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If you have sold or otherwise transferred all of your Ordinary Shares you should send this document and the accompanying form of proxy as soon as possible to the purchaser or transferee, or to the stockbroker, bank or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee. However, this document should not be forwarded to or transmitted in or into the United States, Canada, Japan, Australia or the Republic of South Africa and their respective territories or possessions.

This document, which comprises a prospectus and circular relating to Schroder AsiaPacific Fund plc, is prepared in accordance with the Prospectus Rules and the Listing Rules for the purposes of section 73A of the Financial Services and Markets Act 2000. Accordingly this document has been approved by and filed with the FSA in accordance with rule 3.2 of the Prospectus Rules. In accordance with rule 2.2.1 of the Prospectus Rules this Prospectus has been drawn up as a single document and comprises a summary, securities note and registration document.

Numis Securities, which is authorised and regulated by the Financial Securities Authority, is acting exclusively for the Company in connection with the Bonus Issue and will not be responsible to anyone other than the Company for providing the protections afforded to customers of Numis Securities or for advising any such person in connection with the Bonus Issue.

Schroder AsiaPacific Fund plc

(Incorporated in England and Wales under the Companies Act 1985 with registered number 03104981)

BONUS ISSUE OF UP TO 33,437,960 SUBSCRIPTION SHARES

AND

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

This document is to be read in conjunction with all documents that 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 Schroder AsiaPacific Fund plc that is set out in Part 1 of this document. Your attention is also drawn to the "Risk Factors" section set out in this document.

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 main market of the London Stock Exchange for the Subscription Shares to be admitted to trading on its market for listed securities. It is expected that Admission will become effective and that dealings on the main market of the London Stock Exchange in the Subscription Shares will commence on or around 15 October 2009.

Notice of a General Meeting of Schroder AsiaPacific Fund plc to be held at 31 Gresham Street, London EC2V 7QA, at 11.30 a.m. on Wednesday 14 October 2009 is set out at **Part 8** of this document. The form of proxy for use at the meeting accompanies this document and, to be valid, should be completed and returned in accordance with the instructions set out thereon as soon as possible but in any event so as to reach the Company's registrars, Equiniti Limited, Aspect House, Spencer Road, Lancing, West Sussex BN99 6ZH not later than 48 hours before the time appointed for holding the General Meeting.

This document does not constitute, and may not be used for the purposes of, any offer or invitation to sell or issue or the solicitation of any offer to purchase or subscribe for the Subscription Shares to anyone in any jurisdiction in which such offer, invitation or solicitation is unlawful or to any person to whom it is unlawful to make such offer or invitation or undertake such solicitation.

None of the Subscription Shares or the Ordinary Shares which result from the exercise of the Subscription Share Rights have been or will be registered under the United States Securities Act of 1933, as amended, or under the applicable securities laws of any state of the United States, Canada, Japan, Australia, or the Republic of South Africa and their respective territories or possessions. Subject to certain exceptions, the Subscription Shares issued under the Bonus Issue may not be offered, sold, taken up or delivered, directly or indirectly, within the United States, Canada, Japan, Australia, or the Republic of South Africa or their respective territories or possessions. The attention of Overseas Shareholders and any person (including, without limitation, nominees, custodians or trustees) who has a contractual or legal obligation to forward this document to a jurisdiction outside the EEA is drawn to **Part 1** of this document.

The distribution of this document and the offering of the Subscription Shares in any jurisdiction other than the EEA may be restricted by law and, accordingly, persons into whose possession this document comes should inform themselves about and observe any such restrictions. Any failure to comply with any such restrictions may constitute a violation of the securities laws of the jurisdiction concerned. The Company will not incur any liabilities for its own failure or the failure of any other person or persons to comply with the provisions of any such restrictions. No person receiving a copy of this document in any territory other than within the EEA may treat the same as constituting an offer or invitation to him to participate in the Bonus Issue of Subscription Shares.

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SUMMARY

You should read the whole of this document, and not rely solely on the summary information set out below. This summary conveys the essential characteristics and risks associated with the Bonus Issue and should be read as an introduction to this document. Any decision to invest in the Company's securities should be based on a consideration of this document as a whole by the investor. Where a claim relating to the information contained in this document is brought before a court where English is not the language in which proceedings are conducted, a plaintiff investor may have to bear the costs of translating this document before the legal proceedings are initiated.

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

1. Introduction

The Company is proposing to make a bonus issue of up to 33,437,960 Subscription Shares, free of payment, at a rate of one Subscription Share for every five Ordinary Shares held on the Record Date.

2. Information on Schroder AsiaPacific Fund plc

The Company is a UK investment trust, which was established in 1995 to achieve capital growth through investing primarily in equities in certain countries in the continent of Asia and the Far East.

3. Investment Objective

The principal investment objective of the Company is to achieve capital growth through investment primarily in equities of companies located in the continent of Asia (excluding the Middle East and Japan), together with the Far Eastern countries bordering the Pacific Ocean (excluding Australasia), with the aim of achieving growth in excess of the MSCI All Counties Far East (Free) excluding Japan Index in Sterling, over the longer term.

4. Investment Policy

The Company principally invests in a diversified portfolio of companies located in the continent of Asia (excluding the Middle East and Japan) (for the purposes of this paragraph the "region"). Such countries include Hong Kong/China, Singapore, Taiwan, Malaysia, South Korea, Thailand, India, The Philippines, Indonesia, Pakistan, Vietnam and Sri Lanka and may include other countries in the region that permit foreign investors to participate in investing in equities, such as in their stock markets or other such investments in the future. Investments may be made in companies listed on the stock markets of countries located in the region and/or listed elsewhere but controlled from within the region and/or with a material exposure to the region.

The portfolio is invested in equities, but may also be invested in other financial instruments. The Company may invest up to 5 per cent. of its assets in securities which are not listed on any stock exchange but would normally not make such an investment except where the Manager expects that the securities will shortly become listed on a stock exchange. In order to maximise potential returns, gearing may be employed by the Company from time to time. Where appropriate the Directors may authorise the hedging of the Company's currency exposure. While the Articles limit the amount of gearing the Company may have to a maximum of the Company's adjusted capital and reserves, Directors do not anticipate net effective gearing levels in excess of 20 per cent. of shareholders' funds.

Risk in relation to the Company's investments is spread as a result of the Manager monitoring the Company's portfolio with a view to ensuring that the portfolio retains an appropriate balance to meet the Company's investment objective. The Board has imposed a number of restrictions on investment by the Manager. The key restrictions imposed on the Manager include that (a) no more than 15 per cent. of the Company's total net assets, at the date of acquisition, may be invested in any one single company or (b) no more than 10 per cent. of the Company's total net assets, at the date of acquisition, may be invested in other listed investment companies unless such companies have a stated investment policy not to invest more than 15 per cent. of their gross assets in other listed companies.

Compliance with investment restrictions and guidelines is monitored continuously by the Manager and is reported to the Board on a quarterly basis. These restrictions and guidelines may be varied by the Board at any time at its discretion, although any material changes to the investment policy must be approved by Shareholders in accordance with the Listing Rules.

5. Investment Outlook

The past 12 months have provided a severe test of the case for investing in any stock market, and the volatility in the value of the Company's portfolio has shown that Asia has not been immune. The causes have been well documented: the shock to the global economy of a major dislocation in the financial system, followed by a recovery in confidence as governments worldwide try to stabilise the financial and economic position.

This volatility is intimidating, but the Board takes comfort from how Asia and the Company's portfolio have reacted to the events of the last year. The region's markets fell as quickly as those in the West, but have recovered sooner and by a greater margin. Helped by a decline in Sterling relative to local currencies, the Company's net asset value is now higher than its levels of a year ago.

This recovery, which corresponds to the out-performance of most Western markets, seems justified by a region that has lived up to many of its strengths. Most Asian financial systems have been relatively unaffected by the bad loan and liquidity problems in the West; financial gearing is generally lower, both in the corporate and personal sector, and governments have strong fiscal positions and foreign exchange reserves to fund stimulus programmes. The most material of the latter to the region has been in China, where stimulus has been not only quick but also effective, with the banking system rapidly turning a policy change into a lending boom. It has probably also been of benefit to Asia that it went through its own financial crisis as recently as the late 1990s meaning that government and private sector memories are still fresh, both on how to avoid the causes and how to respond to the problems.

The key risk for most Asian economies is whether there has been sustained damage to their Western export markets. The speed of the cut in export orders late last year was unprecedented, and it is too early to tell how much current restocking is just in reaction or is a return to previous conditions. Although there is little the region can do in the short term to influence this, the Board, acting on advice from the Manager, continues to believe that Asia will maintain its market share in many key products, and that over the longer term Asia will continue to develop as a major consumer market in its own right. A large portion of the Company's portfolio continues to be invested in companies that will also benefit from the further growth of an urbanised middle class looking to spend their above-average savings.

The volatility of the past year may well continue but the Board, acting upon advice from the Manager, believes that the portfolio is invested in a region that still has an opportunity to grow faster than most developed countries. The Board is also reassured by the confidence the Manager has in the companies held in the portfolio.

6. The Bonus Issue

The Company is proposing to issue Subscription Shares to Qualifying Shareholders on the basis of one Subscription Share for every five Ordinary Shares held on the Record Date for the reasons described below, and on the terms and subject to the conditions set out in this document. The Bonus Issue is subject, *inter alia*, to the approval of the Shareholders at the General Meeting and on the admission of the Subscription Shares to the Official List and to trading on the main market of the London Stock Exchange.

Each Subscription Share will confer the right, but not the obligation, to subscribe for one Ordinary Share for each Subscription Share held on each of 31 December, 31 March, 30 June and 30 September (each a "**Subscription Date**") between 31 December 2009 and 31 December 2012.

Notice of the exercise of the Subscription Share Rights may be given in the 28 days preceding each of the Subscription Dates from 31 December 2009 until 31 December 2012 (both dates inclusive) after which the Subscription Share Rights will lapse. The Ordinary Shares arising on the conversion of the Subscription Share Rights and on payment of the relevant Subscription Price as set out below.

The Subscription Prices will be the Net Asset Value per Ordinary Share on the Calculation Date, plus a percentage premium to such amount, rounded up to the nearest whole penny, as follows:

- (a) if exercised on any Subscription Date between and including 31 December 2009 and 30 September 2010, a premium of 1 per cent.;
- (b) if exercised on any Subscription Date between and including 31 December 2010 to 30 September 2011, a premium of 10 per cent.; and
- (c) if exercised on any Subscription Date between and including 31 December 2011 to 31 December 2012 a premium of 30 per cent.

It is expected that an announcement setting out Subscription Prices will be made on 14 October 2009.

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

- (a) Qualifying Shareholders (other than certain Overseas Shareholders) will receive securities that they may convert into Ordinary Shares at a predetermined price to benefit from any future growth in the Company;
- (b) Qualifying Shareholders (other than certain Overseas 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 more Ordinary Shares and, hence, the total expense ratio to fall;
- (d) following the exercise of any Subscription Share Rights, the Company will have more Ordinary Shares in issue, which may improve the liquidity in the market for its Ordinary Shares; and
- (e) Qualifying Shareholders (other than certain Overseas Shareholders) will receive securities that are qualifying investments for the purposes of the stocks and shares components of an ISA and permitted investments for the purposes of a SIPP.

7. Costs of the Bonus Issue

The Company's expenses in connection with the Bonus Issue are estimated to be approximately £235,000 (exclusive of VAT), or about 0.08 per cent. of the Net Asset Value per Ordinary Share as at 11 September 2009.

8. General Meeting

The Bonus Issue is subject to the passing by Shareholders of the Special Resolution set out in the Notice of General Meeting. The Board unanimously recommends that Shareholders vote in favour of the Special Resolution.

9. 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 Company's investment policy.

10. Risk factors

The principal risk factors affecting the Company and the Subscription Shares that are known to the Directors are considered to be those set out below. If any or a combination of these risks occurs, the financial condition, prospects and share price of the Company could be materially and adversely affected. Each risk factor, which is given for your protection, should be read accordingly and carefully noted. They are not set out in any order of importance or priority.

(a) *Restriction of foreign investment*

Some countries prohibit or impose substantial restrictions on investments by foreign entities such as the Company, which may have an adverse impact on the operations of the Company.

(b) *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 reclaim the amount invested.

The success of the Company will depend on the Manager's ability to identify attractive investments and to realise them. Any factor that 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 used will be successful under all or any market conditions.

The Company invests in a diverse portfolio of equities in certain countries in Asia and the Far East and a fall in such equities would have an adverse impact on the value of the Company's underlying investments.

(c) *Ordinary Shares*

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

The discount or premium is variable as supply and demand for the Company's Ordinary Shares changes. This means that the Ordinary Share price can rise or fall when the NAV rises.

In order to maximise returns, the Company may employ gearing from time to time in accordance with its gearing policy, which may have a separate effect, unfavourable or favourable, on the returns on an investment in the Company's Shares. While the Articles limit the amount of gearing the Company may have to a maximum of the Company's adjusted capital and reserves, Directors do not anticipate net effective gearing levels in excess of 20 per cent. of shareholders' funds.

Market liquidity in the shares of investment trusts is frequently inferior to the market liquidity in shares issued by larger companies traded on the main market of the London Stock Exchange.

(d) *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 the movement in the price of the Ordinary Shares.

Although Subscription Shares are tradable securities, market liquidity of the Subscription Shares may be less than the market liquidity of Ordinary Shares.

(e) *Borrowing and gearing*

Prospective investors should be aware that, although the use of borrowings within the limits prescribed by the Board will 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. This will increase the volatility of the NAV per Share. The Company borrows in currencies other than Sterling and movements in the exchange rates between Sterling and other currencies may have a separate effect, unfavourable or favourable, on the return otherwise experienced on an investment in the Company's Shares.

(f) *Dilution*

The allotment of Subscription Shares will put the equivalent of 20 per cent. of the Company's issued ordinary share capital under option immediately following the Bonus Issue. Each occasion that the Subscription Shares Rights are exercised will dilute the ordinary shareholding of Ordinary Shareholders who do not exercise a corresponding proportion of Subscription Share Rights or who have sold their Subscription Shares. The extent of such dilution will depend on the number of

Subscription Shares which are converted on each occasion and the difference between the applicable Subscription Prices and the NAV per Ordinary Share at the time the Ordinary Shares are issued pursuant to the exercise of the Subscription Share Rights.

(g) *Other*

Any change in the Company's tax status, including failure to satisfy the conditions of section 842 of the Income and Corporation Taxes Act 1988, or change in taxation 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.

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 principally in equities in certain countries in Asia 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, operational performance or financial condition. If any or a combination of the following risks materialise, the Company's business, financial condition, operational performance and share price could be materially adversely affected. In that case, the trading price of the Ordinary Shares and Subscription Shares could decline and potential investors lose all of their investments.

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 3** 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, 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

A shareholding in the Company is suitable for investors capable of evaluating the risks and merits of such a shareholding and who have sufficient resources to bear any loss (including total loss) which may result from the shareholding. Before making any investment decision, prospective investors are strongly advised to consult an independent adviser authorised under 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:

- 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 Company invests in a diverse portfolio of equities in certain countries in Asia and the Far East and a fall in such equities would have an adverse impact on the value of the Company's underlying investments.
- 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

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*.

- The exercise of Subscription Share Rights at a time when the NAV per Share is greater than the prevailing Subscription Prices would cause the NAV per 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 Share than might otherwise be expected.
- Market liquidity in the shares of investment trusts is frequently inferior to the market liquidity of shares issued by larger companies traded on the main market of 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

- The value of a Subscription Share may go down as well as up.
- 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.
- 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.
- 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 will exercise all the outstanding Subscription Share Rights and sell the Ordinary Shares issued on such exercise in the market. 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 £5.00 in which case such sum shall be retained for the benefit of the Company.
- Although Subscription Shares are tradable securities, market liquidity of Subscription Shares may be less than the market liquidity of Ordinary Shares. It is possible there may not be a liquid market in the Subscription Shares and investors may have difficulty in selling such securities.
- 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 Manager's ability to identify attractive investments and to realise them in accordance with the Company's investment policy. Any factor that 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 objective 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.

Restrictions on foreign investment

Some countries prohibit or impose substantial restrictions on investments by foreign entities such as the Company. For example, certain countries require governmental approval prior to investments by foreign persons, limit the amount of investment by foreign persons in a particular company or limit the investment by foreign persons in a company to only a specific class of securities which may have less advantageous terms than securities of the company available for purchase by nationals. Certain countries may restrict investment opportunities in issues or industries deemed important to national interests. The manner in which foreign investors may invest in companies in certain countries, as well as limitations on such investments, may have an adverse impact on the operations of the Company. For example, the Company may be required in certain of such countries to invest initially through a local broker or other entity and then have the share purchases re-registered in the name of the Company. Re-registration may in some instances not be able to occur on a timely basis, resulting in a delay during which the Company may be denied certain of its rights as an investor, including rights as to dividends or to be made aware of certain corporate actions. There also may be instances where the Company places a purchase order but is subsequently informed, at the time of re-registration, that the permissible allocation to foreign investors has been filled, depriving the Company of the ability to make its desired investment at the time. Substantial limitations may exist in certain countries with respect to the Company's ability to repatriate investment income, capital or the proceeds of sales of securities by foreign investors. The Company could be adversely affected by delays in, or a refusal to grant, any required governmental approval for repatriation of capital, as well as by the application to the Company of any restriction on investments.

Securities markets in certain overseas markets

The securities markets in certain countries in Asia and the Far East are not as large as more established securities markets and have substantially less trading volume, which may result in a lack of liquidity and higher price volatility. There may be a high concentration of market capitalisation and trading volume in a small number of issuers representing a limited number of industries as well as a high concentration of investors and financial intermediaries. These factors may adversely affect the timing and price of the acquisition or disposal of these securities. In addition, an economic downturn or an increase in the real or perceived risks associated with global or regional emerging markets may adversely affect an investment in the Company.

Practices in relation to settlement of securities transactions in certain markets in Asia and the Far East involve higher risks than those in developed markets, in part because the Company will need to use brokers and counterparties which are less well capitalised and custody, registration and title of assets in some countries may be less reliable. Shares in companies in certain markets in Asia and the Far East may ultimately be held in book-entry form in the securities depositories of the relevant stock exchanges. Thus, the Company is ultimately exposed to the operating rules and counterparty risk of the relevant securities depository in which the individual shares are held.

Some markets in Asia and the Far East often do not have established frameworks of company law. The Company may be unable to obtain effective enforcement of its legal rights by legal or judicial proceedings where this is the case.

Discounts

The price of shares of an investment trust is determined by the interaction of supply and demand for such shares in the market as well as the net asset value per share. The share price can therefore fluctuate and may represent a discount or premium to the net asset value 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 as the net asset value per share rises or *vice versa*.

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 investment in the Company will therefore be required to dispose of their Ordinary Shares or Subscription Shares on the stock market.

Market liquidity in the shares of investment trusts is frequently inferior to the market liquidity in shares issued by larger companies traded on the main market of 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 a quoted market price 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 Net Asset Value

In calculating the Company's daily unaudited Net Asset Value, 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.

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 that 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 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 which are converted on each occasion and the difference between the applicable Subscription Prices 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.

Dividends and income

The principal investment objective of the Company is to achieve capital growth through investment primarily in equities of companies located in the continent of Asia (excluding the Middle East and Japan), together with the Far Eastern countries bordering the Pacific Ocean (excluding Australasia), with the aim of achieving growth in excess of the MSCI All Countries Far East (Free) excluding Japan Index in Sterling, over the longer term. Given the objective of capital growth, it is not currently the Board's expectation that dividends will be an appreciable part of the return to investors. 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.

Foreign exchange rate risk

The Company invests in foreign currency denominated equities. Movements in the exchange rates between Sterling (the Company's base currency) and other currencies in which the Company's investments are denominated may have a separate effect, unfavourable or favourable, on the return

otherwise experienced on an investment in the Company's Shares. Foreign exchange rate risk may increase the volatility of the NAV per Ordinary Share.

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, it currently provides, and may continue to provide, investment management, investment advice and 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 doing so.

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 the FSA's Conduct of Business Sourcebook.

Borrowings and gearing

Some investment trusts employ gearing that seeks to enhance returns to shareholders by borrowing funds for investment. Where an investment trust is geared, its net asset value 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. Companies that borrow in currencies other than Sterling may experience movements in the exchange rates between Sterling and other currencies which can have a separate effect, unfavourable or favourable, on the return otherwise experienced on an investment in the Company's Shares. While the Articles limit the amount of gearing the Company may have to a maximum of the Company's adjusted capital and reserves, Directors do not anticipate net effective gearing levels in excess of 20 per cent. of shareholders' funds.

Whilst the use of borrowings within the limits prescribed by the Board 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. This may increase the volatility of the NAV per Share.

Taxation

Any change in the Company's tax status, including failure to satisfy the conditions of section 842 of the Income and Corporation Taxes Act 1988, or any change in taxation 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 relief referred to in this document is that currently available and its 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 Companies Acts and, as its shares are admitted to the Official List, the UK Listing Authority Listing Rules. A breach of the Companies Acts could result in the Company and/or the Directors being fined or becoming the subject of criminal proceedings. A breach of the UK Listing Authority Rules could result in the Company's shares being

suspended from listing, which in turn would breach section 842 of the Income and Corporation Tax Act 1988.

Any changes in the regulatory regime or environment in which the Company operates may have a detrimental effect upon the interests of the shareholders.

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 greater than 75 per cent. of the Shares in any class are held by, *inter alia*, 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 will allow a reasonable period of time for the Company to restore the appropriate percentage if this rule is breached once the Shares are listed, but in the event that that listing is cancelled the Company would lose its investment trust status.

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 across the globe can substantially and adversely or favourably affect the Company's prospects and the value of the Company's portfolio.

Accounts

The Company prepares its accounts in accordance with the Companies Acts, UK GAAP and with the Statement of Recommended Practice (SORP) for Financial Statements of Investment Trust Companies and Venture Capital Trusts issued in January 2009 by the Association of Investment Companies (AIC). UK GAAP is subject to change and this may have an effect on the Company's calculation of the NAV. The Company charges 100 per cent. of the periodic management fee earned under the terms of the Management Agreement and finance costs on borrowings for investment purposes to the revenue account. Such charges will reduce the NAV per Share. Changes in the Company's accounting policies could adversely affect Shareholders.

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 of 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, 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 Prospectus Rules the Listing 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 law or any appropriate regulatory authority, including 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 3** of this document.

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Latest time and date for receipt of forms of proxy	11.30 a.m. on 12 October 2009
Subscription Prices of Subscription Shares calculated	5.00 p.m. on 13 October 2009
Record Date for entitlements under the Bonus Issue	5.00 p.m. on 13 October 2009
General Meeting	11.30 a.m. on 14 October 2009
Announcement of Subscription Prices	14 October 2009
Date of Admission and commencement of dealings in the Subscription Shares	8.00 a.m. on 15 October 2009
Crediting to CREST stock accounts in respect of the Subscription Shares	15 October 2009
Shares certificates despatched in respect of the Subscription Shares	Week commencing 19 October 2009

Notes:

- (1) Reference to times in this document are to London time unless otherwise stated.
- (2) The dates set out in the expected timetable of principal events above and mentioned throughout this document may be adjusted by Schroder AsiaPacific Fund plc in which event details of the new dates will be notified to the FSA, to the London Stock Exchange and, where appropriate, to Shareholders.
- (3) If you have any queries on the procedure relating to the Bonus Issue you should contact Equiniti Limited at Aspect House, Spencer Road, Lancing, West Sussex BN99 6ZH or on 0871 384 2887 or +44 121 415 0250 (from outside UK). Calls to the Equiniti Limited 0871 384 2887 number are charged at 8p per minute from a BT landline. Other service providers' costs may vary. Calls to the Equiniti Limited +44 121 415 0250 number from outside the UK are charged at applicable international rates. Different charges may apply to calls made from mobile telephones and calls may be recorded and monitored randomly for security and training purposes. Please note that the Registrar cannot provide financial advice on the Bonus Issue or as to whether or not you should exercise the rights within the Subscription Share.

DEALING CODES

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

ISIN: GB00B3Z0B573

SEDOL: B3Z0B57

Ticker: SDPS

DIRECTORS, SECRETARY AND ADVISERS

Directors:	The Hon. Rupert Carington (Chairman) Robert Binyon The Rt. Hon. the Earl of Cromer Anthony Fenn Jan Kingzett all of 31 Gresham Street London EC2V 7QA
Secretary and Registered office:	Schroder Investment Management Limited 31 Gresham Street London EC2V 7QA
Telephone no:	+44 (0) 20 7658 3206
Manager:	Schroder Investment Management Limited 31 Gresham Street London EC2V 7QA
Corporate Broker and Financial Adviser to the Company and Sponsor to the Bonus Issue:	Numis Securities Ltd The London Stock Exchange Building 10 Paternoster Square London EC4M 7LT
Auditors to the Company:	PricewaterhouseCoopers LLP Hay's Galleria 1 Hay's Lane London SE1 2RD
Registrars:	Equiniti Limited Aspect House Spencer Road Lancing West Sussex BN99 6ZH
Telephone helpline no:	0871 384 2887
Solicitors to the Company for the Bonus Issue:	Eversheds LLP One Wood Street London EC2V 7WS
Solicitors to Numis:	Norton Rose LLP 3 More London Riverside London SE1 2AQ
Bankers:	ING Bank NV 60 London Wall London EC2M 5TQ
Custodian:	JPMorgan Chase Bank, N.A. 1 Chaseside Bournemouth BH7 7DB

PART 1

LETTER FROM THE CHAIRMAN

Schroder AsiaPacific Fund plc

(Incorporated and registered in England and Wales under the Companies Act 1985 with the registered number 03104981)

Directors:

The Hon. Rupert Carington
Robert Binyon
The Rt. Hon. the Earl of Cromer
Anthony Fenn
Jan Kingzett

Registered Office:

31 Gresham Street
London EC2V 7QA

18 September 2009

Dear Shareholder,

Proposed Bonus Issue of Subscription Shares and Notice of General Meeting

Introduction

Further to the Company's announcement on 16 June 2009 that it was considering proposals for a bonus issue of Subscription Shares to Qualifying Shareholders, the Board is today publishing its Proposals in relation to the Bonus Issue.

The purpose of this letter is to provide you with details of the Proposals and the related General Meeting to be held on 14 October 2009, at which Shareholders will be asked to approve the Special Resolution which is required to implement the Proposals.

The proposed Special Resolution will be for the creation of up to 33,437,960 Subscription Shares, the approval of the authorities required for the Bonus Issue and the exercise of those shares (including the repurchase of the issued Subscription Shares) and the adoption of the New Articles.

Background

The Company is an investment trust company, incorporated in 1995. The principal investment objective of the Company is to achieve capital growth from investment primarily in equities of companies located in the continent of Asia (excluding the Middle East and Japan), together with the Far Eastern countries bordering the Pacific Ocean (excluding Australasia), with the aim of achieving growth in excess of the MSCI All Countries Far East (Free) excluding Japan Index in Sterling, over the longer term. As at 11 September 2009 (the latest practicable date prior to publication of this document) the Company has gross assets of £293.44 million and net assets of £287.45 million.

The Proposals

Bonus Issue of Subscription Shares

The Company is proposing to issue Subscription Shares, subject to the passing of the Special Resolution which is set out in the Notice of General Meeting and Admission. If the Special Resolution is passed, Qualifying Shareholders will each receive, at no cost, one Subscription Share for every five Ordinary Shares held by them on the Record Date, being 13 October 2009, on the terms and subject to the conditions set out in the Prospectus. Fractions of Subscription Shares will not be allotted or issued and entitlements will be rounded down to the nearest whole number of Subscription Shares.

Each Subscription Share will confer the right, but not the obligation, to subscribe for one Ordinary Share on each of 31 December, 31 March, 30 June and 30 September between 31 December 2009 and 31 December 2012 (or if such date is not a Business Day, on the next following Business Day), each a Subscription Date. Such Subscription Share Rights will be exercisable on payment of the relevant

Subscription Price, which will be the Net Asset Value per Ordinary Share on the Calculation Date, plus a percentage premium to such amount, rounded up to the nearest whole penny as follows:

- (a) if exercised on any Subscription Date between and including 31 December 2009 and 30 September 2010, a premium of 1 per cent.;
- (b) if exercised on any Subscription Date between and including 31 December 2010 to 30 September 2011, a premium of 10 per cent.; and
- (c) if exercised on any Subscription Date between and including 31 December 2011 to 31 December 2012, a premium of 30 per cent.

The NAV for the purpose of calculating the Subscription Prices will be the unaudited value of the Company's assets calculated as at 5.00 p.m. on the Calculation Date 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). Prior charges include all loans and overdrafts that are to be used for investment purposes.

It is expected that an announcement setting out Subscription Prices will be made on 14 October 2009.

The percentage premia applying upon exercise and the resulting Subscription Prices reflect the Board's confidence in the Company's medium-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.

Notice of exercise of the Subscription Rights may be given in the 28 days preceding each of the Subscription Dates and the Ordinary Shares arising on subscription will be allotted within 14 days of the relevant Subscription Date or such later date as may be necessary to ensure the correct treatment of entitlement to dividend.

Subscription Shares will rank equally with each other and will not carry the right to receive any dividends from the Company. Subscription Shares do not carry the right to attend and vote at any general meeting of the Company. The Ordinary Shares resulting from the exercise of the Subscription 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). For the avoidance of doubt, Subscription Shares subscribed for following the Subscription Date on 30 September in each year will not be entitled to receive the dividend declared by the Company for the financial year in which that Subscription Date falls.

Subscription Shares are traded on the main market of the London Stock Exchange and can be bought and sold in a similar way to the Ordinary Shares. Prices for the Subscription Shares will be available on the Company's website www.schroderasiapacificfund.com and in the Financial Times newspaper.

Adoption of new Articles of Association

The Company proposes to adopt the New Articles which will set out the rights pertaining to the Subscription Shares but otherwise will be identical to the Articles of the Company that were adopted at the Annual General Meeting of the Company on 28 January 2009. The rights attaching to the Subscription Shares that are to be included in the New Articles are set out in **Part 4** of this document.

The New Articles will be on display at the registered office of the Company and at the offices of Eversheds LLP, One Wood Street, London EC2V 7WS, 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 start of the meeting.

Creation of Subscription Shares

The Company will seek Shareholder approval at the General Meeting to subdivide and redesignate 3,343,796 Ordinary Shares of 10p in the authorised but unissued share capital of the Company into 33,437,960 Subscription Shares to satisfy the Bonus Issue (and further Subscription Shares as may require to be issued in accordance with the terms attaching to the Subscription Shares described in **Part 4** of this document).

Authority to allot and disapplication of pre-emption rights

The Company proposes by means of a special resolution to be proposed at the General Meeting to seek authority under section 551 of the 2006 Act to allot up to a maximum aggregate nominal amount of £334,380 Subscription Shares pursuant to the Bonus Issue and up to a maximum aggregate nominal amount of £3,343,796 of Ordinary Shares for the purposes of satisfying the Bonus Issue. This authority will expire at the conclusion of the Company's Annual General Meeting in 2013. In accordance with sections 570 and 571 of the 2006 Act the Special Resolution will also empower the Directors to allot Ordinary Shares in connection with and for the purpose of the exercise of Subscription Rights pursuant to such authority otherwise than on a pre-emptive basis (this disapplication of statutory pre-emption rights under sections 570 and 571 of the 2006 Act will expire 15 months following the passing of the Special Resolution, but shall extend to the making before such expiry, of an offer or agreement which would or might require any Ordinary Shares to be allotted after such an expiry and the Directors may allot Ordinary Shares in pursuance of such offer or agreement as if authority conferred hereby had not expired).

Authority to repurchase Subscription Shares

Shareholders are being requested to grant the Board authority to allow the Company to repurchase up to 14.99 per cent. of the issued Subscription Share capital in issue following completion of the Bonus Issue (such authority will expire 18 months following the passing of the Special Resolution unless the authority is renewed at the Company's Annual General Meeting in 2010 or any other general meeting prior to that time). The repurchase of Subscription Shares may be required from time to time in order to ensure the orderly maintenance of the Company's share capital. Repurchases of Subscription Shares will be made at the discretion of the Board and will only be made when market conditions are considered by the Board to be appropriate and in accordance with the Listing Rules. Any Subscription Shares repurchased by the Company will be cancelled and will not be held in treasury for resale.

Capitalisation of reserves

If the Proposals are successful, the Company will capitalise up to £334,380 standing to the credit of the Company's share premium account or capital redemption reserve or any reserve (other than the profit and loss account) otherwise available for the purpose in order to pay up the nominal price (1p) of each Subscription Share issued under the Bonus Issue.

Benefits of the Proposals

The Directors believe that the Bonus Issue creating Subscription Shares will have the following benefits:

- (a) Qualifying Shareholders (other than certain Overseas Shareholders) will receive securities that they may convert into Ordinary Shares at a predetermined price in order to benefit from any future growth in the Company;
- (b) Qualifying Shareholders (other than certain Overseas Shareholders) will receive securities with a monetary value that 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 hence the total expense ratio to fall;
- (d) following the exercise of any Subscription 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 (other than certain Overseas Shareholders) will receive securities that are qualifying investments for the purposes of the stocks and shares components of a ISA and permitted investments for the purposes of a SIPP.

Investment Outlook

The past 12 months have provided a severe test of the case for investing in any stock market, and the volatility in the value of the Company's portfolio has shown that Asia has not been immune. The causes have been well documented: the shock to the global economy of a major dislocation in the financial system, followed by a recovery in confidence as governments worldwide try to stabilise the financial and economic position.

This volatility is intimidating, but the Board takes comfort from how Asia and the Company's portfolio have reacted to the events of the last year. The region's markets fell as quickly as those in the West, but have recovered sooner and by a greater margin. Helped by a decline in Sterling relative to local currencies, the Company's net asset value is now higher than its levels of a year ago.

This recovery, which corresponds to the out-performance of most Western markets, seems justified by a region that has lived up to many of its strengths. Most Asian financial systems have been relatively unaffected by the bad loan and liquidity problems in the West; financial gearing is generally lower, both in the corporate and personal sector, and governments have strong fiscal positions and foreign exchange reserves to fund stimulus programmes. The most material of the latter to the region has been in China, where stimulus has been not only quick but also effective, with the banking system rapidly turning a policy change into a lending boom. It has probably also been of benefit to Asia that it went through its own financial crisis as recently as the late 1990s meaning that government and private sector memories are still fresh, both on how to avoid the causes and how to respond to the problems.

The key risk for most Asian economies is whether there has been sustained damage to their Western export markets. The speed of the cut in export orders late last year was unprecedented, and it is too early to tell how much current restocking is just in reaction or is a return to previous conditions. Although there is little the region can do in the short term to influence this, the Board, acting on advice from the Manager, continues to believe that Asia will maintain its market share in many key products, and that over the longer term Asia will continue to develop as a major consumer market in its own right. A large portion of the Company's portfolio continues to be invested in companies that will also benefit from the further growth of an urbanised middle class looking to spend their above-average savings.

The volatility of the past year may well continue but the Board, acting upon advice from the Manager, believes that the portfolio is invested in a region that still has an opportunity to grow faster than most developed countries. The Board is also reassured by the confidence the Manager has in the companies held in the portfolio.

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 will be sent through the post at the risk of the Subscription Shareholder.

Application 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. It is expected that Admissions will occur and that dealings will commence on 15 October 2009.

General Meeting

To enable the Bonus Issue to proceed, it is necessary to create the Subscription Shares and to grant the Directors the appropriate power and authority to issue the Subscription Shares and allot Ordinary Shares following exercise of the Subscription Rights. Under the 2006 Act, this requires the approval of Shareholders. Accordingly, a general meeting of the Company is being convened for 14 October 2009 at which a resolution will be proposed as a Special Resolution to deal with the following matters:

- (a) to adopt the New Articles which set out all of the rights attaching to the Subscription Shares;
- (b) sub-divide and redesignate 3,343,796 Ordinary Shares in the authorised share capital of the Company into 33,437,960 Subscription Shares;

- (c) to authorise the Directors pursuant to section 551 of the 2006 Act to allot the Subscription Shares pursuant to the Bonus Issue up to a maximum nominal amount of £334,380 and up to a maximum aggregate nominal amount of £3,343,796 of Ordinary Shares for the purpose of satisfying the Subscription Share Rights (which represents, respectively, 0.8 per cent. and 20 per cent. of the Company's total issued Ordinary Share capital as at the date of this document, is in addition to the Director's existing authority and power to allot Ordinary Shares and will expire at the conclusion of the Company's Annual General Meeting in 2013 consistent with such existing authority and power) and pursuant to sections 570 and 571 of the 2006 Act to disapply statutory pre-emption rights in connection therewith (this disapplication of statutory pre-emption rights will expire 15 months following the passing of the Special Resolution, but shall extend to the making, before such expiry, of an offer or agreement which would or might require any Ordinary Shares to be allotted after such expiry and the Directors may allot Ordinary Shares in pursuance of such offer or agreement as if the authority conferred hereby had not expired);
- (d) to capitalise any part of the amount then standing to the credit of any of the share premium account or the capital redemption reserve or any reserve (other than the profit and loss account) of the Company and to apply the same in paying up at par the Subscription Shares for the purpose of the Bonus Issue;
- (e) to authorise the capitalisation of any reserve amount of the Company available for distribution in (i) paying up Ordinary Shares to be allotted pursuant to the exercise of Subscription Rights or (ii) in issuing further Subscription Shares to which the holder may be entitled in accordance with the rights attaching to the Subscription Shares;
- (f) to approve any consolidation, sub-division or redemption of share capital required to give effect to the rights of the Subscription Shareholders; and
- (g) to grant authority to the Company to purchase through the market up to 14.99 per cent. of the Subscription Shares issued pursuant to the Bonus Issue.

The Board is recommending that Shareholders vote in favour of the Special Resolution to be proposed at the General Meeting in order for the Bonus Issue to be implemented.

In order to be passed, the special resolution requires at least 75 per cent. of the votes cast to be in favour of it.

The General Meeting will be held at 31 Gresham Street, London EC2V 7QA. The notice convening the General Meeting is set out in **Part 8** of this document on pages 77 and 78.

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 of the relevant AGM at which proposals for the winding up or other reconstruction of the Company will be considered.

The last continuation vote took place in January 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 at which a continuation vote resolution is considered. In the event that the continuation vote is not passed and the Company is wound up or restructured, the entitlement of Subscription Shareholders will be calculated in accordance with the rights attaching to the Subscription Shares. Broadly, this means that if the diluted Net Asset Value per Ordinary Share is higher than the applicable Subscription Prices (net of any costs including any associated costs with a winding up, liquidation or a restructuring). Subscription Shareholders will receive the value of the difference in the winding up or reconstruction. The full rights attaching to the Subscription Shares are set out in **Part 4** of this Prospectus.

Overseas Shareholders

The issue of the Subscription Shares to persons who have a registered or mailing address in countries outside of the EEA States may be affected by the law or regulatory requirements of the relevant jurisdiction. Accordingly, unless stated otherwise, any Subscription Shares to be issued under the Bonus

Issue are not being issued to Overseas Shareholders, and Subscription Shares due to the Overseas Shareholders under the Bonus Issue will be allotted 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. Subscription Shares will be issued to Qualifying Shareholders with registered or mailing addresses in New Zealand and the Isle of Man on the basis described in this **Part 1** of the Prospectus as if they are not Overseas Shareholders.

The attention of Overseas Shareholders is drawn to page 28 of this document.

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 that Subscription Shares Rights are exercised this will dilute the 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 the NAV per Ordinary Share at the time of exercise of the Subscription Share Rights exceeds the applicable Subscription Prices, 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 which are converted on each occasion and the difference between the applicable Subscription Prices 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.

Action to be taken

To vote at the General Meeting

Shareholders will find enclosed with this document a form of proxy for use at the General Meeting. **Whether or not you intend to attend the General Meeting you are requested to complete the form of proxy in accordance with the instructions printed on it and return to the Registrar to arrive as soon as possible. To be valid, the form of proxy must be lodged with the Registrar not later than 11.30 a.m. on 12 October 2009.** Completion and return of the form of proxy will not prevent you from subsequently attending and voting in person at the General Meeting should you so wish.

ISAs/SIPPs

The Subscription Shares will be a qualifying investment for the stocks and shares component of an 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 financial advisers after taking into account the relevant scheme rules.

General

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

Additional information

Your attention is drawn to the information set out in the rest of this document, including the Risk Factors set out on pages 8 to 13.

Recommendation

Your Board, which has received financial advice from Numis Securities, considers that the Proposals provided for in the Special Resolution to be proposed at the General Meeting are in the best interests

of the Company and its shareholders as a whole. In providing its financial advice, Numis Securities has taken into account the Board's commercial assessment of the Proposals. Accordingly, your Board unanimously recommends all Shareholders to vote in favour of the Special Resolution to be proposed at the General Meeting.

The Directors intend to vote in favour of the Special Resolution in respect of their own beneficial holdings, which amount in aggregate to 232,800 Ordinary Shares, representing approximately 0.14 per cent. of the total voting rights of the Ordinary Shares currently in issue.

Yours sincerely

The Hon. Rupert Carington
Chairman

PART 2

INFORMATION ON THE COMPANY

1. Investment objective, policy and approach

1.1 *Investment objective*

The principal investment objective of the Company is to achieve capital growth through investment primarily in equities of companies located in the continent of Asia (excluding the Middle East and Japan), together with the Far Eastern countries bordering the Pacific Ocean (excluding Australasia), with the aim of achieving growth in excess of the MSCI All Countries Far East (Free) excluding Japan Index in Sterling, over the longer term.

1.2 *Investment policy*

The Company principally invests in a diversified portfolio of companies located in the continent of Asia (excluding the Middle East and Japan) (for the purposes of this paragraph the “**region**”). Such countries include Hong Kong/China, Singapore, Taiwan, Malaysia, South Korea, Thailand, India, The Philippines, Indonesia, Pakistan, Vietnam and Sri Lanka and may include other countries in the region that permit foreign investors to participate in investing in equities, such as in their stock markets or other such investments in the future. Investments may be made in companies listed on the stock markets of countries located in the region and/or listed elsewhere but controlled from within the region and/or with a material exposure to the region.

The portfolio is invested in equities, but may also be invested in other financial instruments. The Company may invest up to 5 per cent. of its assets in securities which are not listed on any stock exchange but would normally not make such an investment except where the Manager expects that the securities will shortly become listed on a stock exchange. In order to maximise potential returns, gearing may be employed by the Company from time to time. Where appropriate the Directors may authorise the hedging of the Company’s currency exposure. While the Articles limit the amount of gearing the Company may have to a maximum of the Company’s adjusted capital and reserves, Directors do not anticipate net effective gearing levels in excess of 20 per cent. of shareholders’ funds.

Risk in relation to the Company’s investments is spread as a result of the Manager monitoring the Company’s portfolio with a view to ensuring that the portfolio retains an appropriate balance to meet the Company’s investment objective. The Board has imposed a number of restrictions on investment by the Manager. The key restrictions imposed on the Manager include that (a) no more than 15 per cent. of the Company’s total net assets, at the date of acquisition, may be invested in any one single company, or (b) no more than 10 per cent. of the Company’s total net assets, at the date of acquisition, may be invested in other listed investment companies unless such companies have a stated investment policy not to invest more than 15 per cent. of their gross assets in other listed companies.

Compliance with investment restrictions and guidelines is monitored continuously by the Manager and is reported to the Board on a quarterly basis. These restrictions and guidelines may be varied by the Board at any time at its discretion, although any material changes to the investment policy must be approved by Shareholders in accordance with the Listing Rules.

2. Details of the Company’s portfolio

As at the close of business on 11 September 2009 (being the latest practicable date prior to the publication of this document) the Company’s largest investments by value, which together represented more than 50 per cent. of the unaudited assets of the Company at that date were as follows:

Largest investments

<i>Company and activity</i>	<i>Value of holdings £'000</i>	<i>% of Shareholders' funds</i>
Samsung Electronics	18,329	6.38
Jardine Strategic Holdings	14,605	5.08
Taiwan Semiconductor Manufacturing	12,994	4.52
China Mobile	10,904	3.79
Jardine Matheson	10,704	3.72
SK Telecom	8,081	2.81
Taiwan Cement	8,005	2.79
Cairn India	6,836	2.38
Chunghwa Telecom	6,584	2.29
Niko Resources	6,503	2.26
Hana Financial Holdings	6,080	2.12
Swire Pacific	5,953	2.07
China Construction Bank	5,901	2.05
Industrial & Commercial Bank of China	5,318	1.85
Siliconware Precision	4,738	1.65
Ascendas Real Estate Investment Trust	4,636	1.61
DBS Group	4,575	1.59
Guoco Group	4,531	1.58
Total (18 investments)		50.54
Balance (58 investments)		49.14
Total investments		99.68
Net current assets		0.32
Total shareholders' funds		100.00

Sector analysis

<i>Sector</i>	<i>% of total assets as at 11 September 2009</i>
Financials	28.42
Consumer Services	3.91
Oil & Gas	5.42
Industrials	25.80
Basic Materials	3.40
Consumer Goods	4.38
Technology	14.25
Telecommunications	13.43
Utilities	0.67
Total investments	99.68
Net current assets	0.32
Total shareholders' funds	100.00

Geographic breakdown

<i>Country</i>	<i>% of total assets as at 11 September 2009</i>
Hong Kong/China	32.41
Singapore	14.20
South Korea	19.36
India	2.38
Taiwan	16.48
Indonesia	3.36
Thailand	4.49
Others	7.00
Sub total	99.68
Net current assets	0.32
Total	100.00

3. Directors

The Directors are responsible for determining the Company's investment policy and have overall responsibility for the Company's activities. The Board consists of five non-executive Directors. The Directors are:

3.1 The Hon. Rupert Carington

The Hon. Rupert Carington was appointed as a director of the Company on 18 September 1995. He has run his own financial advisory business since leaving Morgan Grenfell in 1987 after a career of 17 years including a period as Chief Executive of the Hong Kong office. He has considerable experience of investment trust companies having been Chairman of the Korea Asia Fund for ten years and Chairman of the Schroder Emerging Countries Fund for seven years as well as a director of the Fleming Natural Resources Investment Trust. He is also a director of Spirit Long/Short Equity Holdings Limited, an open ended investment company. He sits on a number of corporate advisory boards, including those of two Asian businesses.

3.2 Robert Binyon

Robert Binyon was appointed as a director of the Company on 17 February 2000. Until March 2003, he was a Managing Director of CDC Capital Partners responsible for CDC's investments and operations in the Asia Pacific region. He continues to be based in the region and is a director on a number of funds and companies in Asia.

3.3 The Rt. Hon. the Earl of Cromer

The Rt. Hon. the Earl of Cromer was appointed as a director of the Company on 24 November 1995 and is Chairman of the Audit Committee and the Management Engagement Committee. He is a former director of Inchcape Pacific Limited in Hong Kong and worked in the Far East for 28 years. He is a director of London Asia Capital plc and is currently chairman of the JF China Region Fund Ltd. He is chairman of the Western Provident Association (WPA) and the Japan High Yield Property Fund Limited.

3.4 Anthony Fenn

Anthony Fenn was appointed as a director of the Company on 1 June 2005. He retired at the end of 2003 after 38 years as an Investment Executive with Sun Life Financial of Canada. He held various positions in the course of his career and was for the past six years Head of Investments, Asia. Before moving to Asia he was Chief Investment Officer for the UK and oversaw the setting up of Sun Life's investment management subsidiary there. He also has management experience in Hong Kong, Japan, China, Indonesia, India and the Philippines.

3.5 Jan Kingzett

Jan Kingzett was appointed as a director of the Company on 18 September 1995. He has worked for Schroders in London, Tokyo and Singapore since 1977. He is also a non-executive director of Schroder Japan Growth Fund plc, Thos. Agnew and Sons (Holdings) Limited and a trustee of the Psychiatric Research Trust.

4. Investment management and administration

4.1 Manager

The Company's Manager is Schroder Investment Management Limited. The Manager is a group company of Schroders plc which is a global asset management company with £113.3 billion under management as at 30 June 2009, including £9.1 billion in Asian equities (excluding Japan, Australia and emerging market funds). Its clients are financial institutions including pension funds, banks, insurance companies, local and public authorities, governments, charities, high net worth individuals and retail investors.

As at 30 June 2009, 11 fund managers and 18 analysts at Schroder Investment Management Limited covered the Asian markets (excluding Japan and Australia).

The Company's investments are managed on behalf of the Manager by Matthew Dobbs. Matthew has 24 years of experience in managing Asian equities with Schroders plc. He has managed the Company's investments since the Company's launch in 1995. He also manages, on behalf of Schroder Investment Management Limited, the portfolio of the Schroder Oriental Income Fund Limited, another London-listed investment trust.

4.2 *Management Agreement*

The Manager provides investment management, accounting and secretarial services to the Company pursuant to the Management Agreement. The agreement can be terminated by either party on 12 months' notice or on immediate notice in the event of certain breaches or the insolvency of either party. The Manager is entitled to a fee at a rate of 1.00 per cent. per annum on assets up to and including £100 million, of 0.95 per cent. per annum on assets between £100 million and £300 million and of 0.90 per cent. per annum on assets above £300 million, payable quarterly in arrears and calculated by reference to the value of the Company's assets under management (net of current liabilities other than short-term borrowings) at the end of the preceding quarter. The Manager's periodic charge, in respect of Schroder plc funds in which the Company invests, is rebated to the Company so that no double charging occurs.

4.3 *Company Secretary*

Under the Management Agreement, the Manager was entitled to a secretarial fee amounting to £78,000 (exclusive of VAT) for the year ended 30 September 2008 for the provision of administration and secretarial services to the Company. This fee increases/decreases each year in line with the Retail Price Index.

5. Capital structure

The Company's capital structure currently consists only of Ordinary Shares.

The Ordinary Shares give Shareholders the entitlement to all of the capital growth in the Company's assets and to all income from the Company that is resolved to be distributed. The Ordinary Shares are in registered form and traded on the main market of the London Stock Exchange. As at 11 September 2009 (the latest practicable date prior to the publication of this document) there were 167,189,762 Ordinary Shares in issue. No shares were held in treasury. As at the same date, the unaudited Net Asset Value (including accumulated income) per Share was 171.93p.

6. Dividend policy

The principal investment objective of the Company is to achieve capital growth through investment primarily in equities of companies located in the continent of Asia (excluding the Middle East and Japan), together with the Far Eastern countries bordering the Pacific Ocean (excluding Australasia), with the aim of achieving growth in excess of the MSCI All Countries Far East (Free) excluding Japan Index in Sterling, over the longer term. Given the objective of capital growth, it is not currently the board's expectation that dividends will be an appreciable part of the return to investors. 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.

7. Current gearing limits

The Company maintains a credit facility of US\$50 million. The amount drawn down, as at the date of this document, was US\$10 million.

The net effective gearing level (which takes account not only borrowings by the Company but also any cash held by the Manager) at the beginning of the financial year ending 30 September 2008 was 4.7 per cent. and had fallen to 0.3 per cent. at 31 March 2009. The Company's gearing continues to be within pre-agreed limits so that net effective gearing does not represent more than 20 per cent. of Shareholders' funds. As at 11 September 2009 (being the latest practicable date prior to publication of the document) the net effective gearing level was 0.47 per cent.

8. Taxation

Information concerning the tax status of the Company and the taxation of Shareholders resident in the UK is contained in **paragraph 11** of **Part 5** of this document.

9. Duration of the Company

An ordinary resolution was passed at the Annual General Meeting of the Company in 2006, authorising the Company to continue as an investment trust. The Directors are obliged to propose such a resolution at every fifth Annual General Meeting of the Company thereafter, the next being 2011. If any such resolution is not passed, the Directors are obliged to convene within three months a general meeting to make proposals for the voluntary liquidation, unitisation or other reorganisation of the Company.

10. Reports to Shareholders

The annual report and accounts are made up to 30 September in each year and it is expected that copies will be made available to shareholders in December in each year, although the Company may send or supply summary financial statements to members of the Company instead of copies of its full accounts and reports.

11. Overseas Shareholders

The allotment 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. Accordingly, unless stated otherwise, any Subscription Shares to be issued under the Bonus Issue are not being issued to Overseas Shareholders, and Subscription Shares due to Overseas Shareholders under the Bonus Issue will be allotted to a broker 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 entitlement of £5 or less per Overseas Shareholder will be retained by the Company for its own account. Subscription Shares will be issued to Qualifying Shareholders with registered or mailing addresses in New Zealand and the Isle of Man on the basis described in **Part 1** of the Prospectus as if they are not Overseas Shareholders.

Notwithstanding any other provision of this document the Company reserves the right to permit any Shareholder to take up Subscription Shares due under the Bonus Issue if the Company, in its sole 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.

PART 3

FINANCIAL INFORMATION CONCERNING THE COMPANY

1. Statutory accounts for the three financial years ended 30 September 2008

Statutory accounts of the Company for the three financial years ended 30 September 2008, in respect of which the Company's auditors, PricewaterhouseCoopers LLP, of Hay's Galleria, Hay's Lane, London SE1 2RD, which is regulated by the Institute of Chartered Accountants in England and Wales, made unqualified reports under section 495 of the Companies Act, have been (or will be) delivered to the Registrar of Companies and such reports did not contain any statements under section 498(2) or (3) of the Act. Such reports are incorporated into this document by reference.

2. Published annual reports and accounts for the three financial years ended 30 September 2008 and the unaudited half-yearly reports for the six months ended 31 March 2008 and 2009.

2.1 Historical financial information

The published annual reports and audited accounts of the Company prepared under UK GAAP for the three financial years ended 30 September 2008 and the unaudited half-yearly reports for the six months ended 31 March 2008 and 2009 included, on the pages specified in the table below, the following information intended to enable investors to identify easily specific items of information which are relevant to the Bonus Issue.

Nature of Information	Annual report and accounts for the year ended 30 September			Half-yearly reports for the six months ended 31 March	
	2008	2007	2006	2009	2008
	Page No(s)	Page No(s)	Page No(s)	Page No(s)	Page No(s)
Income statement (incorporating revenue account)	24	31	31	6	6
Balance sheet	26	33	33	8	8
Cash flow statement	27	34	34	9	9
Reconciliation of movements in Shareholders' funds	25	32	32	7	7
Accounting policies	28	35	35	10	10
Notes to the financial statements	28	35	35	10	10
Audit report	22	29	29	N/A	N/A

The information referred to above is incorporated into this document by reference.

2.2 Selected financial information

	As at 30 September			As at 31 March	
	2008	2007	2006	2009	2008
<i>Capital</i>					
Total assets (£m)	263.6	370.1	254.8	215.8	327.8
Total assets less current liabilities (£m)	224.3	335.8	233.4	208.8	292.6
NAV (£m)	224.3	335.8	233.4	208.8	292.6
Basic NAV per Share (p)	134.2	200.8	139.6	124.9	175.0
	For the year ended 30 September			For the six months ended 31 March	
	2008	2007	2006	2009	2008
<i>Revenue earnings and dividends</i>					
Revenue earnings per Share (p)	2.49	1.49	1.76	0.58	0.34
Dividends per Share (p)	2.40	1.50	1.70	–	–
Dividend cover	1.04	(0.67)	1.04	N/A	N/A
Revenue reserves (£m)	4.58	2.93	3.28	1.54	1.00

2.3 Operating and financial review

The published annual reports and accounts of the Company for the three financial years ended 30 September 2008 included, on the pages specified in the table below, descriptions of the Company's financial condition (in both capital and revenue terms), changes in its financial condition and details of the Company's portfolio of investments for each of those years.

Section	Annual report and accounts for the year ended 30 September		
	2008 Page No(s)	2007 Page No(s)	2006 Page No(s)
Chairman's statement	4	5-6	5-6
Investment Manager's review	5-6	7-9	7-9
Investment portfolio	7-10	48-51	48-51

The information referred to above is incorporated into this document by reference.

2.4 Availability of annual reports and accounts for inspection

Copies of the published annual reports and audited accounts of the Company for the three financial years ended 30 September 2008 are available for inspection at the address set out in **paragraph 18** of **Part 5** of this document.

3. Capitalisation and indebtedness

The following table shows the unaudited capitalisation and indebtedness of the Company (distinguishing between the guaranteed and the unguaranteed, secured and unsecured indebtedness) as at 31 March 2009 (being the last date in respect of which the Company has published financial information) and as at 11 September 2009 (being the latest practicable date prior to the publication of this document).

	As at 31 March 2009 £'000	As at 11 September 2009 £'000
<i>Total current debt</i>		
Guaranteed	–	–
Secured	–	–
Unguaranteed/unsecured	39,272	5,987
<i>Total non-current debt</i>		
Guaranteed	–	–
Secured	–	–
Unguaranteed/unsecured	–	–
<i>Shareholders' equity</i>		
Share capital	16,719	16,719
Legal reserve	–	–
Other reserves	207,602	264,748

Save as disclosed in the above table, there has been no material change in the audited capitalisation and indebtedness of the Company since 31 March 2009 (in respect of which the Company has published financial information).

The following table shows the Company's unaudited net indebtedness as at 11 September 2009 being the latest practicable date prior to the publication of this document.

	£'000
A. Cash	5,769
B. Cash equivalent	1,583
C. Trading securities	286,527
D. Liquidity (A + B + C)	293,879
E. Current financial receivable	1,648
F. Current bank debt	5,987
G. Current portion of non-current debt	–
H. Other current financial debt	2,086
I. Current financial debt (F + G + H)	8,073
J. Net current financial indebtedness (I – E – D)	(287,454)
K. Non-current bank loans	–
L. Bonds issues	–
M. Other non-current loans	–
N. Non-current financial indebtedness (K + L + M)	–
O. Net financial indebtedness (J + N)	(287,454)*

* This is representative of £287.45 million net assets as described on page 17 in **Part 1** of this document.

The Company has no indirect or contingent indebtedness.

4. Working capital

In the Company's opinion, the Company has sufficient working capital for its present requirements (that is, for at least the 12 months following the date of this document).

5. NAV calculations

The unaudited NAV per Share is calculated in accordance with the guidelines of the AIC and the Company's accounting policies as at the close of business on each business day by the Manager and announced through a Regulatory Information Service on the following business day.

For the purpose of calculating the NAV per Share, quoted investments are valued at bid prices, adjusted for accrued income where it is reflected in the market price. Unquoted investments (including securities in which trading has been suspended) are valued at the Board's best assessment of fair value.

The calculation of the NAV per share will only be suspended in exceptional 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.

PART 4

PARTICULARS AND PROCEDURES IN RESPECT OF THE SUBSCRIPTION SHARES

Pursuant to the passing of the Special Resolution at the General Meeting and Admission, the Subscription Shares are expected to be issued on 15 October 2009 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 ("**Subscription Share Right**") exercisable on each of 31 December, 31 March, 30 June and 30 September (or if such date is not a Business Day the next Business Day) between 31 December 2009 and 31 December 2012 (the "**Final Subscription Date**"), (each 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 the unaudited published Net Asset Value attributable to one Ordinary Share as at 5.00 p.m. on the Calculation Date, plus the applicable percentage premium of such amount set out below rounded up to the nearest whole penny (the "**Subscription Prices**"):
- (i) if exercised on any Subscription Date between and including 31 December 2009 and 30 September 2010, a premium of 1 per cent.;
 - (ii) if exercised on any Subscription Date between and including 31 December 2010 and 30 September 2011, a premium of 10 per cent.; and
 - (iii) if exercised on any Subscription Date between and including 31 December 2011 and 31 December 2012, a premium of 30 per cent.

Subscription Prices shall be payable in full in Sterling on subscription. Business Day for this purpose means any day on which banks are open for business in London (excluding Saturdays, Sundays and public holidays).

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

The **Net Asset Value** or **NAV** for the purpose of calculating Subscription Prices 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). Prior charges include all loans and overdrafts that are to be used for investment purposes.

It is expected that Subscription Prices will be announced via a Regulatory Information Service on or around 14 October 2009.

- (b) Subscription Shares will be issued in registered form and may be held in either certificated form ("**Certificated Subscription Shares**") or uncertificated form ("**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, in the case of the Company the facilities and requirement of CREST (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 of the Company (the

Directors) may, in their absolute discretion, accept) at the office of the Registrars by not later than 5.00 p.m. on any Subscription Date (or if such date is not a Business Day the next Business Day), 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), accompanied by a remittance for the aggregate Subscription Price for the Ordinary Shares in respect of which the Subscription Share Rights are being exercised. Any notice of exercise received after 5.00 p.m. on any Subscription Date (or the next Business Day) will be treated as having been received on the following Business Day. Once lodged, a notice of exercise of Subscription Share Rights 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 1.00 p.m. on the relevant Subscription Date (or if such date is not a Business Day the next Business Day), (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 the Subscription Share Rights which are conferred by any Certificated Subscription Shares will be allotted within 14 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 14 days after the Final Subscription Date, and subject to receipt by the Registrar 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 14 days of the Subscription Date, save in the case of the Final Subscription Date when the relevant Ordinary Shares will be allotted not later than 14 days after the Final Subscription Date, and subject to receipt by the Registrar 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 or the Republic of South Africa or their respective territories or possessions 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 or the Republic of South Africa or their respective territories or possessions 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 United States Securities Act of 1933, as amended, 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 and the Republic of South Africa or their respective territories or possessions. As used herein, **US Person** means any person or entity defined as such in Rule 902 (o) under the United States Securities Act of 1933, as amended 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

Subscription Prices (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 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(g) 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 or open offer) at a price less than the net asset value per Ordinary Share as at the close of business on the Business Day immediately preceding the date of announcement of the terms (including the pricing) of the offer (the "**Pricing Date**") (a "**Dilutive Ordinary Share Offer**"), by multiplying the Subscription Price in force immediately before the Pricing Date by a fraction of which (x) the numerator is the Fully Diluted NAV per Ordinary Share as at the close of business on the Business Day immediately preceding the Pricing Date and (y) the denominator is the Diluted NAV per Ordinary Share as at the close of business on the Business Day immediately preceding the Pricing Date; and
 - (ii) in the case of an offer under which securities convertible into, or exchangeable for Ordinary Shares or conferring rights of subscription for Ordinary Shares are offered by the Company (by way of a rights issue or open offer) and the price at which such securities are convertible into or exchangeable for Ordinary Shares or the price at which Ordinary Shares may be subscribed pursuant to the rights conferred by such securities (as the case may be) is less than

the net asset value per Ordinary Share as at the close of business on the Business Day immediately preceding the Pricing Date (a “**Dilutive Alternative Securities Offer**”), by multiplying the Subscription Price in force immediately before the Pricing Date by a fraction of which (x) the numerator is the Fully Diluted NAV per Ordinary Share as at the close of business on the business day immediately preceding the Pricing Date and (y) the denominator is the Diluted NAV per Ordinary Share as at the close of business on the business day immediately preceding the Pricing Date; and

- (iii) in any other case, in such manner as the independent financial advisers appointed by the Board (the “**Financial Advisers**”) shall report in writing to be fair and reasonable.

For the purposes of this paragraph 2(c):

- (I) **Relevant Securities** means any securities of the Company (including the Subscription Shares) in issue as at the relevant date which are convertible into, or exchangeable for, Ordinary Shares or which confer rights of subscription for Ordinary Shares or which otherwise could result in the issue of new Ordinary Shares, in each case at a price less than the then prevailing net asset value per Ordinary Share;
- (II) 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 2 (c) 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; and

- (III) the **Fully Diluted NAV per Ordinary Share** shall be the amount calculated in accordance with the following formula:

$$\text{FDNAV} = \frac{(A + B + E)}{(C+D+F)}$$

where:

FDNAV = the Fully 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 2(c) 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;
- E = (i) in the case of a Dilutive Ordinary Share Offer, an amount equal to the number of new Ordinary Shares offered for subscription multiplied by the issue price less the expenses of the offer and (ii) in the case of a Dilutive Alternative Securities Offer, an amount equal to the aggregate of (a) the product of (x) the number of new Ordinary Shares which would fall to issued by the Company if the rights to be conferred by all the securities the subject of the offer were exercisable and had been exercised in full on the business day immediately preceding the Pricing Date at the initial conversion, exchange or subscription price (as the case may be) and (y) such conversion, exchange or subscription price (as the case may be), less the expenses of the Dilutive Alternative Securities Offer and (b) the net proceeds of such offer to be received by the Company to the extent (if any) not reflected in (a); and
- F = (i) in the case of a Dilutive Ordinary Share Offer, the number of new Ordinary Shares the subject of the offer assuming the same had been issued on the Business Day immediately preceding the Pricing Date and (ii) in the case of a Dilutive Alternative Securities Offer, the number of new Ordinary Shares that would result from the exercise in full of the rights conferred by all the securities the subject of the offer if such rights were exercisable and had been exercised in full on the Business Day immediately preceding the Pricing Date.
- (d) No adjustment will be made to the Subscription Prices 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 Subscription Prices 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 Prices will be rounded down to the nearest whole penny. Any adjustment not so made and any amount by which Subscription Prices are rounded down will be carried forward and taken into account in any subsequent adjustment.
- (e) Whenever Subscription Prices are 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 £5.00 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 Subscription Prices are 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(g) 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(g) 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 10 consecutive dealing days ending on the dealing day immediately preceding the date of the announcement of the offer referred to in paragraph 3(g) 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 10 consecutive dealing days ending on the dealing day immediately preceding the date of the announcement of the offer referred to in paragraph 3(g) 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) Subscription Prices 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 would, in the absence of this proviso (i), have reduced Subscription Prices 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(g) below shall be adjusted in such manner as the Financial Advisers shall report to be appropriate to achieve the same economic result for Subscription Shareholders as if Subscription Prices had been reduced without regard to this proviso (i); and
 - (ii) no adjustment shall be made to Subscription Prices 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(g) below shall give details of any reduction in Subscription Prices pursuant to this paragraph 2(h).

- (i) Notwithstanding the provisions of paragraphs 2(a) to 2(h) above, in any circumstances, where the Directors shall consider that an adjustment to Subscription Prices provided for under the said provisions should not be made or should be calculated on a different basis or that an adjustment to Subscription Prices 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 to take effect from such other date and/or to take effect from such other date and 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(b) above or any such offer or invitation as is referred to in paragraph 2(e) 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 744 of the 1985 Act or section 548 of the 2006 Act as applicable) 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(j) 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) the Company shall keep available for issue sufficient authorised but unissued share capital to satisfy in full all Subscription Share Rights remaining exercisable;

- (f) 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;
- (g) subject as provided in paragraph 3(h) 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 14 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 section 425 of the 1985 Act or 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(g) and reference herein to such an offer shall be read and construed accordingly;
- (h) if under any offer as referred to in paragraph 3(g) 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(g) above and, subject to the offer as referred to in paragraph 3(g) 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;
- (i) 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 proportion produced by the following formula:

$$\frac{IV \times N}{SA}$$

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(i) 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(i), 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(i) shall be deemed to be varied and take effect accordingly;

- (j) notwithstanding paragraphs 3(a) to (i) above, the Company may, without the sanction of special resolution of the Subscription Shareholders:
 - (i) purchase any of its own equity share capital (whether by tender, by private treaty or through the market);
 - (ii) hold its Ordinary Shares in treasury (for the purposes of The Companies (Acquisition of Own Shares) (Treasury Shares) Regulations 2003) and sell any such Ordinary Shares held in treasury; and
 - (iii) effect a reduction in its share premium account or capital redemption reserve in accordance with the provisions of the Companies Acts.

4. Issues 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 Net Asset Value 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 1985 Act and the 2006 Act, as applicable, 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 5 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 re-issue 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 accounts of the Company (or such abbreviated or summary financial statement sent to holders of Ordinary Shares in lieu thereof), together with all documents required by law to be annexed thereto, and 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 three-fourths 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(i) 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 1p, 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 10p for each Ordinary Share), but subject and without prejudice to paragraph 3(i) 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 14 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 pm, on the 21st 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 14 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 £5.00 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 14 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 outstanding Subscription Shares), all Subscription Share Rights shall lapse on the expiry of such period of 14 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 14 days following the Final Subscription Date 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.

The Final Subscription Trustee shall distribute *pro rata* the net proceeds of any such sale less 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 £5.00 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 14

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. The exercise of the Subscription Share Rights shall be effected as follows:

- (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. For the purposes of this paragraph 8(i) the **Redemption Moneys** shall mean the amount to which the holder of Relevant Shares is entitled on redemption of those shares by the Directors as envisaged by this paragraph 8(i). In the event that the Directors determine to redeem the Relevant Shares at par out of profits of the Company which would otherwise be available for distribution, 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:

- (i) the Subscription Price; and

- (ii) the Redemption Moneys;

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:

- (i) the Subscription Price; and

- (ii) 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)(v) and converting (and, if necessary, sub-dividing) such consolidated share into shares of 10p 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 10p (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 or transferred 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 allotment 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, profit and loss account 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 the 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 5

GENERAL INFORMATION

1. Responsibility

The Company, whose registered office appears at **paragraph 2.1.6** of this **Part 5**, and the Directors, whose names and functions appear on pages 59 and 60 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 18 September 1995. The Company is an investment company under section 833 of the 2006 Act with registered number 03104981.

2.1.2 The Company has at all times conducted its affairs so as to enable it to qualify as an investment trust for the purposes of section 842 of the Income and Corporation Taxes Act 1988. The Company has obtained approval from HM Revenue & Customs as an investment trust in respect of its financial year ended 30 September 2008. The Directors are of the opinion that the Company has conducted its affairs for the year ended 30 September 2009 so as to be able to continue to obtain approval as an investment trust.

2.1.3 As an investment trust the Company is not regulated as a collective investment scheme (or otherwise) by the Financial Services Authority. However, as a company listed on the Official List, it is subject to the Listing Rules of the UK Listing Authority.

2.1.4 The Company's Ordinary Shares are listed on the Official List and admitted to trading on the London Stock Exchange's main market for listed securities. The ISIN of the Ordinary Shares is GB0007918872.

2.1.5 The principal legislation under which the Company operates is the Companies Acts and regulations promulgated thereunder. The Company is domiciled in England and Wales.

2.1.6 The registered office of the Company is 31 Gresham Street, London EC2V 7QA, with telephone number +44 (0)207 658 3206.

2.2 *Principal activities of the Company*

The Memorandum of Association of the Company provides that a principal object of the Company is to undertake and carry on the business of an investment trust company.

2.3 *The Manager*

The Manager is a private limited company, incorporated in England and Wales on 7 March 1985 under company number 01893220 as Schroder Investment Management Limited. The Manager is regulated by the Financial Services Authority with the registration number 119348. The principal legislation under which the Manager operates is the Companies Acts. The address of the registered office of the Manager is 31 Gresham Street, London EC2V 7QA, with telephone number +44 (0)207 658 3206.

3. Share capital

3.1 The following table shows the authorised and issued share capital of the Company as at 31 March 2009 (being the last date in respect of which the Company has published financial information) and as at 11 September 2009 (being the latest practicable date prior to the publication of this document):

	31 March 2009		11 September 2009	
	Nominal Value (£)	Number of Ordinary Shares	Nominal Value (£)	Number of Ordinary Shares
Issued share capital (fully paid)	16,718,976	167,189,762	16,718,976	167,189,762
Authorised share capital	25,000,000	250,000,000	25,000,000	250,000,000

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.

3.4 The Company's issued share capital history during the past three financial years and since 30 September 2008 is as follows:

(i) In the financial year ended 30 September 2006, the Company issued 27,971,674 Ordinary Shares on the final exercise of warrants. It did not repurchase any Ordinary Shares (whether into treasury or otherwise). As at 7 February 2007, the date of the Company's Annual General Meeting, the Company had 167,189,762 Ordinary Shares in issue, none of which were held in treasury.

(ii) In the financial year ended 30 September 2007, the Company did not issue any Ordinary Shares, nor did it repurchase any Ordinary Shares (whether into treasury, or otherwise). As at 31 January 2008, the date of the Company's Annual General Meeting, the Company had 167,189,762 Ordinary Shares in issue, none of which were held in treasury.

(iii) In the financial year ended 30 September 2008, the Company did not issue any Ordinary Shares, nor did it repurchase any Ordinary Shares (whether into treasury or otherwise). No Ordinary Shares were cancelled or re-issued. As at 28 January 2009, the date of the Company's Annual General Meeting, the Company had 167,189,762 Ordinary Shares in issue, none of which were held in treasury.

(iv) In the period from 1 October 2008 to 11 September 2009, the Company did not issue any Ordinary Shares nor did it repurchase any Ordinary Shares (whether into treasury or otherwise). As at 11 September 2009 (being the latest practicable date prior to publication of this document), the Company had 167,189,762 Ordinary Shares in issue, none of which were held in treasury.

3.5 At the General Meeting, Shareholders will be asked to pass the Special Resolution, to deal with, *inter alia* the following matters, some of which will, if the Special 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;
- (ii) 3,343,796 Ordinary Shares be subdivided into 33,437,960 ordinary shares of 1p each and immediately redesignated as Subscription Shares;
- (iii) to authorise the Directors to allot shares pursuant to the Bonus Issue (including pursuant to the exercise of the Subscription Share Rights);
- (iv) to authorise the Directors to capitalise any amount standing to the credit of any of the share premium account, the capital redemption reserve, and any other reserve (other than the profit and loss account) otherwise available in order to pay up up to 33,437,960 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; 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 4** of this document. The Subscription Shares will be denominated in Sterling.

4. Memorandum and Articles of Association

The Memorandum of Association and the Articles contain, *inter alia*, material provisions as summarised in **paragraphs 4.1** and **4.2** below. If the Special Resolution is passed at the General Meeting the New Articles will be adopted, incorporating the rights attaching to the Subscription Shares (these rights are summarised in **Part 4** of this document) and otherwise to make any necessary amendments in connection with the Bonus Issue and the Subscription Share Rights, but otherwise the New Articles will be identical to the Articles.

4.1 Memorandum of Association

One of the Company's principal objects is to undertake and carry on the business of an investment trust company. The objects of the Company are set out in full in clause 4 of the Memorandum of Association which is available for inspection at the address specified in **paragraph 18** of this **Part 5** of this document.

4.2 Articles of Association

Set out below is a summary of the provisions of the Articles. If the Special Resolution is passed at the General Meeting the New Articles, which contain the rights attaching to the Subscription Shares, will be adopted. The rights attaching to the Subscription Shares are set out in **Part 4** of this document.

(i) Share capital

The Company's authorised 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 the liquidation of the Company other than rights provided by legislation.

(ii) Variation of rights

Subject to the provisions of the Companies Acts and the Articles, all or any of the rights attached to any existing class of shares may from time to time (whether or not the company is being wound up) be varied either with the consent in writing of the holders of not less than three-fourths in nominal value of the issued shares of that class (excluding any shares of that class held in treasury) or with the sanction of a special resolution passed at a separate general meeting of the holders of those shares. All the provisions of the Articles as to general meetings of the company shall, with any necessary modifications, apply to any such separate general meeting, but so that the necessary quorum shall be two persons entitled to vote and holding or representing by proxy not less than one-third in nominal value of the issued shares of the class (excluding any shares of that class held in treasury), (but so that at any adjourned meeting one holder entitled to vote and present in person or by proxy (whatever the number of shares held by him) shall be a quorum), that every holder of shares of the class present in person or by proxy and entitled to vote shall be entitled on a poll to one vote for every share of the class held by him (subject to any rights or restrictions attached to any class of shares) and that any holder of shares of the class present in person or by proxy and entitled to vote may demand a poll. The above applies to the variation of the special rights attached to some

only of the shares of any class as if each group of shares of the class differently treated formed a separate class and their special rights were to be varied.

(iii) Alteration of share capital

The Company 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 shall prescribe;
- (ii) consolidate, or consolidate and then sub-divide all or any of its share capital into shares of larger amount than its existing shares;
- (iii) subject to the Companies Acts sub-divide its shares or any of them into shares of smaller amount and the resolution may determine that, as between the shares resulting from the sub-division, any of them may have any preference or advantage or be subject to any restriction as compared with the others; and
- (iv) 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.

(iv) Purchase of own shares

Subject to the provisions of the Companies Acts and to any rights attached to existing shares, the Company may purchase or may enter into a contract under which it will or may purchase all or any of its shares of any class, including any redeemable shares. Neither the Company nor the Board shall be required to select the Shares to be purchased rateably or in any other particular manner as between the holders of Shares of the same class or as between them and the holders of Shares of any other class or in accordance with the rights as to dividends or capital conferred by any class of shares.

(v) Unissued shares

Subject to the provisions of the Companies Acts and Articles and to any resolution passed by the Company and without prejudice to any rights attached to existing shares, the unissued shares of the Company (whether forming part of the original or any increased capital) shall be at the disposal of the Board which may offer, allot, grant options over or otherwise deal with or dispose of them to such persons, at such times and for such consideration and upon such terms as the board may decide.

(vi) Transfer of shares

Subject to the Articles:

- (i) any member may transfer all or any of his uncertificated shares by means of a relevant system in such manner provided for, and subject as provided in, the uncertificated securities rules, and accordingly no provision of the Articles shall apply in respect of an uncertificated share to the extent that it requires or contemplates the effecting of a transfer by an instrument in writing or the production of a certificate for the share to be transferred; and
- (ii) any member may transfer all or any of his certificated shares by an instrument of transfer in any usual form or in any other form which the board may approve.

The transferor of a share shall be deemed to remain the holder of the share concerned until the name of the transferee is entered in the register in respect of it.

Registration of a transfer of an uncertificated share may be refused in the circumstances set out in the uncertificated securities rules, and where, in the case of a transfer to joint holders, the number of joint holders to whom the uncertificated share is to be transferred exceeds four.

The Board may also decline to register any transfer of a certificated share unless:

- (i) the instrument of transfer is duly stamped or duly certified or otherwise shown to the satisfaction of the Board to be exempt from stamp duty and is left at the office or such other place as the Board may from time to time determine accompanied (save in the case of a transfer by a person to whom the Company is not required by law to issue a certificate and to whom a certificate has not been issued) by the certificate for the share to which it relates and such other evidence as the Board may reasonably require to show the right of the person signing the instrument of transfer to make the transfer and, if the instrument of transfer is signed by some other person on his behalf, the authority of that person so to do;
- (ii) the instrument of transfer is in respect of only one class of share; and
- (iii) in the case of a transfer to joint holders, the number of joint holders to whom the share is to be transferred does not exceed four.

For all purposes of the Articles relating to the registration of transfers of shares, the renunciation of the allotment of any shares by the allottee in favour of some other person shall be deemed to be a transfer and the board shall have the same powers of refusing to give effect to such a renunciation as if it were a transfer.

(vii) Reduction of capital

Subject to the provisions of the Companies Acts, the Company may by special resolution reduce its share capital, any capital redemption reserve, any share premium account or any other undistributable reserve in any way.

(viii) General meetings

Annual General Meetings of the Company shall be held in accordance with the requirements of the Companies Acts.

Subject to the provisions of the Companies Acts, the notice period for Annual General Meetings and any general meetings of the Company shall be at least such minimum period of notice as is prescribed under the Companies Acts. Notices of general meetings shall specify the place, day and time of the meeting and the general nature of the business to be transacted.

No business shall be transacted at any general meeting unless a quorum is present when the meeting proceeds to business, but the absence of a quorum shall not preclude the choice or appointment of a chairman of the meeting which shall not be treated as part of the business of the meeting. Save as otherwise provided by the Articles, two members present in person or by proxy and entitled to vote shall be a quorum for all purposes.

If within five minutes (or such longer time not exceeding one hour as the chairman of the meeting may decide to wait) after the time appointed for the commencement of the meeting a quorum is not present, or if during the meeting a quorum ceases to be present, the meeting, if convened by or upon the requisition of members, shall be dissolved. In any other case it shall stand adjourned to such other day (being not less than three nor more than twenty-eight days later) and at such other time or place as may have been specified for the purpose in the notice convening the meeting. Where no such arrangements have been so specified, the meeting shall stand adjourned to such other day (being not less than ten nor more than twenty-eight days later) and at such other time or place as the chairman of the meeting may decide and, in this case, the Company shall give not less than seven clear days notice in writing of the adjourned meeting. At any adjourned meeting one member present in person or by proxy and entitled to vote (whatever the number of shares held by him) shall be a quorum and any notice of an adjourned meeting shall state that one member present in person or by proxy and entitled to vote (whatever the number of shares held by him) shall be a quorum.

The chairman (if any) of the Board or, in his absence, the deputy chairman (if any) shall preside as chairman at every general meeting. If more than one deputy chairman is present

they shall agree amongst themselves who is to take the chair or, if they cannot agree, the deputy chairman who has been in office as a director longest shall take the chair. If there is no chairman or deputy chairman, or if at any meeting neither the chairman nor any deputy chairman is present within five minutes after the time appointed for the commencement of the meeting, or if neither the chairman nor any deputy chairman is willing to act as chairman, the Directors present shall choose one of their number to act, or if one Director only is present he shall preside as chairman of the meeting if willing to act. If no Director is present, or if each of the Directors present declines to take the chair, the persons present and entitled to vote shall appoint one of their number to be chairman of the meeting. Nothing in the Articles shall restrict or exclude any of the powers or rights of a chairman of a meeting which are given by law.

(ix) Votes of members

Subject to any special terms as to voting upon which any shares may be issued or may for the relevant time be held and to any other provisions of the Articles, on a show of hands every member who is present in person at a general meeting of the Company shall have one vote and every proxy present who has been duly appointed by a member shall have one vote. On a poll every member who is present in person or by proxy shall, subject to any special terms as to voting upon which any shares may be issued or may at the relevant time be held and to any other provisions of the Articles, have one vote for every share of which he is the holder. On a poll a member entitled to more than one vote need not, if he votes, use all his votes or cast all the votes he uses in the same way.

(x) Dividends

(i) Subject to the provisions of the Companies Acts, the Company may by ordinary resolution from time to time declare dividends in accordance with the respective rights of the members, but no dividend shall exceed the amount recommended by the Board.

(ii) No dividend shall be payable except out of the profits of the Company and otherwise in accordance with the provisions of the Companies Acts but so that capital profits and surpluses arising from the realisation of investments shall not be available for distribution by way of dividend (but may be available for the purpose of any other distribution).

(iii) The Board shall exercise all voting and other rights or powers of control exercisable by the company in relation to its subsidiary undertakings so as to secure as far as by such exercise it can secure that such subsidiary undertakings shall distribute to the Company by way of dividends all the profits of such subsidiary undertakings.

(iv) Subject to the provisions of the Companies Acts, the determination of the Board as to the amount of profits in the company at any time available for distribution by way of dividends shall be conclusive.

(v) All dividends or other sums payable on or in respect of any shares which remain unclaimed may be invested or otherwise made use of by the Board for the benefit of the Company until claimed. Any dividend or other sum unclaimed after a period of 12 years from the date when it was declared or became due for payment shall be forfeited and shall revert to the Company unless the Board decides otherwise and the payment by the Board of any unclaimed dividend or other sum payable on or in respect of a share into a separate account shall not constitute the Company a trustee in respect of it.

(xi) Untraced members

The Company may sell any certificated shares in the Company on behalf of the holder of, or person entitled by transmission to, the shares at the best price reasonably obtainable at the time of the sale if:

- (a) the shares have been in issue either in certificated or uncertificated form throughout the qualifying period and at least three cash dividends have become payable on the shares during the qualifying period;
- (b) no cash dividend payable on the shares has either been claimed by presentation to the paying bank of the relevant cheque or warrant or been satisfied by the transfer of funds to a bank account designated by the holder of, or person entitled by transmission to, the shares or by the transfer of funds by means of a relevant system at any time during the relevant period;
- (c) so far as any Director at the end of the relevant period is then aware, the Company has not at any time during the relevant period received any communication from the holder of, or person entitled by transmission to, the shares; and
- (d) the Company has caused two advertisements to be published, one in a newspaper with a national circulation and the other in a newspaper circulating in the area in which the last known postal address of the holder of, or person entitled by transmission to, the shares or the postal address at which service of notices may be effected under the Articles is located, giving notice of its intention to sell the shares and a period of three months has elapsed from the date of publication of the advertisements or of the last of the two advertisements to be published if they are published on different dates.

The Company shall also be entitled to sell at the best price reasonably obtainable at the time of sale any additional certificated shares in the Company issued either in certificated or uncertificated form during the qualifying period in right of any share to which the above paragraph applies (or in right of any share so issued), if the criteria in the above paragraph are satisfied in relation to the additional shares.

(xii) Suspension of share rights

Where the holder of any shares in the Company, or any other person appearing to be interested in those shares, fails to comply within the relevant period with any statutory notice in respect of those shares or, in purported compliance with such a notice, has made a statement which is false or inadequate in a material particular, the Company may give the holder of those shares a further notice (a "**restriction notice**") to the effect that from the service of the restriction notice those shares will be subject to some or all of the relevant restrictions, and from service of the restriction notice those shares shall, notwithstanding any other provision of the Articles, be subject to those relevant restrictions accordingly.

If after the service of a restriction notice in respect of any shares the board is satisfied that all information required by any statutory notice relating to those shares or any of them from their holder or any other person appearing to be interested in the shares the subject of the restriction notice has been supplied, the Company shall, within seven days, cancel the restriction notice. The Company may at any time at its discretion cancel any restriction notice or exclude any shares from it. The Company shall cancel a restriction notice within seven days after receipt of a notice in writing that the relevant shares have been transferred pursuant to an arm's length sale.

Where any restriction notice is cancelled or ceases to have effect in relation to any shares, any moneys relating to those shares which were withheld by reason of that notice shall be paid without interest to the person who would but for the notice have been entitled to them or as he may direct.

Any new shares in the Company issued in right of any shares subject to a restriction notice shall also be subject to the restriction notice, and the Board may make any right to an allotment of the new shares subject to restrictions corresponding to those which will apply to those shares by reason of the restriction notice when such shares are issued.

Any holder of shares on whom a restriction notice has been served may at any time request the Company to give in writing the reason why the restriction notice has been served, or why it remains uncancelled, and within 14 days of receipt of such a notice the Company shall give that information accordingly.

If a statutory notice is given by the Company to a person appearing to be interested in any share, a copy shall at the same time be given to the holder, but the failure or omission to do so or the non-receipt of the copy by the holder shall not invalidate such notice.

The provision set out above is in addition to, and shall not in any way prejudice or affect, the statutory rights of the Company arising from any failure by any person to give any information required by a statutory notice within the time specified in it. For the purpose of the article set out above a statutory notice need not specify the relevant period, and may require any information to be given before the expiry of the relevant period.

(xiii) Directors

Unless otherwise determined by ordinary resolution of the Company, the Directors (disregarding alternate directors) shall be not less than two nor more than seven in number.

No shareholding qualification for Directors shall be required.

At every Annual General Meeting, any Director:

- (i) who has been appointed by the Board since the last Annual General Meeting; or
- (ii) who held office at the time of the two preceding Annual General Meetings and who did not retire at either of them; or
- (iii) who has held office with the Company, other than employment or executive office, for a continuous period of nine years or more at the date of the meeting,

shall retire from office and may offer himself for re-election by the members.

Subject to the provisions of the Articles, at the meeting at which a Director retires the Company can pass an ordinary resolution to re-elect the Director or to elect some other eligible person in his place.

In addition to any power of removal conferred by the Companies Acts, the Company may by special resolution remove any Director before the expiration of his period of office and may (subject to the Articles) by ordinary resolution elect another person who is willing to act to be a Director in his place.

No person other than a Director retiring at the meeting shall be elected or re-elected a Director at any general meeting unless:-

- (i) he is recommended by the Board, or
- (ii) not less than seven nor more than 42 days before the day appointed for the meeting, notice in writing by a member qualified to vote at the meeting (not being the person to be proposed) has been given to the secretary of the intention to propose that person for appointment or reappointment together with confirmation in writing by that person of his willingness to be elected or re-elected.

A Director who retires at an Annual General Meeting may, if willing to continue to act, be re-elected. If he is re-elected he is treated as continuing his office throughout. If he is not re-elected, he shall retain office until the end of the meeting of (if earlier) when a resolution is passed to re-elect someone in his place or when a resolution to re-elect the director is put to the meeting and lost.

The Board or any committee authorised by the Board may from time to time elect one or more Directors to hold any employment or executive office with the Company for such period and upon such other terms as the board or any committee authorised by the Board may in its discretion decide and may revoke or terminate any election so made. Any revocation or termination of the election shall be without prejudice to any claim for damages that the Director may have against the Company or the Company may have against the Director for any breach of any contract of service between him and the Company which may be involved in the revocation or termination. A Director so elected shall receive such remuneration (whether by way of salary, commission, participation in profits or otherwise) as

the board or any committee authorised by the Board may decide, and either in addition to or in lieu of his remuneration as a Director.

Each of the Directors shall be paid a fee at such rate as may from time to time be determined by the board provided that the aggregate of all fees so paid to directors (excluding amounts payable under any other provision of the Articles) shall not exceed £150,000 per annum or such higher amount as may from time to time be decided by ordinary resolution of the Company.

A Director who performs services which in the opinion of the Board or any committee authorised by the Board go beyond the ordinary duties of a Director may be paid such extra remuneration (whether by way of salary, commission, participation in profits or otherwise) as the Board or any committee authorised by the Board may in its discretion decide in addition to any remuneration provided for by or pursuant to any other article.

Each Director may be paid his reasonable travelling, hotel and incidental expenses of attending and returning from meetings of the Board or committees of the Board or general meetings of the Company or any other meeting which as a Director he is entitled to attend and shall be paid all other costs and expenses properly and reasonably incurred by him in the conduct of the Company's business or in the discharge of his duties as a Director. The Company may also fund a Director's expenditure and that of a Director of any holding company of the Company for the purposes permitted under the Companies Acts and may do anything to enable a Director or a Director of any holding company of the Company to avoid incurring such expenditure as provided in Companies Acts.

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**").

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.

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 these articles save that:

- (i) 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
- (ii) 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.

Where the Board gives authority in relation to a Conflict:

- (i) the Board may (whether at the time of giving the authority or subsequently) (a) require that the relevant Director is 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 (b) impose upon the relevant Director such other terms for the purpose of dealing with the Conflict as it may determine;
- (ii) the relevant Director will be obliged to conduct himself in accordance with any terms imposed by the board in relation to the Conflict;
- (iii) 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;

- (iv) 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
- (v) 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, he must declare the nature and extent of that interest to the Directors in accordance with the Companies Acts.

Provided he has declared his interest in accordance with the Articles, a Director may:

- (i) be party to, or otherwise interested in, any contract with the Company or in which the Company has a direct or indirect interest;
- (ii) 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;
- (iii) 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);
- (iv) be or become a director or other officer of, or employed by or otherwise be interested in any holding company or subsidiary company of the Company or any other company in which the Company may be interested; and
- (v) 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.

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 under Article 95(A) of the Articles or permitted under Article 96(B) of the Articles and no contract shall be liable to be avoided on the grounds of a director having any type of interest authorised under Article 95(A) of the Articles or permitted under Article 96(B) of the Articles.

A Director shall not vote on or be counted in the quorum in relation to any resolution of the Board concerning his own appointment, or the settlement or variation of the terms or the termination of his own appointment, as the holder of any office or place of profit with the Company or any other company in which the Company is interested.

Where proposals are under consideration concerning the appointment, or the settlement or variation of the terms or the termination of the appointment, of two or more Directors to offices or places of profit with the Company or any other company in which the Company is interested, a separate resolution may be put in relation to each Director and in that case each of the Directors concerned shall be entitled to vote and be counted in the quorum in respect of each resolution unless it concerns his own appointment or the settlement or variation of the terms or the termination of his own appointment or the appointment of another director to an office or place of profit with a company in which the Company is interested and the Director seeking to vote or be counted in the quorum has a Relevant Interest in it.

A Director shall not vote on, or be counted in the quorum in relation to, any resolution of the board in respect of any contract in which he has an interest and, if he shall do so, his vote shall not be counted, but this prohibition shall not apply to any resolution where that interest cannot reasonably be regarded as likely to give rise to a conflict of interest or where that interest arises only from one or more of the following matters:

- (i) the giving to him of any guarantee, indemnity or security in respect of money lent or obligations undertaken by him or by any other person at the request of or for the benefit of the Company or any of its subsidiary undertakings;

- (ii) the giving to a third party of any guarantee, indemnity or security in respect of a debt or obligation of the Company or any of its subsidiary undertakings for which he himself has assumed responsibility in whole or in part under a guarantee or indemnity or by the giving of security;
- (iii) the giving to him of any other indemnity where all other directors are also being offered indemnities on substantially the same terms;
- (iv) the funding by the Company of his expenditure on defending proceedings or the doing by the Company of anything to enable him to avoid incurring such expenditure where all other directors are being offered substantially the same arrangements;
- (v) where the Company or any of its subsidiary undertakings is offering securities in which offer the director is or may be entitled to participate as a holder of securities or in the underwriting or sub-underwriting of which the director is to participate;
- (vi) any contract in which he is interested by virtue of his interest in shares or debentures or other securities of the Company or by reason of any other interest in or through the Company;
- (vii) any contract concerning any other company (not being a company in which the director has a Relevant Interest) in which he is interested directly or indirectly whether as an officer, shareholder, creditor or otherwise howsoever;
- (viii) any contract concerning the adoption, modification or operation of a pension fund, superannuation or similar scheme or retirement, death or disability benefits scheme or employees' share scheme which relates both to directors and employees of the Company or of any of its subsidiary undertakings and does not provide in respect of any director as such any privilege or advantage not accorded to the employees to which the fund or scheme relates;
- (ix) any contract for the benefit of employees of the Company or of any of its subsidiary undertakings under which he benefits in a similar manner to the employees and which does not accord to any director as such any privilege or advantage not accorded to the employees to whom the contract relates; and
- (x) any contract for the purchase or maintenance of insurance against any liability for, or for the benefit of, any director or directors or for, or for the benefit of, persons who include directors.

A company shall be deemed to be one in which a director has a Relevant Interest if and so long as (but only if and so long as) is to his knowledge (either directly or indirectly) the holder of or beneficially interested in one per cent. or more of any class of the equity share capital of that company (calculated exclusive of any shares of that class in that company held as treasury shares) or of the voting rights available to members of that company. In relation to an alternate director, an interest of his appointor shall be treated as an interest of the alternate director without prejudice to any interest which the alternate director has otherwise.

Where a company in which a director has a Relevant Interest is interested in a contract, he also shall be deemed materially interested in that contract.

If any question shall arise at any meeting of the Board as to the materiality of the interest of a director (other than the chairman of the meeting) in a contract and whether it is likely to give rise to a conflict of interest or as to the entitlement of any Director (other than the chairman of the meeting) to vote or be counted in the quorum and the question is not resolved by his voluntarily agreeing to abstain from voting or not to be counted in the quorum, the question shall be referred to the chairman of the meeting and his ruling in relation to the director concerned shall be conclusive except in a case where the nature or extent of the Director's interest (so far as it is known to him) has not been fairly disclosed to the Board. If any question shall arise in respect of the chairman of the meeting, the question shall be decided by a resolution of the Board (for which purpose the chairman of the meeting

shall be counted in the quorum but shall not vote on the matter) and the resolution shall be conclusive except in a case where the nature or extent of the interest of the chairman of the meeting (so far as it is known to him) has not been fairly disclosed to the Board.

To the extent permitted by the Companies Acts, the Company may indemnify any Director of the Company or of any associated company against any liability and may purchase and maintain for any Director of the Company or of any associated company insurance against any liability. No Director of the Company or of any associated Company shall be accountable to the Company or the members for any benefit provided pursuant to the Articles and the receipt of any such benefit shall not disqualify any person from being or becoming a Director of the Company.

(xiv) Borrowing

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 and future) and uncalled capital of the Company 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 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 (if any) so as to secure (but as regards subsidiary undertakings only in so far as by the exercise of the rights or powers of control the Board can secure) that the aggregate principal amount from time to time outstanding of all borrowings by the group (exclusive of borrowings owing by one member of the group to another member of the group) shall not at any time without the previous sanction of an ordinary resolution of the Company exceed an amount equal to the adjusted capital and reserves.

(xv) Capital Reserve

The Board shall establish a reserve to be called the "capital reserve" and shall carry to the credit of such reserve from time to time all capital appreciations arising on the sale, transposition, payment off, or realisation of any investments or other capital assets of the Company in excess of the book value thereof and all other capital profits and unrealised appreciation of investments or other assets representing or in the nature of accretion to capital assets. Any losses realised on the sale, payment off or realisation of any investments or other capital assets and any depreciation in the value of capital assets shall be carried to the debit of the capital reserve except in so far as the Board may in its discretion decide to make good the same out of other funds of the Company.

Any surplus or profit realised or realisable after deducting any relevant expenses and relevant taxation on the disposal of an investment shall not be deemed to be income but shall be treated as an accretion to capital to be dealt with in accordance with the Articles and accordingly shall not be profits available for distribution by way of dividend (but may be available for the purpose of any other distribution).

Any receipts of a capital nature, accretions to capital, anything received by the Company by way of reduction or other return of capital or share premium account or by way of capitalisation of reserves of any company in which the Company holds securities or sums appropriate shall be dealt with in accordance with this article and accordingly shall not be profits available for distribution by way of dividend.

The Board may, subject to applicable legislation and practice, determine whether any amount received by the Company is to be dealt with as income or capital or partly one and partly the other. The Board may also, subject to applicable legislation and practice, determine whether any costs or expense (including any costs incurred or sums expended in connection with the management of the assets of the Company) is to be treated as a cost or expense of a capital or of a revenue nature or partly one and partly the other and to the extent the Board determines that any such cost or expense is to be treated as of a capital nature the board may debit the same to the capital reserve.

All sums carried and standing to the capital reserve may be applied for any of the purposes to which sums standing to any reserve under the provisions below are applicable, except and provided that no part of the capital reserve or any other moneys in the nature of accretion to capital shall in any event be transferred to revenue account or be regarded or treated as profits of the Company available for distribution as dividend or be applied in paying dividends on any shares in the Company's capital.

The Board may, before recommending any dividend, whether preferential or otherwise, carry to reserve out of the profits of the Company (including any premiums received upon the issue of debentures or other securities of the Company) such sums as they think proper as a reserve or reserves which shall, at the discretion of the Board be applicable for any purpose to which the profits of the Company may be properly 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 may from time to time think fit. The Board may also without placing the same to reserve carry forward any profits which they may think prudent not to divide.

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 acquirer 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 acquirer or his concert parties during the previous 12 months.

5.2 *Squeeze-out*

Under sections 974-991 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.

5.3 *Sell-out*

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. Interests of directors, major shareholders and related party transactions

6.1 Directors' interests

As at 11 September 2009 (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 (assuming their holdings do not change):

Director	Number of Ordinary Shares of 10p each	% of total voting rights	Number of Subscription Shares to be issued under the Bonus Issue	% of Subscription Share capital
The Hon. Rupert Carington	95,800	0.06	19,160	0.06
Robert Binyon	40,000	0.02	8,000	0.02
The Rt. Hon. the Earl of Cromer	75,000	0.05	15,000	0.05
Anthony Fenn	10,000	0.01	2,000	0.01
Jan Kingzett	12,000	0.01	2,400	0.01

6.2 Save as disclosed in **paragraph 6.1** above, immediately following Admission no Director will have any interest, whether beneficial or non-beneficial, in the share or loan capital of the Company.

6.3 Directors' contracts with the Company

6.3.1 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 under which they are entitled to one month's notice in the event of termination. Each of the Directors is appointed as a non-executive director. Details of the Directors' appointments is as follows:

- (i) The Hon. Rupert Carington is engaged by the Company as a Director and is also the Chairman. He was appointed a Director of the Company on 18 September 1995.
- (ii) Robert Binyon is engaged by the Company as a Director. He was appointed a Director of the Company on 17 February 2000.
- (iii) The Rt. Hon. the Earl of Cromer is engaged by the Company as a Director. He was appointed a Director of the Company on 24 November 1995.
- (iv) Anthony Fenn is engaged by the Company as a Director. He was appointed a Director of the Company on 1 June 2005.
- (v) Jan Kingzett is engaged by the Company as a Director. He was appointed a Director of the Company on 18 September 1995.

6.3.2 No amounts are set aside or accrued by the Company to provide benefits, pension or retirement contributions or similar benefits.

6.3.3 The Articles limit the aggregate fees payable to the Board of Directors to £150,000 per annum. Subject to this overall limit, it is the Company's policy to determine the level of Directors' fees having regard to the level of fees payable to non-executive Directors in the industry generally, the role that individual Directors carry out in respect of Board and Committee responsibilities and the time committed to the Company's affairs. The Directors' fees are reviewed annually by the Board. During the year ended 30 September 2008, the Chairman was entitled to receive fees of £21,000 per annum. The other members of the Board were entitled to receive fees of £16,000 per annum. Additional fees are also paid for membership of each of the Audit, Management Engagement and Nomination committees. The committee fees are payable to members of each committee for their contributions to the deliberations of such committees. Members of the Audit Committee each receive an additional fee of £2,000 per annum and members of the Management Engagement and Nomination Committees each receive an additional £1,000 per annum. No element of Directors' remuneration is performance-related.

6.3.4 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.

6.4 *Other interests*

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

6.4.1 The Hon. Rupert Carington

Current directorships and partnerships: Carington Estates Limited, Rupert Carington Limited, SETE Technical Services S.A., Spirit Long/Short Equity Holdings Limited and Manor House Farm Partnership.

Previous directorships and partnerships: 788 Japan Fund Limited, 788 China Fund Limited, 788 Global Asset Allocation Fund Limited, Morgan Shipley Limited and The JP Morgan Fleming Smaller Companies Investment Trust.

6.4.2 Robert Binyon

Current directorships and partnerships: Fina Bank Kenya, Fina Bank Rwanda, Fina Bank Uganda, Aureos BICB Snd Bhd, Aureos Central Asia Fund, Aureos China Managers Ltd, Aureos CGC Advisers Sdn Bhd, Aureos India Trustees Pvt Ltd, AsiaIndo Holdings Pte Ltd, GaiaAgri Services Limited, Aureos South Asia Managers Ltd, Aureos South-East Asia Managers Ltd and Naturo BioEnergy Limited.

Previous directorships and partnerships: Cdc Financial Services (Mauritius) Ltd, Cdc Holdings Sendirian Berhad, Cdc Holdings Sdn Bhd, CED Equipment Leasing Company, Kulai Oil Palm Estate Sdn Bhd, Pacific Rim Palm Oil Limited and Asia Palm Oil Pte Ltd.

6.4.3 The Rt. Hon. the Earl of Cromer

Current directorships and partnerships: JF China Region Fund Limited, Western Provident Association, Japan High Yield Property Fund Limited, London Asia Capital plc and Pedder Street Asia Absolute Return Fund Limited.

Previous directorships and partnerships: China IPO Limited.

6.4.4 Anthony Fenn

Current directorships and partnerships: None.

Previous directorships and partnerships: None.

6.4.5 Jan Kingzett

Current directorships and partnerships: Schroder Japan Growth Fund plc and Thos. Agnew and Sons (Holdings) Limited.

Previous directorships and partnerships: Thos Agnew and Sons Limited, Schroder Investment Management (Singapore) Limited, Schroder Investment Management (Japan) Limited, Schroder Investment Management (Hong Kong) Limited, Agnew's Property Investments (Holdings) Limited and Agnew's Property Investment Limited.

6.5 *In the five-year period prior to the date of this document, none of the Directors:*

6.5.1 had any convictions in relation to fraudulent offences;

6.5.2 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; and

6.5.3 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.

6.6 Major shareholders

6.6.1 As at 11 September 2009 (being the latest practicable date before publication of this document) in so far as known to the Company, the following persons had declared a notifiable interest in the Company's voting rights (under the Disclosure and Transparency Rules):

	<i>Number of Ordinary Shares</i>	<i>Percentage of total voting rights</i>
City of London Investment Management Limited	38,561,122	23.06
Rensburg Sheppards Investment Management Limited	14,921,777	8.93
Legal & General Group plc	6,620,167	3.95

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

6.6.3 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.

6.6.4 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.

6.7 Related party transactions

The Company was not a party to, nor had any interest in, any related party transaction (as defined in the Standards adopted according to the Regulation (EC) No 1606/2002) at any time during the three financial years ended 30 September 2006, 30 September 2007 and 30 September 2008 or during the period from 1 October 2008 to 11 September 2009 (being the latest practicable date before publication of this document) other than it being a party to the Management Agreement (described in **paragraph 10** of this **Part 5**).

6.8 Other material interests

The Company is receiving legal and financial advice from Eversheds LLP and Numis Securities 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 have a conflict of interest as a result of acting for both 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.

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, its 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.

7. 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 invested company is suspended, the investment is valued at the Board's best assessment of fair value. Where premiums are payable by foreign investors, the market value, for the purpose of the accounts, includes the premium. Unlisted investments are valued by the Board. In making their 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 exceptional 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.

As at 11 September 2009 (being the latest practicable date prior to the publication of this document), the unaudited NAV per Ordinary Share was 171.93 pence per Ordinary Share and the unaudited NAV of the Company was £287.45 million.

8. 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.

No Director past or present has any entitlement to pensions, and the Company has not awarded any share options or long-term performance incentives to any of the Directors.

9. Investment restrictions

The Company is subject to the UK Listing Rules that 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 that is consistent with its objective of spreading investment risk and in accordance with its published investment policy as set out on page 24 of this document.

In accordance with Listing Rule 15.2.3A, the Company (and, if applicable, its subsidiary undertakings) must not conduct any trading activity that is significant in the context of its group 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 the 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 1988, 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 Company's investments at the time of investment;
- no more than 15 per cent. of the Company's total net assets may be invested in open-ended funds;
- 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.

10. 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.

10.1 *Management Agreement*

The Manager, pursuant to the terms of the Management Agreement, has agreed to act as investment manager of the assets of the Company. Under the terms of the Management Agreement, the Manager is responsible for the investment management of the Company's portfolio of assets on a discretionary basis, subject, *inter alia*, to the investment objective of the Company, and for the provision of all services of a secretarial and administrative nature (excluding custodian services). The Manager is reimbursed in aggregate for all its services provided under the Management Agreement.

The Manager provides investment management and company secretarial services to the Company in accordance with the Management Agreement. The Manager is entitled to a fee at a rate of 1.00 per cent. per annum on assets up to and including £100 million, of 0.95 per cent. per annum on assets between £100 million and £300 million and of 0.90 per cent. per annum on assets above £300 million, payable quarterly in arrears and calculated by reference to the value of the Company's assets under management (net of current liabilities other than short term borrowings) at the end of the preceding quarter. The Manager's periodic charge, in respect of Schroder plc funds in which the Company invests, are rebated to the Company so that no double charging occurs.

During the year ended 30 September 2008, the Manager was entitled to receive a fee of £78,000 per annum (exclusive of VAT) for secretarial services provided to the Company. The fee increases/decreases in line with changes in the Retail Price Index.

The Manager is authorised and regulated by the Financial Services Authority.

The Management Agreement can be terminated by either party on 12 months' notice or on immediate notice in the event of certain breaches or the insolvency of either party.

10.2 *Custody Agreement*

JPMorgan Chase Bank, National Association, acts as the Custodian to the Company pursuant to the Custody Agreement. The Custodian is a company organised under the laws of the State of New York with limited liability. Its main office is in the United States and it was registered as a branch in England and Wales with registration number BR000746 on 1 January 1993. The Custodian is authorised and regulated by the FSA with firm reference number 124491.

The fees of the Custodian are paid by the Company. The Custody Agreement contains an indemnity in favour of the Custodian against claims by third parties except to the extent that the claim arises from the negligence, fraud or wilful default of the Custodian. The Custody Agreement may be terminated by the Company giving not less than 60 days' notice in writing to the Custodian or otherwise by the Custodian giving not less than 270 days' notice in writing to the Company.

The Custodian charges custody fees at a set rate in respect of each market in which the Company invests. The aggregate custody fee payable to the Custodian is calculated by reference to the value of assets invested in the relevant country and the relevant fee rate. The Custodian also levies a transaction charge which is a fixed amount payable when the Company transacts a stock. The transaction charge varies from country to country. The Company is invoiced by the Custodian quarterly. In the year to 30 September 2008 the fees of the Custodian were £240,458.

Subject to exercising its duties of supervision and control as prescribed by the rules of the FSA, the Custodian is authorised to act through and hold the Company's investments with sub-custodians. The Custodian hold the Company's investments with the following sub-custodians:

<i>Country/Market</i>	<i>Sub Custodian(s)</i>	<i>Regulatory Body(ies)</i>
Australia	JPMorgan Chase Bank, N.A.	ASX Limited Australian Securities and Investments Commission Australian Prudential Regulation Authority
Bermuda	The Bank of Bermuda Limited	Bermuda Monetary Authority Bermuda Stock Exchange
Canada	Canadian Imperial Bank of Commerce	Bank of Canada Provincial Securities Commissions Investment Dealers Association Office of the Superintendent of Financial Institutions
Canada	Royal Bank of Canada	Bank of Canada Provincial Securities Commissions Investment Dealers Association Office of the Superintendent of Financial Institutions
China (Shanghai)	China B-Shares: HSBC Bank (China) Company Limited	China Securities Regulatory Commission China Banking Regulatory Commission The State Administration of Foreign Exchange
China (Shenzhen)	China B-Shares: HSBC Bank (China) Company Limited	China Securities Regulatory Commission China Banking Regulatory Commission The State Administration of Foreign Exchange
Hong Kong	The Hongkong and Shanghai Banking	Securities and Futures Commission Hong Kong Monetary Authority
Indonesia	Deutsche Bank AG	BAPEPAM Bank Indonesia
South Korea	Standard Chartered First Bank Korea Limited	Financial Service Commission Financial Supervisory Service Ministry of Finance and Economy
Philippines	The Hongkong and Shanghai Banking	Securities and Exchange Commission Philippine Central Bank Department of Finance Bureau of Treasury
Singapore	DBS Bank Ltd	Monetary Authority of Singapore Singapore Exchange Securities Trading Limited

<i>Country/Market</i>	<i>Sub Custodian(s)</i>	<i>Regulatory Body(ies)</i>
Taiwan	JPMorgan Chase Bank, N.A.	Taiwan Stock Exchange Corporation Financial Supervisory Commission Securities and Futures Bureau Central Bank of China Ministry of Finance
Thailand	Standard Chartered bank (Thai) Public Company Limited	Bank of Thailand Securities and Exchange Commission The Stock Exchange of Thailand Ministry of Finance

10.3 Sponsor Agreement

The Sponsor Agreement dated on or around 18 September 2009 between (1) the Company and (2) Numis, pursuant to which Numis has agreed to act as sponsor in relation to the publication of the prospectus and circular and to the Bonus Issue.

The Sponsor Agreement provides for payment of a fee of £100,000 (plus VAT) by the Company to Numis.

The Sponsor Agreement contains certain representations, warranties and indemnities by the Company in favour of Numis, which are customary in agreements of this nature.

Numis may terminate the Sponsor Agreement prior to Admission if, *inter alia*:

- the warranties in the Sponsor Agreement are to a material extent untrue or inaccurate;
- the Company fails to comply to a material extent with the Companies Acts, Disclosure Rules, Prospectus Rules, Listing Rules and, *inter alia*, the rules and regulations of the London Stock Exchange; and
- in the reasonable opinion of Numis, the Company fails to comply with any of its material obligations under the Sponsor Agreement.

11. UK Taxation

11.1 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.

11.2 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 Income and Corporation Taxes Act 1988. 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. 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.

11.3 Shareholders

11.3.1 For the purposes of United Kingdom capital gains tax and corporation tax on chargeable gains, it is expected that the receipt of the Subscription Shares arising from the Bonus Issue should be a re-organisation of the share capital of the Company. On that basis, 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 main market of the London Stock Exchange. 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.

11.3.2 Taxation of capital gains

Individual Shareholders who are resident or ordinarily resident in the UK for tax purposes will generally be subject to capital gains tax 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.

11.3.3 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 (up to the threshold for additional rate income tax, which is being introduced with effect from 6 April 2010). In the case of such Shareholder's liability, the tax credit will be set against, but will not fully match, the 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 (but, from 6 April 2010, does not exceed the threshold for additional rate income tax).

With effect from 6 April 2010, a new additional tax rate of 50 per cent. will be introduced for taxable non-savings and savings income above £150,000. From that date onwards, 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. 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 approximately 36 per cent. of the cash dividend received) to the extent that the gross dividend fell above the threshold for this additional 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.

The new legislation introduced for dividends paid on or after 1 July 2009 to shareholders within the charge to UK corporation tax removes the current blanket exemption from corporation tax which generally applies to a dividend paid by one UK resident company to another. However, dividends paid on the Ordinary Shares or Subscription Shares to UK resident corporate shareholders should continue to qualify for exemption from UK corporation tax.

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.

11.3.4 Stamp duty and stamp duty reserve tax

Transfers on 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. Euroclear 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.

Where Ordinary Shares or Subscription Shares are issued or transferred (a) to, or to a nominee for, a person whose business is or includes the provision of clearance services or (b) to, or to a nominee or agent for, a person whose business is or includes issuing depositary receipts, stamp duty or SDRT will be payable at the higher rate of 1.5 per cent. of the amount or value of the consideration given or, in certain circumstances, the value of the Ordinary Shares or the Subscription Shares. This liability for stamp duty or SDRT will strictly be payable by the clearance service or depositary receipt operator or their nominee, as the case may be, but will, in practice, be payable by the participants in the clearance service or depositary receipt scheme.

11.3.5 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 October 2009) and £10,200 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 ISA subscription limit. However, 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.

11.3.6 Self-Invested Personal Pensions (SIPPs)

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

12. Corporate governance

The Board is responsible for ensuring the appropriate level of corporate governance and considers that the Company complies with the best practice provisions of the 2006 Combined Code (the "**Code**").

The Board considers that the Company has complied with the best practice provisions in Section 1 of the Code for the year ended 30 September 2008 and up to the date of this document, save in respect of the appointment of a Senior Independent Director, where departure from the Code is considered appropriate given the Company's position as an investment trust. The Board has considered whether a Senior Independent Director should be appointed. As the Board comprises entirely non-executive Directors, the appointment of a Senior Independent Director is not considered necessary. However, the Chairman of the Audit Committee leads the evaluation of the performance of the Chairman and is available to shareholders if they have concerns which cannot be resolved through discussion with the Chairman.

Role of the Board

The Board determines and monitors the Company's investment objective and policy, and considers the future strategic direction of the Company. Matters specifically reserved for decision by the Board have been adopted. The Board is responsible for presenting a balanced and understandable assessment of the Company's position and, where appropriate, future prospects in annual and half-yearly reports and other forms of public reporting. It monitors and reviews the shareholder base of the Company, marketing and shareholder communication strategies, and evaluates the performance of all service providers, with input from its Committees where appropriate. A procedure has been adopted for Directors, in the furtherance of their duties, to take independent professional advice at the expense of the Company, where appropriate. The Directors have access to the advice and services of the Company Secretary, who is responsible to the Board, *inter alia*, for ensuring that Board procedures are followed, and that applicable rules and regulations are complied with.

Board committees

The Board has delegated certain responsibilities and functions to Committees. Terms of reference for each of these Committees are available on the Company's website at www.schroderasiapacificfund.com.

The Audit Committee is chaired by The Rt. Hon. the Earl of Cromer and, in addition, consists of The Hon. Rupert Carington, Mr Binyon and Mr Fenn. The role of the Audit Committee is to ensure that the Company maintains the highest standards of integrity in financial reporting and internal control. The Board considers each member of the Committee to be independent. The Board also considers that members of the Committee have recent and relevant financial experience.

The Management Engagement Committee is chaired by The Rt. Hon. the Earl of Cromer and, in addition, consists of The Hon. Rupert Carington, Mr Binyon and Mr Fenn. The role of the Committee is to review the terms of management contract with the Manager. In addition, the Committee reviews Director's fees and makes recommendations to the Board in this regard. The Board considers each member of the Committee to be independent.

The Nomination Committee is chaired by The Hon. Rupert Carington and, in addition, consists of The Rt. Hon. the Earl of Cromer, Mr Kingzett, Mr Binyon and Mr Fenn. The role of the Committee is to consider and make recommendations to the Board on its composition and balance of skills and experience, and on individual appointments, to lead the process and make recommendations to the Board. The Board considers each member of the Committee, with the exception of Mr Kingzett, to be independent.

Composition, independence and tenure

The Board currently consists of five non-executive Directors. The Board considers each of the Chairman, Mr Binyon, The Rt. Hon. the Earl of Cromer and Mr Fenn to be independent of the Company's Manager. Mr Kingzett is not considered to be independent as he is employed by Schroder Investment Management Limited, which receives fees from the Company in accordance with the Management Agreement. The independence of each Director is considered on a continuing basis.

The Board has no executive Directors and has not appointed a Chief Executive Officer as the Company has contractually delegated management of the Company's investment portfolio, together with the provision of accounting and company secretarial services to its Manager.

The Board is satisfied that it is of sufficient size, with an appropriate balance of skills and experience, and that no individual or group of individuals is, or has been, in a position to dominate decision-making.

The Board has adopted a policy on tenure that is considered appropriate for an investment trust. The independence of Directors is assessed on a case-by-case basis. The Directors do not consider that length of service by itself leads to a closer relationship with the Manager, or that it necessarily affects a Director's independence. In order to give shareholders the opportunity to endorse this policy, and in accordance with the provisions of the Code, any Director who has served for more than nine years will be subject to annual re-election by shareholders.

The Board has adopted a formal and rigorous annual evaluation of its own performance and that of its Committees and individual Directors. First, the evaluation of individual Directors is led by the Chairman, and the evaluation of the Chairman's performance is led by the Chairman of the Audit Committee. Secondly, the Board evaluates its own performance and that of its committees. The Directors meet at least once a year without the Chairman present and the Chairman of the Audit Committee chairs this meeting.

The Board meets at least four times a each year and, in addition, meets specifically to discuss strategy once each year. Additional meetings are also arranged as required and regular contact between Directors, the Manager and the Company Secretary is maintained throughout the year. Representatives of the Manager and Company Secretary attend each meeting and other advisers also attend when requested to do so by the Board.

13. 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 12 months which may have, or have had in the recent past, significant effects on the Company's financial position or profitability.

14. Significant change

Save for the rise in the unaudited value of the Company's net assets from £208.9 million (unaudited) as at 31 March 2009 to £287.5 million (unaudited) as at 11 September 2009 (being the latest practicable date prior to the publication of this document) and a rise in the unaudited Share price from 134.17 pence per Ordinary Share (unaudited) to 171.93 pence per Ordinary Share (unaudited) over the same period, there has been no significant change in the financial or trading position of the Company since 31 March 2009, being the date to which the latest unaudited results of the Company were published.

15. General

15.1 The Company does not conduct any significant trading activity.

15.2 Numis Securities, which is authorised and regulated by the FSA, has given and has not withdrawn its written consent to the issue of this document with the inclusion of its name and references to it in the form and context in which they appear.

15.3 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.

15.4 The ISIN for the Subscription Shares is GB00B3Z0B573, the SEDOL Code is B3Z0B57, and the ticker is SDPS.

15.5 The most recent annual fees of the auditors for audit services were £17,000 (excluding VAT). Apart from these fees and the fees payable to the Manager and the Custodian as disclosed in **paragraphs 10.1 and 10.2** of this **Part 5** there are no other material fees payable by the Company.

15.6 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 diluted net assets per Ordinary Share, as the net proceeds resulting from any conversion are expected to be invested in investments consistent with the investment objective and policy of the Company and the impact of such subscription will already be reflected in the diluted net asset value.

15.7 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 equities in certain countries in Asia and the Far East. 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, including total loss, that may result from such an investment. However, such investors should consider consulting an independent financial adviser authorised under FSMA before investing.

15.8 The Manager (or its associates) may provide investment management, investment advisory and other services to other clients (including investment companies), including clients which may invest in the securities in which the Company may invest and, in providing such services, may use information obtained by them which is used in advising on the Company's investments. Neither the Manager nor any of its associates will be liable to account to the Company for any profit, commission or remuneration earned as a result of such conflict. However, in the event of a conflict of interest arising, the Manager will take reasonable steps to ensure fair treatment for the Company in accordance with the FSA's Conduct of Business Sourcebook.

16. Costs and Expenses

The costs of the Bonus Issue and the preparation of this Prospectus (including all advisers' fees, printing and other ancillary costs) are expected to be approximately £235,000 (excluding VAT), which will be borne by the Company.

17. Auditors

The auditors to the Company for the three financial years ended 30 September 2006, 2007 and 2008 were PricewaterhouseCoopers LLP of Hay's Galleria, 1 Hay's Lane, London SE1 2RD.

18. 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 the offices of Eversheds LLP, One Wood Street, London EC2V 7WS, for so long as this document remains valid:

18.1 this Prospectus;

18.2 the Memorandum of Association of the Company, the Articles and the New Articles;

18.3 the audited accounts of the Company for the financial years ended 30 September 2006, 30 September 2007 and 30 September 2008 respectively, together with the half-yearly reports for the six months ended 31 March 2008 and 2009 respectively.

Dated: 18 September 2009

PART 6

DEFINITIONS

The following definitions apply throughout this document, unless the context otherwise requires:

<i>"1985 Act"</i>	the Companies Act 1985, as amended
<i>"2006 Act"</i>	the Companies Act 2006, as amended
<i>"Admission"</i>	admission of the Subscription Shares to the Official List and to trading on the London Stock Exchange's main market becoming effective in accordance with, respectively, the Listing Rules and the Admission Standards
<i>"Admission Standards"</i>	the Admission and Disclosure Standards issued by the London Stock Exchange
<i>"admission to listing"</i>	an admission of the Subscription Shares to the Official List becoming effective, in accordance with the Listing Rules
<i>"admission to trading"</i>	the admission of the Subscription Shares to trading on the London Stock Exchange's main market for listed securities becoming effective in accordance with the Admission Standards
<i>"AGM" or "Annual General Meeting"</i>	the Annual General Meeting of the Company
<i>"Articles"</i>	the articles of association of the Company as at the date of this document
<i>"Board" or "Directors"</i>	the board of directors of the Company
<i>"Bonus Issue"</i>	the issue to Qualifying Shareholders of one Subscription Share for every five Ordinary Shares held by such shareholder on the Record Date, on the terms and subject to the conditions set out in this Prospectus
<i>"Calculation Date"</i>	5.00 p.m. on 13 October 2009, being the date immediately preceding the General Meeting, at which the Subscription Prices of the Subscription Shares will be calculated
<i>"certificated" or "in certificated form"</i>	not in uncertificated form (that is, not in CREST)
<i>"Combined Code"</i>	the UK Combined code on Corporate Governance dated 2006, as amended from time to time
<i>"Companies Acts"</i>	the 1985 Act and/or the 2006 Act
<i>"Company" or "Schroder AsiaPacific Fund plc"</i>	Schroder AsiaPacific Fund plc whose registered office is 31 Gresham Street, London EC2V 7QA
<i>"CREST"</i>	the computerised settlement system operated by Euroclear which facilitates the transfer of shares
<i>"CREST Manual"</i>	the rules governing the operation of CREST as published by Euroclear
<i>"CREST Regulations"</i>	the Uncertificated Securities Regulations 2001 (SI2001/3755)
<i>"Custodian"</i>	JPMorgan Chase Bank, National Association
<i>"EEA"</i>	the European Economic Area
<i>"EEA State"</i>	a member state of the EEA

<i>"Euroclear"</i>	Euroclear UK & Ireland Limited, the operator of CREST
<i>"FSA"</i>	the Financial Services Authority
<i>"FSMA"</i>	the Financial Services and Markets Act 2000, as amended
<i>"General Meeting"</i>	the general meeting of the Company to be held on 14 October 2009, notice of which is set out at Part 8 of this document
<i>"HMRC"</i>	H.M. Revenue & Customs
<i>"ISA"</i>	an individual savings account maintained in accordance with the UK Individual Savings Account Regulations 1998 (as amended from time to time)
<i>"Listing Rules"</i>	the rules and regulations made by the FSA under Part VI FSMA
<i>"London Stock Exchange"</i>	London Stock Exchange plc
<i>"Manager"</i>	the manager, Schroder Investment Management Limited
<i>"Management Agreement"</i>	the management agreement between the Company and the Manager, details of which are set out in paragraph 10.1 of Part 5 of this document
<i>"Net Asset Value" or "NAV"</i>	the net asset value of the Company calculated in accordance with its applicable accounting policies in all prior charges and other creditors at that fair value (including the cost of the Bonus Issue)
<i>"New Articles"</i>	the new articles of association of the Company proposed to be adopted at the General Meeting
<i>"Notice of General Meeting"</i>	the notice of the General Meeting set out in Part 8 of this document
<i>"Numis Securities"</i>	Numis Securities Ltd
<i>"Official List"</i>	the official list of the UKLA
<i>"Ordinary Shares"</i>	ordinary shares of 10 pence each in the capital of the Company
<i>"Overseas Shareholders"</i>	holders of Ordinary Shares who are resident in, or citizens of, countries outside the EEA and who have not supplied an address in the United Kingdom for the service of notices
<i>"Proposals"</i>	the Bonus Issue and related proposals described in this document
<i>"Prospectus Rules"</i>	the prospectus rules made under Part VI of FSMA
<i>"Qualifying Shareholders"</i>	holders of Ordinary Shares on the register of members of the Company on the Record Date
<i>"Record Date"</i>	the close of business on at 5.00 p.m. on 13 October 2009
<i>"Regulatory Information Service"</i>	one of the regulatory information services authorised by the FSA to receive, process and disseminate regulatory information in respect of listed companies
<i>"Share"</i>	the Ordinary Shares and/or the Subscription Shares, as the context requires
<i>"Shareholders"</i>	holders of Ordinary Shares
<i>"SIPP"</i>	self invested personal pensions

<i>“Special Resolution”</i>	the special resolution set out in the notice of General Meeting at Part 8 of this document
<i>“Sponsor Agreement”</i>	the agreement dated on or around 18 September 2009 between (1) the Company and (2) Numis relating to the Bonus Issue, details of which are set out in paragraph 10 of Part 5
<i>“Sterling”</i>	the lawful currency of the United Kingdom
<i>“stock account”</i>	an account within a member account in CREST to which a holding of a particular share or other security in CREST is credited
<i>“Subscription Date(s)”</i>	each of 31 December, 31 March, 30 June and 30 September between (and including) 28 days before 31 December 2009 and 31 December 2012 (or if such date is not a Business Day, the next following Business Day)
<i>“Subscription Price(s)”</i>	the price(s) at which the Subscription Share Rights may be exercised in accordance with the rights attaching to the Subscription Shares (and subject to adjustment in accordance with those rights)
<i>“Subscription Share Rights”</i>	the rights attaching to the Subscription Shares entitling the holder thereof to subscribe for Ordinary Shares upon each of the Subscription Dates upon payment of the Subscription Price, such rights being set out in full in the New Articles
<i>“Subscription Shares”</i>	subscription shares of 1p each in the capital of the Company
<i>“UKLA” or “UK Listing Authority”</i>	the Financial Services Authority in its capacity as competent authority under Part IV of FSMA
<i>“uncertificated” or “in uncertificated form”</i>	recorded on the relevant register of Ordinary Shares as being held in uncertificated form in CREST and title to which, by virtue of the CREST Regulations, may be transferred by means of CREST
<i>“Uncertificated Securities Regulations”</i>	Uncertificated Securities Regulations 2001 (SI 2001 No.3755)
<i>“United Kingdom” or “UK”</i>	the United Kingdom of Great Britain and Northern Ireland (including the Channel Islands and the Isle of Man)
<i>“United States”</i>	United States of America
<i>“UK GAAP”</i>	UK generally accepted accounting practice

PART 7

CHECKLIST OF DOCUMENTS INCORPORATED BY REFERENCE

The table below sets out the various sections of such documents which are incorporated by reference into this document so as to provide the information required under the Prospectus Rules and to ensure that investors in Subscription Shares and others are aware of all information which is necessary to enable investors to make an informed assessment of the assets and liabilities, financial position, profit and losses and prospectus of the Company:

<i>Information incorporated by reference</i>	<i>Document reference</i>	<i>Page nos.</i>
Chairman's Statement	Annual Report and Accounts for the year ended 30 April 2006 (page 5 to 6)	30
Investment Manager's Review	Annual Report and Accounts for the year ended 30 September 2006 (pages 7 to 9)	30
Investments in Order of Valuation	Annual Report and Accounts for the year ended 30 September 2006 (pages 48 to 51)	30
Audit Report	Annual Report and Accounts for the year ended 30 September 2006 (pages 29 to 30)	29
Financial Statements and notes to the Accounts	Annual Report and Accounts for the year ended 30 September 2006 (pages 31 to 47)	29
<i>Information incorporated by reference</i>	<i>Document reference</i>	<i>Page nos.</i>
Chairman's Statement	Annual Report and Accounts for the year ended 30 September 2007 (pages 5 to 6)	30
Investment Manager's Review	Annual Report and Accounts for the year ended 30 September 2007 (pages 7 to 9)	30
Investments in Order of Valuation	Annual Report and Accounts for the year ended 30 September 2007 (pages 48 to 51)	30
Audit Report	Annual Report and Accounts for the year ended 30 September 2007 (pages 29 to 30)	29
Financial Statements and notes to the Accounts	Annual Report and Accounts for the year ended 30 September 2007 (pages 31 to 47)	29
<i>Information incorporated by reference</i>	<i>Document reference</i>	<i>Page nos.</i>
Financial Statements and notes to the Accounts	Half-yearly Report for the period ended 31 March 2008 (pages 6 to 11)	29

<i>Information incorporated by reference</i>	<i>Document reference</i>	<i>Page nos.</i>
Chairman's Statement	Annual Report and Accounts for the year ended 30 September 2008 (page 4)	30
Investment Manager's Review	Annual Report and Accounts for the year ended 30 September 2008 (pages 5 to 6)	30
Investments in Order of Valuation	Annual Report and Accounts for the year ended 30 September 2008 (pages 7 to 10)	30
Audit Report	Annual Report and Accounts for the year ended 30 September 2009 (pages 22 to 23)	29
Financial Statements and notes to the Accounts	Annual Report and Accounts for the year ended 30 September 2008 (pages 24 to 41)	29
 <i>Information incorporated by reference</i>	 <i>Document reference</i>	 <i>Page nos.</i>
Financial Statements and notes to the Accounts	Half-yearly Report for the year ended 31 March 2009 (pages 6 to 11)	29

PART 8

NOTICE OF GENERAL MEETING

Schroder AsiaPacific Fund plc

(Registered in England and Wales with the registered number 03104981)

NOTICE IS HEREBY GIVEN that a General Meeting of the Company will be held at 31 Gresham Street, London EC2V 7QA, at 11.30 a.m. on Wednesday 14 October 2009 for the purpose of considering and, if thought fit, passing the following resolution, which will be proposed as a special resolution:

SPECIAL RESOLUTION

THAT:

1. Subject to the UK Listing Authority agreeing to admit to the Official List the subscription shares of one penny each in the capital of the Company (the "**Subscription Shares**") to be issued pursuant to the bonus issue described in the circular of the Company dated 18 September 2009 (the "**Bonus Issue**") and London Stock Exchange plc agreeing to admit such Subscription Shares to trading on its main market for listed securities:
 - (a) the articles of association produced to the meeting and signed by the Chairman of the Meeting for the purposes of identification be adopted as the articles of association of the Company in substitution for the existing articles of association of the Company;
 - (b) 3,343,796 ordinary shares of 10p each in the authorised share capital of the company ("**Ordinary Shares**") be subdivided into 33,437,960 ordinary shares of 1p each and immediately redesignated as Subscription Shares, each having rights and being subject to the conditions contained in the articles of association of the Company as adopted pursuant to sub-paragraph (a) of this resolution;
 - (c) in addition to any existing authority under section 80 of the Companies Act 1985 (the "**1985 Act**") granted to the Directors at any Annual General Meeting held before the passing of this resolution, for the purposes of section 551 of the Companies Act 2006 (the "**2006 Act**") the Directors be and are generally and unconditionally authorised to exercise all powers of the Company to allot relevant securities in connection with and for the purpose of (i) the issue of Subscription Shares pursuant to the Bonus Issue up to an aggregate nominal amount of £334,380 of Subscription Shares, and (ii) the grant of the right to subscribe for ordinary shares in the capital of the Company ("**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 articles of association to be adopted pursuant to sub-paragraph (a) of this Special Resolution, up to a maximum aggregate nominal amount of £3,343,796 of Ordinary Shares provided that such authority shall expire at the conclusion of the Company's Annual General Meeting 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, Subscription Share Rights and/or Ordinary Shares to be allotted after such expiry and the Directors may allot such Subscription Shares, Subscription Share Rights, and/or Ordinary Shares in pursuance of any such offer or agreement as if the authority conferred hereby had not expired;
 - (d) in addition to any existing authority under section 95 of the 1985 Act granted to the Directors at any Annual General Meeting of the Company held before the passing of this Special Resolution, the Directors be and are empowered in accordance with sections 570 and 571 of the 2006 Act to allot Ordinary Shares for cash, pursuant to the authority conferred on them by sub-paragraph (c) of this Special Resolution, as if section 561(1) of the 2006 Act did not apply to the allotment, provided that:
 - (i) this power shall be limited to the allotment of Subscription Share Rights and Ordinary Shares in connection with and for the purposes of the Subscription Shares and Subscription Share Rights in respect of Ordinary Shares and the exercise of the Subscription Rights up to a maximum nominal amount of £3,678,176; and

- (ii) this power, unless renewed, shall expire in fifteen months from the date of this Special Resolution, but shall extend to the making, before such expiry, of an offer or agreement which would or might require any Subscription Share Rights or Ordinary Shares to be allotted after such expiry and the Directors may allot Subscription Share Rights or Ordinary Shares in pursuance of such offer or agreement as if the authority conferred hereby had not expired.
- (e) 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, or any reserve (other than the profit and loss account) otherwise available for the purpose of paying up in full at par up to 33,437,960 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 5 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 articles of association of the Company as adopted by sub-paragraph (a) of this resolution relating to the exercise of rights attaching to the Subscription Shares and any additional Subscription Shares required to be issued to holders of Subscription Shares in accordance with the rights attaching to the Subscription Shares;
- (f) 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;
- (g) in addition to any existing authority under section 166 of the 1985 Act granted to the Company at any Annual General Meeting 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 £5,012,357 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 circular of the Company dated 18 September 2009);
 - (ii) the minimum price which may be paid for a Subscription Share is £0.01;
 - (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 5 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 the date falling 18 months following the date of the passing of the resolution unless the authority is renewed at the Company's Annual General Meeting 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.

Dated: 18 September 2009

By order of the Board
Schroder Investment Management Limited
Company Secretary

Registered Office:
31 Gresham Street
London
EC2V 7QA

Notes:

1. Any member entitled to attend and vote at the above meeting is entitled (unless they have, pursuant to article 73 of the Company's articles of association, nominated someone else to enjoy such a right, in which case only the person so nominated may exercise the right) to appoint one or more proxies (who need not be a member of the Company) to attend and to vote instead of the member. Completion and return of a form of proxy will not preclude a member from attending and voting at the meeting in person, should he subsequently decide to do so.

A proxy form is attached. If you wish to appoint a person other than the Chairman as your proxy, please insert the name of your chosen proxy holder in the space provided at the top of the form. If the proxy is being appointed in relation to less than your full voting entitlement, please enter in the box next to the proxy holder's name the number of shares in relation to which they are authorised to act as your proxy. If left blank, your proxy will be deemed to be authorised in respect of your full voting entitlement (of if this proxy form has been issued in respect of a designated account for a shareholder, the full voting entitlement for that designated account). Additional proxy forms can be obtained by contacting the Company's Registrars, Equiniti Limited, on 0871 384 2887 or you may photocopy the attached proxy form. Please indicate in the box next to the proxy holder's name the number of shares in relation to which they are authorised to act as your proxy. Please also indicate by ticking the box provided if the proxy instruction is one of multiple instructions being given. Completion and return of a form of proxy will not preclude a member from attending the Annual General Meeting and voting in person.

The "Vote Withheld" option on the proxy form is provided to enable you to abstain on the resolution. However it should be noted that a "Vote Withheld" is not a vote in law and will not be counted in the calculation of the proportion of the votes 'For' and 'Against' the resolution.

2. The right to appoint a proxy does not apply to persons whose shares are held on their behalf by another person and who have been nominated to receive communications from the company in accordance with section 146 of the Companies Act 2006 ("**Nominated Persons**"). Nominated persons may have a right under an agreement with the registered shareholder who holds the shares on their behalf to be appointed (or to have someone else appointed) as a proxy. Alternatively, if nominated persons do not have such a right, or do not wish to exercise it, they may have a right under such an agreement to give instructions to the person holding the shares as to the exercise of voting rights.
3. 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.
4. In order to be valid, any form of proxy and a power of attorney or other authority under which it is signed, or a notarialy certified or office copy of such power or authority, in order to be valid, must reach the Company's registrars, Equiniti Limited, Aspect House, Spencer Road, Lancing West Sussex, BN99 6ZH not less than 48 hours (excluding any part of a day which is a non-working day) before the time of the meeting or of any adjournment of the meeting.
5. As permitted by regulation 41 of the Uncertificated Securities Regulations 2001, shareholders who hold their shares in uncertificated form must be entered on the Company's share register at 6.00 p.m. on 12 October 2009 in order to be entitled to attend and vote at the meeting. Such shareholders may only cast votes in respect of shares held at such time. Changes to entries on the relevant register after that time shall be disregarded in determining the rights of any person to attend or vote at the meeting.
6. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the General Meeting to be held on 14 October 2009 and any adjournment(s) thereof by using the procedures described in the CREST Manual. CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf. In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a "**CREST Proxy Instruction**") must be properly authenticated in accordance with Euroclear specifications and must contain the information required for such instructions, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or to an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the issuer's agent (ID RA19) by the latest time(s) for receipt of proxy appointments specified in the notice of meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.
7. CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings. The CREST Manual can be reviewed at www.euroclear.com/CREST.
8. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5) of the Uncertificated Securities Regulations 2001.
9. 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.
10. 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 interest 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.
11. As at 11 September 2009 being the last practicable date prior to the publication of this Notice, the Company's issued capital consisted of 167,189,762 Ordinary Shares carrying one vote each. No shares are held in treasury and, therefore, the total voting rights in the Company as at 11 September 2009 are 167,189,762.
12. The proposed New Articles of the Company are available for inspection at the registered office of the Company, 31 Gresham Street, London EC2V 7QA, during usual business hours on any weekday (Saturdays, Sundays and public holidays excluded) from the date of this Notice until the conclusion of the Meeting and will be available for inspection at the place of the Meeting for at least 15 minutes prior to and during the Meeting.

