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This document comprises a prospectus relating to Fidelity Asian Values PLC prepared in accordance with the Prospectus Rules made under section 84 of the Financial Services and Markets Act 2000 in order to make an offer of transferable securities to the public and to admit the transferable securities to trading on the London Stock Exchange. This document has been approved by and filed with the Financial Services Authority in accordance with the Prospectus Rules. This document and the information herein relates expressly to the Subscription Shares. Application will be made to the Financial Services Authority for the Subscription Shares to be admitted to the Official List. Application will also be made to the London Stock Exchange for all such Subscription Shares to be admitted to trading on the London Stock Exchange's market for listed securities. If you sell or have sold or otherwise transferred all of your Ordinary Shares, please send this document, Form of Proxy and/or Voting Instruction Form at once to the purchaser or transferee or to the bank, stockbroker or other agent through whom or by whom the sale or transfer was made, for delivery to the purchaser or transferee. The distribution of this document and/or the accompanying documents in jurisdictions other than the UK, including the United States, Australia, Canada, Japan, New Zealand or the Republic of South Africa, may be restricted by law and therefore persons into whose possession this document comes should inform themselves about and observe any of those restrictions. Any failure to comply with any of those restrictions may constitute a violation of the securities laws of any such jurisdiction.

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FIDELITY ASIAN VALUES PLC

(Incorporated in England and Wales with company number 3183919 and registered as an investment company under section 833 of the Companies Act 2006)

BONUS ISSUE OF UP TO 12,188,500 SUBSCRIPTION SHARES

AND

NOTICE OF GENERAL MEETING TO CONSIDER PROPOSALS FOR THE BONUS ISSUE AND THE ADOPTION OF NEW ARTICLES OF ASSOCIATION

This document is to be read in conjunction with all documents which are incorporated by reference and should be read in its entirety before making any decision. In particular, your attention is drawn to the letter from the Chairman of the Company that is set out on pages 16 to 22 of this document. Your attention is also drawn to the Risk Factors section set out in this document.

It is expected that Admission will become effective and that dealings in the Subscription Shares on the London Stock Exchange's main market for listed securities will commence on or around 8 March 2010.

Notice of a General Meeting of the Company to be held at 25 Cannon Street, London EC4M 5TA on 4 March 2010 at 11.00 a.m. is set out at the end of this document. The Bonus Issue described in this document is conditional upon Shareholder approval of the Resolution at the General Meeting. Shareholders are requested to complete and return their Form(s) of Proxy and/or Voting Instruction Form(s). To be valid, Forms of Proxy for use at the General Meeting must be completed and returned in accordance with the instructions printed thereon to the Company's Registrars, Capita Registrars, or delivered by hand during office hours only, to PXS, 34 Beckenham Road, Beckenham BR3 4TU as soon as possible and in any event so as to arrive by not later than 11.00 a.m. on 2 March 2010.

Voting Instruction Forms are enclosed for use by individuals who hold some or all of their Ordinary Shares through one or both of the Savings Schemes. To be valid, Voting Instruction Forms must be completed and returned in accordance with the instructions printed thereon to the Company's Registrars, Capita Registrars, at PXS, 34 Beckenham Road, Beckenham BR3 4TU as soon as possible and in any event so as to arrive by not later than 5.30 p.m. on 23 February 2010.

The Ordinary Shares are not, and the Subscription Shares will not be, registered under the Securities Act or under the relevant laws of any State of the United States or any state, province or territory of Australia, Canada, Japan, New Zealand or the Republic of South Africa. Subject to certain exceptions, the Subscription Shares issued under the Bonus Issue may not, directly or indirectly, be offered, sold, taken up, delivered or transferred in or into the United States, Australia, Canada, Japan, New Zealand or the Republic of South Africa or to, or for the account or benefit of, US Persons (as defined in Regulation S of the Securities Act). The Subscription Shares have not been approved or disapproved by the US Securities and Exchange Commission, any State securities commission in the United States or any other US regulatory authority, nor have any of the foregoing authorities passed comment upon or endorsed the merits of the Bonus Issue or the accuracy or adequacy of this document. Any representation to the contrary is a criminal offence in the United States. The attention of Overseas Shareholders and other recipients of this document who are residents or citizens of any country outside the EEA is drawn to the section entitled "Overseas Shareholders" in Part I of this document.

Prospective investors should inform themselves as to (a) the possible tax consequences; (b) the legal requirements; and (c) any foreign exchange restrictions or exchange control requirements, which they might encounter under the laws of the countries of their citizenship, residence or domicile, and which might be relevant to the subscription for, holding or disposal of Subscription Shares or the exercise of the Subscription Share Rights.

TABLE OF CONTENTS

	<i>Page</i>
SUMMARY	3
RISK FACTORS	7
EXPECTED TIMETABLE OF PRINCIPAL EVENTS	13
IMPORTANT NOTICES	14
DIRECTORS, MANAGER AND ADVISERS	15
PART I CHAIRMAN'S LETTER	16
PART II INFORMATION ON THE COMPANY	23
PART III FINANCIAL INFORMATION RELATING TO THE COMPANY	30
PART IV PARTICULARS OF THE SUBSCRIPTION SHARES	34
PART V GENERAL INFORMATION	48
PART VI DEFINITIONS	74
PART VII NOTICE OF GENERAL MEETING	78
APPENDIX CHANGES TO THE ARTICLES	81

SUMMARY

This summary section should be read as an introduction to the Prospectus which comprises the whole of this document. Any decision to invest in the Company's securities should be based on a consideration of the Prospectus as a whole by the investor.

Where a claim relating to the information contained in a prospectus is brought before a court, a plaintiff investor might, under the national legislation of the EEA States, have to bear the costs of translating the prospectus before the legal proceedings are initiated.

Civil liability attaches to those persons who are responsible for this summary, including any translation of the summary, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of the Prospectus.

Introduction

The Company is proposing (a) a bonus issue of up to 12,188,500 Subscription Shares free of payment on the basis of one Subscription Share for every five Ordinary Shares held on the Record Date, and (b) to update the Articles in respect of certain matters, including updates to the Articles following final implementation of the 2006 Act.

The Company

The Company is a UK investment trust, established on 2 April 1996.

Investment Objective

The Company's objective is to generate long term capital growth for Shareholders by investing principally in companies listed or traded on the stockmarkets of the Asian region excluding Japan.

Investment Policy

In order to achieve its investment objective, the Company primarily invests in a diversified portfolio of companies listed on stockmarkets in the Asian region excluding Japan, but investments may be made in companies listed elsewhere which, in the opinion of the portfolio manager, have significant interests in the Asian region excluding Japan.

In order to diversify the Company's portfolio the Board has set broad guidelines for the Manager, which the Board reserves the right to amend as it sees fit, in respect of the country weightings of the portfolio. Investment of up to 10 per cent. of the Company's total assets less current liabilities (as at the date of the investment), excluding the fixed term loan liability (referred to as total assets in this section) is permitted in any one company or other investment entity.

The Company principally invests in equities but may also invest in equity related instruments: up to 15 per cent. in convertible bonds, 10 per cent. in warrants, and 35 per cent. in debt or money market instruments or money market funds. The Company may invest up to 5 per cent. of total assets in securities which are not listed on any stock exchange but the portfolio 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 15 per cent. of total assets in other investment funds (whether listed or unlisted) where such funds offer the only practicable means of gaining exposure to a particular market in the Asian region (excluding Japan).

Investment in non-voting depository receipts, American depository receipts, global depository receipts and equity linked notes is permitted by the Board, any such investment being included in the aggregate relevant country weighting. While it is not expected that the Company will undertake any foreign exchange hedging of its portfolio, it reserves the right to do so.

It is 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 portfolio manager is currently permitted by the Board to maintain net gearing between 0 per cent. and 10 per cent. depending on the strength or weakness of the markets.

Investment Outlook

The Company outperformed its benchmark over the three and six months and one, three and five year periods ended 31 December 2009. Looking to 2010, the recovery in global consumer demand and the associated inventory restocking rebound should contribute to increasing overseas shipments and improving manufacturing performance in the Asia Pacific region. Fiscal spending, although scaled back in some areas, will further support the economies until exports contribute to growth. The consensus expectations suggest that the monetary policy in many larger countries in the region could remain supportive of markets and help sustain a recovery while confidence is restored in the private sector. Governments have expressed commitment to promote growth and employment and seem more willing to tolerate inflation towards the upper end of their target bands. Household consumption and business investment are expected to pick up as confidence returns, leading to improved margins and corporate earnings.

Asia has been a favoured market for investors as they look for growth and, relative to the rest of the world, Asia has a better potential for sustainable earnings growth. The region, with its substantial stimulus measures (particularly in China) and generally healthy financial systems, remains extremely attractive for investors. Strong money flows and increased investor participation have helped the recent rally in Asian equities. Merger and acquisition activity by cash-rich businesses, which have emerged from the downturn leaner and stronger, will provide ongoing support to the market.

Nevertheless, it is the improved earnings outlook compared with the developed world in the medium to longer term that have further supported investment. Another reason for Asian economies remaining resilient is the strength of domestic demand and most particularly private consumption. This can best be explained by the healthy balance sheets of both consumers and corporations. The large savings pool and the lack of debt in Asia has helped keep the financial system in Asia functioning. The long term fundamental growth story of Asia, built on favourable demographics, robust GDP growth and increasing infrastructure spending, remains intact.

The Bonus Issue

The Company is proposing to issue Subscription Shares to Qualifying Shareholders on the basis of one Subscription Share for every five Existing Ordinary Shares held on the Record Date.

Each Subscription Share will confer the right (but not the obligation) to subscribe for one Ordinary Share upon exercise of the Subscription Share Rights and on payment of the Subscription Price as set out below.

The Subscription Share Rights may be exercised to have effect on the last business day of each month commencing in May 2010 and finishing on the last business day in May 2013, after which the Subscription Share Rights will lapse.

The Subscription Price will be equal to a 1 per cent. premium to the published NAV per Ordinary Share as at 5.00 p.m. on 4 March 2010, rounded up to the nearest whole penny.

The Directors believe that the Bonus Issue will have the following advantages:

- (a) Subscription Shares should represent an attractive way for investors to participate in any future NAV growth of the Company through conversion into Ordinary Shares at a predetermined price;
- (b) Qualifying Shareholders will receive securities with a monetary value which may be traded in a similar fashion to their Existing Ordinary Shares or converted into Ordinary Shares;
- (c) on any exercise of the Subscription Share Rights, the capital base of the Company will increase, allowing operating costs to be spread across a larger number of Ordinary Shares and this may cause the total expense ratio fall;

- (d) following the exercise of any Subscription Share Rights, the Company will have an increased number of Ordinary Shares in issue, which may in due course improve the liquidity in the market for its Ordinary Shares; and
- (e) Qualifying Shareholders will receive securities which are qualifying investments for the purposes of a stocks and shares ISA and permitted investments for the purposes of a SIPP or a SSAS.

Bonus Issue Proceeds

In due course, upon the Subscription Share Rights being exercised, the Directors intend to invest the net proceeds of such subscriptions in accordance with the Investment Policy.

The Manager

The Company is managed by FIL Investments International, a private unlimited liability company incorporated in England and Wales on 13 September 1979 with registered number 1448245. The Manager is part of the FIL Limited group of companies which, as at 30 September 2009, had total assets under management exceeding £130 billion.

Articles

Amendments are being proposed to the Articles to allow for the Bonus Issue and to make certain other changes, including updates to the Articles following final implementation of the 2006 Act.

General Meeting

The Bonus Issue and amendments to the Articles are conditional on, amongst other things, the passing of the Resolution. A General Meeting of the Company has been scheduled for 4 March 2010.

Risk Factors

The material risk factors affecting the Company and the Subscription Shares which are known to the Directors are:

(a) ***Investment Objective and Strategy***

There can be no guarantee that any appreciation in the value of the Company's investments will occur or that the investment objective of the Company will be achieved. The value of an investment in the Company, and the income derived from it, if any, may go down as well as up and an investor may not get back the amount invested. The success of the Company will depend on the performance of the Asian stockmarkets and the Manager's ability to identify attractive investments and to realise them. No assurance can be given that the Company will be able to invest its capital on attractive terms or to generate returns for Shareholders or that the strategies will be successful under all or any market conditions.

The Company invests primarily in companies listed or traded on the stockmarkets of the Asian region excluding Japan. A fall in the value of Asian equities would have an adverse impact on the value of the Company's Shares.

(b) ***Ordinary Shares***

The price of the Ordinary Shares will be determined by the interaction of supply and demand in the market as well as the NAV per Share. The market price of the Ordinary Shares is therefore likely to fluctuate and may represent either a discount or premium to the NAV per Ordinary Share.

The discount or premium is itself variable as conditions for supply and demand for the Company's Ordinary Shares change.

(c) ***Subscription Shares***

The value of a Subscription Share may go down as well as up. Movements in the price of Subscription Shares may not be in line with movements in the price of the Ordinary Shares.

Subscription Shares represent a geared investment, so a relatively small movement in the market price of the Ordinary Shares may result in a disproportionately large movement, unfavourable or favourable, in the market price of the Subscription Shares.

The Subscription Share Rights will lapse on the last business day of May 2013 and the Subscription Shares may have no value to holders after that date.

The Subscription Shares, in so far as they are given an entitlement to subscribe for Ordinary Shares, will be affected by the same risk factors as the Ordinary Shares.

(d) ***Borrowing***

Prospective investors should be aware that, whilst the use of borrowings should enhance the NAV per Share where the value of the Company's underlying assets is rising at a rate greater than the interest rate on the borrowings, it will have the opposite effect where the underlying asset value is falling or is rising at a rate lower than the interest rate on the borrowings.

(e) ***Dilution***

The allotment of the Subscription Shares will mean that the equivalent of 20 per cent. of the Company's issued ordinary share capital is under option immediately following the Bonus Issue. On each occasion the Subscription Share Rights are exercised this will dilute the ordinary shareholding of any Ordinary Shareholders who do not exercise a corresponding proportion of the Subscription Share Rights attaching to their Subscription Shares or who have sold their Subscription Shares. However, if a Shareholder continues to hold the Subscription Shares issued to him pursuant to the Bonus Issue and exercises his Subscription Share Rights before their expiry, that Shareholder's percentage interest in the ordinary share capital of the Company will not ultimately be reduced below his percentage interest in the ordinary share capital of the Company immediately prior to the Bonus Issue. If, as is likely, the NAV per Ordinary Share at the time of exercise of the Subscription Share Rights exceeds the applicable Subscription Price, the issue of the Ordinary Shares upon such exercise will also have a dilutive effect on the NAV per Ordinary Share.

(f) ***Financial Statements***

The Company prepares its financial statements in accordance with the 2006 Act and UK GAAP and with the AIC SORP. UK GAAP, the AIC SORP and the resulting accounting treatments are subject to change and this may affect the Company's calculation of NAV. Changes in the Company's accounting policies could also adversely affect Shareholders.

(g) ***Other***

The Company must comply with section 842 of the Taxes Act. Were the Company to breach section 842, it might lose investment trust status and capital gains within the Company's portfolio might become subject to tax. Changes in taxation could adversely affect Shareholders.

RISK FACTORS

Shareholders should carefully consider all the information in this document, including the risks described below. The Directors have identified these risks as the material risks relating to the Company, an investment in the Ordinary Shares and the Subscription Shares, and investing in Asian equities, of which the Directors are aware as at the date of this document. Additional risks and uncertainties not presently known to the Directors, or that the Board considers immaterial, may also adversely affect the Company's business, results of operations or financial condition. If any or a combination of the following risks materialise, the Company's business, financial condition, operational performance and the Ordinary Share price and Subscription Share price could be materially adversely affected. In that case, the trading price of the Ordinary Shares and Subscription Shares could decline and investors could lose some or all of their investments in the Company.

For the avoidance of doubt, none of the risk factors detailed below seeks to qualify the working capital statement set out in paragraph 4 of Part III of this document.

General Risks

An investment in the Company is only suitable for investors capable of evaluating the risks and merits of such investment and who have sufficient resources to bear any loss which may result from the investment. A prospective investor should consider with care whether an investment in the Company is suitable for him in the light of his personal circumstances and the financial resources available to him.

Investment in the Company should not be regarded as short term in nature. There can be no guarantee that any appreciation in the value of the Company's investments will occur or that the investment objective of the Company will be achieved. Investors may not get back the full amount initially invested.

The prices of shares and the income derived from them can go down as well as up. Past performance is not necessarily a guide to the future.

Changes in economic conditions including, for example, interest rates, currency exchange rates, rates of inflation, industry conditions, competition, political and diplomatic events and trends, tax laws and other factors can substantially and adversely affect equity investments and the Company's prospects.

Risks Relating to the Company and its Business

An investment in the Company may not be suitable for all recipients of this document. Before making any investment decision, prospective investors are strongly advised to consult an independent financial adviser authorised under the FSMA who specialises in advising upon investments.

The Company is an investment trust. Investment trusts aim to generate returns for shareholders by investing in other companies. As an investment trust may invest in a range of different companies and sectors, it may represent a method for investors to gain a diversified investment exposure. However, prospective investors should be aware of certain factors which apply to the Company and to investment trusts generally:

- (a) There can be no guarantee that any appreciation in the value of the Company's investments will occur or that the investment objective of the Company will be achieved. The value of an investment in the Company, and the income derived from it, if any, may go down as well as up and an investor may not get back the amount invested.
- (b) The Company invests predominantly in Asian equities (excluding Japan). A fall in the value of Asian equities would have an adverse impact on the value of the Company's Shares.
- (c) The price of the Ordinary Shares will be determined by the interaction of supply and demand in the market as well as the NAV per Ordinary Share. The market price of the Ordinary Shares is therefore likely to fluctuate and may represent either a discount or premium to the NAV per Ordinary Share.

- (d) The rating of the Ordinary Shares is itself variable as conditions for supply and demand change. This means that the Ordinary Share price may go down as well as up and the Ordinary Share price can fall when the NAV per Ordinary Share rises, or *vice versa*.
- (e) The exercise of Subscription Share Rights at a time when the NAV per Ordinary Share is greater than the prevailing Subscription Price would cause the NAV per Ordinary Share to be diluted and the perceived risk of dilution may cause the market price of the Ordinary Shares to reflect a lesser sensitivity to increase in the NAV per Ordinary Share than might otherwise be expected.
- (f) Market liquidity in the shares of investment trusts is frequently inferior to the market liquidity of shares issued by larger companies traded on the London Stock Exchange. It is possible that there may not be a liquid market in the Ordinary Shares and investors may have difficulty in selling such securities.

Subscription Shares

- (a) Investment in the Subscription Shares may not be suitable as a short term investment. The value of a Subscription Share may go down as well as up.
- (b) Subscription Shares represent a geared investment, so a relatively small movement in the market price of the Ordinary Shares may result in a disproportionately large movement, unfavourable or favourable, in the market price of the Subscription Shares. The market price of the Subscription Shares may therefore be volatile.
- (c) The published market price of the Subscription Shares will typically be their mid-market price. Due to the potential difference between the mid-market price of the Subscription Shares and the price at which Subscription Shares can be sold, there is no guarantee that the realisable value of the Subscription Shares will reflect their published market price.
- (d) In the case of any Subscription Shares whose Subscription Share Rights have not been exercised on or before the final date for exercising such rights, such Subscription Shares will cease to have any value unless a trustee appointed by the Company determines that the net proceeds of sale of the Ordinary Shares that would arise on the exercise of such rights after deduction of all the costs and expenses of sale would exceed the costs of exercise of such rights. In such circumstances, the trustee would either exercise all the outstanding Subscription Share Rights and sell the Ordinary Shares issued on such exercise in the market, or, if it appears to the trustee that doing so is likely to raise greater net proceeds, it may accept any offer available to the Subscription Shareholders for the purchase of the outstanding Subscription Shares. The net proceeds of any such sale (after deducting the costs of exercising the Subscription Share Rights, if applicable, and any other costs and expenses incurred in relation to such sale) will be remitted to the Subscription Shareholders unless the amount to which a Subscription Shareholder is entitled is less than £5, in which case such sum shall be retained for the benefit of the Company.
- (e) Although Subscription Shares are tradable securities, the market liquidity of Subscription Shares may be less than the market liquidity of Ordinary Shares. It is possible that there may not be a liquid market in the Subscription Shares and investors may have difficulty in selling such securities.
- (f) The Company has applied for the Subscription Shares to be admitted to trading on the London Stock Exchange. The London Stock Exchange has the right to suspend or limit trading in a company's securities. Any suspension or limitation on trading in the Subscription Shares may affect the ability of Shareholders to realise their investments.
- (g) The Subscription Shares, in so far as they give an entitlement to subscribe for Ordinary Shares, are affected by the same risk factors as the Ordinary Shares as set out in this section headed "Risk Factors".
- (h) The intrinsic value of a Subscription Share at any time will be the prevailing market price of an Ordinary Share less the price payable on the exercise of the Subscription Share Rights and, as such,

it is expected to rise or fall depending on whether the market price of an Ordinary Share rises or falls. The market price of a Subscription Share may be higher than the intrinsic value of a Subscription Share, reflecting the potential geared returns available from an investment in the Subscription Shares. However, the market price of the Subscription Shares will be determined by market forces and there is no guarantee that they will have a market value.

Investment Strategies

The success of the Company will depend on the performance of Asian stockmarkets and the Manager's ability to identify attractive investments and to realise them in accordance with the Company's investment objective. Any factor which would make it more difficult to buy or sell investments may have an adverse effect on the profitability of the Company. No assurance can be given that the Company will be able to invest its capital on attractive terms or to generate returns for Shareholders or that the strategies to be used will be successful under all or any market conditions.

The performance of the Company's investment programme depends to a great extent on the correct assessments of the future course of price movements of securities and other investments selected by the Manager. There can be no assurance that the Manager will accurately predict these price movements.

The Company's investment portfolio as at 31 December 2009 comprised 63 investments.

Discounts

The price of shares in an investment trust is determined by the interaction of supply and demand for such shares in the market as well as the NAV per share. The share price can therefore fluctuate and may represent a discount or premium to the NAV per share. This discount or premium is itself variable as conditions for supply and demand for the shares change. This can mean that the share price can fall when the NAV per share rises, or *vice versa*.

The Board regularly reviews the level of discount.

Liquidity

The Company is a closed-ended vehicle. Accordingly, Shareholders have no right to have their Ordinary Shares or Subscription Shares repurchased by the Company at any time. Shareholders wishing to realise their investments in the Company will therefore be required to dispose of their Ordinary Shares or Subscription Shares on the stockmarket.

Market liquidity in the shares of investment trusts is sometimes less than market liquidity in shares issued by larger companies traded on the London Stock Exchange. There can be no guarantee that a liquid market in the Ordinary Shares will be maintained or will exist for the Subscription Shares. Accordingly, Shareholders may be unable to realise their Ordinary Shares at the quoted market price (or at the prevailing NAV per Ordinary Share) or their Subscription Shares at the quoted market price or, in either case, at all.

Interest Rates

Interest rate movements may affect the level of income receivable on cash deposits and the interest payable on the Company's variable rate cash borrowings.

Calculation of NAV

In calculating the Company's daily unaudited NAV, the Manager may rely on estimates of the values of companies or their securities in which the Company invests. Such estimates may be unaudited or may be subject to little verification or other due diligence and may not comply with UK GAAP or other valuation principles.

Dividends and Income

The Company's principal investment objective is to achieve capital growth predominantly from investment in companies listed or traded on the stockmarkets of the Asian region excluding Japan. The Company may only pay dividends to the extent that it has distributable revenue profits available for that purpose. Under the Articles, the Company may not pay a dividend out of its capital reserves.

Dilution

The allotment of the Subscription Shares will mean that the equivalent of 20 per cent. of the Company's issued ordinary share capital is under option immediately following the Bonus Issue. On each occasion the Subscription Share Rights are exercised this will dilute the ordinary shareholding of any Ordinary Shareholders who do not exercise a corresponding proportion of the Subscription Share Rights attaching to their Subscription Shares or who have sold their Subscription Shares. However, if a Shareholder continues to hold the Subscription Shares issued to him pursuant to the Bonus Issue and exercises his Subscription Share Rights before their expiry, that Shareholder's percentage interest in the ordinary share capital of the Company will not ultimately be reduced below his percentage interest in the ordinary share capital of the Company immediately prior to the Bonus Issue. If, as is likely, the NAV per Ordinary Share at the time of exercise of the Subscription Share Rights exceeds the applicable Subscription Price, the issue of the Ordinary Shares upon such exercise will also have a dilutive effect on the NAV per Ordinary Share. The extent of such dilution will depend on the number of Subscription Shares in respect of which the Subscription Share Rights are exercised on each occasion and the difference between the applicable Subscription Price and the NAV per Ordinary Share prevailing at the time the new Ordinary Shares are issued pursuant to the exercise of the Subscription Share Rights.

Currency

The Company's total return and balance sheet are affected by foreign exchange movements because the Company has assets and income which are denominated in Asian currencies whilst the Company's base currency is Sterling. While it is the Company's policy not to hedge currency, the fact that borrowings entered into would be in US Dollars means that part of the investment portfolio funded by borrowing is naturally hedged against changes in the exchange rate between Sterling and US Dollars.

Rights of Subscription Shares on Liquidation

In the event of the winding-up of the Company prior to the exercise of the Subscription Share Rights, Subscription Shareholders may receive a payment out of the assets which would otherwise be available for distribution amongst the Ordinary Shareholders.

Potential Conflicts of Interest

The Manager may be involved in other financial, investment or professional activities that may on occasion give rise to conflicts of interest with the Company. In particular, the Manager currently provides and may continue to provide investment management, investment advice or other services in relation to a number of companies, funds or accounts that may have similar investment objectives and/or policies to that of the Company and may receive *ad valorem* and/or performance-related fees for so doing.

As a result, the Manager may have conflicts of interest in allocating investments among the Company and other clients and in effecting transactions between the Company and other clients. The Manager may give advice or take action with respect to such clients that differs from the advice given or actions taken with respect to the Company. In the event of a conflict arising, the Manager will take reasonable steps to ensure fair treatment for the Company in accordance with FSA's Conduct of Business Sourcebook and the Manager's Conflicts of Interest Disclosure Statement (a copy of which is available on request).

Borrowings

Some investment trusts employ gearing in seeking to enhance returns to shareholders by borrowing funds for investment. Where an investment trust is geared, its NAV and price performance would be expected to

represent an amplification of any upward and downward movement in the investment trust's portfolio as a result of price changes of the investments contained therein. The Board imposes borrowing limits in an attempt to ensure gearing levels are appropriate to market conditions.

Whilst the use of borrowings within the limits prescribed by the Board should enhance the NAV per Ordinary Share where the value of the Company's underlying assets is rising at a rate greater than the interest rate on the borrowings, it will have the opposite effect where the underlying asset value is falling or is rising at a rate lower than the interest rate on the borrowings. This may increase the volatility of the NAV per Ordinary Share.

Taxation

Any change in the Company's tax status, including failure to satisfy the conditions of section 842 of the Taxes Act, or any change in tax legislation, could affect the market value of the investments held by the Company, affect the Company's ability to provide returns to Shareholders, or alter the post-tax returns to Shareholders.

The levels of, and reliefs from, taxation may change. The tax reliefs referred to in this document are those currently available and their value depends on the individual circumstances of investors. **If you are in any doubt as to your tax position, you should consult an appropriate independent professional adviser.**

Legal and Regulatory

The Company must also comply with the provisions of the 2006 Act and, as its Shares are admitted to the Official List, of the Listing Rules. A breach of the 2006 Act could result in the Company and/or the Directors being fined or the subject of criminal proceedings. A breach of the Listing Rules or the Disclosure and Transparency Rules could result in the Company's Shares being suspended from listing, which in turn would breach section 842 of the Taxes Act.

If Subscription Share Rights are exercised, the number of Subscription Shares in issue will be reduced. This could lead to the outstanding Subscription Shares being concentrated in the hands of a small number of Subscription Shareholders over time. The continued listing on the Official List of each share class is dependent on at least 25 per cent. of the Shares in that class being held in public hands (as defined in the Listing Rules). This means that if more than 75 per cent. of the Shares in any class are held by, amongst others, the Directors, persons connected with the Directors, or persons interested in 5 per cent. or more of the relevant Shares, the listing of that class of Shares may be suspended or cancelled. The Listing Rules state that the UK Listing Authority may allow a reasonable period of time for the Company to restore the appropriate percentage if this rule is breached once the Shares are listed, unless this is precluded by the need to maintain the smooth operation of the market or to protect investors. If the listing were cancelled, the Company would lose its investment trust status.

The European Commission has published a draft Alternative Investment Fund Managers Directive designed to regulate private equity and hedge funds. However, as currently drafted the Directive would have significant consequences for the Company (and all similar investment companies) which might include a requirement for a major restructuring and/or materially increased compliance and regulatory costs. The Directive is subject to consultation and potential revision and redrafting, so the final text remains uncertain and it is not expected to come into effect until 2012 at the earliest. The Board and the Company's advisers will continue to monitor the progress and likely implications of the Directive.

Exchange Controls and Withholding Tax

The Company may, from time to time, purchase investments that will subject the Company to exchange controls or withholding taxes in various jurisdictions. In the event that exchange controls or withholding taxes are imposed with respect to any of the Company's investments, the effect will generally be to reduce the income received by the Company on such investments.

Economic Conditions

Changes in economic conditions can substantially and adversely or favourably affect the Company's prospects and the value of the Company's portfolio.

Financial Statements

The Company prepares its financial statements in accordance with the 2006 Act and UK GAAP and with the AIC SORP. UK GAAP, the AIC SORP and the resulting accounting treatments are subject to change and this may affect the Company's calculation of NAV. Changes in the Company's accounting policies could also adversely affect Shareholders.

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

2010

Latest time and date for receipt of Voting Instruction Forms from Savings Scheme Participants	5.30 p.m. on 23 February
Latest time and date for receipt of Forms of Proxy	11.00 a.m. on 2 March
General Meeting	11.00 a.m. on 4 March
Record Date for the Bonus Issue	5.00 p.m. on 4 March
Subscription Price of Subscription Shares calculated	Close of business on 4 March
Announcement of the Subscription Price	5 March
Admission of the Subscription Shares to the Official List and dealings in the Subscription Shares commence	8.00 a.m. on 8 March
Crediting of CREST stock accounts in respect of the Subscription Shares	week commencing 8 March
Share certificates despatched in respect of the Subscription Shares	week commencing 15 March

Notes:

- (1) The times and dates set out in the Expected Timetable of Principal Events above and mentioned throughout this document may be adjusted by the Company, in which event details of the new times and dates will be notified, as required, to the UK Listing Authority and the London Stock Exchange, and, where appropriate, to Shareholders.
- (2) All references to time in this document are references to London time.

DEALING CODES

The dealing codes for the Subscription Shares will be as follows:

ISIN	GB00B3MZ6N80
SEDOL	B3MZ6N8
Ticker	FASS

IMPORTANT NOTICES

Shareholders should not treat the contents of this document as advice relating to legal, taxation, investment or any other matters. Shareholders should inform themselves as to: (a) the legal requirements within their own countries for the holding, transfer or other disposal of Subscription Shares and the exercise of the Subscription Share Rights; (b) any foreign exchange restrictions applicable to the holding, transfer or other disposal of Subscription Shares and the exercise of the Subscription Share Rights which they might encounter; and (c) the income and other tax consequences which may apply in their own countries as a result of the holding, transfer or other disposal of Subscription Shares or the exercise of the Subscription Share Rights. Shareholders must rely upon their own representatives, including their own legal advisers and accountants, as to legal, tax, investment or any other related matters concerning the Company and an investment therein.

Statements made in this document are based on the law and practice currently in force in England and Wales and are subject to changes therein.

Forward looking statements

This Prospectus contains forward looking statements including, without limitation, statements containing the words “believes”, “estimates”, “anticipates”, “expects”, “intends”, “may”, “will”, or “should” or, in each case, their negative or other variations or similar expressions. Such forward looking statements involve unknown risks, uncertainties and other factors which may cause the actual results, performance or achievement of the Company, or industry results, to be materially different from future results, performance or achievements expressed or implied by such forward looking statements.

Given these uncertainties, Shareholders are cautioned not to place any undue reliance on such forward looking statements. These forward looking statements apply only as at the date of this Prospectus. Subject to its legal and regulatory obligations (including under the Listing Rules, the Prospectus Rules and the Disclosure and Transparency Rules), the Company expressly disclaims any obligations to update or revise any forward looking statement contained herein to reflect any change in expectations with regard thereto or any change in events, conditions or circumstances on which any statement is based unless required to do so by any appropriate regulatory authority or by law, including the FSMA, the Listing Rules, the Prospectus Rules and the Disclosure and Transparency Rules.

Nothing in the preceding two paragraphs should be taken as limiting the working capital statement in paragraph 4 of Part III of this document.

DIRECTORS, MANAGER AND ADVISERS

Directors	The Hon Sir Victor Garland KBE (<i>Chairman</i>) Hugh Bolland (<i>Senior Independent Director</i>) Katharine Bolsover William Knight Kathryn Matthews Philip Smiley <i>All of:</i> Beech Gate, Millfield Lane Lower Kingswood Tadworth Surrey KT20 6RP
Manager and Company Secretary	FIL Investments International Oakhill House 130 Tonbridge Road Hildenborough Tonbridge Kent TN11 9DZ Tel: 01732 361 144
Financial Adviser and Sponsor	J.P. Morgan Cazenove Limited 20 Moorgate London EC2R 6DA
Legal Advisers to the Company	Speechly Bircham LLP 6 New Street Square London EC4A 3LX
Auditor	Grant Thornton UK LLP 30 Finsbury Square London EC2P 2YU
Registrars	Capita Registrars Northern House Woodsome Park Fenay Bridge Huddersfield West Yorkshire HD8 0GA
Custodian and Principal Banker	JPMorgan Chase Bank (London Branch) 125 London Wall London EC2Y 5AJ Tel: 01202 342 000

PART I

CHAIRMAN'S LETTER

FIDELITY ASIAN VALUES PLC

(Incorporated in England and Wales with company number 3183919 and registered as an investment company under section 833 of the Companies Act 2006)

Directors:

The Hon Sir Victor Garland KBE (*Chairman*)
Hugh Bolland
Katharine Bolsover
William Knight
Kathryn Matthews
Philip Smiley

Registered Office:

Beech Gate, Millfield Lane
Lower Kingswood
Tadworth
Surrey KT20 6RP

5 February 2010

Dear Shareholder,

Proposed Bonus Issue of up to 12,188,500 Subscription Shares and the Adoption of New Articles of Association

Introduction

The Company announced on 5 January 2010 that the Board was considering proposals for a bonus issue of Subscription Shares to existing Shareholders. After further consideration the Board has decided to proceed and I am now writing to give you details of the Bonus Issue and to describe certain proposed changes to the Articles, including changes that the Board is proposing be made following the final implementation of the 2006 Act.

Implementation of the Bonus Issue requires amendments to the Articles to provide for the rights of the Subscription Shares and to obtain authority to allot the Subscription Shares. The Bonus Issue is conditional on the passing of the Resolution to be proposed at the General Meeting of the Company to be held on 4 March 2010, as well as on the admission of the Subscription Shares to the Official List and to trading on the main market of the London Stock Exchange.

Investment Outlook

The Company outperformed its benchmark over the three and six months and one, three and five year periods ended 31 December 2009. Looking to 2010, the recovery in global consumer demand and the associated inventory restocking rebound should contribute to increasing overseas shipments and improving manufacturing performance in the Asia Pacific region. Fiscal spending, although scaled back in some areas, will further support the economies until exports contribute to growth. The consensus expectations suggest that the monetary policy in many larger countries in the region could remain supportive of markets and help sustain a recovery while confidence is restored in the private sector. Governments have expressed commitment to promote growth and employment and seem more willing to tolerate inflation towards the upper end of their target bands. Household consumption and business investment are expected to pick up as confidence returns, leading to improved margins and corporate earnings.

Asia has been a favoured market for investors as they look for growth and, relative to the rest of the world, Asia has a better potential for sustainable earnings growth. The region, with its substantial stimulus measures (particularly in China) and generally healthy financial systems remains extremely attractive for investors. Strong money flows and increased investor participation have helped the recent rally in Asian equities. Merger and acquisition activity by cash-rich businesses, which have emerged from the downturn leaner and stronger, will provide ongoing support to the market.

Nevertheless, it is the improved earnings outlook compared with the developed world in the medium to longer term that have further supported investment. Another reason for Asian economies remaining resilient is the strength of domestic demand and most particularly private consumption. This can best be explained by the healthy balance sheets of both consumers and corporations. The large savings pool and the lack of debt in Asia has helped keep the financial system in Asia functioning. The long term fundamental growth story of Asia, built on favourable demographics, robust GDP growth and increasing infrastructure spending, remains intact.

The Bonus Issue

The Company is proposing to issue Subscription Shares to Qualifying Shareholders on the basis of one Subscription Share for every five Existing Ordinary Shares held on the Record Date, subject to the passing of the Resolution set out in the Notice of General Meeting. The Subscription Shares will be issued by way of a bonus issue to Qualifying Shareholders and will be listed and tradable on the main market for listed securities of the London Stock Exchange. The ISIN of the Subscription Shares is GB00B3MZ6N80 and the ticker is FASS.

Each Subscription Share will confer the right (but not the obligation) to subscribe for one Ordinary Share upon exercise of the Subscription Share Rights and on payment of the Subscription Price, as set out below.

The Subscription Share Rights may be exercised to have effect on the last business day of each month commencing in May 2010 and finishing on the last business day in May 2013, after which the Subscription Share Rights will lapse. The Ordinary Shares arising on exercise of the Subscription Share Rights will be allotted within ten Business Days of the relevant exercise date. To be exercised, a notice of exercise must be received by the Registrars no later than ten Business Days prior to the relevant exercise date.

Qualifying Shareholders' entitlements will be assessed against the register of members on the Record Date, which is expected to be 5.00 p.m. on 4 March 2010.

Subscription Shares will rank equally with each other and will not carry the right to receive any dividends from the Company or the right to attend and vote at general meetings of the Company.

The Subscription Price will be equal to the published NAV per Ordinary Share as at 5.00 p.m. on 4 March 2010, plus a 1 per cent. premium to such NAV per Ordinary Share, rounded up to the nearest whole penny.

The NAV for the purpose of calculating the Subscription Price will be the unaudited value of the Company's assets calculated in accordance with the Company's accounting policies (including revenue items for the current financial year) less all prior charges and other creditors at their fair value (including the costs of the Bonus Issue).

The New Articles provide that the Subscription Price is subject to adjustment upon the occurrence of certain corporate events by or affecting the Company before the last business day in May 2013. The relevant corporate events include consolidations or sub-divisions of share capital, pre-emptive offers of securities to Ordinary Shareholders, takeover offers and the liquidation of the Company. Such adjustments serve to protect either the intrinsic value or the time value of the Subscription Shares or both.

The percentage premium applying upon exercise and the resulting Subscription Price reflect the Board's confidence in the Company's medium to long term prospects and its hope that holders of Subscription Shares will be able to exercise their Subscription Share Rights and acquire Ordinary Shares on favourable terms in the future.

It is expected that an announcement setting out the Subscription Price will be made on 5 March 2010. Fractions of Subscription Shares will not be allotted or issued and entitlements will be rounded down to the nearest whole number of Subscription Shares.

Advantages of the Bonus Issue

The Directors believe that the Bonus Issue of Subscription Shares will have the following advantages:

- (a) Subscription Shares should represent an attractive way for investors to participate in any future NAV growth of the Company through conversion into Ordinary Shares at a predetermined price;
- (b) Qualifying Shareholders will receive securities with a monetary value which may be traded in a similar fashion to their Existing Ordinary Shares or converted into Ordinary Shares;
- (c) on any exercise of the Subscription Share Rights, the capital base of the Company will increase, allowing operating costs to be spread across a larger number of Ordinary Shares, and this may cause the total expense ratio to fall;
- (d) following the exercise of any Subscription Share Rights, the Company will have an increased number of Ordinary Shares in issue, which may in due course improve the liquidity in the market for its Ordinary Shares; and
- (e) Qualifying Shareholders will receive securities which should be qualifying investments for the purposes of a stocks and shares ISA and permitted investments for the purposes of a SIPP or a SSAS.

Implementation of Bonus Issue

Implementation of the Bonus Issue requires Shareholders to approve the Resolution to be proposed at the General Meeting. If passed, the Resolution will:

- (a) approve the adoption of New Articles containing the rights attaching to the Subscription Shares and incorporating certain changes, including changes to reflect the final implementation of the 2006 Act;
- (b) authorise the Directors to allot the Subscription Shares pursuant to the Bonus Issue and Ordinary Shares pursuant to the exercise of the Subscription Share Rights;
- (c) waive statutory pre-emption rights in relation to the grant of the Subscription Rights and the allotment of Ordinary Shares pursuant to the exercise of the Subscription Share Rights;
- (d) authorise the capitalisation of sums standing to the credit of the Company's share premium account, capital redemption reserve, special reserve and any other applicable reserve (excluding the revenue reserve) in paying up the Subscription Shares to be issued pursuant to the Bonus Issue;
- (e) authorise the consolidation, sub-division or redemption of any share capital in connection with the exercise of the Subscription Share Rights so as to enable conversion of the Subscription Shares into Ordinary Shares in accordance with the Subscription Share Rights; and
- (f) authorise the repurchase by the Company of Subscription Shares representing up to 14.99 per cent. of the Company's issued Subscription Share capital following Admission (subject to certain conditions), as more fully described below.

Each of the matters described in the above sub-paragraphs will be put to the General Meeting to be voted on separately. However, notwithstanding the separate votes, the Resolution represents a single resolution and its passing will be subject to each respective part being carried.

Authority to Repurchase Subscription Shares

In order to allow the Company to repurchase Subscription Shares, the Resolution will also grant the Company authority to buy back up to 14.99 per cent. of the issued Subscription Share capital following Admission.

Repurchases of Subscription Shares will be made at the discretion of the Board, and will only be made when market conditions are considered to be appropriate and in accordance with the Listing Rules. Purchases through the market will not be at prices that exceed the higher of (i) 5 per cent. above the average of the middle market quotations (as derived from the Official List) for the five consecutive dealing days ending on

the dealing day immediately preceding the date on which the purchase is made, and (ii) the higher of the price quoted for (a) the last independent trade of, or (b) the highest current independent bid for, any number of Subscription Shares on the trading venue where the purchase is carried out. Repurchases will only be made when they will result in an increase in the fully diluted NAV per Ordinary Share. Any Subscription Shares repurchased by the Company will be cancelled and will not be held in treasury for reissue or resale.

It is anticipated that authorisation for repurchases of Subscription Shares will be sought at the Company's AGMs in 2010 and beyond.

New Articles

If the Resolution is approved, the New Articles will be adopted. The New Articles will set out the rights attaching to the Subscription Shares and incorporate certain changes to reflect recent legal developments, in particular certain provisions of the 2006 Act which came into force in 2008 and 2009. A detailed explanation of the amendments is set out in the Appendix to the Notice of the General Meeting on page 81 of this document. As described in paragraph 12 of the Appendix, the New Articles provide for the increase in the Company's borrowing limit under the Articles to twice the Company's adjusted capital and reserves. However, this will not affect the Company's Borrowing Policy which remains unchanged (as set out in Part II of this document). The New Articles will not otherwise vary from the existing Articles.

The New Articles will be on display at the registered office of the Company from the date of this document until the end of the General Meeting and at the General Meeting itself for the duration of the meeting and for at least 15 minutes prior to the meeting.

Continuation Vote

Under the Articles, the Company is required to propose a continuation vote as an ordinary resolution at every fifth AGM. If a continuation vote is not passed the Directors are required to convene a general meeting within three months, at which proposals for the winding up or other reconstruction of the Company would be considered.

The last continuation vote took place at the AGM in December 2006 and the next is due at the AGM to be held in 2011, when all or some of the Subscription Shares may still be outstanding. Subscription Shares do not carry the right to attend and vote at any general meeting of the Company, including any meeting convened to consider a continuation vote. If the continuation vote is not passed and the Company is wound up or restructured, the entitlements of Subscription Shareholders would be calculated in accordance with the rights attaching to the Subscription Shares.

Broadly, this means that Subscription Shareholders as a whole would receive a proportionate amount of each and every payment made under a winding up or reconstruction, where such proportion is not less than the market capitalisation of the Subscription Shares divided by the total assets available to ordinary shareholders calculated at the outset of a winding up or reconstruction. This amount would be divided between the holders of the outstanding Subscription Shares *pro rata* to their holdings at the outset of the winding up or reconstruction. The full rights attaching to the Subscription Shares are set out in Part IV of this Prospectus.

Although any formal recommendation as to the continuation vote will only be taken at the time of the approval of the annual results for 2011, the Bonus Issue proposal underlines the Board's confidence in the medium to long term prospects of the Company.

Admission and Dealings

The Subscription Shares will be in registered form and may be issued either in certificated or uncertificated form. No temporary documents of title will be issued. Pending despatch of definitive certificates, transfers of Subscription Shares in certificated form will be certified against the Register. All documents or remittances sent by or to Shareholders will be sent through the post at the risk of the Shareholder.

Applications will be made to the UK Listing Authority for the Subscription Shares to be admitted to the Official List and to the London Stock Exchange for such shares to be admitted to trading on its main market for listed securities. It is expected that Admission will occur, and that dealings will commence, on 8 March 2010. On Admission, the Subscription Shares will confer rights to subscribe for new Ordinary Shares representing, in aggregate, up to 20 per cent. of the then issued ordinary share capital of the Company.

The Ordinary Shares resulting from the exercise of the Subscription Share Rights will rank *pari passu* with the Ordinary Shares then in issue (save for any dividends or other distributions declared, made or paid on the Ordinary Shares by reference to a record date prior to the allotment of the relevant Ordinary Shares).

Overseas Shareholders

The issue of the Subscription Shares to persons who have a registered or mailing address in countries outside the EEA may be affected by the law or regulatory requirements of the relevant jurisdiction.

The Subscription Shares to be issued under the Bonus Issue are not being issued to Overseas Shareholders. The Board will allot any Subscription Shares due under the Bonus Issue to Overseas Shareholders to a market maker who will sell such Subscription Shares promptly at the best price obtainable. The proceeds of sale will be paid to the Overseas Shareholders entitled to them save that entitlements of less than £5 per Overseas Shareholder will be retained by the Company for its own account.

Notwithstanding any other provision of this document, the Company reserves the right to permit any Shareholder to take up Subscription Shares under the Bonus Issue if the Company, in its sole and absolute discretion, is satisfied at any time prior to the General Meeting that the transaction in question is exempt from, or not subject to, the legislation or regulations giving rise to the restrictions in question.

Overseas Shareholders who believe that they are entitled to take up Subscription Shares under the Bonus Issue should contact the Company as soon as possible to discuss the matter.

Any Shareholder who is in any doubt as to his position should consult an appropriate independent professional adviser without delay.

Taxation

The attention of Shareholders is drawn to the summary of United Kingdom tax matters set out in paragraph 12 of Part V of the Prospectus.

Shareholders should note that the Subscription Shares are qualifying investments for a stocks and shares ISA and will constitute permitted investments for the purposes of a SIPP or a SSAS. The exercise of Subscription Share Rights may affect the annual subscription limit available for further investment into an ISA in the relevant year. Shareholders who are in any doubt about their tax position or who may be subject to tax in a jurisdiction other than the United Kingdom should consult their independent professional adviser.

Costs of the Bonus Issue

The Company's expenses in connection with the Bonus Issue are estimated to amount to approximately £280,000 (inclusive of VAT). These expenses will be borne by the Company.

Net Proceeds from Subscription Shares

Although there can be no certainty as to whether any or all of the Subscription Share Rights will be exercised, if the Bonus Issue proceeds and all of the Subscription Share Rights are exercised, the net proceeds that could arise on such exercise would be approximately £21.66 million, based on a NAV of 177.29 pence per Ordinary Share on 3 February 2010, the latest practicable date prior to the publication of this document, and assuming 12,188,500 Subscription Shares are issued pursuant to the Bonus Issue. It should be noted, however, that the Subscription Price will be calculated as at the Record Date and therefore the above figures are illustrative only.

General Meeting

A General Meeting of the Company has been convened for 11.00 a.m. on 4 March 2010 at 25 Cannon Street, London EC4M 5TA at which the Resolution will be proposed.

All Shareholders are entitled to attend and vote at the General Meeting. In accordance with the Articles, all Shareholders present in person or by proxy shall upon a show of hands have one vote and upon a poll shall have one vote in respect of every Share held. In order to ensure that a quorum is present at the General Meeting, it is necessary for two Shareholders entitled to vote to be present, whether in person or by proxy (or, if a corporation, by a representative).

Individuals who hold their Ordinary Shares through either or both of the Savings Schemes are entitled to attend the General Meeting and may vote by completing Voting Instruction Forms addressed to the nominee companies in whose names the Shares are registered and held on their behalf.

The formal notice convening the General Meeting is set out on pages 78 to 79 of this document.

ISAs/SIPPs/SSASs

The Subscription Shares will be a qualifying investment for a stocks and shares ISA. The Subscription Shares acquired pursuant to the Bonus Issue are expected to be eligible for inclusion in SIPPs and SSASs, although this should be confirmed independently by Subscription Shareholders with their professional tax or independent financial advisers after taking into account the rules of their scheme.

If you are in any doubt as to the action you should take, you should immediately consult an independent financial adviser authorised under FSMA.

Action to be Taken

The only action that you are requested to take is to complete and return the accompanying Form of Proxy and/or, if you hold Ordinary Shares through either or both of the Savings Schemes, the accompanying Voting Instruction Form(s), for use at the General Meeting.

Shareholders, other than Savings Scheme Participants, are asked to complete and return the Form of Proxy in accordance with the instructions printed thereon to the Company's Registrars, Capita Registrars, at PXS, 34 Beckenham Road, Beckenham BR3 4TU, or deliver them by hand during office hours to the same address so as to be received as soon as possible and by not later than 11.00 a.m. on 4 March 2010.

Savings Scheme Participants are requested to complete their Voting Instruction Form(s) and return them to the Company's Registrars, Capita Registrars, at PXS, 34 Beckenham Road, Beckenham BR3 4TU, in accordance with the instructions printed thereon, so as to be received as soon as possible and by not later than 5.30 p.m. on 23 February 2010. The votes of Savings Scheme Participants who do not return their Voting Instruction Forms will be applied in favour of the Resolution.

Shareholders and Savings Scheme Participants are requested to complete and return a Form of Proxy, or Voting Instruction Form, as appropriate, whether or not they wish to attend the General Meeting.

Voting Intention of the Manager

The Manager has declared its intention that FIL Limited, the ultimate parent company of the Manager, will vote its holding of 1,739,700 Ordinary Shares (representing approximately 2.85 per cent. of the issued ordinary share capital of the Company) in favour of the Resolution. For those Shares held through the Savings Schemes (as at 3 February 2010, 13,124,792 Ordinary Shares representing approximately 21.54 per cent. of the issued ordinary share capital of the Company), Fidelity will arrange to vote those Shares in favour of the Resolution where voting directions are not received.

Recommendation

The Board, which has received financial advice from J.P. Morgan Cazenove, considers that the passing of the Resolution is in the best interests of the Company and its Shareholders as a whole. In providing its

financial advice, J.P. Morgan Cazenove has taken into account the Board's commercial assessment of the effects of the Bonus Issue. **Accordingly, the Board unanimously recommends that Shareholders vote in favour of the Resolution to be proposed at the General Meeting.** Those Directors who hold Shares intend to vote in favour of the Resolution in respect of their holdings of Ordinary Shares amounting to 18,300 Ordinary Shares in aggregate (representing approximately 0.03 per cent. of the issued ordinary share capital of the Company as at the date of this document).

Yours faithfully,

The Hon Sir Victor Garland KBE
(*Chairman*)

PART II

INFORMATION ON THE COMPANY

Introduction

The Company is a UK investment trust, which was established on 2 April 1996. The Company is a member of the Association of Investment Companies.

The Company's objective is to generate long term capital growth for Shareholders by investing primarily in companies listed or traded on the stockmarkets of the Asian region excluding Japan.

As at 3 February 2010 (being the latest practicable date prior to the publication of this document), the Company had net assets of £108.04 million and the unaudited NAV of the Company was 177.29 pence per Ordinary Share.

Current Investment Policy

The Company primarily invests in a diversified portfolio of companies listed on stockmarkets in the Asian region excluding Japan, but investments may be made in companies listed elsewhere which, in the opinion of the portfolio manager, have significant interests in the Asian region excluding Japan.

In order to diversify the Company's portfolio the Board has set broad guidelines for the portfolio manager, which the Board reserves the right to amend as it sees fit, in respect of the country weightings of the portfolio. Investment of up to 10 per cent. of the Company's total assets less current liabilities (as at the date of the investment), excluding the fixed term loan liability (referred to as total assets in this section) is permitted in any one company or other investment entity.

The Company principally invests in equities but may also invest in equity related instruments; up to 15 per cent. in convertible bonds, 10 per cent. in warrants and 35 per cent. in debt or money market instruments or money market funds. The Company may invest up to 5 per cent. of total assets in securities which are not listed on any stock exchange but the portfolio 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 15 per cent. of total assets in other investment funds (whether listed or unlisted) where such funds offer the only practicable means of gaining exposure to a particular market in the Asian region excluding Japan.

Investment in non-voting depository receipts, American depository receipts, global depository receipts and equity linked notes is permitted by the Board, any such investment being included in the aggregate relevant country weighting. While it is not expected that the Company will undertake any foreign exchange hedging of its portfolio, it reserves the right to do so.

It is 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 portfolio manager is currently permitted by the Board to maintain net gearing between 0 per cent. and 10 per cent. depending on the strength or weakness of the markets.

Investment Portfolio

As at the close of business on 31 December 2009, the Company's portfolio was as follows:

<i>Country</i>	<i> Holding</i>	<i>Fair Value</i> £	<i>Total Assets</i> %	<i>Sector</i>
China	Baidu ADR	1,539,209	1.4	Information Technology
	BYD	2,832,034	2.6	Information Technology
	China Dongxiang Group	2,497,284	2.3	Consumer Services
	China Merchants Bank	5,727,718	5.2	Financials
	Li Ning	1,202,918	1.1	Consumer Services
	Tencent Holdings	4,458,475	4.0	Information Technology
	Zhaojin Mining Industry	1,143,312	1.0	Materials
	<i>Subtotal</i>	<u>19,400,950</u>	<u>17.6</u>	
Hong Kong	Bank of China Hong Kong	2,130,218	1.9	Financials
	Belle International	2,103,072	1.9	Consumer Services
	BYD Electronic International	409,512	0.4	Information Technology
	China Mobile	1,271,230	1.1	Telecommunication Services
	China Resources Enterprise	1,467,137	1.3	Consumer Services
	CNOOC (China National Offshore Oil Corporation)	1,374,245	1.2	Energy
	Esprit Holdings	1,411,799	1.3	Consumer Services
	Hang Seng Bank	659,369	0.6	Financials
	Hong Kong Exchanges & Clearing	3,309,399	3.0	Financials
	Huabao International Holdings	1,668,778	1.5	Materials
	Li & Fung	3,651,769	3.3	Consumer Services
	Ports Design	2,050,604	1.8	Consumer Services
	Sun Hung Kai Properties	2,375,460	2.1	Financials
	Swire Pacific	3,461,732	3.1	Financials
	Techtronic Industries	1,071,439	1.0	Consumer Services
	Wynn Macau	18,700	–	Consumer Services
	<i>Subtotal</i>	<u>28,434,463</u>	<u>25.5</u>	
	Indonesia	Gudang Garam	667,829	0.6
Indocement Tunggul Prakarsa		1,132,744	1.0	Materials
Indofood Sukses Makmur		619,864	0.6	Consumer Staples
<i>Subtotal</i>		<u>2,420,437</u>	<u>2.2</u>	
Korea	AmorePacific Corporation	1,996,552	1.8	Consumer Staples
	Cheil Communications	573,799	0.5	Consumer Services
	Daelim Industrial	1,001,930	0.9	Industrials
	Daewoo International	1,113,884	1.0	Industrials
	Doosan Infracore	794,213	0.7	Industrials
	Hana Tour Service	1,297,604	1.2	Consumer Services
	Hotel Shilla	1,219,867	1.1	Consumer Services
	Hyundai Engineering & Construction	828,719	0.7	Industrials
	Hyundai Mobis	1,406,369	1.3	Consumer Services
	KCC	1,109,973	1.0	Industrials

<i>Country</i>	<i> Holding</i>	<i>Fair Value</i>	<i>Total</i>	<i>Sector</i>
		<i>£</i>	<i>%</i>	
Korea	Korea Exchange Bank	732,693	0.6	Financials
<i>(continued)</i>	LG Telecom	1,705,723	1.5	Telecommunication Services
	Posco	2,633,265	2.4	Materials
	Samsung Card	1,546,719	1.4	Financials
	Samsung Electronics	4,766,100	4.3	Information Technology
	Shinhan Financial Group	3,632,942	3.3	Financials
	Shinsegae	871,969	0.8	Consumer Staples
	Suprema	770,550	0.7	Information Technology
	<i>Subtotal</i>	<u>28,002,871</u>	<u>25.2</u>	
Malaysia	Cimb Group Holdings	633,682	0.6	Financials
	Malayan Banking	736,625	0.7	Financials
	Maxis	345,616	0.3	Telecommunication Services
	Sime Darby Berhad	1,250,356	1.1	Industrials
	<i>Subtotal</i>	<u>2,966,279</u>	<u>2.7</u>	
Singapore	Hyflux	1,540,317	1.4	Utilities
	Keppel	1,533,210	1.4	Industrials
	Olam International	1,386,676	1.3	Consumer Staples
	Parkway Holdings	1,147,156	1.0	Health Care
	Singapore Airlines	583,692	0.5	Industrials
	Singapore Exchange	1,675,564	1.5	Financials
	United Overseas Bank	1,444,948	1.3	Financials
	<i>Subtotal</i>	<u>9,311,563</u>	<u>8.4</u>	
Taiwan	Advance Semiconductor Engineering	2,187,386	2.0	Information Technology
	AU Optronics	2,515,123	2.3	Information Technology
	First Financial Holding	836,881	0.7	Financials
	Hon Hai Precision	5,169,479	4.7	Information Technology
	MediaTek	4,078,239	3.7	Information Technology
	Siliconware Precision Industries	1,181,390	1.0	Information Technology
	Taiwan Semiconductor Manufacturing	1,700,274	1.5	Information Technology
	Yuanta Financial Holdings	1,229,618	1.1	Financials
	<i>Subtotal</i>	<u>18,898,390</u>	<u>17.0</u>	
	Total	<u>109,434,953</u>	<u>98.6</u>	

As far as the Board is aware, there has been no material change to the Company's investment portfolio from 31 December 2009 to 3 February 2010, the latest practicable date prior to the publication of this document.

All investments are in equities, except for cash which is held on deposit.

Unless otherwise indicated, the information as set out above is unaudited and has been extracted from internal management accounts maintained by the Company.

Sector Breakdown

<i>Sector</i>	<i>% of total assets as at 31 December 2009</i>
Information Technology	28.6
Financials	27.1
Consumer Services	18.1
Industrials	7.3
Materials	5.9
Consumer Staples	5.1
Telecommunication Services	2.9
Utilities	1.4
Energy	1.2
Healthcare	1.0
	<hr/>
	98.6
	<hr/>
Cash	1.4
	<hr/>
Total assets	100.0

Currency Breakdown

	<i>% of currency as at 31 December 2009</i>
Hong Kong Dollar	43.7
Korean Won	25.6
Taiwan Dollar	17.3
Singapore Dollar	8.5
Malaysian Ringgit	2.7
Indonesian Rupiah	2.2
	<hr/>
Total assets	100.0

Investment Outlook

The Company outperformed its benchmark over the three and six months and one, three and five year periods ended 31 December 2009. Looking to 2010, the recovery in global consumer demand and the associated inventory restocking rebound should contribute to increasing overseas shipments and improving manufacturing performance in the Asia Pacific region. Fiscal spending, although scaled back in some areas, will further support the economies until exports contribute to growth. The consensus expectations suggest that the monetary policy in many larger countries in the region could remain supportive of markets and help sustain a recovery while confidence is restored in the private sector. Governments have expressed commitment to promote growth and employment and seem more willing to tolerate inflation towards the upper end of their target bands. Household consumption and business investment are expected to pick up as confidence returns, leading to improved margins and corporate earnings.

Asia has been a favoured market for investors as they look for growth and, relative to the rest of the world, Asia has a better potential for sustainable earnings growth. The region, with its substantial stimulus measures (particularly in China) and generally healthy financial systems remains extremely attractive for investors. Strong money flows and increased investor participation have helped the recent rally in Asian equities. Merger and acquisition activity by cash-rich businesses, which have emerged from the downturn leaner and stronger, will provide ongoing support to the market.

Nevertheless, it is the improved earnings outlook compared with the developed world in the medium to longer term that have further supported investment. Another reason for Asian economies remaining resilient is the strength of domestic demand and most particularly private consumption. This can best be explained by the healthy balance sheets of both consumers and corporations. The large savings pool and the lack of debt

in Asia has helped keep the financial system in Asia functioning. The long term fundamental growth story of Asia, built on favourable demographics, robust GDP growth and increasing infrastructure spending, remains intact.

The Board

The Directors are responsible for determining the Company's Investment Policy and have overall responsibility for the Company's activities.

The Board consists of six non-executive Directors, five of whom are considered to be independent of the Manager, including the Chairman. Miss Matthews is considered to be non-independent due to her recent employment relationship with the Manager.

The Directors of the Company are as follows:

The Hon Sir Victor Garland KBE (Chairman) Appointed as a Director on 11 April 1996. Chairman of the Management Engagement Committee and Nomination Committee, member of the Audit Committee. He was formerly on the board of many companies and investment trusts including being non-executive chairman of Henderson Far East Income Trust plc, director of the Prudential Corporation plc of the UK and vice-chairman of the South Bank Board (the Royal Festival Hall complex). Before that he held various ministerial offices in Australian governments and was High Commissioner for Australia in the UK.

Sir Victor Garland announced at the December 2009 Annual General Meeting his intention to retire from the Board with effect from the June 2010 Board Meeting.

Hugh Bolland Appointed as a Director on 11 March 2004. Chairman of the Audit Committee, member of the Management Engagement Committee and Nomination Committee and Senior Independent Director. An economist, his 30 year career with Schroders began in 1970 after working in Australia in the financial services industry. During the 1980s he was managing director of Schroders Asia in Hong Kong, and then chief executive of Schroders Australia. During the 1990s he was head of Schroders' UK institutional business, and later, chief executive of Schroder Investment Management, a business with worldwide assets under management of £110 billion. He is also a director of JPMorgan Indian Investment Trust plc and Alliance Trust plc.

William Knight Appointed as a Director on 9 February 2005. Member of the Audit Committee, Management Engagement Committee and Nomination Committee. He is a founder member and director of Emerisque Capital an "east west" private equity management "buy-in" company. During an eighteen year period with Lloyds Bank International he worked in project finance, was head of global syndicated lending and then head of its investment banking activities for Asia. He was a founding director of Lloyds Merchant Bank and then managing director of Lloyds Bank Fund Management. In recent years he has acted as adviser to companies and governments on investment and development strategy and his directorships include JPMorgan Chinese Investment Trust plc.

Kathryn Matthews Appointed as a Director on 9 February 2005. Member of the Nomination Committee. Over sixteen years at Baring Asset Management she worked in several senior positions including head of institutional business in Europe, rising to be a main board director. She was a founding partner and chief investment officer of Santander Global Advisors. From 2000 she headed the global institutional business of AXA Investment Managers and then was an asset management consultant with Mercer Manager Advisory Services before joining Fidelity in 2003 as head of Global Equities and Portfolio Strategies. She was chief investment officer Asia ex Japan equities from September 2005 until the end of March 2009 and was based in Hong Kong. She is currently a non-executive director of Hermes Fund Managers Limited and Rathbones Brothers plc.

Katharine Bolsover Appointed as a Director on 1 January 2010. Member of the Audit Committee, Management Engagement Committee and Nomination Committee. She is currently a director of JPMorgan American Investment Trust PLC. She is also deputy chairman of Tomorrow's People Trust Limited and a director of a number of affiliated companies. She was a director of Languedoc House (UK) Limited until 27 March 2009. She worked for Cazenove Group plc and J.P. Morgan Cazenove between 1995 and 2005 where

she was managing director of the mutual fund business, and latterly director of Corporate Communications. Prior to this her work involved business development and mutual funds experience covering countries in the Far East.

Philip Smiley Appointed as a Director on 1 January 2010. Member of the Audit Committee, management Engagement Committee and Nomination Committee. He is currently a director of the Arisaig India Fund, Vietnam Emerging Equity Fund Limited and the Endowment Fund SPC. He is also chairman of the PXP Vietnam Fund Limited and Vietnam Lotus Fund Limited. He has many years of experience of working in Asia including five years as managing director and country head of Jardine Fleming in Singapore between 1996 and 2001 and four years as group country chairman of Jardine Matheson in Thailand between 2001 and 2005.

The Manager

The Company is managed by FIL Investments International, an unlimited liability company incorporated in England and Wales on 13 September 1979 under the Companies Act 1985 as a private company with registered number 1448245. The Manager is part of the FIL Limited group of companies, which as at 30 September 2009 had total assets under management exceeding £130 billion.

John Lo has been managing the Company's portfolio since October 2001. He joined Fidelity in 1993 having worked previously as a consultant with General Portfolio until 1991 and then with Ernst and Young. He gained an MBA (distinction) at Manchester Business School in 1993. John is also involved with the portfolio management of a number of Fidelity funds investing in Asia.

Performance

Given the identification of the Company's objective and strategy, the Board has identified key performance indicators against which performance can be measured, as detailed below:

	<i>Year ended 31 December 2009 %</i>	<i>3 Years ended 31 December 2009 %</i>	<i>5 Years ended 31 December 2009 %</i>
NAV Total Return	66.6	51.0	140.2
Share Price Total Return	76.4	62.2	166.4
Relevant Benchmark Indices (MSCI (excluding Japan)) (in sterling terms)	50.0	37.1	114.0

Dividend Policy

As an investment trust, the Company is required by section 842 of the Taxes Act to distribute sufficient net income so that it retains no more than 15 per cent. of its eligible investment income. At the 2009 AGM the Shareholders approved a final dividend in respect of the year ended 31 July 2009 of 1.00p per share (2008: 0.81p). However, as the Company's objective is long term capital growth any revenue surplus is a function of a particular year's business and it should not be assumed that dividends will continue to be paid in future.

Borrowing Policy

It is 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 portfolio manager is currently permitted by the Board to maintain net gearing between 0 per cent. and 10 per cent. depending on the strength or weakness of the markets.

On 3 February 2010, the Company entered into a revolving credit facility with ING Bank N.V for an amount up to US\$15,000,000. It is the Company's intention that the proceeds of the loan will be invested in a manner consistent with the Company's investment objective. As at the date of this Prospectus there has been no draw down under this credit facility.

Administration and Company Secretarial Arrangements

Under the Management Agreement, the Manager provides all services of a company secretarial, accounting and administrative nature (excluding registration services) to the Company (including the calculation of the NAV of the Ordinary Shares). The Manager receives an aggregate fee for all its services provided under the Management Agreement including the discretionary management of the Company's assets. Full details of the fees provided for by the Management Agreement are contained in paragraph 11.1 of Part V of this document.

Financial Statements

The Company prepares its financial statements in accordance with the 2006 Act and UK GAAP and with the AIC SORP. UK GAAP, the AIC SORP and the resulting accounting treatments are subject to change and this may affect the Company's calculation of NAV. Changes in the Company's accounting policies could also adversely affect Shareholders.

Reports to Shareholders and AGMs

The Company's annual report and financial statements are prepared up to 31 July each year. The Company's AGMs are usually held in December of each year.

PART III

FINANCIAL INFORMATION RELATING TO THE COMPANY

1. Statutory Accounts for the Three Financial Years Ended 31 July 2007, 2008 and 2009

Statutory accounts of the Company for the three financial years ended 31 July 2007, 2008 and 2009, in respect of which the Company's Auditor has given unqualified opinions that the accounts give a true and fair view of the state of affairs of the Company and of its total return and cash flows for each of the three financial years ended 31 July 2007, 2008 and 2009 and have been properly prepared in accordance with the Companies Act 1985 or the 2006 Act and UK GAAP, have been incorporated in this document by reference.

The Auditor to the Company for the financial years ended 31 July 2007, 2008 and 2009 was Grant Thornton UK LLP of 30 Finsbury Square, London EC2P 2YU. Grant Thornton UK LLP is a member of the Institute of Chartered Accountants in England and Wales.

2. Published Annual Reports and Financial Statements for the Three Financial Years Ended 31 December 2007, 2008 and 2009

2.1 *Historical financial information*

The published annual reports and audited financial statements for the Company for the three financial years ended 31 July 2007, 2008 and 2009, which have been incorporated into this document by reference, included, on the pages specified in the table below, the following information:

<i>Nature of Information</i>	<i>Annual report and financial statements for the year ended 31 July</i>		
	<i>2007 Page No(s)</i>	<i>2008 Page No(s)</i>	<i>2009 Page No(s)</i>
Income statement	30	30	30
Reconciliation of movements in Shareholders' funds	31	31	31
Balance sheet	32	32	32
Cash flow statement	33	33	33
Accounting policies	34-35	34-35	34-35
Notes to the financial statements	35-45	35-45	35-45
Independent auditor's report	29	29	29
Chairman's statement	3-4	3-4	3-4
Investment Manager's report	5-7	5-7	5-7
Directors' report	14-20	14-20	14-20

2.2 *Selected financial information*

The key audited figures that summarise the Company's financial condition in respect of the three financial years ended 31 July 2007, 2008 and 2009, which have been extracted without material adjustment from the historical financial information referred to in paragraph 2.1 of this Part III, are set out in the following table:

	<i>As at or for the year ended</i>		
	<i>31 July</i>		
	<i>2007</i>	<i>2008</i>	<i>2009</i>
<i>Assets</i>			
Net assets (£'000)	170,721	145,028	92,134
NAV per share (pence)	156.13	131.78	151.18
<i>Revenue</i>			
Net return on ordinary activities after taxation (£'000)	658	1,489	980
Return per share basic (pence)	0.63	1.43	1.49
Return per share diluted (pence)	0.62	n/a	n/a
<i>Total</i>			
Net return/(loss) on ordinary activities after taxation (£'000)	56,716	(25,174)	10,753
Return/(loss) per share basic (pence)	54.00	(24.14)	16.34
Return per share diluted (pence)	53.97	n/a	n/a
Dividend per share (pence)	nil	0.81	1.00

2.3 *Operating and financial review*

The Company's published audited annual reports and financial statements for the three financial years ended 31 July 2007, 2008 and 2009 included, on the pages specified in the table below: descriptions of the Company financial condition (in both capital and revenue terms); details of the Company's investment activity and portfolio exposure; and changes in its financial condition for each of those years.

	<i>Annual report and financial statements</i>		
	<i>for the year ended 31 July</i>		
	<i>2007</i>	<i>2008</i>	<i>2009</i>
<i>Nature of Information</i>	<i>Page No(s)</i>	<i>Page No(s)</i>	<i>Page No(s)</i>
Chairman's statement	3-4	3-4	3-4
Investment Manager's report	5-7	5-7	5-7
Portfolio analyses	8, 46-49	8, 46-49	8, 46-49
Performance, discount and financial record	2, 9-11	2, 9-11	2, 9-11

The causes of material change in the capital value of the Company's assets in these three financial years can be summarised as follows:

- (a) in the year to 31 July 2007, the Company made a net capital gain of £56,058,000;
- (b) in the year to 31 July 2008, the Company made a net capital loss of £26,663,000; and
- (c) in the year to 31 July 2009, the Company made a net capital gain of £9,773,000.

The issue of the Subscription Shares itself has no impact on the Company's assets, earnings or liabilities. Where Subscription Shares are converted into Ordinary Shares, the total assets of the Company will increase by that number of Ordinary Shares multiplied by the relevant Subscription Price. It is not expected that there will be any material impact on the earnings and liabilities per Ordinary Share as the net proceeds resulting from any conversion are expected to be invested in accordance with the investment objective and policy of the Company.

2.4 *Availability of annual reports*

Copies of the Company's audited annual reports and financial statements for the three financial years ended 31 July 2007, 2008 and 2009 are available for inspection at the address set out in paragraph 19 of Part V of this document.

3. **Capitalisation and Indebtedness**

The following table, sourced from the Company's internal accounting records, shows the Company's unaudited indebtedness (distinguishing between guaranteed and unguaranteed, secured and unsecured indebtedness) as at 31 December 2009.

	<i>Unaudited</i> <i>31 December 2009</i> <i>£'000</i>
<i>Total Current Debt</i>	
Guaranteed	–
Secured	–
Unguaranteed/unsecured	–
<i>Total Non-Current Debt</i>	
Guaranteed	–
Secured	–
Unguaranteed/unsecured	–

The following table shows the capitalisation of the Company as at 31 July 2009 being the last date in respect of which the Company has published financial information.

	<i>As at 31 July 2009</i> <i>£'000</i>
<i>Shareholder equity</i>	
Share capital	15,235
Other reserves (excluding profit and loss)	26,606
Legal reserves (capital redemption reserve)	1,785

As at 3 February 2010 (being the latest practicable date prior to the publication of this document), there has been no material change in the capitalisation of the Company since 31 July 2009 (being the last date in respect of which the Company has published financial information).

The following table shows the Company's unaudited net indebtedness as at 31 December 2009.

	<i>Unaudited</i> <i>31 December 2009</i> <i>£'000</i>
A. Cash	1,769
B. Cash Equivalent	–
C. Trading securities	–
D. Liquidity (A+B+C)	1,769
E. Current financial receivable	–
F. Current bank debt	–
G. Current portion of non-current debt	–
H. Trading securities payable	–
I. Other current financial debt	–
J. Current financial debt (F+G+H+I)	–
K. Net current financial indebtedness (J-E-D)	(1,769)
L. Non-current bank loans	–
M. Bonds issued	–
N. Other non-current loans	–
O. Non-current financial indebtedness (L+M+N)	–
P. Net financial indebtedness (K+O)	(1,769)

4. Working Capital

In the Company's opinion, the Company has sufficient working capital for its present requirements, that is, for at least the twelve months following the date of this document.

5. Liquidity

The Company has two main sources of liquidity: (i) cash or cash equivalent securities; and (ii) a portfolio of listed securities. As at 31 December 2009, the Company's portfolio of listed securities had a fair value of £109.4 million.

The Company anticipates that it will be able to fulfil all of its commitments by recourse to these sources of liquidity. The Company's borrowings are not seasonal in nature.

PART IV

PARTICULARS OF THE SUBSCRIPTION SHARES

Conditional upon the passing of the Resolution at the General Meeting and Admission, the Subscription Shares are expected to be issued on 5 March 2010 and will carry the rights described below. The Articles will be replaced with the New Articles which will incorporate these rights.

1. Subscription Share Rights

- (a) A registered holder for the time being of a Subscription Share (a "Subscription Shareholder") shall have a right (the "Subscription Share Right") exercisable on the last business day of each month commencing in May 2010 and finishing on the last business day in May 2013 (the "Final Subscription Date", any date on which exercise occurs being described as a "Subscription Date") to subscribe for all or any of the Ordinary Shares to which his Subscription Shares relate at the price per Ordinary Share to be determined by the Company as being equal to a 1 per cent. premium to the published NAV per Ordinary Share as at 5.00 p.m. on 4 March 2010, rounded up to the nearest whole penny (the "Subscription Price").

The Subscription Price shall be payable in full in Sterling on subscription.

Each Subscription Share relates to one Ordinary Share, but the Subscription Price (and/or the number of Subscription Shares outstanding) will be subject to adjustment as provided in paragraph 2 below.

The NAV for the purpose of calculating the Subscription Price means the unaudited value of all the Company's assets calculated in accordance with the Company's accounting policies (including revenue items for the current financial year) less all prior charges and other creditors at their fair value (including the costs of the Bonus Issue).

It is expected that the Subscription Price will be announced via a Regulatory Information Service on or around 5 March 2010.

- (b) Subscription Shares will be issued in registered form and may be held in either certificated form (the "Certificated Subscription Shares") or uncertificated form (the "Uncertificated Subscription Shares"). In the case of:
- (i) Certificated Subscription Shares, a Subscription Shareholder will be entitled to a share certificate in respect of his holding of Subscription Shares; and
 - (ii) Uncertificated Subscription Shares, a Subscription Shareholder's title to such Subscription Shares will be recorded in the relevant register as being held in such form as will by virtue of the Uncertificated Securities Regulations enable the transfer of title to the Subscription Shares to be effected without a written instrument by means of a relevant electronic system (a "Relevant Electronic System").
- (c) In order to exercise, in whole or in part, the Subscription Share Rights which are conferred by any Certificated Subscription Shares, the Subscription Shareholder must lodge the relevant Subscription Share certificate(s) (or such other document(s) as the Directors may, in their absolute discretion, accept) at the office of the Registrars no later than 5.00 p.m. on the day falling ten business days before the relevant Subscription Date, having completed the notice of exercise of Subscription Share Rights thereon (or by giving such other notice of exercise of Subscription Share Rights as the Directors may, in their absolute discretion, accept) ("Subscription Notice"), accompanied by a remittance for the aggregate Subscription Price for the Ordinary Shares in respect of which the Subscription Share Rights are being exercised. The Directors may accept as valid, Subscription Notices which are received after the relevant Subscription Date provided they are accompanied by the correct remittance, as described above, otherwise the Subscription Notice shall be deemed to have been given in respect of the next following Subscription Date. Once lodged, a Subscription Notice

shall be irrevocable save with the consent of the Directors. To be effective, compliance must also be made with any statutory and regulatory requirements for the time being applicable.

- (d) The Subscription Share Rights which are conferred by any Uncertificated Subscription Shares on the relevant Subscription Date shall be exercisable, in whole or in part, (and treated by the Company as exercised) on the relevant Subscription Date if, not later than 5.00 p.m. on the relevant Subscription Date between the last business day of each month commencing in May 2010 and finishing on the last business day in May 2013, (i) an Uncertificated Subscription Notice is received as referred to below and (ii) a remittance for the aggregate Subscription Price for the Ordinary Shares in respect of which the Subscription Share Rights are being exercised is received by the Company (or by such person as it may require for these purposes). For these purposes, an Uncertificated Subscription Notice shall mean a properly authenticated dematerialised instruction and/or other instruction or notification received by the Company (or by such person as it may require for these purposes) in such form and subject to such terms and conditions as may from time to time be prescribed by the Directors (subject always to the regulations and the facilities, rules and requirements of the Relevant Electronic System). The Directors may, in addition but subject to the regulations and facilities and requirements of the Relevant Electronic System, determine when any such properly authenticated dematerialised instruction and/or other instruction or notification and any such remittance is to be treated as received by the Company or by such person as it may require for these purposes. Without prejudice to the generality of the foregoing, the effect of the Uncertificated Subscription Notice may be such as to divest the holder of the Subscription Shares concerned of the power to transfer such Subscription Shares to another person. Once lodged, an Uncertificated Subscription Notice shall be irrevocable save with the consent of the Directors. To be effective, compliance must also be made with any statutory and regulatory requirements for the time being applicable.
- (e) Not later than 30 days before the Final Subscription Date, the Company shall give notice in writing to the holders of the outstanding Subscription Shares reminding them of their Subscription Share Rights and, in relation to any Uncertificated Subscription Shares, stating the form of Uncertificated Subscription Notice prescribed by the Directors.
- (f) Ordinary Shares issued pursuant to the exercise of Subscription Share Rights which are conferred by any Certificated Subscription Shares will be allotted within ten Business Days of the relevant Subscription Date, save in the case of the Final Subscription Date when the relevant Ordinary Shares will be allotted not later than ten Business Days after the Final Subscription Date subject to the receipt by the Registrars of cleared funds. The Ordinary Shares arising on conversion shall be allotted with effect from the date of their allotment (and not the date upon which the notice of exercise is given or deemed given in accordance with paragraph 1(c) above). Certificates in respect of such Ordinary Shares, together, if applicable, with a new certificate for the balance of any Certificated Subscription Shares in respect of which the Subscription Share Rights have not been exercised, will be despatched (at the risk of the person(s) entitled thereto) not later than 28 days after the relevant allotment date to the person(s) in whose name(s) the Subscription Share is registered at the date of exercise (and, if more than one, to the first-named, which shall be sufficient despatch for all) or (subject as provided by law and to the payment of stamp duty reserve tax or any other tax as may be applicable) to such other person(s) (not being more than four in number) as may be named in the form of nomination available for the purpose from the Registrars (and, if more than one, to the first-named, which shall be sufficient despatch for all).
- (g) Ordinary Shares issued pursuant to the exercise of Subscription Share Rights which are conferred by any Uncertificated Subscription Shares will be allotted within ten Business Days of the relevant Exercise Date, save in the case of the Final Subscription Date, when the relevant Ordinary Shares will be allotted not later than ten Business Days after the Final Subscription Date subject to the receipt by the Registrars of cleared funds. The Ordinary Shares arising on conversion shall be allotted with effect from the date of their allotment (and not the date upon which the Uncertificated Subscription Notice is given in accordance with paragraph 1(d) above). The Company shall procure that the appropriate instructions are given to enable such Ordinary Shares to be credited in uncertificated form to the relevant account within the Relevant Electronic System of the person(s) in whose name(s) the

Subscription Shares in respect of which Subscription Share Rights have been exercised were registered as at the date of such exercise or (subject as provided by law, to the payment of stamp duty reserve tax or any other tax as may be applicable, to such terms and conditions as the Directors may from time to time prescribe for this purpose, to the regulations, and the facilities, rules and requirements of the Relevant Electronic System) to such other person(s) (not being more than four in number) as may be named in the properly authenticated dematerialised instruction and/or other instruction or notification in such form.

- (h) For the avoidance of doubt, unless the Directors otherwise determine or unless the regulations or the facilities, rules or requirements of the Relevant Electronic System otherwise require, the Ordinary Shares issued on the exercise of any Subscription Share Rights shall be issued in certificated form where such Subscription Share Rights were conferred by Certificated Subscription Shares and in uncertificated form where such Subscription Share Rights were conferred by Uncertificated Subscription Shares.
- (i) Ordinary Shares allotted pursuant to the exercise of Subscription Share Rights will not rank for any dividends or other distributions declared, paid or made on the Ordinary Shares by reference to a record date prior to the relevant allotment date but, subject thereto, will rank in full for all dividends and other distributions declared, paid or made on the Ordinary Shares and otherwise will rank *pari passu* in all other respects with the Ordinary Shares in issue at the relevant allotment date.
- (j) For so long as the Company's Ordinary Shares are admitted to the Official List and to trading on the London Stock Exchange's market for listed securities, it is the intention of the Company to apply (i) to the UK Listing Authority for the Ordinary Shares allotted pursuant to any exercise of Subscription Share Rights to be admitted to the Official List and (ii) to the London Stock Exchange for such Shares to be admitted to trading on the London Stock Exchange's market for listed securities. The Ordinary Shares arising pursuant to any exercise of Subscription Share Rights will be allotted subject to admission to the Official List and to trading on the London Stock Exchange's market for listed securities.
- (k) Each notice of exercise of Subscription Share Rights and each Uncertificated Subscription Notice will be deemed to contain a representation that at the time of submission to the Company, the holder of the Subscription Shares concerned is not a US Person (as defined in paragraph 1(l) below) or a person in Canada, Australia, Japan, New Zealand or the Republic of South Africa or, if he is such a person, his exercise of Subscription Share Rights is permitted by, and will not infringe, the securities laws of the relevant jurisdiction.
- (l) Without prejudice to the generality of the final sentences of paragraphs 1(c) and 1(d) above, the exercise of Subscription Share Rights by any Subscription Shareholder or beneficial owner of the Subscription Shares who is a US Person or a person in Canada, Australia, Japan, New Zealand or the Republic of South Africa or the right of such a Subscription Shareholder or beneficial owner to receive the Ordinary Shares falling to be issued to him following the exercise of his Subscription Share Rights, will be subject to such requirements, conditions, restrictions, limitations or prohibitions as the Company may at any time impose, in its sole discretion, for the purpose of complying with (or for avoiding any requirement which would otherwise arise to comply with) the securities laws of the United States (including, without limitation, the Securities Act, the United States Investment Company Act of 1940, as amended, and any rules or regulations promulgated under such Acts) and the laws of Canada, Australia, Japan, New Zealand and the Republic of South Africa. As used herein, "US Person" means any person or entity defined as such in Rule 902(o) of the Securities Act and, without limiting the generality of the foregoing, US Person includes a natural person resident in the United States, a corporation, partnership or other entity created, organised or incorporated under the laws of the United States (including any State thereof) and an estate or trust, if any executor, administrator or trustee is a US Person, but shall not include a branch or agency of a US Person located outside the United States if such agency or branch operates for valid business reasons and is engaged in the business of insurance or banking and is subject to substantive insurance or banking regulation, respectively, in the jurisdiction where located, and United States means the United States

of America (including the States thereof and the District of Columbia), its territories and possessions or other areas subject to its jurisdiction.

2. Adjustments of Subscription Share Rights

The Subscription Price (and/or the number of Subscription Shares outstanding) shall from time to time be adjusted in accordance with the provisions of this paragraph 2:

- (a) If and whenever there shall be an alteration on a date (or by reference to a record date) on or before the Final Subscription Date in the nominal amount of the Ordinary Shares as a result of a consolidation or sub-division, the Subscription Price in force immediately prior to such alteration shall be adjusted by multiplying it by a fraction of which (x) the numerator shall be the nominal amount of one such Ordinary Share immediately after such alteration and (y) the denominator shall be the nominal amount of one such Ordinary Share immediately prior to such alteration, and such adjustment shall become effective on the date the alteration takes effect.
- (b) If and whenever the Company shall allot to holders of Ordinary Shares any Ordinary Shares credited as fully paid by way of capitalisation of reserves or profits (other than Ordinary Shares paid up out of distributable reserves and issued in lieu of a cash dividend) on a date (or by reference to a record date) on or before the Final Subscription Date, the Subscription Price in force immediately prior to such allotment shall be adjusted by multiplying it by a fraction of which (x) the numerator shall be the aggregate nominal amount of the issued Ordinary Shares immediately before such allotment and (y) the denominator shall be the aggregate nominal amount of the issued and allotted Ordinary Shares immediately after such allotment and such adjustment shall become effective as at the date of allotment of such Ordinary Shares.
- (c) 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 (whether by way of rights issue, open offer or otherwise but not being an offer made in connection with scrip dividend arrangements) to the holders of the Ordinary Shares (subject to such exclusions as may be necessary to deal with legal, regulatory or practical problems in any jurisdiction) to subscribe for new Ordinary Shares or for securities convertible into or exchangeable for Ordinary Shares or conferring rights to subscribe for Ordinary Shares, or any offer or invitation (not being an offer to which paragraph 3(f) below applies) is made to such holders 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 Subscription Shareholders as if their Subscription Share Rights had been exercised on the date immediately preceding the record date for such offer or invitation on the terms (subject to any adjustment made previously pursuant to paragraphs 2(a) to (f)) on which the same could have been exercised on that date, provided that, if the Directors so resolve in the case of any such offer or invitation made by the Company, the Company shall not be required to procure that the same offer or invitation is made to the then Subscription Shareholders but the Subscription Price shall be adjusted:
 - (i) in the case of an offer of new Ordinary Shares for subscription by way of a rights issue at a price less than the market price at the date of announcement of the terms of the offer, by multiplying the Subscription Price by a fraction of which the numerator is the number of Ordinary Shares in issue on the date of such announcement plus the number of Ordinary Shares which the aggregate amount payable for the total number of new Ordinary Shares comprised in such rights issue would purchase at such market price and the denominator is the number of Ordinary Shares in issue on the date of such announcement plus the aggregate number of Ordinary Shares offered for subscription; and
 - (ii) in any other case, in such manner as the financial advisers appointed by the Board (the "Financial Advisers") shall report in writing to be fair and reasonable.

Any such adjustments shall become effective, in the case of (i) above, as at the date of allotment of the new Ordinary Shares which are the subject of the offer or invitation and, in the case of (ii) above, as at the date determined by the Financial Advisers appointed by the Board. For the purposes of this

paragraph “market price” shall mean the average of the middle market quotations (as derived from the 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.

- (d) No adjustment will be made to the Subscription Price pursuant to paragraphs 2(a), (b) or (c) above (other than by reason of a consolidation of Ordinary Shares as referred to in paragraph 2(a) above) if it would result in an increase in the Subscription Price and, in any event, no adjustment will be made if such adjustment would (taken together with the amount of any adjustment carried forward under the provisions of this paragraph 2(d)) be less than 1 per cent. of the Subscription Price then in force and on any adjustment the adjusted Subscription Price will be rounded down to the nearest whole penny. Any adjustment not so made and any amount by which the Subscription Price is rounded down will be carried forward and taken into account in any subsequent adjustment.
- (e) Whenever the Subscription Price is adjusted as provided in accordance with paragraphs 2(a) to (d) above (other than by reason of and to reflect a consolidation of Ordinary Shares as referred to in paragraph 2(a) above), the Company shall issue, for no payment, additional Subscription Shares to each Subscription Shareholder at the same time as such adjustment takes effect and the nominal value of such shares shall be paid up in full in accordance with paragraph 8(i)(v). The number of additional Subscription Shares to which a holder of Subscription Shares will be entitled shall be the number of existing Subscription Shares held by him before such adjustment multiplied by the following fraction:

$$\frac{X - Y}{Y}$$

where:

X = the Subscription Price (for the next Subscription Date) immediately before the adjustment of the Subscription Price; and

Y = the Subscription Price (for the next Subscription Date) immediately after the adjustment of the Subscription Price.

Fractions of Subscription Shares will not be allotted to holders of Subscription Shares but all such fractions will be aggregated and, if practicable, sold in the market. The net proceeds will be paid to the Subscription Shareholders entitled thereto at the risk of such persons, save that amounts of less than £5 will be retained for the benefit of the Company. Subscription Share certificates relating to such additional Certificated Subscription Shares will be issued within 21 days of the said adjustment taking effect or the Company will procure that appropriate instructions are given to enable such additional Uncertificated Subscription Shares to be credited to the relevant account within the Relevant Electronic System of the person(s) in whose name(s) the Subscription Shares are registered as at the date of the adjustment.

- (f) Whenever the Subscription Price is adjusted in accordance with this paragraph by reason of a consolidation of Ordinary Shares as referred to in paragraph 2(a) above, the number of Ordinary Shares into which each holder of Subscription Shares is entitled to convert such Subscription Shares will be reduced accordingly.
- (g) The Company shall give notice to holders of Subscription Shares within 28 days of any adjustment made pursuant to paragraphs 2(a) to (f) above.
- (h) If a holder of Subscription Shares shall become entitled to exercise his Subscription Share Rights pursuant to paragraph 3(f) below, the Subscription Price payable on such exercise (but not otherwise) shall be reduced by an amount determined by the Financial Advisers in accordance with the following formula:

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

where:

- A = the reduction in the Subscription Price;
- B = the Subscription Price which would, but for the provisions of this paragraph 2(h), be applicable (having taken into account any adjustments previously made pursuant to paragraphs 2(a) to (f) above) on the date on which the Company shall become aware as provided in paragraph 3(f) below;
- C = the average of the middle market quotations (as derived from the London Stock Exchange Daily Official List) for one Subscription Share for the ten consecutive dealing days ending on the dealing day immediately preceding the date of the announcement of the offer referred to in paragraph 3(f) below (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 = the average of the middle market quotations (as derived from the London Stock Exchange Daily Official List) for one Ordinary Share for the ten consecutive dealing days ending on the dealing day immediately preceding the date of the announcement of the offer referred to in paragraph 3(f) below (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,

provided that:

- (i) the Subscription Price shall not be reduced so as to cause the Company to be obliged to issue Ordinary Shares at a discount to nominal value and, if the application of the above formula would, in the absence of this proviso (i), have reduced the Subscription Price to below the nominal value of an Ordinary Share, the number of Ordinary Shares for which a holder of a Subscription Share may subscribe pursuant to paragraph 3(f) below shall be adjusted in such manner as the Financial Advisers shall report to be appropriate to achieve the same economic result for the Subscription Shareholders as if the Subscription Price had been reduced without regard to this proviso (i); and
- (ii) no adjustment shall be made to the Subscription Price where the value of D exceeds the aggregate value of B and C in the above formula.

The notice required to be given by the Company under paragraph 3(f) below shall give details of any reduction in the Subscription Price pursuant to this paragraph 2(h).

Notwithstanding the provisions of paragraphs 2(a) to 2(h) above, in any circumstances where the Directors shall consider that an adjustment to the Subscription Price provided for under the said provisions should not be made or should be calculated on a different basis or that an adjustment to the Subscription Price should be made notwithstanding that no such adjustment is required under the said provisions or that an adjustment should take effect on a different date or with a different time from that provided under the said provisions, the Company may appoint the Financial Advisers to consider whether for any reason whatsoever the adjustment to be made (or the absence of adjustment) would or might not appropriately reflect the relative interests of the persons affected thereby and, if the Financial Advisers shall consider this to be the case, the adjustment shall be modified or nullified, or another adjustment made instead, or no adjustment made, in such manner including, without limitation, making an adjustment calculated on a different basis and/or to take effect from such other date and/or time as shall be reported by the Financial Advisers to be in their opinion appropriate.

3. Other Provisions

So long as any Subscription Share Rights remain capable of exercise:

- (a) the Company shall not (except with the sanction of a special resolution of the Subscription Shareholders):
 - (i) make, pay or declare any distribution of capital profits or capital reserves except by means of a capitalisation issue in the form of fully paid Ordinary Shares;

- (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 the issue of further Subscription Shares to the Subscription Shareholders in accordance with the rights attaching to the Subscription Shares; or
 - (iii) on or by reference to a record date falling within the period of six weeks ending on the Final Subscription Date, make any such allotment as is referred to in paragraph 2 above or any such offer or invitation as is referred to in paragraph 2 above (except by extending to the Subscription Shareholders any such offer or invitation as may be made by a third party);
- (b) the Company shall not (except with the sanction of a special resolution of the Subscription Shareholders) in any way modify the rights attached to its Existing Ordinary Shares as a class, or create or issue any new class of equity share capital (as defined in section 548 of the 2006 Act) except for shares which carry, as compared with the rights attached to the Existing Ordinary Shares, rights which are not more advantageous as regards voting, dividend or return of capital (save as to the date from which such shares shall rank for dividends or distributions), provided that nothing herein shall restrict the right of the Company to increase, consolidate or sub-divide its share capital or to issue further Ordinary Shares which carry, as compared to the rights attached to the Existing Ordinary Shares, rights which are not more advantageous as regards voting, dividends 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(c) if, in either case, the Company would on any subsequent exercise of the Subscription Share Rights be obliged to issue Ordinary Shares at a discount to nominal value;
- (d) the Company shall not (except with the sanction of a special resolution of the holders of the Subscription Shares or in connection with a purchase of shares made in accordance with paragraph 3(i) below or for a reduction not involving any payment to Shareholders) reduce any of its share capital or any uncalled or unpaid liability in respect of any of its share capital;
- (e) except in the circumstances where paragraph 2(c) applies, the Company shall not grant (or agree to grant) any option in respect of, or create any rights of subscription for, or conversion into, any Ordinary Shares, the nominal amount of which, together with the aggregate nominal amount of any Ordinary Shares over which options or rights of subscription or conversion (including those of the Subscription Shares) shall be subsisting at the date of such grant or creation, would exceed in the aggregate 20 per cent. of the nominal amount of the Ordinary Shares (excluding any treasury shares) then in issue, nor (except with the sanction of a special resolution of the Subscription Shareholders) will the Company grant (or offer or agree to grant) any such option in respect of, or create any such rights of subscription for, or issue any securities or loan capital carrying rights of conversion into, Ordinary Shares if the price at which any such option or right is exercisable is lower than the Subscription Price for the time being;
- (f) subject as provided in paragraph 3(g) below, if at any time an offer is made to all Shareholders (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 on or before the Final Subscription Date 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 Subscription Shareholders of such vesting or pending vesting within fourteen days of its becoming so aware, and each such Subscription Shareholder shall be entitled, at any time within the period of 30 days immediately following the date of such notice, to exercise his Subscription Share Rights on the terms (having taken into account any adjustments pursuant to paragraphs 2(a) to (f) and 2(h) above) on which the same could have been exercised if they had been exercised on the date on which the Company shall become aware as aforesaid. The publication of a scheme of arrangement under sections 895 to 901 of the 2006 Act providing for the acquisition by any person of the whole or any part of the issued ordinary share capital of the Company shall be deemed to be the making of an offer for the purposes of this paragraph 3(f) and reference herein to such an offer shall be read and construed accordingly;

- (g) if under any offer as referred to in paragraph 3(f) above the consideration shall consist solely of the issue of ordinary shares of the offeror and the offeror shall make available an offer of securities to subscribe for ordinary shares in the offeror in exchange for the Subscription Shares, which offer the Financial Advisers to the Company (acting as experts and not as arbitrators) shall consider to be fair and reasonable (having regard to the terms of the offer and any other circumstances which may appear to such Financial Advisers to be relevant), then a Subscription Shareholder shall not have the right to exercise his Subscription Share Rights on the basis referred to in paragraph 3(f) above and, subject to the offer as referred to in paragraph 3(f) above becoming or being declared wholly unconditional and the offeror being in a position to acquire compulsorily the whole of the then issued ordinary share capital of the Company not already owned by it or its associates (as defined in section 988 of the 2006 Act), any Director shall be irrevocably authorised as attorney for the holders of Subscription Shares who have not accepted the offer of securities to subscribe for ordinary shares in the offeror in exchange for the relevant Subscription Shares and who have not exercised the Subscription Share Rights attaching to their Subscription Shares before such offer becomes or is declared unconditional and the offeror being in a position to acquire compulsorily the whole of the then issued ordinary share capital of the Company not already owned by it or its associates:
- (i) to execute a transfer of the Subscription Shares held by such holders in favour of the offeror in consideration of the issue of securities to subscribe for ordinary shares in the offeror as aforesaid, whereupon all the Subscription Share Rights shall lapse; and
- (ii) to do such acts and things as may be necessary or appropriate in connection therewith;
- (h) if an order is made or an effective resolution is passed for winding up the Company (except for the purpose of reconstruction, amalgamation or unitisation on terms sanctioned by a special resolution of the Subscription Shareholders), each Subscription Shareholder shall be entitled to receive out of the assets available in the liquidation, *pari passu* with the holders of the Ordinary Shares and *pro rata* to their holding of Subscription Shares as at the commencement of the liquidation, such proportion of the assets available for distribution and distributed in the liquidation as is equal to the greater of:

(i)
$$\frac{MP \times N}{SA}$$

where:

MP = the average of the middle market quotations (as derived from the London Stock Exchange Daily Official List) for one Subscription Share for the five consecutive dealing days ending on the dealing day immediately preceding the date of the presentation of the petition for such order or of the notice convening the meeting at which such resolution shall be passed (as the case may be) or, if applicable and earlier, the date of the first announcement of the presentation of such petition or the convening of a meeting (as the case may be) or that the same is proposed

N= the number of Subscription Shares in issue immediately prior to the commencement of the liquidation

SA = the surplus assets available in the liquidation and

(ii)
$$\frac{IV \times N}{SA}$$

where:

IV = the excess of the Diluted NAV per Ordinary Share over the Subscription Price immediately prior to the commencement of the liquidation

N = the number of Subscription Shares in issue immediately prior to the commencement of the liquidation

SA = the surplus assets available in the liquidation

For the avoidance of doubt, the entitlement of Subscription Shareholders pursuant to this paragraph 3(h) shall be payable out of the assets available in the liquidation without the Subscription Shareholders having to make any subscription or payment. Subject to the foregoing, all Subscription Share Rights shall lapse on liquidation of the Company.

Notwithstanding the foregoing provisions of this paragraph 3(h), where the Directors, in their reasonable opinion, shall consider that the economic result produced by the application of such provisions would or might not fairly and appropriately reflect the relative interests of the persons affected thereby, the Directors may appoint the Financial Advisers to consider and report on what (if any) adjustments should be made to such provisions so as to produce an economic result which, in the opinion of the Financial Advisers, fairly and appropriately reflects the relative interests of the persons affected thereby, and in the event of any such report by the Financial Advisers the provisions of this paragraph 3(h) shall be deemed to be varied and take effect accordingly.

- (i) Notwithstanding paragraphs 3(a) to (h) above, the Company may, without the sanction of special resolution of the Subscription Shareholders:
- (i) issue new Ordinary Shares at a premium to NAV;
 - (ii) purchase any of its own equity share capital (whether by tender, by private treaty or through the market);
 - (iii) hold its Ordinary Shares in treasury and sell any such Ordinary Shares held in treasury; and
 - (iv) effect a reduction in its share premium account or capital redemption reserve in accordance with the provisions of the 2006 Act.

For the purposes of this paragraph 3:

the “Diluted NAV per Ordinary Share” shall be the amount calculated in accordance with the following formula:

$$\text{DNAV} = \frac{(A + B)}{(C + D)}$$

where:

DNAV = the diluted NAV per Ordinary Share;

A = the net assets of the Company as at the close of business on the business day immediately preceding the pricing date;

B = an amount equal to the product of (x) the number of new Ordinary Shares which would fall to be issued by the Company if the rights conferred by all relevant securities were exercisable and had been exercised in full on the business day immediately preceding the pricing date at the conversion, exchange or subscription price (as the case may be) applicable on the next occasion on which such rights are then capable of exercise (disregarding, in the case of the Subscription Shares, any adjustment required by reason of the relevant offer or invitation under this paragraph (3)) and (y) such conversion, exchange or subscription price (as the case may be);

C = the number of Ordinary Shares in issue as at the pricing date;

D = the number of new Ordinary Shares that would result from the exercise in full (on the basis set out in B above) of all the rights conferred by the relevant securities.

4. Issue of C Shares

- (a) Notwithstanding the provisions of paragraph 3 above, a Qualifying C Share Issue (as defined in (b) below) shall not constitute an alteration or abrogation of the rights attached to the Subscription Shares

(and shall not require the sanction of a special resolution of the Subscription Shareholders), 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 NAV per Ordinary Share.

- (b) 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 subscription shares or warrants (whether on the same terms and conditions as the Subscription Shares 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, redesignation, purchase, redemption or cancellation of any share capital of the Company, including share capital with preferred or deferred rights.

5. Modification of Rights

All or any of the rights for the time being attached to the Subscription Shares and any of these terms and conditions may from time to time (whether or not the Company is being wound up) be altered or abrogated with the sanction of a special resolution of the Subscription Shareholders.

6. Purchase

Subject to the provisions of the 2006 Act the Company (or any of its subsidiaries) shall have the right to purchase Subscription Shares in the market, by tender or by private treaty but:

- (a) such purchases will be limited to a maximum price per Subscription Share which (other than in the case of purchases by tender) will not exceed the higher of (i) 5 per cent. above the average of the middle market quotations (as derived from the London Stock Exchange Daily Official List) for a Subscription Share for the five consecutive dealing days ending on the dealing day immediately preceding the date on which the purchase is made and (ii) the value of a Subscription Share calculated on the basis of the higher of the price quoted for (a) the last independent trade of, or (b) the highest current independent bid for, any number of Subscription Shares on the trading venue where the purchase is carried out; and
- (b) if such purchases are by tender, such tender will be available to all Subscription Shareholders alike.

All Subscription Shares so purchased shall forthwith be cancelled and shall not be available for reissue or resale.

7. Transfer

Each Subscription Share will be in registered form and will be transferable:

- (a) in the case of Certificated Subscription Shares, by an instrument of transfer in any usual or common form, or in any other form which may be approved by the Directors; and
- (b) in the case of Uncertificated Subscription Shares, by giving the appropriate instructions for transfer by means of the Relevant Electronic System.

No transfer of a fraction of a Subscription Share may be effected.

8. General

- (a) The Company will, concurrently with the issue of the same to the holders of the Ordinary Shares, send to each Subscription Shareholder (or, in the case of joint holders, to the first named) a copy of each published annual report and financial statements 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 a copy of every other statement, notice or circular issued by the Company to holders of Ordinary Shares.

- (b) For the purposes of the rights attaching to Subscription Shares, a special resolution of the Subscription Shareholders means a resolution proposed at a meeting of the Subscription Shareholders duly convened and passed by a majority consisting of not less than 75 per cent. of the votes cast, whether on a show of hands or on a poll.
- (c) Any determination or adjustment made pursuant to the rights attaching to Subscription Shares by the Financial Advisers 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 Subscription Shareholders.
- (d) Any references in the rights attaching to Subscription Shares to a statutory provision shall include that provision as from time to time modified or re-enacted.
- (e) Subject and without prejudice to paragraph 3(h) above, Subscription Shares carry no right to any dividend or other distribution by the Company and (save to the extent that the Directors elect in connection with an exercise of Subscription Share Rights as provided in paragraph 8(i) below) no right to be redeemed (although the Company may elect to purchase Subscription Shares pursuant to paragraph 6). Subscription Shareholders are not entitled to attend or vote at meetings of Ordinary Shareholders and have no right to share in any surplus in the event of liquidation beyond the right to be repaid the sum of 0.01 pence, being the nominal value of each Subscription Share (in respect of which Subscription Share Rights have not been exercised) held (which right ranks immediately after the right of the Ordinary Shareholders to be repaid the nominal value of twenty-five pence for each Ordinary Share), but subject and without prejudice to paragraph 3(h) above.
- (f) If, immediately after any Subscription Date (other than the Final Subscription Date) and after taking account of any Subscription Share Rights exercised on that date, Subscription Share Rights shall have been exercised or cancelled in respect of 75 per cent. or more of the Subscription Shares originally issued (subject to the adjustment of the number of Subscription Shares in accordance with paragraph 2 above (excluding any Ordinary Shares to which Subscription Share Rights attached to Subscription Shares purchased by the Company or any of its subsidiaries relate but including any further Subscription Shares issued in accordance with the Articles)), the Company shall be entitled at any time within the next following fourteen days to serve notice in writing on the holders of the Subscription Shares then outstanding of its intention to appoint a trustee for the purposes set out in this paragraph 8(f) (the “Early Subscription Trustee”) 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 3.00 p.m. on the twenty-first day from the date of such notice. Such notice shall set out the Final Subscription Date and will include all necessary details and instructions to enable the exercise of the Subscription Share Rights. Forthwith after the expiry of the Notice Period, the Company shall appoint the Early Subscription Trustee who, provided that in such trustee’s opinion the net proceeds of sale after deduction of all costs and expenses incurred by, and any fee payable to, such trustee will exceed the costs of exercising the Subscription Share Rights, shall within the period of fourteen days following the expiry of the Notice Period either:
 - (i) exercise all the Subscription Share Rights which shall not have been exercised on the terms on which the same could have been exercised immediately prior to the expiry of the Notice Period and had been exercised (having taken into account any adjustments previously made pursuant to paragraph 2 above) and sell in the market the Ordinary Shares resulting from such exercise; or
 - (ii) (if it appears to the Early Subscription Trustee that doing so is likely to realise greater net proceeds for Subscription Shareholders) accept any offer available to Subscription Shareholders for the purchase of the outstanding Subscription Shares.

The Early Subscription Trustee shall distribute *pro rata* the net proceeds of any such sale or acceptance of any such offer less, in either case, such costs of exercising the Subscription Share Rights and such other fees, 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 28 days after the expiry of the Notice Period, provided that entitlements of under £5 shall be retained for the benefit of the Company. Following the expiry of the Notice Period, if the Early Subscription Trustee shall not exercise the Subscription Share Rights then outstanding within the period of fourteen days following such expiry as set out in this paragraph 8(f) (and such trustee's decision in respect thereof shall be final and binding on all holders of outstanding Subscription Shares), all Subscription Share Rights shall lapse on the expiry of such period of fourteen days.

- (g) Within seven days following the Final Subscription Date the Company shall appoint a trustee (the "Final Subscription Trustee") who, provided that in such trustee's opinion the net proceeds of sale after deduction of all costs and expenses incurred by, and any fee payable to, such trustee will exceed the costs of exercising the Subscription Share Rights, shall within the period of fourteen days following the Final Subscription Date, either:
 - (i) exercise all the Subscription Share Rights which shall not have been exercised on the terms on which the same could have been exercised on the Final Subscription Date (having taken into account any adjustments previously made pursuant to paragraph 2 above) and sell in the market the Ordinary Shares resulting from such exercise; or
 - (ii) (if it appears to the Final Subscription Trustee that doing so is likely to realise greater net proceeds for Subscription Shareholders) accept any offer available to Subscription Shareholders for the purchase of the outstanding Subscription Shares.

The Final Subscription Trustee shall distribute *pro rata* the net proceeds of any such sale or acceptance of any such offer less, in either case, such costs of exercising the Subscription Share Rights and such other fees, costs and expenses to the persons entitled thereto at the risk of such persons within 56 days of the Final Subscription Date, provided that entitlements of under £5 shall be retained for the benefit of the Company. If the Final Subscription Trustee shall not exercise the Subscription Share Rights within the period of fourteen days following the Final Subscription Date as set out in this paragraph 8(g) (and such trustee's decision in respect thereof shall be final and binding on all holders of outstanding Subscription Shares), all Subscription Share Rights shall lapse.

- (h) The Early Subscription Trustee or the Final Subscription Trustee (as appropriate) shall have no liability of any nature whatsoever where such trustee has acted honestly and reasonably and shall have no responsibility for the safe custody of, or to earn any interest on, any unpaid or unclaimed money.
- (i) The exercise of the Subscription Share Rights shall be effected in accordance with this paragraph 8(i) or in such manner as may be authorised by law. For the purposes of this paragraph 8(i) the "Relevant Shares" shall mean those Subscription Shares in respect of which Subscription Share Rights are exercised.
 - (i) To enable such subscription to be effected, the Directors may determine to redeem at par the Relevant Shares on any Subscription Date out of profits of the Company which would otherwise be available for distribution. In the event that the Directors determine to redeem the same at par out of such profits, a Relevant Share shall confer upon the holder thereof the right to subscribe for, and such holder shall be deemed to have appointed the Secretary of the Company (or any other person appointed for the purpose by the Directors) to subscribe as agent on such holder's behalf for, one Ordinary Share at such price as shall represent the aggregate of:
 - (a) the Subscription Price; and
 - (b) the amount of the redemption monies to which the holder is entitled;

and in any such case, the Subscription Notice given by such holder shall be deemed irrevocably to authorise and instruct such agent to apply the redemption moneys payable to such holder in subscribing for such Ordinary Shares at such price.

- (ii) To enable such subscription to be effected, the Directors may determine to redeem at par the Relevant Shares on any Subscription Date out of the proceeds of a fresh issue of Ordinary Shares. In the event that the Directors determine to redeem the same at par out of such proceeds, a Relevant Share shall confer upon the holder thereof the right to subscribe for, and such holder shall be deemed to have authorised the Secretary of the Company (or any other person appointed for the purpose by the Directors) to subscribe as agent on such holder's behalf for, one Ordinary Share at such price as shall represent the aggregate of:
 - (a) the Subscription Price; and
 - (b) the amount of the redemption moneys to which the holder is entitled;

and in any such case, the Subscription Notice given by such holder shall be deemed irrevocably to authorise and instruct such agent to apply the redemption moneys payable to such holder in subscribing for such Ordinary Shares at such price.

- (iii) To enable such subscription to be effected, the Directors may determine to effect such subscription by means of a consolidation and sub-division of the Relevant Shares. In such case the requisite consolidation and sub-division shall be effected pursuant to the authority given by the resolution adopting the New Articles by consolidating into one share all the Relevant Shares held by any holder or joint holders and in respect of which a Subscription Notice shall have been given in respect of the relevant Subscription Date (treating holdings of the same holders or joint holders in certificated form and uncertificated form as separate holdings, unless the Directors otherwise determine) and, if the Directors so determine, any shares allotted to such holder or joint holder pursuant to paragraph 8(i)(iv) and converting (and, if necessary, subdividing) such consolidated share into Ordinary Shares of twenty-five pence each (or such other nominal amount as may be appropriate as a result of any consolidation or sub-division of Ordinary Shares) of which one share for every complete twenty-five pence (or such other nominal amount as may be appropriate as a result of any consolidation or sub-division of Ordinary Shares) of the nominal amount of the consolidated share shall be Ordinary Shares (fractional entitlements to an Ordinary Share being disregarded) and the balance (if any) of such consolidated share shall be deferred shares which shall carry the limited rights set out in the Articles but in particular will be capable of being redeemed by the Company without further authorisation.
- (iv) In relation to any Relevant Shares that are to be redeemed in accordance with paragraph 8(i)(i) or 8(i)(ii) and that are, on the Subscription Date concerned, in uncertificated form, the Directors shall be entitled in their absolute discretion to determine the procedures for the redemption of such Relevant Shares (subject always to the regulations and the facilities, rules and requirements of the Relevant Electronic System). Without prejudice to the generality of the foregoing, the procedures for the redemption of any such Relevant Shares may involve or include the sending by the Company or by any person on its behalf of an issuer instruction to the operator of the Relevant Electronic System requesting or requiring the deletion of any computer based entries in the relevant system concerned that relate to the holding of the Relevant Shares concerned, and/or the Company may, if the Directors so determine (by notice in writing to the holder concerned), require the holder of the Relevant Shares concerned to change the form of the Relevant Shares from uncertificated form to certificated form prior to the Subscription Date concerned (and in each case the Directors shall determine the procedure for such redemption).
- (v) To enable any subscription to be effected in accordance with paragraph 8(i)(i) or 8(i)(ii) above or the issue of any additional Subscription Shares pursuant to paragraph 2(e) above, the resolution adopting the New Articles will authorise the Directors to capitalise any part of the

amount then standing to the credit of any of the Company's reserve accounts (whether or not the same would lawfully be distributable by way of cash dividend) or to the credit of the share premium account, capital redemption reserve, special reserve, revenue reserve or otherwise available for the purpose and the same shall be applied in paying up in full at par shares to be allotted and issued, credited as fully paid, to and amongst the holders of the Subscription Shares exercising their Subscription Share Rights in accordance with their respective entitlements or otherwise to the holders of Subscription Shares in accordance with paragraph 2(e). The restrictions and limitations in the New Articles relating to capitalisation issues generally shall not apply to any capitalisation or creation or issue of shares pursuant to paragraph 8(i) or paragraph 2(e) which shall instead be effected pursuant to the authority given by the resolution adopting the New Articles.

- (vi) For the avoidance of doubt the Subscription Share Rights attached to a Subscription Share shall be capable of being exercised on one occasion only and with effect from the exercise of the Subscription Share Right attached to such Subscription Share the Directors shall be entitled to redesignate such Subscription Share as a deferred share which shall carry the limited rights set out in the Articles but in particular will be capable of being redeemed or transferred by the Company without further authorisation.

PART V

GENERAL INFORMATION

1. Responsibility

The Company, whose registered office appears at paragraph 2.1.7 of this Part V, and the Directors, whose names and functions appear on page 15 of this document, accept responsibility for the information contained in this document. To the best of the knowledge of the Company and the Directors (each of whom has taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and contains no omission likely to affect the import of such information.

2. The Company and the Manager

2.1 *Incorporation*

2.1.1 The Company was incorporated in England and Wales on 2 April 1996. The Company is registered as an investment company under section 833 of the 2006 Act with registered number 3183919. The Company has no subsidiaries.

2.1.2 The Articles contain provisions requiring the Directors to put a proposal for continuation of the Company to the Shareholders at the Company's AGM in 2011 and thereafter at five yearly intervals.

2.1.3 The Company has at all times in the last ten years conducted its affairs so as to enable it to qualify as an investment trust for the purposes of section 842 of the Taxes Act.

2.1.4 As an investment trust the Company is not regulated as a collective investment scheme by the Financial Services Authority. However, as a company listed on the Official List, it is subject to the Listing Rules and the Disclosure and Transparency Rules.

2.1.5 The Company's Ordinary Shares are listed on the Official List and admitted to trading on the London Stock Exchange's market for listed securities. The ISIN of the Ordinary Shares is GB0003322319.

2.1.6 The principal legislation under which the Company operates is the 2006 Act and regulations promulgated thereunder. The Company is domiciled in England and Wales.

2.1.7 The registered office of the Company is Beech Gate, Millfield Lane, Lower Kingswood, Tadworth, Surrey KT20 6RP, with telephone number 01732 361 144.

2.2 *Principal Activities of the Company*

The principal object of the Company is to carry on business as an investment trust company.

2.3 *The Manager*

The Manager is a private unlimited company, incorporated in England and Wales on 13 September 1979 under company number 1448245. The Manager is authorised and regulated by the Financial Services Authority. The principal legislation under which the Manager operates is the FSMA. The address of the registered office of the Manager is Oakhill House, 130 Tonbridge Road, Hildenborough, Tonbridge, Kent TN11 9DZ with telephone number 01732 361 144.

3. Share Capital

3.1 The following table shows the issued share capital of the Company as at 31 July 2009 (being the last date in respect of which the Company has published financial information) and as at 3 February 2010 (being the latest practicable date prior to the publication of this document):

	<i>31 July 2009</i>		<i>3 February 2010</i>	
	<i>Nominal Value (£)</i>	<i>Number of ordinary shares</i>	<i>Nominal Value (£)</i>	<i>Number of ordinary shares</i>
Issued share capital (fully paid)	15,235,625.25	60,942,501	15,235,625.25	60,942,501
3.2	Save for the proposed Bonus Issue of Subscription Shares described in this document, no share or loan capital of the Company is under option or agreed conditionally or unconditionally to be put under option.			
3.3	With effect from Admission, all of the Subscription Shares will be in registered form and, subject to the Subscription Shares being admitted to and accordingly enabled for settlement in CREST, the Subscription Shares will be capable of being held in both certificated and uncertificated form. No temporary documents of title will be issued. All of the Ordinary Shares issued or to be issued by the Company will be in registered form and are capable of being held in certificated and uncertificated form.			
3.4	The Company's issued share capital history during the last three financial years and since 31 July 2009 is as follows:			
	(i) in the financial year ended 31 July 2007, the Company did not issue any new Ordinary Shares. It repurchased 4,627,000 Ordinary Shares for cancellation. As at 31 July 2007, the Company had 109,347,200 Ordinary Shares in issue, none of which were held in treasury;			
	(ii) in the financial year ended 31 July 2008, the Company did not issue any Ordinary Shares. It repurchased 6,190,000 Ordinary Shares for cancellation. As at 31 July 2008, the Company had 103,157,200 Ordinary Shares in issue, none of which were held in treasury;			
	(iii) in the financial year ended 31 July 2009, the Company did not issue any new Ordinary Shares. Pursuant to a tender offer following an extraordinary general meeting held on 5 September 2008, 41,262,764 Ordinary Shares were repurchased for cancellation, with a further 951,935 Ordinary Shares being repurchased in the year. As at 31 July 2008, the Company had 60,942,501 Ordinary Shares in issue, none of which were held in treasury; and			
	(iv) in the period from 1 August 2009 to 3 February 2010, the Company did not issue any new Ordinary Shares nor did it repurchase any Ordinary Shares (into treasury or otherwise). As at 3 February 2010 (being the latest practicable date prior to publication of this document), the Company had 60,942,501 Ordinary Shares in issue, none of which were held in treasury.			
3.5	At the General Meeting Shareholders will be asked to pass the Resolution, which contains the following operative provisions, some of which will, if the Resolution is passed, affect the Company's share capital:			
	(i) to adopt the New Articles to provide for the rights attaching to the Subscription Shares and incorporating certain other changes summarised in the Appendix to the Notice of General Meeting on page 81 of this document, including the reflection of recent legal developments;			
	(ii) to authorise the Directors to allot shares pursuant to the Bonus Issue (including pursuant to the exercise of the Subscription Share Rights);			
	(iii) to authorise the Directors to capitalise any amount standing to the credit of any of the share premium account, the capital redemption reserve, special reserve and any other applicable reserve (excluding the revenue reserve) otherwise available in order to pay up to 12,188,500 Subscription Shares to be issued pursuant to the Bonus Issue and any Ordinary Shares to be issued upon the exercise of the Subscription Share Rights or any additional Subscription Shares required to be issued in accordance with the rights attaching to the Subscription Shares;			

- (iv) to authorise the Directors to consolidate, sub-divide or redeem share capital to give effect to the rights of the holders of Subscription Shares; and
- (v) to authorise the Company to make market purchases of the Subscription Shares up to 14.99 per cent. of the issued subscription share capital.

3.6 The Subscription Shares will have the rights described in Part IV of this document. The Subscription Shares will be denominated in Sterling.

4. Current Memorandum and Articles

The Memorandum of Association and the Articles contain, amongst other things, material provisions as summarised in paragraphs 4.1 and 4.2 below. If the Resolution is passed at the General Meeting the New Articles will be adopted to incorporate the rights attaching to the Subscription Shares (these rights are summarised in Part IV of this document) and certain changes to reflect recent legal developments.

4.1 Memorandum of Association

If the Resolution is passed at the General Meeting the New Articles will be adopted and will no longer contain the provisions of the Company's Memorandum of Association which, by virtue of section 28 of the 2006 Act are to be treated as provisions of the Company Articles.

4.2 Articles of Association

Set out below is a summary of the provisions of the current Articles. If the Resolution is passed at the General Meeting the New Articles, which contain the rights attaching to the Subscription Shares, will be adopted. The proposed changes to the Articles are summarised in the Appendix to the Notice of the General Meeting on pages 81 and 82 of this document. The rights attaching to the Subscription Shares are set out in Part IV of this document.

4.2.1 Share capital

The Articles provide that the Company's share capital consists of Ordinary Shares.

The Ordinary Shares have such rights, preferences and restrictions attached to them as are set out in the Articles.

The Articles do not confer any additional rights for the holders of Ordinary Shares to share in any surplus in the event of liquidation of the Company other than rights provided by legislation.

4.2.2 Allotment of Ordinary Shares

- (i) Subject to the provisions of the Companies Acts and to any relevant authority of the Company in general meeting required by the Companies Acts, unissued shares at the date of adoption of the Articles and any shares thereafter created shall be at the disposal of the Board, which may allot (with or without conferring rights of renunciation), grant options over, offer or otherwise deal with or dispose of them or grant rights to subscribe for or convert any security into shares to such persons (including the Directors themselves), at such times and generally on such terms and conditions as the Board may decide, provided that no share shall be issued at a discount.
- (ii) Subject to the provisions of the Companies Acts and to any special rights for the time being attached to any existing shares, any share may be issued which is, or at the option of the Company or of the holder of such share is liable, to be redeemed on such terms and in such manner as the Articles may provide.

4.2.3 Voting rights

The Shareholders have the right to receive notice of, and to vote at, general meetings of the Company. Each Shareholder who is present in person (or, being a corporation, by

representative) at a general meeting on a show of hands has one vote and, on a poll, every such holder who is present in person (or, being a corporation, by representative) or by proxy has one vote in respect of every share held by him.

4.2.4 *Dividends*

The Company may, subject to the provisions of the Companies Acts and the Articles, by ordinary resolution from time to time declare dividends to be paid to members not exceeding the amount recommended by the Board. Subject to the provisions of the Companies Acts in so far as, in the Board's opinion, the Company's profits justify such payments, the Board may pay interim dividends on any class of shares including those carrying a fixed dividend. Any dividend, unclaimed after a period of twelve years from the date such dividend was declared or became payable shall, if the Board resolves, be forfeited and revert to the Company.

4.2.5 *Transfer of Ordinary Shares*

- (i) Each member may transfer all or any of his shares by instrument of transfer, in the case of certificated shares, in writing in any usual form or in any form approved by the Board. Such instrument shall be executed by or on behalf of the transferor and, in the case of partly paid shares, by or on behalf of the transferee. In relation to uncertificated shares, by means of a relevant system in such manner provided for, and subject as provided in the Uncertificated Securities Regulations.
- (ii) The Board may, in its absolute discretion and without giving any reason, refuse to register any share transfer unless:
 - (a) it is in respect of a share which is fully paid up;
 - (b) it is in respect of only one class of share;
 - (c) it is in favour of a single transferee or not more than four joint transferees;
 - (d) it is duly stamped (if so required);
 - (e) it is delivered for registration to the registered office of the Company or such other place as the Board may from time to time determine, accompanied, except in the case of a transfer by a recognised person where a certificate has not been issued, by the certificate for the shares to which it relates and such other evidence as the Board may reasonably require to prove the title of the transferor and the due execution by him of the transfer or, if the transfer is executed by some other person on his behalf, the authority of that person to do so; and
 - (f) in the case of partly paid shares which are listed, any refusal prevents dealings in the shares taking place on an open and proper basis.
- (iii) The Board may also refuse to register a transfer of uncertificated shares in such other circumstances as may be permitted or required by the Uncertificated Securities Regulations and the relevant system.

The Board may also order the compulsory transfer of shares in the circumstances envisaged by the Articles of the Company.

4.2.6 *Variation of rights*

- (i) All or any of the rights for the time being attached to any share or class of shares (and notwithstanding that the Company may or may be about to be in liquidation) may be varied or abrogated in such manner (if any) as may be provided by such rights or, in the absence of any such provision, either with the consent in writing of the holders of not less than 75 per cent. in nominal value of the issued shares of the class or with the sanction of a special resolution passed at a separate general meeting of the holders of

those shares to which the provisions of the Articles relating to general meetings shall apply, but so that the quorum thereat shall be two persons holding or representing by proxy at least one third in nominal value of the issued shares of the class in question.

4.2.7 *Alteration of share capital*

The Company in general meeting may from time to time by ordinary resolution:

- (i) increase its share capital by such sum to be divided into shares of such amount as the resolution prescribes;
- (ii) consolidate and divide all or any of its share capital into shares of larger nominal amount than its existing shares;
- (iii) cancel any shares which at the date of the passing of the resolution have not been taken or agreed to be taken by any person, and diminish the amount of its share capital by the amount of the shares so cancelled; and
- (iv) subject to the provisions of the Companies Acts, sub-divide its shares or any of them into shares of smaller amount, and may by such resolution determine that, as between the shares resulting from such sub-division, one or more of the shares may, as compared with others, have any such preferred, deferred or other special rights or be subject to any such restrictions as the Company has power to attach to unissued or new shares.

4.2.8 *Purchase of own Ordinary Shares*

Subject to the provisions of the Companies Acts and to any rights for the time being attached to any Ordinary Shares, the Company may purchase any of its own shares of any class (including any redeemable shares). Any shares to be so purchased may be selected in any manner whatsoever.

4.2.9 *Directors*

- (i) Unless otherwise determined by the Company by ordinary resolution, the number of Directors (other than any alternate Directors) shall not be less than two, but there shall be no maximum number of Directors.
- (ii) The Directors shall be entitled to receive by way of fees for their services as Directors such sum as the Board may from time to time determine provided that the amount paid to each Director by way of fees shall not exceed £50,000 in any financial year, or such greater sum as may be determined from time to time by ordinary resolution of the Company. The Directors shall also be entitled to be repaid all reasonable travelling, hotel and other incidental expenses properly incurred by them in or about the performance of their duties as Directors, including expenses incurred in attending meetings. If, by arrangement with the Board, any Director shall perform or render any special duties or services outside his ordinary duties as a Director, he may be paid such reasonable additional remuneration as the Board may determine.
- (iii) At every AGM any Director who:
 - (a) has been appointed by the Board since the last AGM; or
 - (b) held office at the time of the two preceding AGMs and who did not retire at either of them; or
 - (c) has held office with the Company, other than employment of executive office, for a continuous period of nine years or more at the date of the meeting,shall retire from the office and may offer himself for re-appointment by the members.
- (iv) No shareholding qualification for Directors shall be required.

- (v) The Board may, subject to the quorum and voting requirements set out in the Articles, authorise any matter which would otherwise involve a Director breaching his duty under the Companies Acts to avoid conflicts of interest (“Conflict”).
- (vi) A Director seeking authorisation in respect of a Conflict shall declare to the Board the nature and extent of his interest in a Conflict as soon as is reasonably practicable. The Director shall provide the Board with such details of the relevant matter as are necessary for the Board to decide how to address the Conflict together with such additional information as may be requested by the Board.
- (vii) Any Director (including the relevant Director) may propose that the relevant Director be authorised in relation to any matter the subject of a Conflict. Such proposal and any authority given by the Board shall be effected in the same way that any other matter may be proposed to and resolved upon by the Board under the provisions of the Articles save that:
 - (a) the relevant Director and any other Director with a similar interest shall not count towards the quorum nor vote on any resolution giving such authority; and
 - (b) the relevant Director and any other Director with a similar interest may, if the other members of the Board so decide, be excluded from any Board meeting while the Conflict is under consideration.
- (viii) Where the Board gives authority in relation to a Conflict:
 - (a) the Board may (whether at the time of giving the authority or subsequently)
 - (i) require that the relevant Director be excluded from the receipt of information, the participation in discussion and/or the making of decisions (whether at meetings of the Board or otherwise) related to the Conflict; and
 - (ii) impose upon the relevant Director such other terms for the purpose of dealing with the Conflict as it may determine;
 - (b) the relevant Director will be obliged to conduct himself in accordance with any terms imposed by the Board in relation to the Conflict;
 - (c) the Board may provide that where the relevant Director obtains (otherwise than through his position as a Director of the Company) information that is confidential to a third party, the Director will not be obliged to disclose that information to the Company, or to use or apply the information in relation to the Company’s affairs, where to do so would amount to a breach of that confidence;
 - (d) the terms of the authority shall be recorded in writing (but the authority shall be effective whether or not the terms are so recorded); and
 - (e) the Board may revoke or vary such authority at any time but this will not affect anything done by the relevant Director prior to such revocation in accordance with the terms of such authority.

If a Director is in any way directly or indirectly interested in a proposed contract with the Company or a contract that has been entered into by the Company, the Director must declare the nature and extent of that interest to the Directors in accordance with the 2006 Act.

- (ix) Provided he has declared his interest in accordance with paragraph (vi) above, a Director may:

- (a) be party to, or otherwise interested in, any contract with the Company or in which the Company has a direct or indirect interest;
 - (b) hold any other office or place of profit with the Company (except that of Auditor) in conjunction with his office of Director for such period and upon such terms, including as to remuneration, as the Board may decide;
 - (c) act by himself or through a firm with which he is associated in a professional capacity for the Company or any other Company in which the Company may be interested (otherwise than as Auditor);
 - (d) be or become a director or other officer of, or employed by or otherwise interested in any holding company or subsidiary company of the Company or any other company in which the Company may be interested; and
 - (e) be or become a director of any other company in which the Company does not have an interest and which cannot reasonably be regarded as giving rise to a conflict of interest at the time of his appointment as a director of that other Company.
- (x) A Director shall not, by reason of his office or of the fiduciary relationship thereby established, be liable to account to the Company for any remuneration, profit or other benefit realised by reason of his having any type of interest authorised or permitted under the Articles and no contract shall be liable to be avoided on the grounds of a Director having any type of interest authorised under or permitted under the Articles.

4.2.10 *Borrowing powers*

Subject as provided in the Articles, the Board may exercise all the powers of the Company to borrow money and to mortgage or charge all or any part of the undertaking, property and assets (present or future) and uncalled capital of the Company and, subject to the provisions of the Companies Acts, 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 Board shall 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 that (so far as it is able), without the previous sanction of an ordinary resolution of the Company, no new borrowings are incurred if, as a result, the aggregate principal amount outstanding of all net borrowings by the group (excluding certain borrowings owing by one member of the group to another member of the group) exceeds an amount equal to the adjusted capital and reserves.

4.2.11 *General meetings*

- (a) *Notice*
AGMs shall be held at such time and place as the Board may determine.

The Board may convene a general meeting whenever it thinks fit. A general meeting shall also be convened on such requisition, or in default may be convened by such requisitionists, as provided by section 303 of the 2006 Act. At any meeting convened on such requisition or by such requisitionists no business shall be transacted except that stated by the requisition or proposed by the Board. If there are not within the United Kingdom sufficient members of the Board to convene a general meeting, any Director or any member of the Company may call a General Meeting.

An AGM and a general meeting convened for the passing of a special resolution shall be convened by not less than 21 clear days' notice in writing. All other general meetings shall be convened by not less than fourteen clear days' notice in writing.

Notwithstanding that a general meeting is called on shorter notice, it shall be deemed duly convened:

- (i) in the case of an AGM, by all the members entitled to attend and vote at the meeting; and
- (ii) in the case of any other meeting, by a majority in number of the members having a right to attend and vote at the meeting, being a majority together holding not less than 95 per cent. in nominal value of the shares giving that right.

The notice shall specify the nature of the meeting, the place, day and time of the meeting, the general nature of the business to be transacted, the intention to propose a special or an ordinary resolution and a statement that a member is entitled to appoint one or more proxies to attend and, on a poll, vote instead of him and that a proxy need not be a member.

(b) *Quorum*

No business shall be transacted unless two persons entitled to attend and vote on the business to be transacted, each being a member or a proxy for a member or a duly authorised representative of a corporation, are present. If within five minutes or such longer period as the Chairman in his absolute discretion thinks fit, from the time appointed for the holding of the meeting a quorum is not present, or if a quorum ceases to be present during a meeting, the meeting shall stand adjourned to such other day (being not less than three nor more than 28 days after the date of the adjourned meeting) at the same time and place, or to such day and time as the Chairman may determine, unless the meeting was called on the requisition of members, in which case it shall be dissolved.

4.2.12 *Reserves*

The Board may, before recommending any dividend, but having regard to section 842 of the Taxes Act, transfer to reserves out of the profits of the Company such sums as it thinks fit. All sums standing to reserves may be applied from time to time, at the discretion of the Board, for any purpose to which profits of the Company may properly be applied and, pending such application may, at the like discretion, either be employed in the business of the Company or be invested in such investments as the Board thinks fit.

4.2.13 *Capitalisation of reserves*

The Company may, upon the recommendation of the Board, at any time and from time to time pass an ordinary resolution to the effect that it is desirable to capitalise all or any part of any amount standing to the credit of any reserve or fund (including retained earnings) at the relevant time whether or not the same is available for distribution and accordingly that the amount to be capitalised be set free for distribution among the members or any class of members who would be entitled to it if it were distributed by way of dividend and in the same proportions, on the footing that it is applied either in or towards paying up the amount unpaid at the relevant time on any shares in the Company held by those members respectively or in paying up in full unissued shares, debentures or other obligations of the Company to be allotted and distributed credited as fully paid up among those members, or partly in one way and partly in the other, but so that, for the purposes of this article (i) a share premium account and a capital redemption reserve, and any reserve or fund representing unrealised profits, may be applied only in paying up in full unissued shares of the Company, and (ii) where the amount capitalised is applied in paying up in full unissued shares, the Company will also be entitled to participate in the relevant distribution in relation to any shares of the relevant class held by it as treasury shares and the proportionate entitlement of the relevant class of member to the distribution will be calculated accordingly. The Board may authorise any person to enter into an agreement with

the Company on behalf of the persons entitled to participate in the distribution and the agreement shall be binding on those persons.

4.2.14 *Distribution of realised capital profits*

The Board shall establish a reserve to be called the “capital reserve”. All surpluses arising from the realisation or revaluation of investments and all other monies realised on or derived from the realisation, payment off of or other dealing with any capital asset in excess of the book value thereof and all other monies which are considered by the Board to be in the nature of accretion to capital reserves shall be credited to the capital reserve. Subject to the Companies Acts, the Board may determine whether any amount received by the Company is to be dealt with in the income account or capital reserve or partly one way and partly the other. Any loss realised on the realisation or payment off of or other dealing with any investments or other capital assets and, subject to the Companies Acts, any expenses, loss or liability (or provision therefor) which the Board considers to relate to a capital reserve item or which the Board otherwise considers appropriate to be debited to the capital reserve shall be carried to the debit of the capital reserve. All sums carried and standing to the credit of the capital reserve may be applied for any of the purposes for which sums standing to any revenue reserve are applicable except and provided that notwithstanding any other provision of the Articles no part of the capital reserve or any other money in the nature of accretion to capital reserves shall be available for distribution as dividend. For the avoidance of doubt, any surplus or reserve arising on a reduction of capital or share premium account of the Company shall, subject to provisions of the 2006 Act, be profits of the Company available for distribution.

4.2.15 *Uncertificated Shares*

- (a) Pursuant and subject to the Uncertificated Securities Regulations, the Board may permit title to shares of any class to be evidenced otherwise than by a certificate and title to shares of such a class to be transferred by means of a relevant system and may make arrangements for a class of shares (if all shares of that class are in all respects identical) to become a participating class. Title to shares of a particular class may only be evidenced otherwise than by a certificate where that class of shares is at the relevant time a participating class. The Board may also, subject to compliance with the Uncertificated Securities Regulations, determine at any time that title to any class of shares may from a date specified by the Board no longer be evidenced otherwise than by a certificate or that title to such a class shall cease to be transferred by means of any particular relevant system.
- (b) In relation to a class of shares which is a participating class and for so long as it remains a participating class, no provision of these Articles shall apply or have effect to the extent that it is inconsistent in any respect with:
 - (i) the holding of shares of that class in uncertificated form;
 - (ii) the transfer of title to shares of that class by means of a relevant system; and
 - (iii) any provision of the Uncertificated Securities Regulations;and, without prejudice to the generality of this Article, no provision of these Articles shall apply or have effect to the extent that it is in any respect inconsistent with the maintenance, keeping or entering up by the operator, so long as that is permitted or required by the Uncertificated Securities Regulations, of an operator register of securities in respect of that class of Shares in uncertificated form.
- (c) Shares of a class which is at the relevant time a participating class may be changed from uncertificated to certificated form, and from certificated to uncertificated form, in accordance with and subject as provided in the Uncertificated Securities Regulations.

- (d) If, under the Articles or the 2006 Act, the Company is entitled to sell, transfer or otherwise dispose of, forfeit, re-allot, accept the surrender of or otherwise enforce a lien over an uncertificated share, then, subject to the Articles and the 2006 Act, such entitlement shall include the right of the Board to:
 - (i) require the holder of that uncertificated share by notice in writing to change that share from uncertificated to certificated form within such period as may be specified in the notice and keep it as a certificated share for as long as the Board requires;
 - (ii) appoint any person to take such other steps, by instruction given by means of a relevant system or otherwise, in the name of the holder of such share as may be required to effect the transfer of such share and such steps shall be as effective as if they had been taken by the registered holder of that share; and
 - (iii) take such other action that the Board considers appropriate to achieve the sale, transfer, disposal, forfeiture, re-allotment or surrender of that share or otherwise to enforce a lien in respect of that share.
- (e) Unless the Board otherwise determines, Shares which a member holds in uncertificated form shall be treated as separate holdings from any Shares which that member holds in certificated form. However Shares held in uncertificated form shall not be treated as forming a class which is separate from certificated Shares with the same rights.
- (f) Unless the Board otherwise determines or the Uncertificated Securities Regulations otherwise require, any Shares issued or created out of or in respect of any uncertificated Shares shall be uncertificated Shares and any Shares issued or created out of or in respect of any certificated Shares shall be certificated Shares.
- (g) The Company shall be entitled to assume that the entries on any record of securities maintained by it in accordance with the Uncertificated Securities Regulations and regularly reconciled with the relevant operator register of securities are a complete and accurate reproduction of the particulars entered in the operator register of securities and shall accordingly not be liable in respect of any act or thing done or omitted to be done by or on behalf of the Company in reliance on such assumption; in particular, any provision of these Articles which requires or envisages that action will be taken in reliance on information contained in the register shall be construed to permit that action to be taken in reliance on information contained in any relevant record of securities (as so maintained and reconciled).

4.2.16 *Untraced Shareholders*

The Company is entitled to sell at the best price reasonably obtainable any certificated share in the Company on behalf of a Shareholder or any share to which a person is entitled by transmission if: (i) for a period of twelve years in the course of which at least three dividends have become payable in respect of the share in question, no cheque or warrant sent by the Company through the post in a prepaid letter addressed to the Shareholder or to the person entitled by transmission to the share at his address on the Company's Register or other last known address given by the Shareholder or the person entitled by transmission to which cheques and warrants are to be sent has been cashed and no communication has been received by the Company from the Shareholder or the person entitled by transmission; (ii) the Company has at the expiration of that twelve year period by advertisement in both a national newspaper and in a newspaper circulating in the area in which the address referred to in (i) above is located giving notice of its intention to sell such share; and (iii) the Company has not during a further period of three months after the date of advertisement and prior to the exercise of the power of sale received any communication from the Shareholder or person entitled by transmission.

The Company must account to the Shareholder or other person entitled to the Share for the net proceeds of sale and shall be deemed to be his debtor and not a trustee for him in respect of the same. Any money not accounted for to the Shareholder or other person entitled to such share shall be carried to a separate account and shall be a permanent debt of the Company. Money in that account may either be employed in the business of the Company or invested in such investments as the Directors may from time to time think fit.

4.2.17 *Duration of Company*

At the AGM falling in the calendar year 2006 and, if the Company has not been liquidated, unitised or reconstructed, at each fifth AGM of the Company convened by the Board thereafter, the Board shall propose an ordinary resolution that the Company should continue as an investment trust for a further five year period. If any such ordinary 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 a general meeting to be convened by the Board for a date not more than three months after the date of the meeting at which such ordinary resolution was not passed. The Board shall ensure that such proposals for the liquidation, unitisation or reconstruction of the Company as are approved by special resolution are implemented as soon as is reasonably practicable after the passing of such resolution.

5. **Mandatory Bids, Squeeze-out and Sell-out Rules Relating to the Ordinary Shares**

5.1 ***Mandatory Bid***

The City Code on Takeovers and Mergers (the "City Code") applies to the Company. Under Rule 9 of the City Code, if:

- (i) a person acquires an interest in shares in the Company which, when taken together with shares already held by him or persons acting in concert with him, carry 30 per cent. or more of the voting rights in the Company; or
- (ii) a person who, together with persons acting in concert with him, is interested in not less than 30 per cent. and not more than 50 per cent. of the voting rights in the Company acquires additional interests in shares which increase the percentage of shares carrying voting rights in which that person is interested,

the acquiror and, depending on the circumstances, his concert parties, would be required (except with the consent of the Panel on Takeovers and Mergers) to make a cash offer for the outstanding shares in the Company at a price not less than the highest price paid for any interests in the Ordinary Shares by the acquiror or his concert parties during the previous twelve months.

5.2 ***Compulsory Acquisition***

Under sections 974 to 991 of the 2006 Act, if an offeror acquires or contracts to acquire (pursuant to a takeover offer) not less than 90 per cent. of the shares (in value and by voting rights) to which such offer relates it may then compulsorily acquire the outstanding shares not assented to the offer. It would do so by sending a notice to outstanding holders of shares telling them that it will compulsorily acquire their shares and then, six weeks later, it would execute a transfer of the outstanding shares in its favour and pay the consideration to the Company, which would hold the consideration on trust for the outstanding holders of shares. The consideration offered to the holders whose shares are compulsorily acquired under the 2006 Act must, in general, be the same as the consideration that was available under the takeover offer.

In addition, pursuant to section 983 of the 2006 Act, if an offeror acquires or agrees to acquire not less than 90 per cent. of the shares (in value and by voting rights) to which the offer relates, any holder of shares to which the offer relates who has not accepted the offer may require the offeror to acquire his shares on the same terms as the takeover offer.

The offeror would be required to give any holder of shares notice of his right to be bought out within one month of that right arising. Sell-out rights cannot be exercised after the end of the period of three months from the last date on which the offer can be accepted or, if later, three months from the date on which the notice is served on the holder of shares notifying them of their sell-out rights. If a holder of shares exercises his/her rights, the offeror is bound to acquire those shares on the terms of the takeover offer or on such other terms as may be agreed.

6. Valuation Policy

The NAV per Ordinary Share is calculated each Business Day by the Manager. For the purposes of calculating the NAV per Ordinary Share, the Company's listed investments are valued at bid prices. Where trading in the securities of an investee company is suspended, the investment is valued at the Board's estimate of its net realisable value. Where premiums are payable by foreign investors, the market value, for the purpose of the financial statements, includes the premium. Unlisted investments are valued by the Board. In making its valuations the Board takes into account, where appropriate, latest dealing prices, valuations from reliable sources, asset values and other relevant factors.

The calculation of the NAV per Ordinary Share will only be suspended in circumstances where the underlying data necessary to value the investments of the Company cannot readily, or without undue expenditure, be obtained. Details of any suspension in making such calculations will be announced through a Regulatory Information Service.

The daily NAV of funds managed by Fidelity International is calculated based on the price of each security in the fund. Generally, the calculation process is routine. Securities which are traded on stock exchanges are to be valued at the last available price at the time when the valuation is carried out, or the securities are to be priced at fair market value in the opinion of the members of the fair value committee or their delegate.

Fidelity has a range of fair value policies which have been in place for a number of years and that are set and monitored by the fair value committee. The policies range from: determining a value of a single security due to a price being unavailable as a result of a corporate action, being unlisted or suspended; to determining valuations for markets as a whole due to the prices being unreliable or out of date as at the valuation point of the funds. Where a third party fund is held as an asset in a portfolio it is subject to review if the latest available price is stale.

The fair value committee comprises representatives from Investment Management, Investment Administration, Head Traders and Corporate and Oversight and receives guidance and briefings from Chief Investment Officers and Specialist Experts identified in the organisation in order to arrive at its decisions.

Fidelity currently uses fair value pricing based on the bid or last trade market price of investments subject to adjustments by directors in certain circumstances. Fidelity intends in the future to remove the ability of the Directors to adjust the quoted price (other than in respect of unlisted stocks or, otherwise, in exceptional circumstances), and investments will be valued on the bid or last trade market price without any adjustment.

The process is closely controlled and conducted in accordance with the regulations and any prospectus current in force.

7. Borrowing

Subject to the 2006 Act, the Articles and to any directions given to the Company in general meeting, the Directors shall manage the Company's business and can use all the Company's powers. In particular, the Directors may exercise all the powers of the Company to borrow money, and to mortgage or charge its undertaking, property (present and future) and uncalled capital or any part or parts thereof 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 Company's current Borrowing Policy is set out on page 28 of this document.

The Directors shall restrict the borrowings of the Company and exercise all voting and other rights, powers of control or rights of influence exercisable by the Company in relation to its subsidiary undertakings (if any)

so as to secure (so far, as regards subsidiary undertakings, as by such exercise they can secure) that the aggregate amount for the time being remaining outstanding of all moneys borrowed by the Company and any such subsidiary undertakings and for the time being owing to persons outside the Company and any such subsidiary undertakings 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).

Under the New Articles the limit on borrowing is increased from an amount equal to the Company's adjusted capital and reserves to twice the Company's adjusted capital and reserves. This increase in the Company's borrowing powers under the Articles will not affect the Company's Borrowing Policy which remains unchanged.

On 3 February 2010, the Company entered into a revolving credit facility with ING Bank N.V for an amount up to US\$15,000,000. It is the Company's intention that the proceeds of the loan will be invested in a manner consistent with the Company's investment objective. As at the date of this Prospectus there has been no draw down under this credit facility.

8. Interests of Directors, Major Shareholders and Related Party Transactions

8.1 *Directors' Interests*

As at 3 February 2010 (being the latest practicable date before the publication of this document), the Directors had a beneficial interest in the following number of Ordinary Shares and will, if the Bonus Issue is approved, have a beneficial interest in the following number of Subscription Shares:

<i>Name</i>	<i>Number of Ordinary Shares</i>	<i>% of issued ordinary share capital</i>	<i>Number of Subscription Shares to be issued under the Bonus Issue</i>	<i>% of subscription share capital</i>
Sir Victor Garland	5,000	0.01	1,000	0.01
Hugh Bolland	10,000	0.02	2,000	0.02
William Knight	3,300	0.005	660	0.005
Katharine Bolsover	—	—	—	—
Kathryn Matthews	—	—	—	—
Philip Smiley	—	—	—	—

8.2 Save as disclosed in paragraph 8.1 above, immediately following Admission, no Director will have any interest, whether beneficial or non-beneficial, in the share or loan capital of the Company.

8.3 *Directors' Contracts with the Company*

8.3.1 None of the Directors provides his services to the Company pursuant to a service contract with the Company. Their appointments are subject to the terms of their letters of appointment.

Sir Victor Garland is engaged by the Company as a non-executive Director and Chairman. Sir Victor commenced in the office of Director on 11 April 1996. Sir Victor Garland announced at the December 2009 Annual General Meeting his intention to retire from the Board with effect from the June 2010 Board Meeting.

Hugh Bolland is engaged by the Company as a non-executive Director and Chairman of the Audit Committee and Senior Independent Director. Mr Bolland commenced in the office of Director on 11 March 2004.

William Knight is engaged by the Company as a non-executive Director. Mr Knight commenced in that office on 9 February 2005.

Kathryn Matthews is engaged by the Company as a non-executive Director. Miss Matthews commenced in that office on 9 February 2005.

Katharine Bolsover is engaged by the Company as non-executive Director. Mrs Bolsover commenced in that office on 1 January 2010.

Philip Smiley is engaged by the Company as a non-executive Director. Mr Smiley commenced in that office on 1 January 2010.

Sir Robin McLaren was engaged by the Company as a non-executive Director. Sir Robin retired from that office on 7 December 2009.

8.3.2 In the financial year ended 31 July 2009, Sir Victor Garland received a Director's fee of £23,000, Hugh Bolland received a Director's fee of £20,000, William Knight and Sir Robin McLaren each received a Director's fee of £18,000 and Kathryn Matthews waived her fees. The Directors were not paid any amount of remuneration by way of benefits in kind, pension contributions or any contingent or deferred compensation by the Company for their services in all capacities to the Company. Accordingly, there are no amounts set aside or accrued by the Company to provide pension, retirement or similar benefits to the Directors.

8.3.3 The Company has not made any loans to the Directors which are outstanding, nor has it ever provided any guarantees for the benefit of any Director or the Directors collectively.

8.4 ***Other Interests***

Over the five years preceding the date hereof, the Directors have held the following directorships (apart from their directorships of the Company or subsidiaries of the Company) and/or partnerships:

Sir Victor Garland

Current directorships: none.

Past directorships: Henderson Far East Income Trust PLC, The Throgmorton Trust PLC, Framlington Income & Capital Trust PLC, Christchurch Investment Management Limited, TRA Finance Company Limited, Govett Emerging Markets Investment Trust PLC and Brazilian Investment Trust PLC.

Hugh Bolland

Current directorships: St Edward's School, JPMorgan Indian Investment Trust PLC, Guildford Business College Limited, Alliance Trust PLC, Alliance Trust Asset Management Limited and Eurocommercial Properties N.V.

Past directorships: Schroder Investment Management Limited.

William Knight

Current directorships: EIH PLC, JPMorgan Chinese Investment Trust PLC, William Knight & Associates Limited, Abingworth Bio Ventures III, Aureos India Advisers Pvt Ltd, Axis Private Equity Limited, Axis Fiduciary Ltd, Emerisque Capital Limited, LG India Fund Ltd, Premier China Fund, Relief International.

Past directorships: Gryphon Capital Corporation Limited and Navigator Capital Limited, Navigator London Financial Group Limited, Navigator Corporate Advisors Ltd, Navigator Finance Limited.

Kathryn Matthews

Current directorships: Hermes Fund Managers Limited, Rathbones Brothers plc.

Past directorships: None.

Katharine Bolsover

Current directorships: JPMorgan American Investment Trust PLC, Tomorrow's People Trust Limited, Tomorrow's People (Services) Limited, Tomorrow's People Enterprises Limited, Tomorrow's People Limited.

Past directorships: Languedoc House (UK) Limited.

Philip Smiley

Current directorships: Arisaig India Fund, The Endowment Fund SPC, Vietnam Emerging Equity Fund Limited, PXP Vietnam Fund Limited and Vietnam Lotus Fund Limited and Vietnam Emerging Equity Fund Limited.

Past directorships: Avenir Asian Multi-Strategy Fund Limited, Tantallon BRIC Fund, Tantallon Smaller Companies Fund, Airco Ltd., Airside Company Ltd., Automobile Holdings (Thailand) Ltd., Cycle & Carriage (Thailand) Ltd., Cycle & Carriage Mitsu (Thailand) Ltd., Guardian Pharmacies (T) Ltd., Gammon Construction (Thailand) Ltd., Gammon Skanska (Thailand) Ltd., Jardine Engineering Service Ltd., Jardine Matheson (Thailand) Ltd., Jardine Pacific (Thailand) Ltd., Jardine Schindler (Thai) Ltd., Jardine Schindler (Services) Ltd., Winstar Holdings, Prime Air Limited, Sea Liner Ltd., Thai Gammon Ltd., Thorn Lighting (Thailand) Ltd., Chaopraya Development Corporation Ltd., GS Property Ltd. and Asia Commercial Bank.

8.5 Save as disclosed, none of the Directors, members of any administrative, management and supervisory body, nor any senior manager has any conflict of interest between any duties to the Company and to his private interest or to any other duties.

8.6 In the five year period prior to the date of this document, none of the Directors:

8.6.1 had any convictions in relation to fraudulent offences;

8.6.2 was associated with any bankruptcies, receiverships or liquidations of any partnership or company through acting in the capacity as a member of the administrative, management or supervisory body or as a partner, founder or senior manager of such partnership or company; or

8.6.3 received any official public incrimination and/or sanctions by statutory or regulatory authorities (including designated professional bodies) and has not been disqualified by a court from acting as a member of the administration, management of supervisory bodies of any issuer or from acting in the management or conduct of the affairs of any issuer.

8.7 **Major Shareholders**

8.7.1 As at 3 February 2010 (being the latest practicable date before publication of this document) insofar as known to the Company, the following parties had declared a notifiable interest in the Company's voting rights (under the Disclosure and Transparency Rules):

<i>Shareholder</i>	<i>Number of Ordinary Shares</i>	<i>% of voting rights</i>
FIL Limited ¹	1,739,700	2.85
City of London Investment Management	6,013,841	9.87
Legal & General Investment Management	1,888,143	3.10

¹ In addition to these Shares 13,124,792 Ordinary Shares representing 21.54 per cent. of the issued share capital were held in aggregate by investors in the Fidelity ISA Scheme and the Fidelity Share Plan, such Shares being held in the name of FIL Nominee (Shareholdings) Limited and Puddle Dock Nominees Limited respectively.

8.7.2 All Shareholders have the same voting rights in respect of the share capital of the Company.

8.7.3 The Company and the Directors are not aware of any person, who directly or indirectly, jointly or severally, exercises or could exercise control over the Company.

8.7.4 The Company and the Directors are not aware of any arrangements, the operation of which may at a subsequent date result in a change in control of the Company.

8.8 *Related Party Transactions*

Save for the Management Agreement (described in paragraph 11.1 of this Part V), the Company was not a party to, nor had any interest in, any related party transaction at any time during the three financial years ended 31 July 2007, 2008 and 2009 or during the period 1 August 2009 to 3 February 2010 (being the latest practicable date before publication of this document).

8.9 *Other Material Interests*

The Company is receiving legal and financial advice from Speechly Bircham LLP and J.P. Morgan Cazenove respectively, in addition to certain administrative services from third parties in connection with the Bonus Issue. The legal and financial advisers act for many other clients, including others in the investment funds sector and, on occasion, the professional advisers may face conflicts of interest as a result of acting both for the Company and such other clients. In the event of a conflict of interest, the legal and financial advisers will take such reasonable steps to ensure it is resolved fairly.

Save as disclosed, none of the Directors has any conflict of interest between any duties to the Company and his private interests and any other duties. The Manager, the Secretary, their respective directors, officers, employees, agents and affiliates and the Directors and any person or company with whom they are affiliated or by whom they are employed (each an "Interested Party") may be involved in other financial, investment or other professional activities which may cause conflicts of interest with the Company. In particular, Interested Parties may provide services similar to those provided to the Company to other entities and shall not be liable to account for any profit from any such services. For example, an Interested Party may acquire on behalf of a client an investment in which the Company may invest.

9. **Share Options and Share Scheme Arrangements**

Subject to the Subscription Share Rights attaching to the Subscription Shares, no share or loan capital of the Company is under option or agreed conditionally or unconditionally to be put under option.

10. **Investment Restrictions**

The Company is subject to the Listing Rules which apply to closed-ended investment funds.

As required under Listing Rule 15.4.2, the Company will at all times invest and manage its assets in a way which is consistent with its objective of spreading investment risk and in accordance with its published Investment Policy as set out on page 23 of this document.

In accordance with Listing Rule 15.2.3A, the Company (and, if applicable, any subsidiary undertakings) will not conduct any trading activity which is significant in the context of the Company and any such subsidiary undertakings as a whole, but this rule does not prevent the businesses forming part of the Company's investment portfolio from conducting trading activities themselves.

In addition, in order to comply with Listing Rule 15.2.5, the Company will not invest more than 10 per cent., in aggregate, of the value of its total assets (calculated at the time of any relevant investment) in other closed-ended investment funds admitted to the Official List (save to the extent that those closed-ended investment funds have stated investment policies to invest no more than 15 per cent. of their gross assets in such other closed-ended investment funds).

In order to gain approval as an investment trust under section 842 of the Taxes Act, the Company is required to operate under certain constraints. These include the following limits on investments and operations:

- no single investment may exceed 15 per cent. of the value of the Company's total assets at the time of investment;
- the Company may not retain more than 15 per cent. of its eligible investment income;
- at least 70 per cent. of income must be eligible investment income, consisting of income deriving from shares and securities or eligible rental income but not bank deposit income; and
- the Company may not distribute capital profits by way of dividend.

In the event of any material breach of the investment restrictions applicable to the Company, Shareholders will be informed of the actions to be taken by the Manager through an announcement via a Regulatory Information Service.

11. Material Contracts

Save as described below, the Company has not (i) entered into any material contracts (other than contracts in the ordinary course of business) within the two years immediately preceding the publication of this document; or (ii) entered into any contracts that contain provisions under which the Company has any obligation or entitlement that is material to the Company as at the date of this document.

11.1 *Management Agreement*

A Management Agreement dated 6 February 2006 was made between the Company and the Manager, under which the Manager has agreed to provide investment management services for a quarterly fee of an amount equal to 0.25 per cent. of the value of the Company's assets under management (as defined in the Management Agreement, which excludes investments in other funds managed by the Manager or associated companies) payable quarterly in arrears and calculated as of the last Business Day of March, June, September and December in each year. In addition, the Company has agreed to pay the Manager a quarterly fee of an amount equal to 0.2125 per cent. of the value of the holding of the Company in the Fidelity Institutional Cash Fund plc payable quarterly in arrears and calculated as of the last Business Day of March, June, September and December in each year.

In addition, the Company has agreed to pay to the Manager an index-linked fee for secretarial and administrative services, payable quarterly in arrears, at the current rate (31 July 2009) of £35,000 per annum.

The notice period by either party is six months. The Management Agreement may, however, be terminated without compensation if the Company is liquidated pursuant to the procedures laid down in the Articles regarding the Company's continuation. The Management Agreement may also be terminated forthwith as a result of a material breach of the Management Agreement or on the insolvency of the Manager.

In addition, the Company may terminate the Management Agreement by sixty days' notice in writing if the Manager ceases to be a subsidiary of FIL Limited.

11.2 *Custody Agreement*

Pursuant to the terms of the Custody Agreement entered into between the Company and JPMorgan Chase Bank (London Branch) dated 21 June 2001, the Custodian is entrusted with the safe custody of the assets of the Company. In particular, it carries out all usual duties relating to cash and securities and, in addition, may delegate such duties to sub-custodians. The Custodian will use reasonable care in the selection and appointment of sub-custodians.

The following sub-custodians hold stock on behalf of the Company:

<i>Country</i>	<i>Name of sub-custodian</i>	<i>Regulatory status of sub-custodian Regulated by:</i>
Australia	JPMorgan Chase Bank NA	The Australian Securities and Investments Commission (ASIC), ASX Limited and the Reserve Bank of Australia (RBA)
China Shanghai	HSBC Bank (China) Company Limited	China Securities Regulatory Commission (CSRC)
Hong Kong	The Hongkong and Shanghai Banking Corporation Limited	The Securities and Futures Commission (SFC)

<i>Country</i>	<i>Name of sub-custodian</i>	<i>Regulatory status of sub-custodian Regulated by:</i>
India	The Hongkong and Shanghai Banking Corporation Limited and Standard Chartered Bank	Securities & Exchange Board of India (SEBI) and Reserve Bank of India (RBI)
Indonesia	Deutsche Bank	The Capital Market Supervisory Agency (BAPEPAM) and Bank Indonesia
Korea	Standard Chartered First Bank Korea Limited	The Ministry of Strategy and Finance (MoSF) and the Financial Services Commission (FSC)
Malaysia	HSBC Bank Malaysia Berhad	The Securities Commission (SC) and BURSA Malaysia
New Zealand	National Australia Bank Limited	The Securities Commission, the Overseas Investment Commission, the Commerce Commission, the NZX Executive, the Bankers Association and the RBNX
Philippines	The Hongkong and Shanghai Banking Corporation Limited	The Securities and Exchange Commission (SEC) and Bangko Sentral ng Pilipinas Monetary Board
Singapore	DBS Bank Ltd	The SGX and the Monetary Authority of Singapore (MAS)
Taiwan	JPMorgan Chase Bank NA	Financial Supervisory Commission (FSC)
Thailand	Standard Chartered Bank (Thai) Public Company Limited	The Ministry of Finance (MoF), The Securities Exchange Commission (SEC), The Stock Exchange of Thailand (SET) and The Bank of Thailand (BOT)
UK	JPMorgan Chase Bank NA	The Financial Services Authority (FSA)
USA	JPMorgan Chase Bank NA	The Securities and Exchange Commission (SEC)

The Custody Agreement may be terminated by either party upon giving sixty days' notice in writing to the other party. The Custody Agreement is subject to earlier termination by either party in the event of the other party's liquidation or unremedied material breach of contract, and by the Company in the event of the Custodian ceasing to be authorised by the FSA or ceasing to maintain other appropriate authorisations or permissions.

The Company will pay and the Custodian will receive a fee for its services under the Custody Agreement, together with the Custodian's reasonable out-of-pocket or incidental expenses. The

amount, as may be agreed upon in writing, may only be increased by the Custodian upon giving at least 30 days' written notice to the Company.

The Custody Agreement contains provisions for the indemnification by the Company of the Custodian, the sub-custodians and their respective nominees, directors, officers, agents and employees (together, the "Custody Indemnified Party") against any costs, claims, losses, liabilities, damages, expenses, fines, penalties, taxes and other matters that may be imposed on, incurred by or asserted against the Custody Indemnified Party by reason of the Custody Indemnified Party acting pursuant to the Custody Agreement or by their status as a holder of records of Securities, except to the extent that they result from the fraud, negligence or wilful default of the Custodian or from the action of the Custody Indemnified Party for which the Custodian is liable to under the Custody Agreement.

11.3 *Sponsor's Agreement*

Pursuant to the terms of a sponsor's agreement dated 5 February 2010 between the Company and J.P. Morgan Cazenove, J.P. Morgan Cazenove agreed to act as the Company's sponsor in relation to the applications for Admission. Under the agreement which may be terminated by J.P. Morgan Cazenove in certain circumstances prior to Admission, certain warranties and indemnities have been given to J.P. Morgan Cazenove by the Company. These warranties and indemnities are customary for an agreement of this nature.

12. **UK Taxation**

12.1 *Introduction*

The following statements are based upon current UK tax law and what is understood to be the current practice of HMRC, both of which are subject to change, possibly with retrospective effect. The statements are intended only as a general guide and may not apply to certain Shareholders, such as dealers in securities, insurance companies, collective investment schemes or Shareholders who have (or are deemed to have) acquired their shares by virtue of an office or employment, who may be subject to special rules. They apply only to Shareholders resident and ordinarily resident for UK tax purposes in the UK (except in so far as express reference is made to the treatment of non-UK residents), who hold Shares as an investment rather than trading stock and who are the absolute beneficial owners of those Shares.

The information contained in this Prospectus relating to taxation matters is a summary of the taxation matters which the Directors consider should be brought to the attention of Shareholders and is based upon the law and practice currently in force and is subject to changes therein. All Shareholders, and in particular those who are in any doubt about their tax position, or who are resident or otherwise subject to taxation in a jurisdiction outside the UK, should consult their own professional advisers on the potential tax consequences of holding, transferring or otherwise disposing of Subscription Shares or exercising the Subscription Share Rights under the laws of their country and/or state of citizenship, domicile or residence.

12.2 *The Company*

It is the intention of the Directors to conduct the affairs of the Company so that it satisfies and continues to satisfy the conditions necessary for it to be approved by HMRC as an investment trust under section 842 of the Taxes Act. However, neither the Manager nor the Directors can guarantee that this approval will be maintained. One of the conditions for a company to qualify as an investment trust is that it is not a close company. The Directors consider that the Company should not be a close company immediately following the issue of the Subscription Shares pursuant to the Bonus Issue. In respect of each accounting period for which the Company continues to be approved by HMRC as an investment trust the Company will be exempt from UK taxation on its capital gains. The Company will, however, be liable to UK corporation tax on its income in the normal way. From 1 July 2009 the rules relating to the taxation of foreign profits were revised such that overseas dividend income received after that date will in most cases be exempt from UK corporation tax. Income arising from

any overseas investments may be subject to foreign withholding tax at the relevant jurisdiction's applicable rate, but relief may be available under the terms of an applicable double tax treaty.

12.3 *Shareholders*

12.3.1 For the purposes of United Kingdom capital gains tax and corporation tax on chargeable gains ("CGT"), the receipt of the Subscription Shares arising from the Bonus Issue will be a re-organisation of the share capital of the Company. Accordingly, the Subscription Shares will be treated as the same asset as the Shareholder's holding of Ordinary Shares and as having been acquired at the same time as the Shareholder's holding of Ordinary Shares was acquired. As a result of the Bonus Issue the Shareholder's original base cost in his or her Ordinary Shares will be apportioned between his or her Ordinary Shares and the Subscription Shares by reference to their respective market values on the day on which the Subscription Shares are admitted to trading on the London Stock Exchange's market for listed securities. That is to say, the base cost of such a Shareholder's Ordinary Shares is deemed to be the actual base cost to the Shareholder of those Ordinary Shares multiplied by a fraction whose numerator is A and whose denominator is (A+B), where A is the market value of the Ordinary Shares on the day on which the Subscription Shares are admitted to trading, and B is the market value of the Subscription Shares on the same date. The base cost of the Subscription Shares is deemed to be the actual base cost of the Ordinary Shares less the deemed base cost of the Ordinary Shares calculated as described above.

On the exercise of the right to convert any Subscription Shares into Ordinary Shares, the Ordinary Shares issued pursuant to the Subscription Share Rights will be treated as the same asset as the Subscription Shares in respect of which the Subscription Share Rights are exercised. The base cost of each such Ordinary Share will be the deemed base cost of the Subscription Share that it replaces, calculated as described above, plus the applicable Subscription Price.

12.3.2 *Taxation of capital gains*

Individual Shareholders who are resident or ordinarily resident in the UK for tax purposes will generally be subject to CGT at the flat rate of 18 per cent. in respect of any gain arising on a disposal or deemed disposal of their Ordinary Shares or Subscription Shares. No indexation allowance will be available to such Shareholders. However, each individual has an annual exemption, such that capital gains tax is chargeable only on gains arising from all sources during the tax year in excess of this figure. The annual exemption is £10,100 for the tax year 2009-2010.

Shareholders who are individuals and who are temporarily non-resident in the UK may, under anti-avoidance legislation, still be liable to UK tax on any capital gain realised (subject to any available exemption or relief). Corporate Shareholders who are resident in the UK for tax purposes will generally be subject to corporation tax on chargeable gains arising on a disposal of their Shares. The indexation allowance may reduce the amount of chargeable gain that is subject to corporation tax but may not create or increase any allowable loss.

Capital losses realised on a disposal of Ordinary Shares or Subscription Shares must be set as far as possible against chargeable gains for the same tax year (or accounting period in the case of a Corporate Shareholder), even if this reduces an individual Shareholder's total gain below the annual exemption. Any balance of losses is carried forward without time limit and set off against net chargeable gains (that is, after deducting the annual exemption) in the earliest later tax year. Losses cannot generally be carried back, with the exception of losses accruing to an individual Shareholder in the year of his death.

12.3.3 *Taxation of dividends*

Under current tax law, the Company will not be required to withhold tax at source when paying a dividend.

An individual Shareholder who is resident in the UK for tax purposes and who receives a dividend from the Company should generally be entitled to a tax credit which may be set off to the appropriate extent against the Shareholder's total income tax liability on the dividend. An individual UK resident Shareholder will be liable to income tax on the sum of the tax credit and the dividend (the "gross dividend") which will be treated as the top slice of the individual's income for UK income tax purposes. The tax credit equals 10 per cent. of the gross dividend. The tax credit therefore also equals one-ninth of the cash dividend received.

A UK resident individual Shareholder who is liable to income tax at the basic rate will be subject to tax on the dividend at the rate of 10 per cent. of the gross dividend. This means that the tax credit will satisfy in full such a Shareholder's liability to income tax on the dividend.

The rate of income tax applied to dividends received by a UK resident individual Shareholder liable to income tax at the higher rate will be 32.5 per cent. to the extent that such dividends, when treated as the top slice of the Shareholder's income, fall above the threshold for higher rate income tax. In the case of such Shareholder's liability, the tax credit will be set against, but will not fully match, his tax liability on the gross dividend. After taking account of the 10 per cent. tax credit, such Shareholder will have to account for additional tax equal to 22.5 per cent. of the gross dividend (which equals 25 per cent. of the cash dividend received) to the extent that it falls above the threshold for higher rate income tax.

The Government has announced proposals to introduce, with effect from 6 April 2010, a new tax rate of 50 per cent. for taxable non-savings and savings income above £150,000. On and after the date on which the new rate takes effect, if and to the extent that the gross dividend received by a UK resident individual falls above the threshold for income tax at the new 50 per cent. rate, that individual will be subject to tax on the gross dividend at the rate of 42.5 per cent.. If the new rate of tax is applied in the same way as the existing rates, that individual would be able to set the tax credit off against part of this liability and the effect of that set-off of the tax credit would be that such an individual would have to account for additional tax equal to 32.5 per cent. of the gross dividend (which is also equal to 36.1 per cent. of the cash dividend received), to the extent that the gross dividend fell above the threshold for the new 50 per cent. rate of income tax.

There will be no repayment of all or part of the tax credit to an individual Shareholder whose liability to income tax on all or part of the gross dividend is less than the amount of the tax credit. This will include a Shareholder who holds the Ordinary Shares or the Subscription Shares through an ISA.

UK resident taxpayers who are not liable to UK tax on dividends, including pension funds and charities, will not be entitled to claim a repayment of the tax credit attaching to dividends paid by the Company.

UK resident corporate Shareholders will generally not be subject to corporation tax on dividends paid by the Company but will not be able to claim a repayment of the tax credit attaching to the dividends.

Following the Finance Act 2009, most UK and overseas dividends received by UK corporate shareholders (subject to specific anti avoidance rules) will be exempt from UK corporation tax. Shareholders within the charge to UK corporation tax are however advised to consult their independent professional tax advisers in relation to the implications of the legislation.

Non-UK resident Shareholders will not generally be able to claim repayment from HMRC of any part of the tax credit attaching to dividends paid by the Company. A Shareholder resident outside the UK may also be subject to foreign taxation on dividend income under local law. It is particularly important that Shareholders who are not resident in the UK for tax purposes obtain their own tax advice concerning tax liabilities on dividends received from the Company.

12.3.4 *Stamp duty and stamp duty reserve tax*

Transfers on the sale of Ordinary Shares or Subscription Shares will generally be subject to UK stamp duty at the rate of 0.5 per cent. of the consideration given for the transfer. The purchaser normally pays the stamp duty.

An agreement to transfer Ordinary Shares or Subscription Shares will normally give rise to a charge to stamp duty reserve tax (“SDRT”) at the rate of 0.5 per cent. of the amount or value of the consideration payable for the transfer. If a duly stamped transfer in respect of the agreement is produced within six years of the date on which the agreement is made (or, if the agreement is conditional, the date on which the agreement becomes unconditional) any SDRT paid is repayable, generally with interest, and otherwise the SDRT charge is cancelled. SDRT is, in general, payable by the purchaser.

Paperless transfers of Ordinary Shares or Subscription Shares within the CREST system are generally liable to SDRT, rather than stamp duty, at the rate of 0.5 per cent. of the amount or value of the consideration payable. CREST is obliged to collect SDRT on relevant transactions settled within the CREST system. Deposits of shares into CREST will not generally be subject to SDRT, unless the transfer into CREST is itself for consideration.

12.3.5 *ISAs*

The Subscription Shares and the Ordinary Shares arising on the exercise of the Subscription Share Rights should be eligible to be held in a stocks and shares ISA, subject to applicable annual subscription limits (£7,200 for the 2009-2010 tax year (except for those aged 50 or over, for whom it is £10,200 from 6 October 2009) and £10,200 generally for the 2010-2011 tax year). Investments held in ISAs will be free of UK tax on both capital gains and income. The opportunity to invest in Subscription Shares or Ordinary Shares through an ISA is restricted to certain UK resident individuals aged 18 or over. The Subscription Price paid upon any exercise of the right to convert Subscription Shares into Ordinary Shares would contribute towards the annual subscription limit in the year in which the Subscription Share Right was exercised, unless the Subscription Price were paid out of cash already within the Shareholder’s stocks and shares ISA, or with cash subscribed in the same tax year to a cash ISA held by the Shareholder and transferred to the Shareholder’s stocks and shares ISA. Sums received by a Shareholder on a disposal of Subscription Shares or Ordinary Shares would not count towards the Shareholder’s annual limit; but a disposal of Subscription Shares or Ordinary Shares held in an ISA will not serve to make available again any part of the annual subscription limit that has already been used by the Shareholder in that tax year. Individuals wishing to invest in Subscription Shares through an ISA should contact their professional advisers regarding their eligibility.

12.3.6 *Self-Invested Personal Pensions (SIPPs)*

The Ordinary Shares and Subscription Shares in the Company will constitute permitted investments for SIPPs.

12.3.7 *Small self-administered pension schemes (SSASs)*

It is expected that the Ordinary Shares and Subscription Shares in the Company should constitute permitted investments for SSASs.

13. Corporate Governance

The Company is committed to high standards of corporate governance. The Board has put in place a framework for corporate governance which it believes is suitable for an investment trust and which will enable the Company to comply with the Combined Code and the AIC Code. Save as disclosed below, the Company complies with the best practice provisions of the Combined Code and the AIC Code.

The Combined Code includes provisions relating to:

- the role of the chief executive;
- executive directors' remuneration; and
- the need for an internal audit function.

For the reasons set out in the AIC Corporate Governance Guide and in the preamble to the Combined Code, the Board considers that these provisions are not relevant to the Company, being an externally managed investment company.

The Board, currently chaired by Sir Victor Garland, consists of six non-executive Directors, five of whom are regarded by the Board as independent of the Manager, including the Chairman. Miss Matthews is regarded as non-independent due to her recent employment relationship with the Manager.

Mr Hugh Bolland was appointed by the Board as Senior Independent Director on 7 December 2009.

All appointments to the Board and replacements of Directors take place in accordance with the 2006 Act and the Company's Articles. The Nomination Committee is responsible for identifying possible candidates for consideration by the Board. Whilst the independent Directors take the lead in the appointment of new Directors, any proposal for a new Director will be discussed and approved by the entire Board. External consultants may be used to identify potential candidates.

13.1 *The Audit Committee*

The Audit Committee consists of all of the independent Directors and Hugh Bolland chairs this Committee. The Committee considers that collectively the members of the Committee have sufficient recent and relevant financial experience to discharge its responsibilities fully.

The Committee's authority and duties are clearly defined in its written terms of reference which are available for inspection at the Company's registered office and are included on the Company's pages of the Manager's website (www.fidelity.co.uk/its). These include responsibility for reviewing the half-yearly financial statements and annual reports and financial statements, reviewing the scope and results of the audit and the effectiveness and cost of the audit process and reviewing the Company's internal financial controls. They also include responsibility for reviewing and monitoring the external Auditor's independence and objectivity with particular regard to the provision of non-audit services taking into consideration relevant UK professional and regulatory requirements. The Auditor was engaged in relation to the tender offer completed by the Company in 2008. No work other than the audit and tender offer was carried out by the Company's Auditor during the year ended 31 July 2009.

The Audit Committee of the Board meets at least three times a year and with the Auditor at least once a year to review these and other appropriate matters.

In the year to 31 July 2009 the Audit Committee discharged its responsibilities by, amongst other things:

- Reviewing the Company's draft annual and half-yearly financial statements prior to Board approval and reviewing the external Auditor's report on the annual financial statements
- Reviewing the appropriateness of the Company's accounting policies
- Reviewing the potential impact of any new Financial Reporting Standards
- Reviewing and approving the audit fee and reviewing any non-audit fees payable to the Company's external Auditor
- Reviewing the external Auditor's terms of engagement including the appointment, re-appointment or removal of the Auditor as appropriate
- Reviewing the external Auditor's plan for the audit of the Company's financial statements
- Reviewing the external Auditor's quality control procedures

- Reviewing and monitoring the effectiveness of the external audit process and the external Auditor's independence and objectivity
- Considering the scope of work undertaken by the Manager's internal audit department
- Reviewing the Manager's semi-annual report on internal controls and reporting to the Board
- Recommending the re-appointment of the external Auditor

13.2 *The Nomination Committee*

All appointments to the Board and replacements of Directors take place in accordance with the Companies Acts and the Company's Articles of Association. The Company complies with the AIC Code in respect of appointments to the Board. The Nomination Committee consists of all of the Directors and is chaired by Sir Victor Garland. The Committee meets on an annual basis and at such other times as may be required. The Committee has written terms of reference and is responsible, amongst other things, for identifying and nominating, for the approval of the Board, candidates to fill Board vacancies taking into account the need to maintain a balanced Board. Only the independent Directors on the Committee vote on the recommendation of candidates for appointment as new independent Directors. Care is taken to ensure the appointees have enough time to devote to the role. External consultants may be used to identify future potential candidates. However, it is felt that due to the nature of the Company's business the Board had access to a sufficiently wide pool of candidates in respect of the most recent appointments. The Committee also considers whether Directors should be recommended for re-appointment by Shareholders.

The Committee's terms of reference are available for inspection at the Company's registered office and are included on the Company's pages of the Manager's website (www.fidelity.co.uk/its).

13.3 *The Management Engagement Committee*

The Management Engagement Committee consists of all of the independent Directors, and Sir Victor Garland chairs the Committee. The Committee is charged with reviewing and monitoring the performance of the Manager in respect of its contract and the fees it is paid. This Committee meets at least once a year and reports to the Board of Directors, making recommendations where appropriate.

The level of remuneration of the Manager is determined by the Management Engagement Committee; it relates to the investment management function, on which a percentage of the funds under management is paid (thereby relating this part of its remuneration to performance) and to the administrative function. The Board is mindful that the amounts paid to the Manager should be sufficient to ensure that both the portfolio manager and the administrators within the management house appointed to look after its affairs are highly skilled and that those individuals should be largely focused on the Company's business.

The criteria which are taken into consideration in reviewing the performance of the Manager are set out below:

- Quality of team – the skills and particularly experience of the team involved in managing all aspects of the Company's business
- Commitment of the Manager to the investment trust business generally and to the Company in particular
- Managing the Company – in running and controlling the administration, the accounting and the company secretarial function of the Company
- Investment management – portfolio management skills, experience and track record and other investment related considerations
- Shareholders – Shareholder consciousness and relations, discount management and commitment to the Company's goals

- Management Agreement – consideration of fees, notice period and duties
- Marketing – commitment to and execution of activities designed to secure sustainable demand from prospective long term Shareholders.

The Committee met and reviewed the performance of the Manager for the year to 31 July 2009. Having reviewed the criteria set out above, the Committee concluded that it was in the interests of Shareholders that the Management Agreement should continue.

The Committee's terms of reference are available for inspection at the Company's registered office and on the Company's pages of the Manager's website (www.fidelity.co.uk/its). Details of the Management Agreement appear at paragraph 11.1 of this Part V.

14. Litigation

There have been no governmental, legal or arbitration proceedings (and no such proceedings are pending or threatened of which the Company is aware) in the previous twelve months which may have, or have had in the recent past, significant effects on the Company's financial position or profitability. The Company has no subsidiaries.

15. Significant Change

Following the financial year end on 31 July 2009, the Company repaid the US\$11,000,000 loan facility with Lloyds TSB Bank plc on 25 September 2009, the date of maturity. On 3 February 2010, the Company entered into a revolving credit facility with ING Bank N.V for an amount up to US\$15,000,000. As at the date of this Prospectus there has been no draw down under this credit facility. There has been no other significant change in the financial or trading position of the Company since 31 July 2009.

16. Third Party Information and Consents

- 16.1 J.P. Morgan Cazenove has given and not withdrawn its written consent to the issue of this document with the inclusion in it of references to its name in the form and context in which they appear.
- 16.2 In relation to information provided by third parties, the Company confirms that that information has been accurately reproduced and, as far as the Company is aware and is able to ascertain from information published by that third party, no facts have been omitted which would render the information reproduced inaccurate or misleading.

17. General

- 17.1 The Company does not conduct any significant trading activity.
- 17.2 The Company is not dependent on patents or licences, industrial, commercial or financial contracts or new manufacturing processes which are material to the Company's business or profitability.
- 17.3 The most recent annual fees of the Auditor for audit services were £18,000 (excluding VAT). Apart from these fees and the fees payable to the Manager and the Custodian as disclosed in paragraphs 11.1 and 11.2 of this Part V there are no other material fees payable by the Company. The most recent annual fees of the Registrar for registrar services were £36,000 (excluding VAT).
- 17.4 Where Subscription Shares are converted into Ordinary Shares, the total assets of the Company will increase by that number of Ordinary Shares multiplied by the relevant Subscription Price. It is not expected that there will be any material impact on the earnings and liabilities per Ordinary Share as the net proceeds resulting from any conversion are expected to be invested in a manner consistent with the investment objective and policy of the Company.
- 17.5 The typical investors for whom an investment in the Company is intended are professionally advised private investors, or institutional investors, seeking long term capital growth from investment in the Asian region excluding Japan. An investment in the Company may also be suitable for financially

sophisticated private investors who are not professionally advised but are capable of evaluating the risks and merits of an investment in the Company and who have sufficient resources to bear any loss that may result from such an investment. However, such investors should consider consulting an independent financial adviser authorised under the FSMA before investing.

18. Auditor

The Auditor to the Company for the financial years ended 31 July 2007, 2008 and 2009 was Grant Thornton UK LLP of 30 Finsbury Square, London EC2P 2YU.

19. Documents on Display

The following documents will be available for inspection during usual business hours on any day (Saturdays, Sundays and public holidays excepted) at Beech Gate, Millfield Lane, Lower Kingswood, Tadworth, Surrey KT20 6RP for so long as this document remains valid:

- 19.1 this Prospectus;
- 19.2 the Memorandum of Association of the Company, the Articles and the New Articles;
- 19.3 the audited financial statements of the Company for the financial years ended 31 July 2007, 2008 and 2009 respectively;
- 19.4 the letters of appointment referred to in paragraph 8.3 above; and
- 19.5 the material contracts referred to in paragraph 11 above.

Dated: 5 February 2010

PART VI

DEFINITIONS

2006 Act	the Companies Act 2006
Admission	the admission of the Subscription Shares (i) to the Official List and (ii) to trading on the London Stock Exchange's market for listed securities becoming effective in accordance with the Listing Rules and the Admission and Disclosure Standards
Admission and Disclosure Standards	the admission and disclosure standards of the London Stock Exchange for securities admitted or seeking to be admitted to trading, as amended from time to time
AGM	annual general meeting of the Company
AIC Code	the Association of Investment Companies Code of Corporate Governance, as amended from time to time
AIC SORP	the AIC Statement of Recommended Practice for Investment Trust Companies and Venture Capital Trusts issued in January 2009
Articles	the Articles of Association of the Company, as amended from time to time
Auditor	Grant Thornton UK LLP
Board or Directors	the board of Directors of the Company or any duly constituted committee thereof
Bonus Issue	the issue to Qualifying Shareholders of Subscription Shares on the basis of one Subscription Share for every five Existing Ordinary Shares held
Borrowing Policy	the borrowing policy of the Company as determined by the Directors from time to time and published in the Company's annual report and financial statements
Business Day	any day on which banks are open for business in London (excluding Saturdays, Sundays and public holidays)
Capita Registrars	a trading name of Capita Registrars Limited
Chairman	chairman of the Company
City Code	the City Code on Takeovers and Mergers
Combined Code	the Financial Reporting Council's Combined Code
Companies Act 1985	the Companies Act 1985
Companies Acts	means every statute (including any orders regulations or other subordinate legislation made under it) from time to time in force concerning companies in so far as it applies to the Company
Company	Fidelity Asian Values PLC
CREST	the system for the paperless settlement of trades in securities and the holding of uncertificated securities operated by Euroclear in accordance with the Uncertificated Securities Regulations

Custodian	JPMorgan Chase Bank (London Branch) (formerly The Chase Manhattan Bank)
Custody Agreement	the agreement between the Custodian and the Company regarding the custody of the assets of the Company dated 21 June 2001
Disclosure and Transparency Rules	the disclosure rules and transparency rules made by the FSA under Part VI of the FSMA
EEA	the European Economic Area
EEA State	member state of the EEA
Euroclear	Euroclear UK & Ireland Limited, being the operator of CREST
Existing Ordinary Shares	the Ordinary Shares in issue on the Record Date
Fidelity Share Plan	The Fidelity Investment Trust Share Plan
Financial Services Authority or FSA	the single regulatory authority for the UK financial services industry
Form of Proxy	the form of proxy provided with this document for use in connection with the General Meeting by Shareholders
FSMA	the Financial Services and Markets Act 2000
General Meeting	the general meeting of the Company to consider the Resolution, convened for 4 March 2010 at 25 Cannon Street, London EC4M 5TA or any adjournment thereof
HMRC	HM Revenue & Customs
Investment Policy	the investment policy of the Company as determined by the Directors from time to time and published in the Company's annual report and financial statements
ISA	an individual savings account maintained in accordance with the UK Individual Savings Account Regulations 1998 (as amended from time to time)
J.P. Morgan Cazenove	J.P. Morgan Cazenove Limited
Listing Rules	the listing rules issued by the UK Listing Authority
London Stock Exchange	London Stock Exchange plc
Management Agreement	the agreement dated 6 February 2006 between the Manager and the Company, as amended from time to time
Manager	FIL Investments International
Memorandum of Association	the Memorandum of Association of the Company
NAV	net asset value as calculated in accordance with the Company's accounting policies and the Articles or the value of the net assets per Ordinary Share, as the context requires
New Articles	the Articles of Association of the Company as proposed to be adopted at the General Meeting
Notice of General Meeting	the notice of General Meeting as set out in this document

Official List	the Official List maintained by the UK Listing Authority
Ordinary Share or Shares	an ordinary share of 25 pence each in the capital of the Company with ticker: FAS and ISIN: GB0003322319
Overseas Shareholders	Shareholders who are resident in territories outside the EEA
Prospectus	this document
Prospectus Rules	the rules and regulations made by the FSA under Part V of the FSMA (as amended from time to time)
Qualifying Shareholders	Shareholders whose names are entered on the Register at the close of business on the Record Date
Record Date	the date on which Qualifying Shareholders' entitlements to the Bonus Issue will be assessed against the Register, expected to be 5.00 p.m. on 4 March 2010
Register	the register of members of the Company
Registrars	Capita Registrars Limited, or such other persons from time to time acting as the Company's registrar
Regulatory Information Service	a service authorised by the UK Listing Authority to release regulatory announcements to the London Stock Exchange
Resolution	the special resolution to be proposed at the General Meeting relating to the Bonus Issue
Savings Schemes	the Fidelity Share Plan and the Fidelity ISA
Savings Scheme Participant	a holder of Shares though either of the Savings Schemes
Secretary	FIL Investments International
Securities Act	the US Securities Act of 1933, as amended
Shareholder	a holder of Ordinary Shares and/or Subscription Shares, as the context requires
Shareholder Rights Regulations	the Companies (Shareholder Rights) Regulations 2009
Shares	the Ordinary Shares and/or the Subscription Shares, as the context requires
SIPP	self invested personal pension
SSAS	small self-administered pension scheme
Sterling	lawful currency of the United Kingdom
Subscription Price	the price at which the Subscription Share Rights are exercised in accordance with the rights attaching to the Subscription Shares (and subject to adjustment in accordance with those rights)
Subscription Shareholders	holders of Subscription Shares
Subscription Share Rights	the right conferred by each Subscription Share to subscribe for one Ordinary Share as detailed in Part IV of this Prospectus and contained in the New Articles

Subscription Shares	the subscription shares of 0.01 pence each in the capital of the Company with Ticker: FASS and ISIN: GB00B3MZ6N80 to be issued pursuant to the Bonus Issue
Taxes Act	the Income and Corporation Taxes Act 1988
UK or United Kingdom	the United Kingdom of Great Britain and Northern Ireland
UK GAAP	United Kingdom Generally Accepted Accounting Principles
UK Listing Authority	the Financial Services Authority acting in its capacity as the competent authority for the purposes of admissions to the Official List
Uncertificated Securities Regulations	the Uncertificated Securities Regulations 2001
VAT	UK value added tax
Voting Instruction Form	the voting instruction form provided with this document for use in connection with the General Meeting by Shareholders who hold Ordinary Shares through either of the Savings Schemes

PART VII

NOTICE OF GENERAL MEETING

FIDELITY ASIAN VALUES PLC

*Incorporated and registered in England and Wales with company number 3183919
Terms defined in the Prospectus of the Company dated 5 February 2010 and not otherwise defined in this
Notice of General Meeting will bear the same meaning in this Notice of General Meeting.*

Notice is hereby given that a General Meeting (the "Meeting") of Fidelity Asian Values PLC (the "Company") will be held at 25 Cannon Street, London EC4M 5TA on 4 March 2010 at 11.00 a.m. to consider and, if thought fit, approve the following Resolution which is proposed as a special resolution:

SPECIAL RESOLUTION

THAT subject to the UK Listing Authority agreeing to admit to the Official List the subscription shares of 0.01 pence each in the capital of the Company (the "Subscription Shares") to be issued pursuant to the bonus issue described in the Prospectus (the "Bonus Issue") and London Stock Exchange plc agreeing to admit such Subscription Shares to trading on its market for listed securities:

- (A) the Company's Articles be hereby amended by deleting all the provisions of the Company's Memorandum of Association which, by virtue of section 28 of the Companies Act 2006 (the "2006 Act"), are to be treated as provisions of the Company's Articles and the New Articles produced to the Meeting signed by the Chairman of the Meeting for the purposes of identification be adopted as the Company's New Articles in substitution for, and to the exclusion of, the existing Articles of the Company;
- (B) in addition to any existing authority under section 551 of the 2006 Act granted to the Directors at any AGM held before the passing of this Resolution, the Directors be and are generally and unconditionally authorised to exercise all powers of the Company to allot Subscription Shares pursuant to the Bonus Issue and Ordinary Shares pursuant to the exercise of the rights attaching to the Subscription Shares to subscribe for such shares (the "Subscription Share Rights") as set out in the New Articles to be adopted pursuant to sub-paragraph (A) of this Resolution, up to a maximum aggregate nominal amount of (a) £1,218.85 in respect of the allotment of Subscription Shares and (b) £3,047,125 in respect of the allotment of Ordinary Shares pursuant to the exercise of the Subscription Share Rights, provided that such authority shall expire at the conclusion of the Company's AGM to be held in 2013, save that the Company may prior to the expiry of such period make any offer or agreement which would or might require such Subscription Shares and/or such Ordinary Shares to be allotted after such expiry and the Directors may allot such Subscription Shares and/or such Ordinary Shares in pursuance of any such offer or agreement as if the authority conferred hereby had not expired;
- (C) in addition to any existing power and authority granted to the Directors under sections 570 to 573 of the 2006 Act at any AGM held before the passing of this Resolution, the Directors be empowered and authorised in accordance with sections 570 and 571 of the 2006 Act to grant Subscription Share Rights and to allot Ordinary Shares for cash, pursuant to the authority conferred by sub-paragraph (B) of this Resolution, as if section 561(1) of the 2006 Act did not apply to any such grant of rights or allotment, provided that this power shall be limited to the grant of the Subscription Share Rights and allotment of Ordinary Shares pursuant to the exercise of the Subscription Share Rights up to a maximum aggregate nominal amount of £3,047,125, provided that such power shall expire at the conclusion of the Company's AGM to be held in 2013, save that the Company may, before such expiry make offers or agreements which would or might require such Ordinary Shares to be allotted after such expiry and the Directors may allot such Ordinary Shares in pursuance of any such offer or agreement notwithstanding that the power conferred by this Resolution has expired;

- (D) the Directors be and are hereby empowered to capitalise any part of the amount then standing to the credit of any of the share premium account, the capital redemption reserve, special reserve and any other applicable reserve (excluding the revenue reserve) otherwise available for the purpose of paying up in full at par up to 12,188,500 Subscription Shares to be issued pursuant to the Bonus Issue, such shares to be allotted and distributed credited as fully paid up to and among such holders in the proportion of one new Subscription Share for every five Ordinary Shares held (fractions of a Subscription Share being ignored) and, to the extent necessary, paying up in full any Ordinary Shares to be allotted in accordance with the provisions of the New Articles of the Company as adopted by sub-paragraph (A) of this Resolution relating to the exercise of Subscription Share Rights and any additional Subscription Shares required to be issued to holders of Subscription Shares in accordance with the Subscription Share Rights;
- (E) any consolidation, sub-division or redemption of share capital required in the opinion of the Directors to give effect to the rights of the holders of Subscription Shares be hereby approved;
- (F) in addition to any existing authority under section 701 of the 2006 Act granted to the Company at any AGM held before the passing of this Resolution, the Company be generally and, subject as hereinafter appears, unconditionally authorised in accordance with section 701 of the 2006 Act to make market purchases (within the meaning of section 693(4) of the 2006 Act) of its issued Subscription Shares, provided that:
- (i) the maximum number of Subscription Shares hereby authorised to be purchased shall be 1,827,056 or if less, that number of Subscription Shares which is equal to 14.99 per cent. of the Company's issued Subscription Share capital immediately following Admission (as defined in the Prospectus);
 - (ii) the minimum price which may be paid for a Subscription Share is 0.01 pence;
 - (iii) the maximum price which may be paid for a Subscription Share will not exceed the higher of (i) 5 per cent. above the average of the middle market quotations (as derived from the Official List) for the five consecutive dealing days ending on the dealing day immediately preceding the date on which the purchase is made and (ii) the higher of the price quoted for (a) the last independent trade of, or (b) the highest current independent bid for, any number of Subscription Shares on the trading venue where the purchase is carried out;
 - (iv) the authority hereby conferred shall expire on 31 May 2011 unless the authority is renewed at the Company's AGM in 2010 or at any other general meeting prior to such time; and
 - (v) the Company may make a contract to purchase Subscription Shares under the authority hereby conferred prior to the expiry of such authority and may make a purchase of Subscription Shares pursuant to any such contract notwithstanding such expiry.

BY ORDER OF THE BOARD

FIL Investments International, Secretary

Date: 5 February 2010

Registered Office: Beech Gate, Millfield Lane
Lower Kingswood
Tadworth
Surrey KT20 6RP

Notes:

- (i) A member entitled to attend and vote at the Meeting convened by the above Notice of General Meeting is entitled to appoint one or more proxies to exercise all or any of the rights of the member to attend and speak and vote in his place. A proxy need not be a member of the Company.
- (ii) To appoint a proxy you may use the Form of Proxy enclosed with this Notice of General Meeting. To be valid, the Form of Proxy, together with the power of attorney or other authority (if any) under which it is signed or a notarially certified or office copy of the same, must be completed and returned in accordance with the instructions printed thereon to the Company's Registrars, Capita Registrars, PXS, 34 Beckenham Road, Beckenham BR3 4TU, or delivered by hand during office hours to the same address as soon as possible and in any event by not later than 11.00 a.m. on 2 March 2010.
- (iii) Completion of the Form of Proxy will not prevent you from attending and voting in person.
- (iv) Any person receiving a copy of this Notice as a person nominated by a member to enjoy information rights under section 146 of the Companies Act 2006 (a "Nominated Person") should note that the provisions in Notes (i) to (iii) above concerning the appointment of a proxy or proxies to attend the General Meeting in place of a member, do not apply to a Nominated Person as only Shareholders have the right to appoint a proxy. However, a Nominated Person may have a right under an agreement between the Nominated Person and the member by whom he or she was nominated to be appointed, or to have someone else appointed, as a proxy for the Meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may have a right under such an agreement to give instructions to the member as to the exercise of voting rights at the Meeting.
- (v) Nominated Persons should also remember that their main point of contact in terms of their investment in the Company remains the member who nominated the Nominated Person to enjoy information rights (or perhaps the custodian or broker who administers the investment on their behalf). Nominated Persons should continue to contact that member, custodian or broker (and not the Company) regarding any changes or queries relating to the Nominated Person's personal details and interest in the Company (including any administrative matter). The only exception to this is where the Company expressly requests a response from a Nominated Person.
- (vi) Pursuant to regulation 41 of the Uncertificated Securities Regulations 2001, only Shareholders registered in the register of members of the Company by not later than 6.00 p.m. two days prior to the time fixed for the Meeting shall be entitled to attend and vote at the Meeting in respect of the number of Shares registered in their name at such time. If the Meeting is adjourned, the time by which a person must be entered on the register of members of the Company in order to have the right to attend and vote at the adjourned Meeting is 6.00 p.m. two days prior to the time of the adjournment. Changes to the register of members after the relevant times shall be disregarded in determining the rights of any person to attend and vote at the Meeting.
- (vii) In the case of joint holders, the vote of the senior holder who tenders a vote whether in person or by proxy shall be accepted to the exclusion of the votes of the other joint holders and, for this purpose, seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the relevant joint holding.
- (viii) Any corporation which is a member can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a member provided that they do not do so in relation to the same Shares.
- (ix) If the Chairman, as a result of any proxy appointments, is given discretion as to how the votes the subject of those proxies are cast and the voting rights in respect of those discretionary proxies, when added to the interests in the Company's securities already held by the Chairman, result in the Chairman holding such number of voting rights that he has a notifiable obligation under the Disclosure and Transparency Rules, the Chairman will make the necessary notifications to the Company and the Financial Services Authority. As a result, any member holding 3 per cent. or more of the voting rights in the Company who grants the Chairman a discretionary proxy in respect of some or all of those voting rights and so would otherwise have a notification obligation under the Disclosure and Transparency Rules, need not make a separate notification to the Company and the Financial Services Authority.
- (x) As at 4 February 2010, being the last business day prior to the printing of this Notice, the Company's issued capital consisted of 60,942,501 Ordinary Shares carrying one vote each. Therefore, the total voting rights in the Company as at 4 February 2010 are 60,942,501 Ordinary Shares carrying one vote each.
- (xi) The proposed New Articles are available for inspection at the registered office of the Company, Beech Gate, Millfield Lane, Lower Kingswood, Tadworth, Surrey, KT20 6RP during usual business hours on any weekday (Saturdays, Sundays and public holidays excluded) from the date of this Notice until the conclusion of the General Meeting and will be available for inspection at the place of the General Meeting for at least 15 minutes prior to and during the General Meeting.

APPENDIX

CHANGES TO THE ARTICLES

1. The Company's Objects

The provisions regulating the operations of the Company are currently set out in the Company's Memorandum and Articles. The Company's Memorandum contains, among other things, the objects clause which sets out the scope of the activities the Company is authorised to undertake. This is drafted to give a wide scope.

The 2006 Act significantly reduces the constitutional significance of a company's memorandum. The 2006 Act provides that a memorandum will record only the names of subscribers and the number of shares each subscriber has agreed to take in a company. Under the 2006 Act, the objects clause and all other provisions which are contained in a company's memorandum for existing companies are deemed to be contained in a company's Articles of Association but the company can remove these provisions by special resolution.

Further, the 2006 Act states that unless a company's articles provide otherwise, a company's objects are unrestricted. This abolishes the need for companies to have objects clauses. For this reason the Company is proposing to remove its objects clause together with all other provisions of its memorandum which, by virtue of the 2006 Act, are treated as forming part of the Company's Articles of Association. Sub-paragraph (A) of the Resolution confirms the removal of these provisions for the Company. As the effect of this Resolution will be to remove the statement currently in the Company's Memorandum of Association regarding limited liability, the New Articles also contain an express statement regarding the limited liability of Shareholders.

2. Articles which Duplicate Statutory Provisions

Provisions in the Company's Articles which replicate provisions contained in the 2006 Act are, in the main, to be removed in the New Articles. This is in line with the approach advocated by the Government that statutory provisions should not be duplicated in a company's constitution.

3. Change of Name

Under the Companies Act 1985, a company could only change its name by special resolution. Under the 2006 Act a company will be able to change its name by other means provided for by its articles. To take advantage of this provision, the New Articles enable the Directors to pass a resolution to change the Company's name.

4. Authorised Share Capital and Unissued Shares

The 2006 Act abolishes the requirement for a company to have an authorised share capital and the New Articles reflect this. Directors will still be limited as to the number of shares they can at any time allot because allotment authority continues to be required under the 2006 Act, save in respect of employee share schemes.

5. Redeemable Shares

Under the Companies Act 1985, if a company wished to issue redeemable shares, it had to include in its articles the terms and manner of redemption. The 2006 Act enables directors to determine such matters instead provided they are so authorised by the articles. The New Articles contain such an authorisation. The Company has no plans to issue redeemable shares, but if it did so the Directors would need Shareholders' authority to issue new shares in the usual way.

6. Authority to Purchase Own Shares, Consolidate and Sub-divide Shares, and Reduce Share Capital

Under the Companies Act 1985, a company required specific enabling provisions in its articles to purchase its own shares, to consolidate or sub-divide its shares and to reduce its share capital or other undistributable

reserves as well as shareholder authority to undertake the relevant action. The Articles include these enabling provisions. Under the 2006 Act, a company will only require shareholder authority to do any of these things and it will no longer be necessary for articles to contain enabling provisions. Accordingly the relevant enabling provisions have been removed in the New Articles.

7. Use of Seals

Under the Companies Act 1985, a company required authority in its articles to have an official seal for use abroad. Under the 2006 Act, such authority will no longer be required. Accordingly, the relevant authorisation has been removed in the New Articles.

The New Articles provide an alternative option for execution of documents (other than share certificates). Under the New Articles, when the seal is affixed to a document it may be signed by one Director in the presence of a witness, whereas previously the requirement was for signature by either a Director and the Secretary or two Directors or such other person or persons as the Directors might approve.

8. Vacation of Office by Directors

The Articles specify the circumstances in which a Director must vacate office. The New Articles update these provisions to treat physical illness in the same manner as mental illness.

9. Voting by Proxies on a Show of Hands

The Shareholders' Rights Regulations have amended the 2006 Act so that it now provides that each proxy appointed by a member has one vote on a show of hands unless the proxy is appointed by more than one member in which case the proxy has one vote for and one vote against if the proxy has been instructed by one or more members to vote for the resolution and by one or more members to vote against the resolution. The New Articles remove provisions in the Articles dealing with proxy voting on the basis that these are dealt with in the 2006 Act and contain a provision clarifying how the provision of the 2006 Act giving a proxy a second vote on a show of hands should apply to discretionary authorities.

10. Chairman's Casting Vote

The New Articles remove the provision giving the Chairman a casting vote in the event of an equality of votes as this is no longer permitted under the 2006 Act.

11. Adjournments for Lack of Quorum

Under the 2006 Act as amended by the Shareholders' Rights Regulations, general meetings adjourned for lack of quorum must be held at least ten clear days after the original meeting. The Articles have been changed to reflect this requirement.

12. Borrowing Powers

The Articles set out the borrowing powers of the Board. Under the New Articles the limit on borrowing is increased from an amount equal to the Company's adjusted capital and reserves to twice the Company's adjusted capital and reserves. This increase in the Company's borrowing powers under the Articles will not affect the Company's Borrowing Policy which remains unchanged.

13. General

Generally the opportunity has been taken to bring clearer language into the New Articles and in some areas to conform the language of the New Articles with that used in the model articles for public companies produced by the Department for Business, Innovations and Skills.

