she should consult a professional adviser.

## Savings Plan and Personal Equity Plan

Ordinary Shares in the Company will be available for purchase through The Fidelity Investment Trust Savings Plan and The Fidelity Investment Trust Personal Equity Plan from the date of commencement of dealings. Both Plans allow investors to make regular monthly payments (minimum £30) or lump sum investments (initial minimum £1,000).

As the Company will invest primarily in securities outside the European Union, the maximum that can be invested in the Company through a personal equity plan in any one tax year is currently £1,500 (being

25 per cent. of the current general personal equity plan allowance of £6,000 per tax year) assuming that all other investments held within the personal equity plan for that tax year are fully qualifying investments. Further information in relation to personal equity plans, including guidance as to the extent to which Ordinary Shares acquired under the Offer for Subscription may be transferred into a general personal equity plan, is set out in paragraph 7 of Part III of this document. If any potential investor is in any doubt as to the taxation consequences of investing in a personal equity plan, he or she should consult a professional adviser.

## Risk Factors

Prospective investors should be aware of the underlying risks associated with investing in stockmarkets of countries in the Asian Region. Some of the stockmarkets and companies in which the Company may invest are exposed to the risks of significant political instability. Some stockmarkets and countries in which the Company may invest are also exposed to the risks of economic change which may include high rates of inflation, currency fluctuations, exchange controls and changes in taxation which may affect the Company's income and the value of its investments and the repatriation to the United Kingdom of capital and income.

In addition, shares listed on stockmarkets in the Asian Region can be more volatile and less marketable than in more developed stockmarkets. Companies in such markets are not always subject to accounting, auditing and financial standards equivalent to those applicable in more developed countries. Some stockmarkets in the Asian Region are also subject to restrictions on foreign investment which may be subject to further change.

Prospective investors should recognise that there is no guarantee that the market price of the Ordinary Shares will reflect their underlying net asset value and that the value of investments and any income derived from them can fluctuate. The Warrants have the potential for higher capital appreciation than the Ordinary Shares but, at the same time, their market value is likely to be subject to greater volatility.

Furthermore, as the investment objective of the Company is to achieve long-term capital growth, investment in the Company will not be suitable for investors seeking income. Investment in the Company should therefore be regarded as long-term in nature.

The past performance of Fidelity South East Asia Trust is not necessarily a guide to the likely performance of the Company.

It is intended that the Company will borrow an amount, in US dollars, equal to approximately 20 per cent. of the value of its net assets. Such borrowings, which are intended to enhance potential returns, involve a risk of greater losses if the Company's portfolio declines in value.

The Company will invest predominantly in securities which are denominated in local Asian currencies rather than in sterling and intends initially to borrow in US dollars. The Company's net asset value will be reported in sterling and distributions of available income will be made in sterling. The net asset value, dividends and level of gearing may therefore be materially affected by changes in the value of the relevant currencies relative to sterling.

## The Offer

The Offer is sponsored by Kleinwort Benson Securities. It is proposed to raise up to £130 million before expenses by the issue of up to 130 million Ordinary Shares (with Warrants attached on a one for five basis) at a price of 100p per Ordinary Share by means of the Placing and Offer for Subscription. Kleinwort Benson Securities has agreed as agent for the Company (i) to use reasonable endeavours to procure placees for up to 60.2 million Ordinary Shares (with Warrants attached) and (ii) to make the Offer for Subscription. The Offer is not being underwritten and will not proceed unless subscriptions are received in aggregate for at least 40 million Ordinary Shares (with Warrants attached).

60.2 million Ordinary Shares (with Warrants attached) have been reserved for the Placing. Indications of interest have been received from prospective placees for a minimum of 58.1 million Ordinary Shares



(with Warrants attached) and, on the basis that the Offer is fully subscribed, a maximum of 60.2 million Ordinary Shares (with Warrants attached). Subscriptions from such placees will be satisfied in full. 69.8 million Ordinary Shares (with Warrants attached) are available to the public under the Offer for Subscription. To the extent that any Ordinary Shares (with Warrants attached) are not taken up under the Placing, they will be made available under the Offer for Subscription. In the event of the Offer for Subscription being over-subscribed, applications will be scaled down on a basis to be determined by the Directors.

The expenses of the Offer to be borne by the Company will amount to 4.5 per cent. of the gross proceeds of the Offer. The Manager will reimburse the Company in respect of the expenses of the Offer to the extent that they exceed this amount. If such expenses are less than 4.5 per cent. of such gross proceeds, the Company will pay a fee to the Manager equal to the difference. As a result of these arrangements, the initial net asset value per Ordinary Share immediately following the Offer, but before investment, will be 95.5p.

Commission of 3.5 per cent. will be paid in respect of Ordinary Shares (with Warrants attached) allotted pursuant to the Placing. Authorised financial intermediaries will be paid a commission of 3 per cent. in respect of Ordinary Shares (with Warrants attached) allotted pursuant to successful applications under the Offer for Subscription on application forms bearing their stamp.

Under the Placing, placees may elect to receive additional Ordinary Shares (with Warrants attached) in lieu of the total amount of commission to which they would otherwise be entitled in respect of successful applications. Placees electing to receive additional Ordinary Shares (with Warrants attached) should consult their own professional advisers on the potential tax consequences of making such an election.

## Applications and Dealings

The terms and conditions of application under the Offer for Subscription are set out in Part IV of this document and the procedure for application under the Offer for Subscription can be found in the Application Form. Application Forms must be posted or delivered to New Issues Department, Independent Registrars, P.O. Box 166, Bourne House, 34 Beckenham Road, Beckenham, Kent BR3 4TH or by hand only, between 9.00 a.m. and 5.00 p.m. (Monday to Friday), to Independent Registrars, 5th Floor, 56-60 Gresham Street, London EC2 in each case to arrive not later than 12.00 noon on Wednesday, 5th June 1996.

Applications must be for a minimum of 2,000 Ordinary Shares (with Warrants attached) and thereafter in multiples of 1,000 Ordinary Shares (with Warrants attached).

Applicants should note that applications for £12,000 or more which are to be settled by way of third party payment, e.g. banker's draft, building society cheque or a cheque drawn by someone other than the applicant, will be subject to the verification of identity requirements which are contained in the Money Laundering Regulations 1993. Any person who intends to apply in the amount of £12,000 or more and to pay in the above manner should read the instructions on the Application Form carefully.

It is expected that the basis of allocation will be announced and that definitive certificates will be posted on Wednesday, 12th June 1996 and that dealings in the Ordinary Shares and the Warrants will commence separately on Thursday, 13th June 1996.

## PART II

### Terms and Conditions of the Warrants

The Warrants will be issued subject to, and with the benefit of, an instrument by way of deed poll (the “Warrant Instrument”) dated 14th May 1996. Holders of Warrants will be entitled to the benefit of, be bound by, and be deemed to have notice of all the terms and conditions set out in the Warrant Instrument, copies of which may be inspected at the registered office of the Company during normal business hours on any weekday (Saturdays and public holidays excepted). The terms and conditions of the Warrants are set out below.

#### I Subscription rights

- (a) A registered holder for the time being of a Warrant (a “Warrantholder”) shall have the right (a “subscription right”) to subscribe in cash on 31st August in any of the years 1997 to 2006 both inclusive (or, if later, on the date being 30 days after the date on which copies of the audited accounts of the Company for its then immediately preceding financial year are despatched to shareholders) (a “subscription date”) for one Ordinary Share of 25p each in the Company (an “Ordinary Share”) at the price of 100p per Ordinary Share (the “subscription price”) payable in full in cash on subscription. If the Company shall change its accounting reference date from 30th April, there shall be substituted for the said 31st August the date falling four months after the new accounting reference date. The number and/or nominal value of Ordinary Shares to be subscribed pursuant to subscription rights and/or the subscription price will be subject to adjustment as provided in paragraph 2 below. Warrants registered in a Warrantholder’s name which are not registered as being held in uncertificated form in a relevant system will be evidenced by a Warrant certificate issued by the Company. Nothing in these terms and conditions shall require the Company to issue a certificate for Warrants to any person holding such Warrants in uncertificated form.
- (b) (i) In order to exercise the subscription rights, in whole or in part, in respect of Warrants held in certificated form on any subscription date, the Warrant certificate or certificates (or such other evidence as the Directors may reasonably require as proof of the title of the person exercising the subscription rights) must be lodged at the office of the registrars for the time being of the Company (the “Registrars”) on or within 28 days prior to the relevant subscription date with the subscription notice on the reverse thereof completed (or accompanied by such other written notice as the Directors may approve) (such notice referred to in these terms and conditions as a “Certificated Subscription Notice”). The relevant Certificated Subscription Notice must specify the number of Warrants in respect of which the subscription rights are exercised and be accompanied by a remittance for the aggregate subscription price for the Ordinary Shares arising on the exercise of the subscription rights.
- (ii) In respect of Warrants held in uncertificated form on any subscription date, the subscription rights shall be exercised (and treated by the Company as exercised) on that subscription date if the Company or such person as it may require receives, at any time on or within 28 days prior to the relevant subscription date:
- (A) a properly authenticated dematerialised instruction:
- (1) in the form from time to time prescribed by the Directors of the Company and having the effect determined by the Directors from time to time (subject always, so far as the form and effect of the instruction is concerned, to the facilities and requirements of the relevant system concerned); and
- (2) that is addressed to the Company, is attributable to the system-member who is the holder of the Warrants concerned and that specifies (in accordance with the form prescribed by the Directors as aforesaid) the number of Warrants in respect of which the subscription rights are to be exercised; and
- (B) payment in settlement of the aggregate subscription price for the Ordinary Shares arising on the exercise of the subscription rights, such payment to be made through the relevant system in accordance with its rules, or by any other means permitted by the Directors of the Company;
- provided always that:
- (aa) subject always to the facilities and requirements of the relevant system concerned, the Directors of the Company may in their discretion permit the holder of any Warrants in uncertificated form to exercise his right to subscribe for Ordinary Shares by such other means as the Directors may, in their discretion, approve;
- (bb) the Directors of the Company may in their discretion require, in addition to receipt of a properly authenticated dematerialised instruction as referred to above, the holder of any Warrants in uncertificated form to complete and deliver to the Registrars on or within the 28 days prior to the relevant subscription date a notice in such form as may from time to time be prescribed by the Directors of the Company; and
- (cc) for the avoidance of doubt, the form of the properly authenticated dematerialised instruction as referred to above may be such as to divest the holder of the Warrants concerned of the power to transfer such Warrants to another person,

and, for the purposes of these terms and conditions, an “Uncertificated Subscription Notice” means the properly authenticated dematerialised instruction referred to in this paragraph (ii) or any other notice that the Directors of the

Company may permit to be given in substitution for such dematerialised instruction and together with (in either case) any other additional notice or information that the Directors of the Company may require to be given in order for the subscription rights to be exercised.

- (C) Once received by the Company, neither a Certificated Subscription Notice nor an Uncertificated Subscription Notice may be withdrawn save with the consent of the Directors. Compliance must also be made with any statutory requirements for the time being applicable.
- (c) Not earlier than eight weeks nor later than six weeks before each subscription date the Company shall give notice in writing to the registered holders of the outstanding Warrants reminding them of their subscription rights and, in respect of Warrants held in uncertificated form, stating or describing the form of Uncertificated Subscription Notice prescribed by the Directors in relation to the relevant subscription date.
- (d) (i) Ordinary Shares issued pursuant to the exercise of subscription rights will be allotted to the person in whose name the Warrants are registered at the date of such exercise or (subject as provided by law) to such other persons as may be named in the Certificated Subscription Notice or Uncertificated Subscription Notice (as appropriate) not later than 14 days after and with effect from the relevant subscription date. The Ordinary Shares issued pursuant to an exercise of subscription rights shall be allotted in uncertificated form (where the Warrants in respect of which the subscription rights were exercised were in uncertificated form on the subscription date) unless the Directors of the Company otherwise determine, or unless the Regulations and/or the rules of the relevant system concerned otherwise require and in certificated form (where the Warrants in respect of which the subscription rights were exercised were in certificated form on the relevant subscription date).
- (ii) Certificates for Ordinary Shares which are to be issued pursuant to an exercise of subscription rights in accordance with paragraph 1(d)(i) will be issued free of charge and despatched (at the risk of the persons entitled thereto) not later than 28 days after the relevant subscription date to the person to whom the Ordinary Shares have been allotted pursuant to paragraph (i) above (or, if more than one, to one of them which shall be sufficient despatch for all) or as it or they may direct. In the event of a holder of Warrants in certificated form on the relevant subscription date exercising the subscription rights conferred by some, but not all, of such Warrants, the Company shall at the same time as the issue of the share certificates issue a new Warrant certificate in the name of the registered holder for any balance of the Warrants with subscription rights remaining exercisable.
- (e) Ordinary Shares allotted pursuant to the exercise of subscription rights will not rank for any dividends or other distributions declared, paid or made for which the record date is prior to the relevant subscription date but, subject thereto, will rank in full for all dividends and other distributions in respect of the then current financial year and *pari passu* in all other respects with the Ordinary Shares in issue on the relevant subscription date, provided that on any allotment falling to be made pursuant to paragraph 3(f) or paragraph 3(g) below, the Ordinary Shares to be allotted shall not rank for any dividend or other distribution declared, paid or made by reference to a record date prior to the date of allotment.
- (f) So long as the Company's ordinary share capital is listed on the London Stock Exchange Limited (the "London Stock Exchange"), the Company will apply to the London Stock Exchange for the Ordinary Shares allotted pursuant to any exercise of subscription rights to be admitted to the Official List of the London Stock Exchange and the Company will use all reasonable endeavours to obtain the admission thereof not later than 14 days after the relevant subscription date (or the date of allotment of Ordinary Shares if allotted otherwise than on a subscription date).
- (g) If immediately after any subscription date (other than the final subscription date) and after taking account of any subscription rights exercised on that date, subscription rights shall have been exercised or cancelled in respect of 75 per cent. or more of the Ordinary Shares to which the subscription rights attached to Warrants originally issued by the Company or issued pursuant to these terms and conditions relate, the Company shall be entitled at any time within the following 14 days to serve notice in writing on the holders of the Warrants then outstanding of its intention to appoint a trustee for the purposes set out below upon the expiry of 21 days from the date of such notice (the "Notice Period") and for this purpose the Notice Period shall expire at 3.30 p.m. on the 21st day. Such notice shall in its terms give the holders of the Warrants so outstanding a final opportunity to exercise their subscription rights by completing the Notice of Exercise of subscription rights on their Warrant certificates and lodging the same at the office of the Registrars before the expiry of the Notice Period. Forthwith after the expiry of the Notice Period, the Company shall appoint a trustee who, provided that in his opinion the net proceeds of sale after deduction of all costs and expenses incurred by him will exceed the costs of the subscription, shall within the period of 14 days following the expiry of the Notice Period either (i) exercise the subscription rights which shall not have been exercised on the terms (subject to any adjustments pursuant to paragraphs 2(a) and 2(b)) on which the same could have been exercised immediately prior to the expiry of the Notice Period if they had then been exercisable and sell in the market the Ordinary Shares acquired on such subscription or (ii) (if it appears to the trustee that doing so is likely to realise greater net proceeds for Warrantholders) accept any offer available to Warrantholders for the purchase of the Warrants. The trustee shall distribute *pro rata* the proceeds less such subscription costs and such other costs and expenses to the persons entitled thereto at the risk of such persons as soon as practicable after such sale and in any event within one month after the expiry of the Notice Period, except that entitlements of under £3.00 shall be retained for the benefit of the Company.
- (h) Within seven days following the final subscription date the Company shall appoint a trustee who, provided that in his opinion the net proceeds of sale after deduction of all costs and expenses incurred by him will exceed the costs of subscription, shall within the period of 14 days following the final subscription date, either (i) exercise all the subscription rights which shall not have been exercised on the terms on which the same could have been exercised on the final subscription date and sell in the market the Ordinary Shares acquired on such subscription or (ii) (if it appears to the trustee that doing so is likely to realise greater net

proceeds for Warrantholders) accept any offer available to Warrantholders for the purchase of the Warrants. The trustee shall distribute *pro rata* the proceeds less such subscription costs and such other costs and expenses to the persons entitled thereto at the risk of such persons within two months of the final subscription date, except that entitlements of under £3.00 shall be retained for the benefit of the Company. If the trustee shall not so exercise the subscription rights as aforesaid (and so that his decision in respect thereof shall be final and binding on all holders of outstanding Warrants), the outstanding Warrants shall lapse at the expiry of the period of 14 days following the final subscription date.

## 2. Adjustment of subscription rights

(a) Forthwith on:

- (i) any allotment of fully paid Ordinary Shares (otherwise than on the allotment of fully paid Ordinary Shares in lieu of dividend) by way of capitalisation of profits or reserves to holders of Ordinary Shares on the register on a date (or by reference to a record date) on or before the final subscription date; or
- (ii) any sub-division or consolidation of the Ordinary Shares on a date (or by reference to a record date) on or before the final subscription date,

the number and/or nominal value of Ordinary Shares to be subscribed on any subsequent exercise of subscription rights will be increased or, as the case may be, reduced in due proportion (fractions being ignored) and the subscription price will be adjusted accordingly, so as to maintain the same cost of exercising the subscription rights of each Warrantholder with effect from the record date for such capitalisation, sub-division or consolidation. Such adjustments shall be determined by the Directors and the auditors for the time being of the Company (the "Auditors") shall confirm that in their opinion the adjustments have been determined in all material respects in accordance with these terms and conditions. Within 28 days after the relevant event referred to in (i) or (ii) above, notice of such adjustments will be given to the Warrantholders detailing the number of Ordinary Shares for which a Warrantholder is entitled to subscribe in consequence of any such adjustment. Such adjusted subscription rights shall confer the same rights and privileges and be subject to the same restrictions and obligations as the subscription rights which subsist at the date of the relevant capitalisation, sub-division or consolidation subject to any adjustment to the subscription price which is made in pursuance of this paragraph 2(a). Holders of Warrants in certificated form at that time will also receive a new Warrant certificate in respect of such adjusted subscription rights.

- (b) If, on a date (or by reference to a record date) on or before the final subscription date, the Company makes any offer or invitation to the holders of Ordinary Shares (whether by rights issue or otherwise but not being an offer to which paragraph 3(f) applies or an offer made in connection with scrip dividend arrangements) or any offer or invitation (not being an offer to which paragraph 3(g) applies) is made to such shareholders otherwise than by the Company, then the Company shall, so far as it is able, procure that at the same time the same offer or invitation is made to the then Warrantholders as if their subscription rights had been exercisable and had been exercised on the day immediately preceding the record date of such offer or invitation on the terms (subject to any adjustment pursuant to paragraph 2(a) or this paragraph 2(b)) on which the same could have been exercised if they had then been exercisable, provided that, if the Directors so resolve in the case of any such offer or invitation made by the Company, or if the Directors are unable to procure that such offer or invitation is made, the Company shall not be required to procure that such offer or invitation is made but the subscription price and the subscription rights shall be adjusted:
  - (i) in the case of an offer of additional Ordinary Shares for subscription by way of rights at a price less than the market price at the date of announcement of the terms of the offer, by multiplying the subscription price in force immediately before such announcement by:

$$\frac{X + Y}{X + Z}$$

where:

"X" means the number of Ordinary Shares in issue on the date of such announcement;

"Y" means the number of Ordinary Shares which the aggregate of the amount payable for the total number of additional shares comprised in such rights issue would purchase at such market price; and

"Z" means the aggregate number of Ordinary Shares offered for subscription;

and by dividing the number of Ordinary Shares to be subscribed on any future exercise of the subscription rights by the same fraction. Such adjustment shall be determined by the Directors, and the Auditors shall confirm that in their opinion the adjustment has been determined in all material respects in accordance with these terms and conditions;

- (ii) in any other case, in such manner as the Directors shall determine and the Auditors shall report to be fair and reasonable.

Any such adjustment shall become effective as at the record date of the offer or invitation. For the purposes of this paragraph 2(b), "market price" means the average of the mid-market quotations (as derived from the London Stock Exchange Daily Official List) for one Ordinary Share for the five consecutive dealing days ending on the dealing day immediately preceding the day on which the market price is to be ascertained but making an appropriate adjustment if the Ordinary Shares to be issued pursuant to the offer or invitation do not rank, on some or all of the relevant dealing days, *pari passu* as to dividends and other distributions



with the Ordinary Shares in issue on those days. The Company shall give notice to the Warrantholders within 28 days of any adjustment made pursuant to this paragraph 2(b) and, if the Company considers it necessary or desirable, despatch new Warrant certificates in the manner described in paragraph 2(a).

- (c) If at any time a Warrantholder shall become entitled to exercise his subscription rights pursuant to paragraph 3(g), the subscription price payable on such exercise of the subscription rights (but not otherwise) shall be reduced by an amount determined in accordance with the following formula:

$$A = (B + C) - D$$

where:

"A" means the reduction in the subscription price;

"B" means the subscription price ruling immediately before the adjustment;

"C" means the average of the mid-market quotations (as derived from the London Stock Exchange Daily Official List) for one Warrant for the 10 consecutive dealing days ending on the dealing day immediately preceding the date of the announcement of such offer (or, where such offer is a revised offer, the original offer) or, if applicable and earlier, the date of the first announcement of the intention to make such offer or original offer or of the possibility of the same being made; and

"D" means the average of the mid-market quotations (as derived from the London Stock Exchange Daily Official List) for one Ordinary Share for the 10 consecutive dealing days ending on the dealing day immediately preceding the date of the announcement of such offer (or, where such offer is a revised offer, the original offer) or, if applicable and earlier, the date of the first announcement of the intention to make such offer or original offer or of the possibility of the same being made.

However:

- (i) no adjustment shall be made in the subscription price where the value of D exceeds the aggregate value of B and C;
- (ii) the subscription price shall be further adjusted to take account of the market value of the Warrants (which shall be deemed to be equal to the value of C) having regard, *inter alia*, to the time value of money in such manner as the Directors shall determine and as the Auditors shall report, in all the circumstances, to be fair and reasonable; and
- (iii) the subscription price shall not be adjusted so as to cause the Company to be obliged to issue Ordinary Shares at a discount and, if the application of the above formula would, in the absence of this sub-paragraph (iii), have reduced the subscription price to below the then nominal value of an Ordinary Share, the number of Ordinary Shares to be subscribed on any subsequent exercise of the subscription rights in accordance with paragraph 3(g) but not otherwise shall be adjusted by the Directors in such manner as they determine to be appropriate, and the Auditors report to be fair and reasonable, to achieve, so far as is possible, the same economic result for the Warrantholders as if the subscription price had been adjusted without regard to this sub-paragraph (iii) in all the circumstances.

Such reduction shall be determined by the Directors and the Auditors shall confirm that, in their opinion, in all the circumstances, the reduction has been determined in all material respects in accordance with these terms and conditions.

Any such adjustment shall become effective on the date on which the Company becomes aware that, as a result of such offer as is referred to in paragraph 3(g), the right to cast a majority of the votes which may normally be cast on a poll at a general meeting of the Company has or will become vested in the offeror and/or such persons or companies. Publication of a scheme of arrangement or conclusion of a legally binding agreement providing for the acquisition by any person of the whole or any part of the issued ordinary share capital of the Company (by whatever means) shall be deemed to be the making of an offer for the purposes of this paragraph 2(c) and paragraph 3(g). The Company shall give notice to the Warrantholders within 28 days of any adjustments made pursuant to this paragraph 2(c) and, if the Company considers it necessary or desirable, despatch a new Warrant certificate in the manner described in paragraph 2(a).

- (d) If an order is made or an effective resolution is passed for winding up the Company (except for the purposes of reconstruction, amalgamation or unitisation on terms sanctioned by an extraordinary resolution of the Warrantholders) the provisions of paragraph 2(c) shall apply *mutatis mutandis* and any adjustment made pursuant to this paragraph 2(d) shall be calculated by reference to, and shall become effective on, the day immediately before the date of such order or resolution. For the purposes of applying the formula set out in paragraph 2(c) above, "C" shall be the average of the mean of the quotations as derived from the London Stock Exchange Daily Official List for one Warrant for the 10 consecutive London Stock Exchange dealing days ending on the dealing day immediately preceding the earliest of the following dates: (i) the date of an announcement by the Directors of their intention to convene an extraordinary general meeting for the purpose of passing a resolution to wind up the Company, (ii) the date of the notice of an extraordinary general meeting convened for the purpose of passing a resolution to wind up the Company, (iii) the date of commencement of the winding-up of the Company by the court and (iv) the date of suspension by the London Stock Exchange of dealings in the Warrants prior to the making of such announcement by the Directors; and "D" shall be the amount per share as determined by the Directors with confirmation from the Auditors that such determination is fair and reasonable which each holder of an Ordinary Share would be entitled to receive on such winding-up in accordance with paragraph 3(i), on the assumption that all Warrants then unexercised had been exercised in full at the relevant subscription price and the subscription moneys in respect thereof had been received in full by the Company.

### 3. Other provisions

So long as any subscription rights remain exercisable but subject as provided in paragraphs 4 and 5 below:

- (a) the Company shall not (except with the sanction of an extraordinary resolution of the Warrantholders) (i) make any distribution of capital profits or capital reserves (including all surpluses and accretions required to be credited to capital reserve by the Company's Articles of Association) except by means of a capitalisation issue in the form of fully paid Ordinary Shares, or (ii) issue securities by way of capitalisation of profits or reserves except fully paid Ordinary Shares issued to the holders of its Ordinary Shares or (iii) on or by reference to a record date falling within the period of six weeks ending on any subscription date make any such allotment, sub-division or consolidation as is referred to in paragraph 2(a) or any such offer or invitation as is referred to in paragraph 2(b) (except by extending to Warrantholders or procuring the extension to Warrantholders of any such offer or invitation as may be made by a third party);
- (b) the Company shall not (except with the sanction of an extraordinary resolution of the Warrantholders) in any way modify the rights attached to its existing Ordinary Shares as a class (but so that nothing herein shall restrict the right of the Company to increase or to consolidate or sub-divide its share capital), or create or issue any new class of equity share capital (as defined in section 744 of the Companies Act 1985) except for shares which, as compared with the rights attached to the existing Ordinary Shares, carry rights which are not more advantageous as regards voting, dividend or return of capital;
- (c) the Company shall not issue any Ordinary Shares credited as fully paid by way of capitalisation of profits or reserves, nor make any such offer as is referred to in paragraph 2(b), if in either case as a result the Company would on any subsequent exercise of the subscription rights be obliged to issue Ordinary Shares at a discount to nominal value;
- (d) the Company shall not (except with the sanction of an extraordinary resolution of the Warrantholders) (i) amend its Articles of Association so as to enable any distribution of capital profits or capital reserves (save as permitted by sub-paragraph 3(a) above) or (ii) (except as authorised by sections 130 to 134 (inclusive) or sections 159 to 181 (inclusive) of the Companies Act 1985 or except for a reduction not involving any payment to shareholders) reduce its share capital or any share premium account or capital redemption reserve;
- (e)
  - (i) the Company shall keep available for issue sufficient authorised but unissued share capital to satisfy in full all subscription rights remaining exercisable without the need for the passing of any further resolutions of shareholders;
  - (ii) the Company shall not make any allotment of fully paid Ordinary Shares by way of capitalisation of capital profits or reserves unless at the date of such allotment the Directors of the Company have authority for the purposes of section 80 of the Companies Act 1985 to grant the additional rights to subscribe to which the Warrantholders would by virtue of paragraph 2(a) be entitled in consequence of such capitalisation and section 89(1) of the Companies Act 1985 shall have been disapplied to the extent (if any) necessary to enable such grant; and
  - (iii) the Company shall not make any such offer or invitation as is referred to in paragraph 2(b) to the holders of the Ordinary Shares unless:
    - (1) where such offer or invitation involves the allotment of relevant securities (as defined in section 80 of the Companies Act 1985) the Directors shall have authority for the purposes of the said section 80 to allot any such securities to be allotted to the Warrantholders in accordance with paragraph 2(b); and
    - (2) section 89(1) of the Companies Act 1985 shall have been disapplied to the extent (if any) necessary to enable the Company to make such offer or invitation to the Warrantholders and to effect any allotment pursuant thereto;
- (f) if at any time an offer or invitation is made by the Company to the holders of its Ordinary Shares for the purchase by the Company of any of its Ordinary Shares, the Company shall simultaneously give notice thereof to the Warrantholders and each Warrantholder shall be entitled, at any time while such offer or invitation is open for acceptance, to exercise his subscription rights on the terms (subject to any adjustments pursuant to paragraphs 2(a) and 2(b)) on which the same could have been exercised if they had been exercisable on the day immediately preceding the record date for such offer or invitation and so as to take effect as if he had exercised his rights immediately prior to the record date of such offer or invitation;
- (g) subject to paragraph 3(h), if at any time an offer is made to all holders of Ordinary Shares (or all such holders other than the offeror and/or any company controlled by the offeror and/or persons acting in concert with the offeror) to acquire the whole or any part of the issued ordinary share capital of the Company and the Company becomes aware that as a result of such offer the right to cast a majority of the votes which may ordinarily be cast on a poll at a general meeting of the Company has or will become vested in the offeror and/or such companies or persons as aforesaid, the Company shall give notice to the Warrantholders of such vesting within 14 days of its becoming so aware and each Warrantholder shall be entitled, at any time within the period of 30 days immediately following the date of such notice, to exercise his subscription rights on the terms (subject to any adjustments pursuant to paragraphs 2(a), 2(b) and 2(c)) on which the same could have been exercised if they had been exercisable on the day on which the Company shall become aware as aforesaid. If any part of the 30-day period referred to falls before 3rd August 1996, the Warrants shall nevertheless be deemed to be exercisable during all of that period for the purposes of this paragraph 3(g) and if any part of such period falls after 3rd August 2006, the final subscription date shall be deemed to be the last business day of such 30-day period;
- (h) if any offer as is referred to in paragraph 3(g) shall be made whereunder the consideration shall consist solely of the issue of ordinary shares of the offeror and the offeror shall make available an offer of warrants to subscribe for ordinary shares in the offeror

in exchange for the Warrants which the financial advisers to the Company shall consider in their opinion (acting as experts and not as arbitrators) to be fair and reasonable (having regard to the terms of the offer and to the terms of paragraph 2(d) and any other circumstances which may appear to the financial advisers to the Company to be relevant), then the Warrantholders shall not be entitled to exercise their subscription rights on the basis referred to in paragraph 3(g) above and any Director of the Company shall be authorised as attorney for the Warrantholders who have not accepted such offer of warrants (i) to execute a transfer thereof in favour of the offeror in consideration of the issue of warrants to subscribe for ordinary shares in the offeror as aforesaid whereupon all the Warrants shall lapse and (ii) to do all such acts and things as may be necessary or appropriate in connection therewith, subject in the case of both (i) and (ii) aforesaid to such offer becoming or being declared unconditional in all respects and the offeror being in a position compulsorily to acquire the whole of the issued ordinary share capital of the Company;

- (i) if an order is made or an effective resolution is passed for winding up the Company (except for the purposes of reconstruction, amalgamation or unitisation on terms sanctioned by an extraordinary resolution of the Warrantholders), each Warrantholder shall (if in such winding-up and on the basis that all subscription rights then unexercised had been exercised in full and the subscription price therefor (taking account of any adjustments to the subscription price pursuant to paragraphs 2(a), 2(b) and 2(d)), had been received in full by the Company there would be a surplus available for distribution amongst the holders of the Ordinary Shares, including for this purpose the Ordinary Shares which would arise on exercise of all the subscription rights (taking account of any adjustments to the subscription price pursuant to paragraphs 2(a), 2(b) and 2(d)), which would on such basis exceed in respect of each Ordinary Share a sum equal to such subscription price) be treated as if immediately before the date of such order or resolution (as the case may be) his subscription rights had been exercisable and had been exercised in full on the terms (subject to any adjustments pursuant to paragraphs 2(a), 2(b) and 2(d)) on which the same could have been exercised if they had been exercisable on the day immediately before the date of such order or resolution (as the case may be) and shall accordingly be entitled to receive out of the assets available in the liquidation *pari passu* with the holders of Ordinary Shares such a sum as he would have received had he been the holder of the Ordinary Shares to which he would have become entitled by virtue of such subscription after deducting a sum per Ordinary Share equal to the subscription price (subject to any adjustments pursuant to paragraphs 2(a), 2(b) and 2(d)). Subject to the foregoing, all subscription rights shall lapse on liquidation of the Company; and
- (j) the Company shall not change its accounting reference date from 30th April except to a date falling within seven days before or after 30th April without giving to the Warrantholders not less than two months' notice thereof and of the new date to be substituted for 31st August in paragraph 1(a).

#### 4. Issue of "C" shares

Notwithstanding the provisions of paragraph 3 above, a qualifying "C" share issue (as defined below) shall not constitute an alteration or abrogation of the rights attached to the Warrants (and shall not require the sanction of an extraordinary resolution of the Warrantholders) even though it may involve modification of the rights attached to the existing Ordinary Shares of the Company or the creation or issue of a new class of equity share capital if the Directors are of the opinion (having regard to all the circumstances) that such issue should not have any material dilutive effect on the fully diluted net asset value attributable to each Ordinary Share.

For this purpose, a "qualifying 'C' share issue" means an issue by the Company of shares which will, within one year of the date of issue thereof, be converted into Ordinary Shares ranking *pari passu* in all respects with the Ordinary Shares then in issue (other than, if the case requires, as regards dividends or other distributions declared, paid or made in respect of the financial year in which the conversion takes place) and may include the issue in connection therewith of warrants (whether on the same terms and conditions as the Warrants or otherwise) and any matters reasonably incidental to the process by which such shares are converted into Ordinary Shares, including but not limited to the creation, issue, sub-division, consolidation, purchase, redemption or cancellation of any share capital of the Company, including share capital with preferred or deferred rights.

#### 5. Modification of rights and meetings

- (a) All or any of the rights for the time being attached to the Warrants may from time to time (whether or not the Company is being wound up) be altered or abrogated with the sanction of an extraordinary resolution of the Warrantholders. All the provisions of the Articles of Association for the time being of the Company as to general meetings shall apply *mutatis mutandis* as though the Warrants were a class of shares forming part of the capital of the Company but so that (a) the necessary quorum shall be Warrantholders present in person or by proxy entitled to subscribe for one-third in nominal amount of the Ordinary Shares attributable to such outstanding Warrants, (b) every Warrantholder present in person at any such meeting shall be entitled on a show of hands to one vote and every Warrantholder present in person or by proxy at any such meeting shall be entitled on a poll to one vote for each Ordinary Share for which he is entitled to subscribe, (c) any Warrantholder present in person or by proxy may demand or join in demanding a poll and (d) at any adjourned meeting those Warrantholders present in person or by proxy shall be a quorum (whatever the number of Warrants held or represented by such Warrantholders).
- (b) The Company, without the sanction of an extraordinary resolution of the Warrantholders, may make such amendments to these terms and conditions as may be necessary to ensure that these terms and conditions are not inconsistent in any respect with the holding of any Warrants in uncertificated form, the transfer of title and the exercise of subscription rights attaching to any Warrants by means of a relevant system and any provision of the Regulations or such other changes as the Directors may consider desirable in connection with the holding and transfer of Warrants in uncertificated form in a relevant system provided that no such amendments shall be made unless the Directors consider that such amendments are not materially prejudicial to the interests of the Warrantholders. The Company shall provide notice of any such changes to Warrantholders within a reasonable time thereof.



## 6. Transfer

Each Warrant held in certificated form will be registered and will be transferable in whole or in part by an instrument or transfer in any usual or common form, or in any other form which may be approved by the Directors. Each Warrant held in uncertificated form will be registered and will be transferable in whole or, subject as provided below, in part by means of a relevant system in such manner provided for, and subject as provided in the Regulations and the rules of the relevant system. No transfer of a right to subscribe for a fraction of an Ordinary Share may be effected. Subject to the provisions of these terms and conditions, the provisions of the Articles of Association for the time being of the Company relating to the registration, transfer, compulsory transfer and transmission of Ordinary Shares and the issue of certificates shall apply *mutatis mutandis* to the Warrants.

## 7. Purchase or surrender of Warrants

The Company and its subsidiaries shall have the right to purchase Warrants in the market or at any price by tender (available to all Warrantholders alike) or by private treaty or otherwise and the Company may accept the surrender of a Warrant at any time. All Warrants so purchased or surrendered shall forthwith be cancelled and shall not be available for re-issue or re-sale.

## 8. Further issues

The Company may from time to time without the consent of the Warrantholders create and issue further warrants, whether or not so as to form a single series with the outstanding Warrants.

## 9. General

- (a) The Company will concurrently with the issue of the same to the holders of its Ordinary Shares send to each Warrantholder (or, in the case of joint holders, to the first named) a copy of each published annual report and accounts of the Company (or such abbreviated or summary financial statement sent to holders of Ordinary Shares in lieu thereof) together with all documents required by law to be annexed thereto, and copies of all statements, notices, circulars and other documents issued by the Company to holders of Ordinary Shares.
- (b) For the purposes of these conditions, "extraordinary resolution of the Warrantholders" means a resolution proposed at a meeting of the Warrantholders duly convened and held and passed by a majority consisting of not less than three-fourths of the votes cast, whether on a show of hands or on a poll.
- (c) If any subscription date would, but for the provisions of this paragraph 9(c), fall on a day which is not a business day, the relevant subscription date shall be the next following business day.
- (d) For the purposes of these terms and conditions:
  - (i) "business day" means a day (other than a Saturday) on which banks in London are open for business;
  - (ii) "dealing day" means a day on which dealings take place on the London Stock Exchange; and
  - (iii) "financial year" has the meaning ascribed thereto by section 223 of the Companies Act 1985 as inserted by the Companies Act 1989.
- (e) Any determination or adjustment made pursuant to these terms and conditions by the Directors or the Auditors shall be made by them as experts and not as arbitrators and any such determination or adjustment made by them shall be final and binding on the Company and each of the Warrantholders.
- (f) Any reference to a statutory provision shall include that provision as from time to time modified or re-enacted.
- (g) The provisions of the Company's Articles of Association as to notices to shareholders shall apply *mutatis mutandis* to notices to Warrantholders.
- (h) The Warrants shall be governed by, and construed in accordance with, English law.

## 10. Warrants in uncertificated form

- (a) Pursuant and subject to the Regulations, the Company may permit title to the Warrants to be evidenced otherwise than by a certificate and to be transferred by means of a relevant system and may make arrangements for the Warrants to become a participating security. Title to the Warrants may only be evidenced otherwise than by a certificate where the Warrants are for the time being a participating security. The Company may also, subject to compliance with the Regulations and the rules of any relevant system, determine that title to the Warrants may, from any date specified by the Company, no longer be evidenced otherwise than by a certificate and/or that title to the Warrants shall cease to be transferred by means of any particular relevant system.

- (b) In relation to those Warrants once they are a participating security and for so long as the Warrants remain a participating security, no provision of these terms and conditions shall apply or have effect to the extent that is inconsistent in any respect with:
- (i) the holding of Warrants in uncertificated form;
  - (ii) the transfer of title to Warrants by means of a relevant system; or
  - (iii) any provision of the Regulations.
- (c) For the purposes of these terms and conditions, the “Regulations” means the Uncertificated Securities Regulations 1995 as amended from time to time and any provisions of the Companies Acts which supplement or replace such Regulations and, unless the context otherwise requires, words or expressions contained in these terms and conditions shall have the same meaning as in the Regulations.
- (d) Without prejudice to the generality of sub-paragraph 10(b) of these terms and conditions and notwithstanding anything contained in these terms and conditions, where Warrants are, for the time being, held in uncertificated form and for so long as the Warrants are a participating security:
- (i) the register of Warrantholders shall be maintained at all times in the United Kingdom;
  - (ii) Warrants may be issued in uncertificated form in accordance with and subject as provided in the Regulations;
  - (iii) Warrants may be changed from uncertificated to certificated form, and from certificated to uncertificated form, in accordance with and subject as provided in the Regulations and the Company shall record on the Register of Warrantholders that the Warrants are held in certificated or uncertificated form as appropriate;
  - (iv) where title to a Warrant is evidenced otherwise than by a certificate by virtue of the Regulations, the transfer of title to such a Warrant shall be effected by means of a relevant system in the manner provided for, and subject as provided in the Regulations and, accordingly (and in particular) paragraph 6 of these terms and conditions shall not apply in respect of such a Warrant to the extent that that paragraph requires or contemplates the effecting of a transfer by an instrument in writing and the production of a certificate for the Warrant to be transferred;
  - (v) the Company shall comply with the provisions of Regulations 21 and 22 in relation to the Warrants held in uncertificated form;
  - (vi) the provisions of paragraphs 5, 9(b) and 9(g) with respect to meetings of holders of the Warrants shall have effect subject to the provisions of Regulation 34;
  - (vii) for the avoidance of doubt, these terms and conditions are applicable to the Warrants held in uncertificated form and shall remain so applicable (and accordingly the Company shall continue to comply with the terms and conditions of the same) notwithstanding that they are not endorsed on any certificate for such Warrants;
  - (viii) the Company shall provide to any holder of Warrants in uncertificated form a copy of these terms and conditions of the Warrants on request by him (but so that joint holders of such Warrants shall be entitled to receive one copy only of these terms and conditions in respect of the Warrants held jointly by them, which copy shall be delivered to that one of the joint holders whose name stands first in the register of Warrantholders in respect of that holding).

## PART III

### General Information

#### 1 Incorporation and administration

- (a) The Company was incorporated in England and Wales as a public limited company on 2nd April 1996 under the Act, with the name Fidelity Asian Values PLC and with registered number 3183919.

It has not yet commenced business, has made up no accounts for presentation to its members and has not declared or paid a dividend. On 3rd May 1996 the Registrar of Companies issued a certificate under section 117 of the Act entitling the Company to commence business.

The Company operates under the Act and the regulations made thereunder.

- (b) The principal place of business and registered office of the Company is at Oakhill House, 130 Tonbridge Road, Hildenborough, Tonbridge, Kent TN11 9DZ.
- (c) The Company has no, and has not had any, subsidiaries or employees. Save as set out in paragraphs 2, 5 and 6 of this Part III, there has been no significant change in the financial or trading position of the Company since the date of its incorporation.
- (d) Coopers & Lybrand have been the only auditors of the Company since its incorporation.
- (e) It is the intention of the Directors to conduct the affairs of the Company so that it satisfies the requirements for qualification as an investment company under section 266 of the Act and the Company has given notice to the Registrar of Companies of its intention to carry on business as an investment company pursuant to that section.

#### 2. Share capital

- (a) The Company was incorporated with an authorised share capital of £50,000 divided into 200,000 shares of 25p each, of which two shares were issued to the subscribers to the Memorandum of Association.
- (b) On 11th April 1996 the two subscriber shares were transferred to the Manager and a nominee for the Manager. On 11th April 1996 the Directors resolved to allot 199,998 Ordinary Shares of 25p each to the Manager, against its irrevocable undertaking to pay or procure payment of 100p in cash for each Ordinary Share on or before the date of their admission to the Official List of the London Stock Exchange unless such admission does not become effective by 15th July 1996, whereupon the Manager shall make a part payment of 7p in cash for each Ordinary Share on or before 30th September 1996. These Ordinary Shares and the two Ordinary Shares of 25p each referred to above and held by or on behalf of the Manager are included in the Offer.
- (c) At an extraordinary general meeting of the Company held on 14th May 1996 it was resolved to increase the capital of the Company to £50,000,000 divided into 200,000,000 Ordinary Shares of 25p each and to grant to the Directors the necessary authorities pursuant to sections 80 and 89 of the Act to allot Ordinary Shares (with Warrants attached) pursuant to the Offer. It was also resolved to adopt new Articles of Association. At the same extraordinary general meeting it was resolved:
- (i) to authorise the Directors to allot relevant securities (as defined in section 80 of the Act) up to an aggregate nominal amount equal to the lesser of £10,833,333 and one-third of the aggregate nominal amount of the issued share capital of the Company following the completion of the Offer, such authority to expire at the conclusion of the first annual general meeting of the Company; and
  - (ii) to authorise the Directors, pursuant to section 95 of the Act, to allot equity securities (as defined in section 94 of the Act) for cash pursuant to the authority referred to in sub-paragraph (i) above as if section 89(1) of the Act did not apply to the allotment, but such power was limited to the allotment of equity securities in connection with a rights issue and the allotment (otherwise than pursuant to a rights issue) of equity securities up to an aggregate nominal amount equal to the lesser of £1,625,000 and 5 per cent. of the aggregate nominal amount of the issued share capital of the Company following the completion of the Offer.
- (d) The provisions of section 89(1) of the Act (which, to the extent not disapplied pursuant to section 95 of the Act, confer on shareholders rights of pre-emption in respect of the allotment of equity securities which are or are to be paid up in cash) apply to the authorised and unissued share capital of the Company after the completion of the Offer except to the extent disapplied as mentioned in paragraph 2(c) above.
- (e) Save for the Warrants and as disclosed in paragraphs 2 and 5 of this Part III since the date of its incorporation no share or loan capital of the Company has been issued or agreed to be issued, or is now proposed to be issued, for cash or any other consideration and no discounts or other special terms have been granted by the Company in connection with the issue or sale of any such capital and no share or loan capital of the Company is under option or is agreed conditionally or unconditionally to be put under option.
- (f) No application is being made for the Ordinary Shares or Warrants to be listed or dealt in on any stock exchange or investment exchange other than the London Stock Exchange.

- (g) Save in connection with the Offer or as envisaged in the final paragraph of this paragraph 2, no material issue of shares (other than to Shareholders *pro rata* to existing holdings or pursuant to the exercise of the Warrants) will be made within one year of the date hereof without the prior approval of Shareholders in general meeting.
- (h) The Ordinary Shares and the Warrants will be in registered form. It is expected that the Ordinary Share certificates and Warrant certificates will be despatched to Shareholders on Wednesday, 12th June 1996.
- (i) Assuming full subscription under the Offer, the issued share capital of the Company will be £32,500,000 divided into 130,000,000 Ordinary Shares of 25p each. There will remain authorised but unissued £17,500,000 divided into 70,000,000 Ordinary Shares of 25p each, of which 26,000,000 Ordinary Shares will be reserved for issue upon exercise of the Warrants.

The authorities referred to in (c) above will provide the Directors with the flexibility to issue further Ordinary Shares if they deem it appropriate to do so. The authority to issue Ordinary Shares for cash will enable the Directors to issue additional new Ordinary Shares to participants in The Fidelity Investment Trust Savings Plan and The Fidelity Investment Trust Personal Equity Plan in the event that the Ordinary Shares are trading at a premium to their net asset value. The Directors would not intend to use this power unless such premium were in excess of 2 per cent. and unless they considered that it was in the interest of Shareholders to do so. The Directors would not issue Ordinary Shares pursuant to this power at less than the then current net asset value per share.

### 3 Directors' and other interests

- (a) No Director has an interest, beneficial or otherwise, in the capital of the Company which is required to be notified to the Company pursuant to sections 324 and 328 of the Act or required to be entered in the register of Directors' interests maintained under section 325 of the Act. No other persons connected (within the meaning of section 346 of the Act) with the Directors have any interest in the capital of the Company. The following Directors, including their families and connected persons, have, however, indicated that they intend to apply in the Offer for the number of Ordinary Shares and Warrants set out below, and it is intended that these applications will be accepted in full by the Company:

	Number of Ordinary Shares	Number of Warrants
John Alston Morrell	5,000	1,000
Martin Paul Cambridge	5,000	1,000
Hugh Francis John Davies	5,000	1,000
David Hugh FitzWilliam-Lay	10,000	2,000
The Hon. Sir Victor Garland KBE	5,000	1,000

- (b) Martin Cambridge is a shareholder in Fidelity International Limited, the ultimate holding company of the Manager, and is a director of the Manager.
- (c) (i) The total emoluments receivable by the Directors and payable by the Company in respect of the accounting period of the Company ending on 30th April 1997 are not expected to exceed £40,000. Martin Cambridge has agreed to waive any fees to which he would otherwise be entitled.
- (ii) There are no service contracts in existence between the Company and any of the Directors, nor are any proposed.
- (d) No loan has been granted to, nor any guarantee provided for the benefit of, any Director by the Company.
- (e) The Manager will receive from the Company a management and secretarial fee pursuant to the Management Agreement referred to in paragraph 6(a) of this Part III and fees in relation to the administration and promotion of The Fidelity Investment Trust Savings Plan and The Fidelity Investment Trust Personal Equity Plan. In addition, the Manager may receive commissions as described in paragraph 9(e) of this Part III and may receive a fee for services in connection with the Offer pursuant to the Services Agreement referred to in paragraph 6(c) of this Part III.
- (f) Save as disclosed in paragraphs 3(b) and (e) above, no Director has any interest in any transactions which are or were unusual in their nature or conditions, or significant to the business of the Company and which have been effected by the Company since its incorporation.
- (g) Fidelity International Limited, either directly or through subsidiaries, intends to subscribe for 1,035,000 Ordinary Shares (with Warrants attached) in the Placing.
- (h) The Directors are not currently aware of any persons who immediately following the Offer may be interested directly or indirectly (within the meaning of Part VI of the Act) in 3 per cent. or more of the issued share capital of the Company. The Directors are not aware of any other persons who could, directly or indirectly, jointly or severally, exercise control over the Company.

### 4 Memorandum and Articles of Association

The Memorandum of Association of the Company provides that the Company's principal object is to undertake and carry on the business of an investment trust company. The objects of the Company are set out in full in Clause 4 of the Memorandum of Association which is available for inspection at the addresses set out in paragraph 10 below.

The Articles of Association of the Company (the "Articles") contain provisions, *inter alia*, to the following effect:

(a) Voting rights

- (i) Subject to any special terms as to voting upon which any shares may be issued or may for the time being be held and to any other provisions of the Articles, every member present in person at a general meeting shall have one vote on a show of hands, and on a poll every member present in person or by proxy shall have one vote for every 25p nominal amount of share capital of which he is the holder.
- (ii) No member shall, unless the Board decides otherwise, be entitled to vote at any general meeting of the Company or any separate meeting of the holders of any class of shares of the Company unless all calls or other sums presently payable by him in respect of those shares have been paid or if he has been served with a restriction notice after failure to provide the Company with information concerning interests in those shares required to be provided under a statutory notice.

(b) Variation of rights and changes in capital

- (i) Subject to the provisions of the Act, all or any of the rights for the time being attached to any class of share may be varied with the consent in writing of the holders of not less than three-fourths in nominal value of the issued shares of that class, or with the sanction of an extraordinary resolution passed at a separate general meeting of the holders of those shares. The quorum requirement for such a separate general meeting is a person or persons holding or representing by proxy not less than one-third in nominal value of the issued shares of the class.

(ii) The Company may by ordinary resolution:

- (A) increase its authorised share capital by such sum to be divided into shares of such amounts as the resolution shall prescribe;
- (B) consolidate and divide its share capital into shares of a larger amount;
- (C) subject to the provisions of the Act, sub-divide its share capital into shares of a smaller amount; and
- (D) cancel any shares which have not been taken or agreed to be taken by any person and diminish its authorised share capital by the amount of the shares so cancelled.

Subject to confirmation by the Court, the Company may by special resolution reduce its share capital, any capital redemption reserve and any share premium account in any way.

- (iii) Subject to the provisions of the Act, the Company may purchase shares comprising all or any of the classes of its share capital then in issue, including redeemable shares.

(c) Dividends and other distributions

- (i) The Company may by ordinary resolution from time to time declare dividends, but no such dividends shall be payable otherwise than in accordance with the Act or in excess of the amount recommended by the Board. Payment of dividends to the members shall be in accordance with their rights and interests in the profits available for distribution. Dividends shall be apportioned and paid *pro rata* according to the amounts paid up on the shares during any portion or portions of the period in respect of which the dividend is paid. The Board may from time to time pay to the members such interim dividends as appear to the Board to be justified by the financial position of the Company and the Board may also pay any dividends payable at a fixed rate at intervals settled by the Board whenever the financial position of the Company, in the opinion of the Board, justifies its payment.
- (ii) The Board may withhold payment of all or any part of any dividends or other monies payable in respect of the Company's shares from a person with a 0.25 per cent. interest (as defined in the Articles) in those shares or any class thereof if such a person has been served with a restriction notice after failure to provide the Company with information concerning interests in those shares required to be provided under a statutory notice.
- (iii) Capital profits and surpluses arising from the realisation of investments will not be available for dividend or distribution.
- (iv) Any dividend unclaimed after a period of 12 years from the date when it became due for payment shall be forfeited and shall revert to the Company.

(d) Capital reserves

All capital profits arising on the sale or realisation of investments and other capital assets in excess of the book value thereof and all other capital profits and unrealised appreciations of investments or other assets representing or in the nature of accretion to capital assets will be credited to a capital reserve to be maintained by the Company. Any loss resulting from any such dealing as aforesaid and any provisions in respect of the diminution in value or depreciation in value of capital assets will be debited to such capital reserve except in so far as the Directors otherwise decide. All sums carried and standing to the credit of the capital reserve may be applied for any of the purposes to which sums standing to any revenue reserve are applicable except and provided that no part of the capital reserve or any other monies in the nature of accretion to capital ~~may be transferred to revenue account~~ or be regarded as or treated as profits of the Company available for distribution or be applied in paying dividends.



(e) Transfer of shares

The Ordinary Shares are in registered form and may be transferred by instrument in writing in any usual form, or in any other form which the Directors may approve. The instrument of transfer must be executed by or on behalf of the transferor and (in the case of a partly paid share) the transferee, and the transferor is deemed to remain the holder until the transferee's name is entered in the register. The Board may in its absolute discretion and without specifying any reason refuse to register any transfer of shares which are not fully-paid. The Board may also refuse to register any transfer of shares unless the instrument of transfer is duly stamped and lodged with the Company accompanied by the certificate for the shares to which it relates and such other evidence as the Board may reasonably require to show the right of the intending transferor to make such transfer. The Board may also decline to register any transfer if the instrument of transfer is in respect of more than one class of share or, in the case of a transfer to joint holders, the number of joint holders to whom the share is to be transferred exceeds four.

The Board may decline to register a transfer of the Company's shares by a person with a 0.25 per cent. interest (as defined in the Articles) in those shares or any class thereof if such a person has been served with a restriction notice after a failure to provide the Company with information concerning interests in those shares required to be provided under a statutory notice unless the transfer is shown to the Board to be pursuant to an arm's length sale (as defined in the Articles).

(f) Compulsory transfer of shares

(i) If it shall come to the notice of the Directors that any share or shares:

- (A) are or may be owned or held directly or beneficially by any person or persons whose ownership or holding or continued ownership or holding of those shares (whether on its own or in conjunction with any other circumstances appearing to the Directors to be relevant) might in the sole and conclusive determination of the Directors cause a pecuniary or tax disadvantage to the Company or any other holder of shares or other securities of the Company or cause or be likely to cause the assets of the Company to be considered "plan assets" within the meaning of regulations adopted under the United States Employee Retirement Income Security Act of 1974; or
- (B) are or may be owned or held directly or beneficially such that the aggregate number of United States Persons (as defined in the Articles) who are holders or beneficial owners (which for these purposes shall include beneficial ownership by attribution pursuant to Section 3(c)(1)(A) of the United States Investment Company Act of 1940) of shares or other securities of the Company is or may be more than 75; or
- (C) are or may be owned or held directly or beneficially by any person to whom a transfer of shares or whose ownership or holding of any shares might in the opinion of the Directors require registration of the Company as an investment company under the United States Investment Company Act of 1940,

the Directors may serve a notice (hereinafter called a "Transfer Notice") upon the person (or any one of such persons where shares are registered in joint names) appearing in the register as the holder (the "Vendor") of the share, shares or any of the shares concerned (the "Relevant Shares") requiring the Vendor within 21 days (or such extended time as in all the circumstances the Directors shall consider reasonable) to transfer (and/or procure the disposal of interests in) the Relevant Shares to another person whose holding of such shares, in the sole and conclusive determination of the Directors, would not fall within (A) or (C) above and would not result in the aggregate number of United States Persons who are beneficial owners or holders of shares being 75 or more (such a person being hereinafter called an "Eligible Transferee"). On and after the date of such Transfer Notice, and until registration of a transfer of the Relevant Share to which it relates pursuant to the provisions of the Articles referred to in this sub-paragraph (i) or sub-paragraph (ii) the rights and privileges attaching to the Relevant Shares shall be suspended and not capable of exercise.

- (ii) If within 21 days after the giving of a Transfer Notice (or such extended time as in all the circumstances the Directors shall consider reasonable) the Transfer Notice has not been complied with to the satisfaction of the Directors, the Company may sell the Relevant Shares on behalf of the holder or holders thereof by instructing a member of the London Stock Exchange to sell them in accordance with the best practice then obtaining to any Eligible Transferee or Transferees. For this purpose the Directors may authorise in writing any officer or employee of the Company to execute on behalf of the holder or holders of the Relevant Shares a transfer of the Relevant Shares to the purchaser or purchasers and an instrument of transfer executed by that person will be as effective as if it had been executed by the holder of, or the person entitled by transmission to, the Relevant Shares. The purchaser will not be bound to see to the application of the purchase monies nor will his title to the Relevant Shares be affected by any irregularity or invalidity in the proceedings relating to the sale. The net proceeds of the sale of the Relevant Shares shall be received by the Company, whose receipt shall be a good discharge for the purchase monies, and will belong to the Company and, upon their receipt, the Company will become indebted to the former holder of, or person entitled by transmission to, the Relevant Shares for an amount equal to the net proceeds of transfer upon surrender by him or them of the certificate for the Relevant Shares which the Vendor shall forthwith be obliged to deliver to the Company. No trust will be created in respect of the debt and no interest will be payable in respect of it and the Company will not be required to account for any monies earned from the net proceeds of transfer which may be employed in the business of the Company or as it thinks fit. The Company may register the transferee or transferees as holder or holders of the Relevant Shares and issue to him or them a certificate for the same and thereupon the transferee or transferees shall become absolutely entitled thereto.
- (iii) A person who becomes aware that he falls within sub-paragraph (i) (A) or (C) above or, being a United States Person and a beneficial owner or holder of shares, becomes aware that the aggregate number of United States Persons who are beneficial owners or holders of shares is more than 75, shall forthwith, unless he has already received a Transfer Notice pursuant to sub-paragraph (i) above either transfer the Relevant Shares to an Eligible Transferee or Transferees or give a request in writing to the Directors for the issue of a Transfer Notice in accordance with sub-paragraph (i) above. Every such request shall be accompanied by the certificate or certificates for the shares to which it relates.

- (iv) Subject to the provisions of the Articles, the Directors shall, unless any Director has reason to believe otherwise, be entitled to assume without enquiry that none of the shares are held in such a way as to entitle the Directors to serve a Transfer Notice in respect thereof. The Directors may, however, at any time and from time to time call upon any holder (or any one of joint holders) of shares by notice in writing to provide such information and evidence as they shall require upon any matter connected with or in relation to such holder of shares. In the event of such information and evidence not being so provided within such reasonable period (not being less than 21 days after service of the notice requiring the same) as may be specified by the Directors in the said notice, the Directors may, in their absolute discretion, treat any share held by such a holder or joint holders as being held in such a way as to entitle them to serve a Transfer Notice in respect thereof.
  - (v) The Directors shall not be required to give any reasons for any decision, determination or declaration taken or made in accordance with these provisions. The exercise of the powers conferred by sub-paragraph (i) and/or (ii) and/or (iv) above shall not be questioned or invalidated in any case on the ground that there was insufficient evidence of direct or beneficial ownership of shares by any person or that the true direct or beneficial owner of any shares was otherwise than appeared to the Directors at the relevant date provided that the said powers shall have been exercised in good faith.
- (g) Duration and winding-up
- (i) The Board shall propose an ordinary resolution to the annual general meeting of the Company falling in 2006 and, if the Company has not then been liquidated, unitised or reconstructed, at every fifth subsequent annual general meeting thereafter, proposing that the Company should continue as an investment trust for a further five year period. If any such resolution is not passed, the Board shall draw up proposals for the voluntary liquidation, unitisation or other reorganisation of the Company for submission to the members of the Company at an extraordinary general meeting to be convened by the Board for a date not more than three months after such annual general meeting. Implementation of the proposals will require the approval of members by special resolution.
  - (ii) As the Company has only one class of shares, the holders of its shares will under general law be entitled to participate in any surplus assets in a winding-up in proportion to their shareholdings. On a winding-up the liquidator may, with the sanction of a special resolution of the Company, divide among the members *in specie* the whole or any part of the assets of the Company.
- (h) Borrowing powers
- The Directors may exercise all the powers of the Company to borrow money, and to mortgage or charge its undertaking, property and assets (present and future) and uncalled capital, and to issue debentures and other securities, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party. The Directors must restrict the borrowings of the Company and exercise all voting and other rights or powers of control exercisable by the Company in relation to its subsidiary undertakings so as to secure that the aggregate principal amount from time to time outstanding of all borrowings (as defined in the Articles) by the Company and its subsidiary undertakings (exclusive of borrowings intra-group) shall not at any time without the previous sanction of an ordinary resolution of the Company exceed an amount equal to the adjusted capital and reserves (as defined in the Articles) of the Company.
- (i) Directors
- (i) Appointment of Directors
- Directors may be appointed by the Company by ordinary resolution or by the Directors. A Director appointed by the Directors will hold office only until the next following annual general meeting and will not be taken into account in determining the Directors who are to retire by rotation at that meeting.
- (ii) Age of Directors
- No person is disqualified from being a Director or is required to vacate that office, by reason only of the fact that he has attained the age of 70 years or any other age, nor is it necessary to give special notice of a resolution appointing or approving the appointment of such a Director. However, where the Directors convene any general meeting at which, to the knowledge of the Directors, a Director who is over the age of 70 will be proposed for appointment or re-appointment, the Directors will give notice of his age in the documents convening the meeting.
- (iii) Remuneration of Directors
- Each of the Directors shall be paid a fee at such rate as may be determined by the Directors provided that the total fees paid to the Directors (excluding amounts payable under other provisions of the Articles) shall not exceed £70,000 per annum or such higher amount as may from time to time be decided by ordinary resolution of the Company. Each Director may also be paid reasonable travelling, hotel and incidental expenses of attending meetings of the Directors, of committees of the Directors or general meetings of the Company or any other meeting which as a Director he is entitled to attend and shall be paid all expenses incurred by him in the conduct of the Company's business or in the discharge of his duties as a Director.
- Any Director who performs services beyond the ordinary duties of a Director may be paid such extra remuneration as the Directors may determine in addition to any other remuneration from the Company.
- (iv) Executive Directors
- The Directors may from time to time appoint one or more of its body to hold any employment or executive office with the Company (including that of Managing Director) for such period (subject to the provisions of the Act) and upon such other terms as the Board may decide and may revoke or terminate any appointment so made. A Director so appointed shall receive



such remuneration (whether by way of salary, commission, participation in profits or otherwise) as the Directors may decide either in addition to or in lieu of his remuneration as a Director.

(v) Retirement of Directors by rotation

At every annual general meeting of the Company, as nearly as possible one-third of the Directors will retire by rotation and be eligible for re-election but if there are fewer than three directors who are subject to retirement by rotation, they shall retire. The Directors to retire will be those who have been longest in office or, in the case of those who were appointed or re-appointed on the same day, will be (unless they otherwise agree) determined by lot.

(vi) Restrictions on voting

A Director shall not vote on, or be counted in the quorum in relation to, any resolution of the Directors concerning his own appointment, or the settlement or variation of the terms or the termination of his own appointment, as the holder of any office or place of profit with the Company or any other company in which the Company is interested but, where proposals are under consideration concerning the appointment, or other settlement or variation of the terms or the termination of the appointment, of two or more Directors to offices or places of profit with the Company or any other company in which the Company is interested, a separate resolution may be put in relation to each Director and in that case each of the Directors concerned shall be entitled to vote and be counted in the quorum in respect of each resolution unless it concerns his own appointment, or the settlement or variation of the terms or the termination of his own appointment, or the appointment of another Director to an office or place of profit with a company in which the Company is interested and the Director seeking to vote or to be counted in the quorum owns 1 per cent. or more of it.

A Director shall not vote on, or be counted in the quorum in relation to, any resolution of the Directors in respect of any contract in which he has an interest which (taken with any interest of any person connected with him) is to his knowledge a material interest and, if he shall do so, his vote shall not be counted, but this prohibition shall not apply to any resolution concerning any of the following matters:

- (A) the giving to him of any guarantee, indemnity or security in respect of money lent or obligations undertaken by him for the benefit of the Company or any of its subsidiaries;
- (B) the giving to a third party of any guarantee, indemnity or security in respect of a debt or obligation of the Company or any of its subsidiaries for which he himself has assumed responsibility in whole or in part under a guarantee or indemnity or by the giving of security;
- (C) where the Company or any of its subsidiaries is offering securities in which offer the Director is or may be entitled to participate as a holder of securities or in the underwriting or sub-underwriting of which the Director is to participate;
- (D) any contract in which he is interested by virtue of his interest in shares or debentures or other securities of the Company or any of its subsidiaries or by reason of any other interest in or through the Company or any of its subsidiaries;
- (E) any contract concerning any other company (not being a company in which the director owns 1 per cent. or more) in which he is interested directly or indirectly whether as an officer, shareholder, creditor or otherwise howsoever;
- (F) any contract concerning the adoption, modification or operation of a pension fund or retirement, death or disability benefits scheme which relates both to Directors and employees of the Company or any of its subsidiaries and does not provide in respect of any Director as such any privilege or advantage not accorded to the employees to which the fund or scheme relates;
- (G) any contract for the benefit of employees of the Company or of any of its subsidiaries under which he benefits in a similar manner to the employees and which does not accord to any Director as such any privilege or advantage not accorded to the employees to whom the contract relates; or
- (H) any contract for the purchase or maintenance for any Director or Directors of insurance against any liability.

Subject to the provisions of the Act, the Company may by ordinary resolution suspend or relax the above provisions to any extent or ratify any contract not properly authorised by reason of a contravention of such provisions.

(vii) Directors' shareholdings

There is no qualification fixed by the Articles for a Director to hold any shares in the Company.

(j) Indemnity of officers

Subject to the provisions of the Act, the Company may indemnify any Director or other officer against any liability and may purchase and maintain, for any Director or other officer or auditor, insurance against any liability.

Every Director or other officer shall be indemnified, and if the Directors so determine the auditors may be indemnified, out of the assets of the Company against any liability incurred as a director or other officer, or as auditor, in defending any proceedings (whether civil or criminal) in which judgement is given in his favour or in which he is acquitted or in connection with any application under the Act in which relief is granted to him by the Court.

(k) Untraced shareholders

The Company may sell any shares in the Company after advertising its intention and waiting for three months and notifying the London Stock Exchange of its intention to sell if the shares have been in issue for at least 12 years and during that period at least three cash dividends have become payable on them and have not been claimed or satisfied and, so far as any Director is aware, the Company has not received any communication during the relevant period from the holder of the shares or any person entitled to them by transmission. Upon any such sale, the Company will become indebted to the former holder of the shares or the person entitled to them by transmission for an amount equal to the net proceeds of sale.

(l) Record date for service

Any document may be served by the Company by reference to the register as it stands at any time not more than 15 days before the date of delivery and no change in the register after that time shall invalidate that service. Where any document is served on any person in respect of a share, no person deriving any title or interest in that share shall be entitled to any further service of that document.

(m) Members resident abroad

Members with registered addresses outside the UK are not entitled to receive notices from the Company unless they have given the Company an address within the UK at which such notices may be served.

## 5. Offer arrangements

- (a) By a Placing and Offer for Subscription Agreement (the "Offer Agreement") dated 15th May 1996 between the Company (1), the Manager (2), the Directors (3) and Kleinwort Benson Securities (4), Kleinwort Benson Securities has undertaken as agent for the Company (i) to use its reasonable endeavours to procure subscribers in the Placing for up to 60.2 million Ordinary Shares (with Warrants attached) at 100p per Ordinary Share and (ii) to make the Offer for Subscription. The Offer Agreement is subject, *inter alia*, to the London Stock Exchange admitting the Ordinary Shares and the Warrants to the Official List by 13th June 1996, or such later date, not being later than 4th July 1996, as shall be agreed between the Company and Kleinwort Benson Securities.

- (b) Under the Offer Agreement, the Company has agreed to pay to Kleinwort Benson Securities a fee of £75,000, a commission of 4.25 per cent. of the gross proceeds of the Placing, a commission of 0.75 per cent. of the gross proceeds of the Offer for Subscription and additional commission of 0.5 per cent. of the gross proceeds of the Offer in excess of £20 million (excluding subscriptions from the Fidelity Organisation, including discretionary funds managed by the Fidelity Organisation), out of which Kleinwort Benson Securities will, in relation to placees not electing to receive additional Ordinary Shares (with Warrants attached) in lieu of commission, pay a commission to each such placee of 3.5 per cent. of the offer price multiplied by the number of Ordinary Shares (with Warrants attached) taken up by such placee. Where a placee elects to receive additional Ordinary Shares (with Warrants attached) in lieu of commission, KBS shall pay to the Company an amount equal to the amount of commission that would otherwise have been payable and shall be entitled to receive a commission of 1.25 per cent. of the gross proceeds of the issue of such additional Ordinary Shares. The commission payable by the Company to Kleinwort Benson Securities in respect of subscriptions from the Fidelity Organisation, including discretionary funds managed by the Fidelity Organisation, under the Placing will be 3.5 per cent. of the gross proceeds of such subscriptions. Fidelity intends to elect to receive additional Ordinary Shares in lieu of such commission.

In addition, the Company will pay a commission of 3.0 per cent. of the offer price of the Ordinary Shares (with Warrants attached) subscribed under the Offer for Subscription pursuant to successful applications for Ordinary Shares (with Warrants attached) which bear the stamp of authorised financial intermediaries.

- (c) Under the Offer Agreement, which may be terminated, prior to admission of the Ordinary Shares and the Warrants to the Official List becoming effective, by Kleinwort Benson Securities in certain circumstances, certain warranties have been given to Kleinwort Benson Securities by the Directors and the Manager and certain warranties and indemnities have been given to Kleinwort Benson Securities by the Company and the Manager.

## 6. Material contracts

The following contracts, not being contracts entered into in the ordinary course of business, have been entered into by the Company and are, or may be, material:

- (a) a management and secretarial services agreement (the "Management Agreement") dated 15th May 1996 between the Company (1) and the Manager (2), under which the Manager has agreed to provide investment management services to the Company for a quarterly fee of an amount equal to 0.25 per cent. (exclusive of VAT) of the value of the Company's gross assets (less current liabilities other than borrowed money which is not to be repaid in the normal course within 12 months or which the Company expects or is likely to repay from the proceeds of further borrowings or which is taken out and used for investment purposes) payable in arrear. In addition, the Company has agreed to pay to the Manager a fee for secretarial and administration services, payable quarterly in arrear, at the rate of £25,000 per annum (exclusive of VAT), subject to annual indexation (as from 1st January 1997);

The Management Agreement will continue unless and until terminated by either party giving, to the other, not less than 12 months' notice to expire on or after 31st May 2000. The Management Agreement may be terminated forthwith as a result of

material breach of the agreement (which, where capable of remedy, is not remedied within 30 days of notice of the breach) or on the insolvency of the Manager or the Company. In addition, the Company may terminate the agreement by 60 days' notice if the Manager ceases to be a subsidiary of Fidelity International Limited;

- (b) an agreement dated 15th May 1996 between the Company and the Manager, under which the Company will pay a fee to the Manager based on a percentage not exceeding 0.1 per cent. per annum of gross assets (less current liabilities other than borrowed money which is not to be repaid in the normal course within 12 months or which the Company expects or is likely to repay from the proceeds of further borrowings or which is taken out and used for investment purposes) and subject to a minimum charge of £50,000 (plus VAT) per annum in respect of its participation in The Fidelity Investment Trust Savings Plan and The Fidelity Investment Trust Personal Equity Plan, out of which the Manager will meet the costs of administering and promoting the plans;
- (c) a letter of agreement (the "Services Agreement") dated 15th May 1996 between the Company and the Manager under which the Manager has agreed to supply and co-ordinate the supply of certain services in connection with the Offer (including services in promoting the Offer) and in consideration of which the Company has agreed to pay to the Manager a fee which, when added to the expenses of the Offer (including preliminary expenses), is equal to 4.5 per cent. of the gross proceeds of the Offer and the Manager has agreed to reimburse the Company, if the expenses of the Offer (including preliminary expenses) are greater than 4.5 per cent. of such gross proceeds, an amount equal to the difference;
- (d) a custodian agreement dated 15th May 1996 between the Company and Clydesdale Bank PLC, under which Clydesdale Bank PLC has agreed to act as custodian of the assets of the Company for a percentage fee per annum based on the value of the assets of the Company, plus transaction charges (plus VAT). The level of fee varies between countries within the Asian Region. For example, the fee equals 0.05 per cent. per annum of the value of investments in Hong Kong and 0.1 per cent. of the value of investments in South Korea. The agreement may be terminated by either party giving to the other not less than 60 days' notice; and
- (e) the Offer Agreement referred to in paragraph 5(a) of this Part III.

## 7 Taxation and Personal Equity Plans

The information contained in this document relating to taxation matters is based upon, and constitutes a non-exhaustive summary of, the law and practice currently in force and is subject to changes therein.

**Potential investors should consult their professional advisers on the potential tax consequences of subscribing for, purchasing, holding or selling Ordinary Shares or Warrants or investing in a personal equity plan ("PEP") under the laws of their country and/or state of citizenship, domicile or residence.**

### (a) The Company

It is the intention of the Directors to conduct the affairs of the Company so that it satisfies the conditions for approval as an investment trust set out in section 842 of the Income and Corporation Taxes Act 1988. Such approval is granted retrospectively for each accounting period. The Company will be exempt from United Kingdom corporation tax on chargeable gains in respect of each accounting period for which such approval is granted. The income of the Company will be subject to United Kingdom corporation tax to the extent that it does not consist of franked investment income or foreign income dividends received from UK companies. Income arising from overseas investments may, in addition, be subject to foreign withholding taxes at varying rates. The Company may be entitled to double tax relief in respect of all or part of any such withholding taxes, thereby reducing its liability to mainstream corporation tax. This may, however, restrict the Company's ability to offset against that liability the advance corporation tax ("ACT") payable by it in respect of its own dividends.

The Directors consider that the Company will not be a close company for the purposes of the Income and Corporation Taxes Act 1988 immediately following the Offer.

### (b) Shareholders and Warrantholders

#### (i) Capital gains

Shareholders or Warrantholders resident or ordinarily resident in the United Kingdom for taxation purposes may, depending upon their personal circumstances, be liable to tax on chargeable gains arising from the sale or other disposal for the purposes of the Taxation of Chargeable Gains Act 1992 (which includes disposal upon a winding-up) of their Ordinary Shares or Warrants.

Shareholders or Warrantholders who are not for the purposes of United Kingdom taxation resident or ordinarily resident in the United Kingdom will not normally be liable to United Kingdom taxation on chargeable gains arising from the sale or other disposal of their Ordinary Shares or Warrants, although they may be subject to charges to foreign taxation depending on their personal circumstances.

For the purpose of the charge to United Kingdom taxation of capital gains:

- (1) because the Ordinary Shares and the Warrants represent separate assets, the cost of acquiring Ordinary Shares and Warrants under the Offer will have to be apportioned between the Ordinary Shares and the Warrants on the basis of their respective values at the date of allotment, which basis should not be significantly different from the ratio which the market value of the Ordinary Shares bears to the market value of the Warrants on the first day on which the

Ordinary Shares and Warrants are dealt in separately; details of the appropriate market values will appear in the interim report of the Company for the period ending 31st October 1996;

- (2) the Warrants will not constitute "wasting assets" for the purposes of the Taxation of Chargeable Gains Act 1992 so long as the Warrants remain quoted on the London Stock Exchange (or on some other stock exchange that is "recognised" for United Kingdom taxation purposes), and on a disposal of Warrants (which includes abandonment) the full base cost of those Warrants (that base cost being computed as mentioned in (1) above if the Warrants were acquired under the Offer) will be allowed in computing any chargeable gain or allowable loss for the purposes of the Taxation of Chargeable Gains Act 1992; and
- (3) a Warrantholder who exercises the subscription rights conferred by the Warrants will not thereby be treated as disposing of the Warrants for the purposes of the Taxation of Chargeable Gains Act 1992, but the base cost of the relevant Warrants (computed as mentioned in (1) above if the Warrants were acquired under the Offer) will be added to the amount paid on exercise of the subscription rights in computing the base cost of the new Ordinary Shares acquired as a result of that exercise (and will thus be taken into account in computing any gain or loss arising on a subsequent disposal of those Ordinary Shares).

(ii) Dividends

No withholding tax will be deducted from dividends paid by the Company. The Company is, however, liable to account to the Inland Revenue for ACT when a dividend is paid. The current rate of ACT is one-quarter, so that the ACT chargeable in respect of any dividend paid by the Company will equal 20 per cent. of the sum of the cash dividend and the related ACT.

A holder of an Ordinary Share who is an individual resident (for tax purposes) in the United Kingdom and who receives a dividend paid by the Company will be entitled to a tax credit of an amount equal to one-quarter of the dividend. The individual will be taxable on the total of the dividend and the related tax credit, which will be regarded as the top slice of the individual's income. The tax credit will, however, be treated as discharging the individual's liability to income tax in respect of the dividend, unless and except to the extent that the dividend and related tax credit fall above the threshold for the higher rate of income tax, in which case the individual will, to that extent, pay tax on the dividend and related tax credit at a rate equal to the excess of the higher rate (currently 40 per cent.) over the lower rate (currently 20 per cent.). If the tax credit exceeds the individual's liability to income tax on the total of the dividend and the tax credit, he will be able to claim payment of the excess.

Subject to certain exceptions for some insurance companies with overseas business, a holder of an Ordinary Share that is a company resident (for tax purposes) in the United Kingdom and that receives a dividend paid by the Company will be entitled to a tax credit in respect of the dividend. The company will not be taxable on the dividend, and the dividend and related tax credit will be treated as franked investment income. The value of the tax credit will be an amount equal to one-quarter of the dividend.

Subject to certain exceptions for Commonwealth citizens, citizens of the Republic of Ireland, residents of the Isle of Man or the Channel Islands and certain others, the right of a holder of an Ordinary Share who is not resident (for tax purposes) in the United Kingdom to a tax credit in respect of a dividend received from the Company and to claim payment of any part of that tax credit will depend on the existence and terms of any double tax convention between the United Kingdom and the country in which the holder is resident. Holders of Ordinary Shares who are resident (for tax purposes) in any countries other than the United Kingdom may also be subject to foreign taxation on dividends received from the Company in their respective countries of residence. Shareholders who are not resident in the United Kingdom should consult their own tax advisers concerning their tax liabilities on dividends received, whether they are entitled to claim payment of any part of a tax credit in respect of those dividends and, if so, the procedure for making that claim.

The Company may, if it sees fit, elect to treat any dividend paid by it as a "foreign income dividend". No withholding tax will be deducted from foreign income dividends ("FIDs") paid by the Company. Upon payment of a FID, the Company will generally be liable to account for ACT in the same manner as if it were an ordinary dividend. However, to the extent that the FID is paid out of foreign-source profits that have borne foreign withholding taxes, the Company may subsequently be able to obtain a refund of all or part of the ACT for which it accounted in respect of the FID. The tax treatment of Shareholders in receipt of FIDs, as described below, applies regardless of the extent (if any) to which the Company is able to obtain such a refund of ACT in respect of any FID paid by it. The Directors will decide at the appropriate time whether to elect to treat any particular dividend payable by the Company as a FID.

A holder of an Ordinary Share who is an individual resident (for tax purposes) in the United Kingdom and who receives a FID paid by the Company will not be entitled to any tax credit in respect of the FID. The individual will instead be treated as having received a gross payment of an amount which, when reduced by income tax at the lower rate, is equal to the FID paid by the Company. If the individual pays income tax at only the lower rate or the basic rate on his total income (including the FID), the individual's liability to income tax on the grossed-up FID will be treated as satisfied. If and to the extent, however, that the grossed-up dividend falls above the threshold for the higher rate of income tax, the individual will, to that extent, pay tax on the grossed-up FID at a rate equal to the excess of the higher rate over the lower rate. If the individual is not liable to income tax, he will not be able to make any claim for repayment of tax in respect of the FID. Furthermore, any other holder of an Ordinary Share that is not liable to income tax will not be able to make any claim for repayment of tax in respect of any FID received by it.

Where a holder of an Ordinary Share that is a company resident (for tax purposes) in the United Kingdom receives a FID paid by the Company, the FID will not be treated as franked investment income and the company will not be taxable on



the dividend. If, in any accounting period of such a company, the company both receives FIDs and also itself pays FIDs, it will be required to account for ACT on the FIDs so paid by it only to the extent that they exceed the FIDs so received by it.

FIDs paid by the Company will not carry any tax credit and, consequently, any holder of an Ordinary Share who is not resident for tax purposes in the United Kingdom and who receives a FID from the Company will not be entitled to make any claim for payment of tax credit in relation to the FID, regardless of whether or not there is any double tax convention between the United Kingdom and the country in which the shareholder is resident. Shareholders who are not resident in the United Kingdom for tax purposes should consult their own tax advisers concerning their tax liabilities on FIDs received from the Company.

(iii) Personal Equity Plans

Less than 50 per cent. by value of the investments of the Company will be ordinary shares issued by companies incorporated in the United Kingdom or incorporated in the European Community and listed on a European Community stock exchange. Accordingly, the Company will not be a fully qualifying investment trust for PEP purposes. However, it will be the investment policy of the Company that at least 50 per cent. by value of its investments will be other qualifying shares for the purposes of the PEP regulations. A qualifying individual will, therefore, be able to invest up to one-quarter (currently £1,500) of each tax year's general PEP subscription limit in Ordinary Shares in the Company for inclusion in a general PEP, assuming that all other investments held within the PEP for that tax year are fully qualifying investments for the purposes of the PEP regulations.

Ordinary Shares allotted as a result of an application made by a qualifying individual under the Offer for Subscription (but not Ordinary Shares acquired under the Placing) may, subject to the conditions described below, be transferred by the individual into a general PEP, provided that the value of the Ordinary Shares so transferred does not give rise to any breach either of the general PEP subscription limit of £6,000 for the 1996/97 tax year (taking account of any subscription already made by the individual to that PEP in that tax year) or of the rule (mentioned above) that not more than one-quarter of the total amount subscribed by the investor to that PEP in the 1996/97 tax year should be held in Ordinary Shares or in any other investments that are not fully qualifying investments for the purposes of the PEP regulations. A payment of cash into a PEP and a transfer of Ordinary Shares into a PEP both constitute a "subscription" for the purposes of the PEP regulations, which also permit only one general PEP to be subscribed for by any one individual in any one tax year.

The PEP regulations further require that any transfer of Ordinary Shares into a PEP must be made within 42 days from and including the date of their allotment or allocation under the Offer for Subscription. It is expected that that date will be 12th June 1996. On that basis, the last day on which Ordinary Shares issued under the Offer for Subscription may be transferred into a general PEP will be 23rd July 1996.

It is the responsibility of any applicant intending to transfer Ordinary Shares issued under the Offer for Subscription into a PEP within the 42-day period mentioned above to make the necessary arrangement with his or her PEP manager. The rules of some PEPs may not allow the transfer of Ordinary Shares into them. Certain PEPs are subject to a seven-day cooling-off period before the plan can be opened and Ordinary Shares transferred into it.

Applicants should note that all applications for Ordinary Shares (with Warrants attached) are irrevocable and will remain valid even if the PEP regulations or limits change and prevent Ordinary Shares allotted being transferred into a PEP. Applications for Ordinary Shares to be transferred into a PEP must be in the name of a qualifying individual.

The Warrants will be traded separately from the Ordinary Shares from the time of allotment and may not be transferred into a PEP.

No tax is chargeable on an investor in respect of dividends received on Ordinary Shares held in a PEP. Subject to the terms of the particular PEP, all tax credits on dividends received on Ordinary Shares so held may be reclaimed and then either reinvested or distributed. In addition, no tax is chargeable in respect of chargeable gains realised by an investor in respect of investments held in a PEP (but any losses in respect of such investments are disregarded for the purposes of the Taxation of Chargeable Gains Act 1992).

(c) Stamp duty and stamp duty reserve tax

The Directors have been advised that:

- (i) no United Kingdom stamp duty or stamp duty reserve tax will be payable on the issue of the Ordinary Shares and the Warrants;
- (ii) no charge to United Kingdom stamp duty or stamp duty reserve tax will arise on the exercise of Warrants or the issue of new Ordinary Shares consequent thereon; and
- (iii) the transfer of Ordinary Shares and Warrants will generally be liable to United Kingdom *ad valorem* stamp duty (or, if an unconditional agreement to transfer such Ordinary Shares or Warrants is not completed by a duly stamped transfer, to stamp duty reserve tax) at the rate of 0.5 per cent. on the value of the consideration paid for the relevant transfer.

The above statements regarding United Kingdom stamp duty and stamp duty reserve tax do not apply to the issue or transfer of Ordinary Shares or Warrants to persons to whom the depositary receipt or clearance service charge applies.

## 8. Litigation

The Company is not involved in any legal or arbitration proceedings and no legal or arbitration proceedings are known to the Directors to be pending or threatened against the Company.

## 9. General

- (a) The Manager is regulated by the Investment Management Regulatory Organisation Limited in the conduct of investment business. The Offer has been sponsored by Kleinwort Benson Securities Limited which is regulated by The Securities and Futures Authority Limited.
- (b) The Company intends that its income will derive wholly or mainly from shares or other securities.
- (c) The preliminary expenses of the Company and the costs and expenses of, and incidental to, the Offer and the admission of the Ordinary Shares and Warrants to the Official List of the London Stock Exchange which will be borne by the Company will amount to 4.5 per cent. of the gross proceeds of the Offer. The Manager will bear any costs and expenses in excess of such amount. If such costs and expenses are less than 4.5 per cent. of the gross proceeds of the Offer, the Company will pay a fee to the Manager equal to the difference. The net proceeds of the Offer will be up to £124.2 million (depending on the level of subscriptions under the Offer) and will be available for investment by the Company.
- (d) The issue price of 100p per Ordinary Share represents a premium of 75p on the nominal value of 25p of such Ordinary Shares.
- (e) The Manager is or may be a promoter of the Company and will or may receive management fees and other payments from the Company as described in paragraph 6 of this Part III. Fidelity International Limited and companies (including the Manager) connected with it may act as intermediaries in connection with the Offer or participate in the Placing and as such may receive commissions as referred to in paragraph 5(b) of this Part III. Save as disclosed in this paragraph, no amount or benefit has been paid or given to the Manager by the Company and none is intended to be paid or given.
- (f) Authorised financial intermediaries will be paid a commission of 3 per cent. of the aggregate offer price in respect of Ordinary Shares (with Warrants attached) allotted pursuant to successful applications under the Offer for Subscription made on an application form bearing their stamp.

Independent Registrars, the Registrars and Receiving Agents, will collate the application forms bearing the stamp of each authorised financial intermediary and calculate the commission payable. Such commission is expected to be paid by the end of June 1996. The payment of such commissions will not be divided or split in any manner. Authorised financial intermediaries should keep a record of all application forms bearing their stamp to substantiate any claim for commission.

- (g) Five per cent. of the Ordinary Shares (with Warrants attached) which are the subject of the Placing will be offered to independent market makers.

## 10. Documents available for inspection

Copies of the following documents will be available for inspection at the registered office of the Company, Oakhill House, 130 Tonbridge Road, Hildenborough, Tonbridge, Kent TN11 9DZ and at the offices of Slaughter and May, 35 Basinghall Street, London EC2V 5DB during normal office hours on any weekday (public holidays excepted) for a period of 14 days following the date of this document:

- (a) the Prospectus;
- (b) the Mini Prospectus;
- (c) the Memorandum and Articles of Association of the Company;
- (d) the material contracts referred to in paragraph 6 above; and
- (e) the Warrant Instrument described in Part II.

## PART IV

### Terms and Conditions of Application

1. The contracts created by the acceptance of applications under the Offer will be conditional upon (a) the admission of the Ordinary Shares and the Warrants, issued and to be issued under the Offer, to the Official List of the London Stock Exchange and such admission becoming effective in accordance with the rules of the London Stock Exchange by 13th June 1996 (or such later date, not being later than 4th July 1996, as the Company and Kleinwort Benson Securities may agree) and (b) the Offer Agreement referred to in paragraph 5 of Part III of the Prospectus becoming unconditional and the obligations of Kleinwort Benson Securities thereunder not being terminated in accordance with its terms.
2. If any application is not accepted in whole, or is accepted in part only, or if any contract created by acceptance does not become unconditional, the application monies or, as the case may be, the balance of the amount paid on application will be returned without interest by returning the applicant's cheque, or by crossed cheque in favour of the first-named applicant, through the post at the risk of the person(s) entitled thereto. In the meantime, application monies will be retained by Independent Registrars in a separate account.
3. The right is reserved to present all cheques for payment on receipt by Independent Registrars and to retain documents of title and surplus application monies pending clearance of successful applicants' cheques. The right is also reserved to reject in whole or in part, or to scale down or limit, any application.
4. By completing and delivering an Application Form, you (as the applicants) (and, if you sign the Application Form on behalf of another person or a corporation, that person or corporation):
  - (a) offer to subscribe for the number of Ordinary Shares (with Warrants attached) specified in your Application Form (or such lesser number for which your application is accepted) at 100p per Ordinary Share on the terms, and subject to the conditions, set out in the Prospectus, these Terms and Conditions of Application and the Memorandum and Articles of Association of the Company;
  - (b) agree that, in consideration of the Company agreeing that it will not, prior to 5th June 1996, offer for subscription any Ordinary Shares (with Warrants attached) to any person other than by means of the procedures referred to in the Prospectus, your application may not be revoked until after 4th July 1996 and that this paragraph shall constitute a collateral contract between you and the Company which will become binding upon despatch by post to or, in the case of delivery by hand, on receipt by, Independent Registrars of your Application Form;
  - (c) warrant that the remittance accompanying your Application Form will be honoured on first presentation and agree that if such remittance is not so honoured you will not be entitled to receive a share certificate or warrant certificate for the Ordinary Shares (with Warrants attached) applied for and the Company may (without prejudice to any other rights it may have) avoid the agreement to allot the Ordinary Shares and Warrants and may allot them to some other person, in which case you will not be entitled to any refund or payment in respect thereof;
  - (d) agree that, in respect of those Ordinary Shares (with Warrants attached) for which your application has been received and processed and not rejected, acceptance of your application shall be constituted, at the election of the Company, either (i) by notification to the London Stock Exchange of the basis of allocation (in which case acceptance shall be on that basis) or (ii) by notification of acceptance thereof to Independent Registrars;
  - (e) agree that any definitive document of title and any monies returnable to you may be retained by Independent Registrars pending clearance of your remittance and that such monies will not bear interest;
  - (f) authorise Independent Registrars on behalf of Kleinwort Benson Securities to send definitive certificates in respect of the number of Ordinary Shares (with Warrants attached) for which your application is accepted, and/or a crossed cheque for any monies returnable, by post: to your address (or that of the first-named applicant) as set out in your Application Form;
  - (g) warrant that, if you sign the Application Form on behalf of somebody else or on behalf of a corporation, you have due authority to do so on behalf of that other person and undertake to enclose your power of attorney or other authority or a copy thereof certified by a solicitor or a bank;
  - (h) agree that all applications, acceptances of applications and contracts resulting therefrom under the Offer shall be governed by and construed in accordance with English law and that you submit to the jurisdiction of the English courts and agree that nothing shall limit the right of the Company to bring any action, suit or proceedings arising out of or in connection with any such applications, acceptances and contracts in any other manner permitted by law or in any court of competent jurisdiction;
  - (i) confirm that in making such application you are not relying on any information or representations in relation to the Company other than those contained in the Prospectus or in the Mini Prospectus and accordingly you agree that no person responsible solely or jointly for the Prospectus or any part thereof or the Mini Prospectus shall have any liability for any such other information or representation;
  - (j) authorise Independent Registrars, Kleinwort Benson Securities or any person authorised by them or the Company, as your agent, to do all things necessary to effect registration of any Ordinary Shares and Warrants subscribed by you into your name(s) and authorise any representatives of Independent Registrars or of Kleinwort Benson Securities to execute and/or complete any document required therefor;



- (k) agree that, having had the opportunity to read the Prospectus, you shall be deemed to have had notice of all information and representations contained therein;
  - (l) confirm that you have reviewed the restrictions contained in paragraph 6 below and warrant as provided therein;
  - (m) agree that all documents and monies sent by post to, by or on behalf of the Company or Kleinwort Benson Securities will be sent at your risk and in the case of documents and returned monies to be sent to you may be sent to you at your address (or, in the case of joint applicants, the address of the first-named applicant) as set out in Application Form;
  - (n) confirm that you have read and complied with paragraph 5 below;
  - (o) agree that your Application Form is addressed to the Company and to Kleinwort Benson Securities;
  - (p) warrant that you are not under the age of 18 on the date of your application;
  - (q) agree that your application for Ordinary Shares (with Warrants attached) will remain valid even if you attempt to renounce or transfer any of them into a PEP which is subsequently voided or not established;
  - (r) if the laws of any territory or jurisdiction outside the United Kingdom are applicable to your application, warrant that you have complied with all such laws and none of the Company, Kleinwort Benson Securities or any of their respective agents will infringe any laws of any such territory or jurisdiction directly or indirectly as a result or in consequence of any acceptance of your application; and
  - (s) agree that Kleinwort Benson Securities is acting for the Company in connection with the Offer and for no-one else and that Kleinwort Benson Securities will not treat you as its customer by virtue of such application being accepted or owe you any duties concerning the price of Ordinary Shares or Warrants or concerning the suitability of Ordinary Shares or Warrants for you.
5. No person receiving a copy of the Prospectus, the Mini Prospectus or an Application Form in any territory other than the United Kingdom may treat the same as constituting an invitation or offer to him, nor should he in any event use such Application Form unless, in the relevant territory, such an invitation or offer could lawfully be made to him or such Application Form could lawfully be used without contravention of any registration or other legal requirements. It is the responsibility of any person outside the United Kingdom wishing to make an application hereunder to satisfy himself as to full observance of the laws of any relevant territory in connection therewith, including obtaining any requisite governmental or other consents, observing any other formalities requiring to be observed in such territory and paying any issue, transfer or other taxes required to be paid in such territory.
  6. The Ordinary Shares and Warrants have not been nor will be registered under the United States Securities Act of 1933 (as amended). None of the Ordinary Shares or Warrants may be offered, sold, renounced, transferred or delivered, directly or indirectly, in the United States or to any U.S. Person. In addition, the Company has not been and will not be registered under the United States Investment Company Act of 1940, as amended and the Manager will not be registered under the United States Investment Advisers Act of 1940, as amended. Persons subscribing for Ordinary Shares (with Warrants attached) shall be deemed, and (unless the Company is satisfied that the same can be allotted without breach of United States securities laws) persons subscribing for Ordinary Shares in connection with the exercise of Warrants will be required, to represent and warrant to the Company that they are not U.S. Persons and that they are not subscribing for such Ordinary Shares and/or Warrants for the account of any U.S. Person and will not offer, sell, renounce, transfer or deliver, directly or indirectly, such Ordinary Shares and/or Warrants in the United States or to any U.S. Person. As used herein, "United States" means the United States of America (including each of the States and the District of Columbia), its territories or possessions or other areas subject to its jurisdiction and "U.S. Person" means any person who is a citizen or resident of the United States, a corporation, trust, partnership or other entity created or organised in or under the laws of the United States or any state thereof or an estate or trust the income of which is subject to United States federal income taxation regardless of the source of its income. No application will be accepted if it bears an address in the United States.
  7. The basis of allocation will be determined by the Company in consultation with Kleinwort Benson Securities. The right is reserved notwithstanding the basis so determined to reject in whole or in part and/or scale down any application. The right is reserved to treat as valid any application not complying fully with these Terms and Conditions of Application or not in all respects completed or delivered in accordance with the instructions accompanying the Application Form. In particular, but without limitation, the Company may accept applications made otherwise than by completion of an Application Form where the applicant has agreed with the Company in some other manner to apply in accordance with these Terms and Conditions of Application. The Company reserves the right (but shall not be obliged) to accept Application Forms and accompanying remittances which are received through the post by not later than 3 p.m. on 5th June 1996, the cover bearing a legible postmark with a date not later than 4th June 1996. If valid applications are not received for the maximum number of Ordinary Shares (with Warrants attached), the number of Ordinary Shares (with Warrants attached) for which valid applications are received may be allotted, subject to satisfaction of the conditions referred to in paragraph 1 above.
  8. The rights and remedies of the Company and Kleinwort Benson Securities under these Terms and Conditions of Application are in addition to any rights and remedies which would otherwise be available to either of them, and the exercise or partial exercise of one will not prevent the exercise of others.
  9. In these Terms and Conditions of Application and the Application Form, the expression "Prospectus" means the document constituting a prospectus of Fidelity Asian Values PLC (the "Company") dated 15th May 1996, the expression "Mini Prospectus"

means the document dated 15th May 1996 and entitled "Mini Prospectus" issued in connection with the Offer and the expression "Application Form" means the application form for use in connection with the Offer attached at the end of the Prospectus or the Mini Prospectus or otherwise published by the Company. Save where the context requires otherwise, terms defined in the Prospectus bear the same meaning when used in these Terms and Conditions of Application and in the Application Form.

10. The dates and times referred to in these Terms and Conditions of Application may be altered by the Company so as to be consistent with the Offer Agreement (as the same may be altered from time to time in accordance with its terms).

## Availability of Prospectus

Copies of the Prospectus and Mini Prospectus are available for collection from The Company Announcements Office, the London Stock Exchange, Stock Exchange Tower, Capel Court Entrance, off Bartholomew Lane, London EC2, for two business days following the date of publication of this document and, until the Offer closes, from the registered office of the Company, and from the following offices:

Fidelity Investments International  
Oakhill House  
130 Tonbridge Road  
Hildenborough  
Tonbridge  
Kent TN11 9DZ

Fidelity Investment Services Ltd  
Ship Canal House  
98 King Street  
Manchester M2 4WU

Fidelity Investment Management Ltd  
25/26 Lovat Lane  
London EC3R 8LL

Fidelity Investments International  
Beech Gate  
Millfield Lane  
Lower Kingswood  
Tadworth  
Surrey KT20 6RP

Independent Registrars  
5th Floor  
56-60 Gresham Street  
London EC2

Kleinwort Benson Securities Limited  
20 Fenchurch Street  
London EC3P 3DB



# Fidelity Asian Values PLC

## Share Application Form

### Please:

- Read the notes below on how to complete the form. Applications must be for a minimum of £2,000.
- Use BLOCK CAPITALS
- Make your cheque out to "Independent Registrars a/c FAV" and return this form to arrive by 12.00 noon on Wednesday, 5th June 1996 either to New Issues Department, Independent Registrars, P.O. Box 166, Bourne House, 34 Beckenham Road, Beckenham, Kent BR3 4TH or, by hand only, between 9.00 a.m. and 5.00 p.m (Monday to Friday) to Independent Registrars, 5th Floor, 56-60 Gresham Street, London EC2. If you have any queries relating to the completion of this form please telephone Independent Registrars on 0181 650 4866.

1 Mr/Mrs/Miss/Ms or Title

Forename(s) (in full)

Surname

Address in full

Postcode

Daytime telephone number

2 See note 1 below  
I/We offer to subscribe for \_\_\_\_\_ Ordinary Shares (with Warrants attached) (minimum 2,000 shares) in Fidelity Asian Values PLC (the "Company") at 100p per Ordinary Share on the Terms and Conditions of Application as set out in the Prospectus of the Company dated 15th May, 1996. Please apply for a minimum of 2,000 Ordinary Shares (with Warrants attached) initially and in multiples of 1,000 thereafter.

3 I/We attach a cheque or banker's draft for the amount payable of £ \_\_\_\_\_ (this should be the number of Ordinary Shares applied for multiplied by 100p).

4 See note 2 below  
Box 4 must only be completed by joint applicants

Mr/Mrs/Miss/Ms or Title	Forename(s) (in full)	Surname	Signature
Mr/Mrs/Miss/Ms or Title	Forename(s) (in full)	Surname	Signature
Mr/Mrs/Miss/Ms or Title	Forename(s) (in full)	Surname	Signature

5 See note 3 below

Signature

Date

6 Pin cheque here See note 4 below  
Please pin here your cheque or banker's draft for the amount shown in Box 3 above made payable to "Independent Registrars a/c FAV" and crossed "A/C Payee". Please note that a separate cheque or banker's draft must accompany each application form. If your application is for £12,000 or more, please read note 5 below.

Stamp of intermediary

SRO and membership No.

FOR OFFICIAL USE ONLY

Intermediaries should stamp and complete the box above.

### Notes

1. Your application must be for a minimum of 2,000 Ordinary Shares (with Warrants attached). Application for over 2,000 Ordinary Shares should be made in multiples of 1,000. Applications for any other multiples may be rejected. Applications for Ordinary Shares (with Warrants attached) are made on the basis of the information in the Prospectus of the Company dated 15th May 1996.

2. You may apply jointly with up to three other persons. Boxes 1 and 5 must be completed by one applicant. All other persons who wish to join in the application must complete and sign Box 4. Other persons may sign on behalf of any joint applicant if that person is duly authorised to do so under power of attorney. The power of attorney (or a copy duly certified by a solicitor or bank) must be enclosed for inspection. Share and Warrant certificates, cheques and other correspondence will be sent to the address in Box 1.

3. The application may be signed by another person on your behalf if that person is duly authorised to do so under power of attorney. The power of attorney (or a copy duly certified by a solicitor or bank) must be enclosed for inspection. A corporation should sign under the hand of a duly authorised official, whose representative capacity must be stated.

4. Your cheque or banker's draft must be drawn in sterling on an account at a branch (which must be in the United Kingdom, the Channel Islands or the Isle of Man) of a bank which is either a member of the Cheque & Clearing Credit Company Limited or the CHAPS & Town Clearing Company Limited or a member of either of the committees of the Scottish or Belfast Clearing Houses or which has arranged for its cheques or banker's drafts to be cleared through the facilities provided for members of those companies or associations and must bear the appropriate sorting code on the top right hand corner. The right is reserved to reject any application in respect of which the applicant's cheque or banker's draft has not cleared on first presentation.

5. An application may be accompanied by a cheque drawn by a person other than the applicant(s), but the monies to be returned will be sent by crossed cheque in favour of the person named in Box 1. If an application is for £12,000 or more and is accompanied by (i) a banker's draft or a building society cheque or (ii) a cheque drawn by someone other than the applicant named on this form please refer to (i) and (ii) (as the case may be) below.

(i) Please ensure that the bank or building society enters the applicant's name and address on the reverse of the cheque/draft and adds its stamp.

(ii) Please ensure that one of the following documents is enclosed with this form: a recent original bank or building society statement or utility bill in the applicant's name showing current address. Original documents will be returned by post at the applicant's own risk.

Please note that if the above requirements are not fulfilled and suitable evidence of identity cannot be obtained within a reasonable time, the Company will not be permitted to accept the application.

Source code







