

First State

Global Umbrella Fund plc

Fund Prospectus

FIRST STATE GLOBAL UMBRELLA FUND PLC

(the “Company”)

SUPPLEMENT FOR HONG KONG INVESTORS TO THE PROSPECTUS DATED 1 DECEMBER 2008

This Supplement forms part of and should be read in conjunction with the Prospectus dated 1 September 2008 as amended. The Directors of the Company accept responsibility for the information contained herein being accurate as at the date of this Supplement.

If you are in any doubt about the contents of this Supplement, you should seek independent professional financial advice.

IMPORTANT:

- **This Company as an umbrella fund has within it different funds investing in equities or bonds, each with different risk profile.**
- **Funds which invest in emerging markets, a single market or sector should be regarded as higher risk than funds following a more diversified policy. Please pay attention to the “Risk Factors” section in this Supplement and the Prospectus for risks associated with investing in emerging markets, a single market or sector.**
- **You are advised that you should not invest in the Funds unless the intermediary which offers you the Funds has advised you that the Funds are suitable for you and has explained why, including that investment in the Funds will be consistent with your investment objectives.**

Hong Kong Authorisation: The Company and the Funds included in the Prospectus have been authorised by the Securities & Futures Commission in Hong Kong (the “SFC”) pursuant to Section 104 of the Securities and Futures Ordinance on the basis that the Company is an open-ended investment company established as a UCITS pursuant to European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations, 2003, as amended (the “UCITS Regulations”). This authorisation does not imply official recommendation.

Notwithstanding the incorporation into the offering documents of the Company of the availability of investment powers under the UCITS Directive 2001/108/EC, it is the intention of the Directors to operate the Company so as not to avail of the extended powers to invest in derivatives provided for in the UCITS Regulations.

It is not intended that any existing Fund will at this time avail of the opportunity to invest in other liquid financial assets referred to in Regulation 45 of the Regulations and if in the future should there be intention to do so, or to change the investment objectives, policy and/or restrictions applicable to the Fund, shareholder approval by means of an EGM or written resolution will be sought at that time and the offering documents will be updated accordingly. Any Fund approved by the Irish Financial Services Regulatory Authority (“the Financial Regulator”) in the future may be permitted to invest not just in transferable securities but also in other liquid financial assets in accordance with the UCITS Regulations.

Additional Information for Hong Kong investors:

1. Risk Factors

In times of financial instability, there may be increased risks associated with increased uncertainty and instances of default among issuers. Such risks are further discussed below:

Market risk

In falling financial markets there may be increased volatility. Market prices in such circumstances may defy rational analysis or expectation for prolonged periods of time, and can be influenced by movements of large funds as a result of short-term factors, counter-speculative measures or other reasons. Market volatility of a large enough magnitude can sometimes weaken what is deemed to be a sound fundamental basis for investing in a particular market or stock. Investment expectations may therefore fail to be realised in such instances.

Credit risk

Investment in debt or other securities including financial derivative instruments may be subject to credit risk of their issuers. In times of financial instability there may be increased uncertainty around the credit worthiness of issuers of these securities. Market conditions may mean there are increased instances of default amongst issuers. If the issuer of any of the securities in which the assets of a Fund are invested defaults or suffers insolvency or other financial difficulties, the value of such Fund will be adversely affected.

Reliability of credit ratings

The ratings of fixed-income securities by institutions such as Moody's and S&P are a generally accepted barometer of credit risk. They are, however, subject to certain limitations from an investor's standpoint. The rating on an issuer is heavily weighted by past developments and does not necessarily reflect probable future conditions. There is frequently a lag between the time the rating is assigned and the time it is updated. In addition, there may be varying degrees of difference in credit risk of securities within each rating category. In the event of a downgrade in the credit ratings of a security or an issuer relating to a security, the value of a Fund investing in such security may be adversely affected.

Risk of change of laws, regulations, political and economic conditions

Changes in the applicable laws, regulations, political and economic conditions can affect substantially and adversely the business and prospects of the Funds. In addition, possible changes to the laws and regulations governing permissible activities of the Funds and the Investment Manager and any of their respective affiliates or delegates could restrict or prevent the Fund or the Investment Manager from continuing to pursue the Funds' investment objectives or to operate the Funds in the manner currently contemplated.

Risk of suspension

The investments of a Fund may be subject to temporary suspensions in the determination of their net asset values. In such an event, the Fund may be unable to redeem its interests in such investments when it would otherwise be advantageous to do so. The delay in disposal of the Fund's investments may adversely affect both the value of the investments being disposed of, and the value and liquidity of the relevant Fund. The lack of liquidity resulting from a suspension of the calculation of the net asset value of the investments of a Fund could require the Investment Manager to suspend accepting subscriptions and redemptions of Shares in such Fund.

2. Hong Kong Representative

The Hong Kong representative (the "Representative") of the Company is First State Investments (Hong Kong) Ltd of 6th Floor, Three Exchange Square, 8 Connaught Place, Hong Kong.

The Representative receives no fees from the Company for acting as Representative but is entitled to reimbursement of all expenses properly incurred in carrying out such duties. Such expenses shall be at normal commercial rates.

3. Application, Redemption and Switching Procedures

Full details of application, redemption and switching procedures are set out in the Prospectus and the Application Form. Investors resident in Hong Kong should read the relevant sections carefully. In addition, investors may, if they prefer, forward their completed Application Form and application monies to the Representative for onward transmission to the Company in Ireland. **No monies should be paid to any intermediary in Hong Kong who is not licensed or registered to carry on Type 1 regulated activity under Part V of the Securities and Futures Ordinance.** Application Forms received by the Representative will be transmitted to the Company as soon as practicable after receipt and applicants can normally consider that their applications lodged with the Representative before 5:00 pm on a Hong Kong Business Day will be adequately notified to the Company on that day. Subscriptions paid by cheques with long clearance period may not be processed until funds have cleared. Investors should be aware and accept that there may be delays in having their subscriptions processed if they pay by cheques. The Representative has, however, no authority to agree on behalf of the Company or otherwise that any application will be accepted.

Investors may also lodge requests for redemption or switching of their Shares with the Representative.

The maximum time period between receipt of a properly documented redemption request and the payment of redemption proceeds will be one month.

4. Hong Kong Tax considerations

During the period as the Company and the Funds are authorised by the SFC in Hong Kong, the Company is not expected to be subject to Hong Kong tax in respect of any of their authorised activities. No tax will be payable by Shareholders in Hong Kong in respect of dividends or other income distributions of the Company or in respect of any capital gains

arising on a sale, realisation or other disposals of Shares, except that Hong Kong profits tax may arise where such transactions form part of a trade, profession or business carried on in Hong Kong.

The foregoing is given on the basis of the Company's understanding of present legislation and practice in Hong Kong. Applicants resident in Hong Kong should, however, consult their own financial advisers as to their tax position in relation to any investment in the shares of any Fund.

5. Undertakings

The Investment Manager has undertaken to the SFC that for so long as the Company and the Funds remain authorised pursuant to Section 104 of the Securities and Futures Ordinance, it will not charge to the Company any advertising or promotional expenses relating to the Company or the Funds and will ensure that brokers or dealers connected with the Investment Manager, any Sub-Investment Manager, the Directors of the Company or any of their connected persons do not in aggregate account for more than 50 per cent. of the Company's transactions in value in any one financial year of the Company.

The Company has also undertaken to the SFC that after serving a notice convening a shareholders' meeting for considering a proposal for winding up of the Company or termination of any Fund which is authorised by the SFC, it will not suspend redemption of such Fund during any period prior to passing of the resolution for winding up or termination.

6. Approvals and Notifications

In the event that any material change is proposed in the structure of the Company, including, without limitation, any amendment of the Company's constitutive documents, changes in investment objectives and policies of the Funds, or any appointment of a new Investment Manager, Sub-Investment Manager or Custodian, the Investment Manager or the Representative shall seek the SFC's approval. Such changes shall also be made in accordance with the requirements of the Financial Regulator. The Investment Manager or the Representative will also notify the SFC and the Financial Regulator immediately if dealings in Shares of any Fund cease or are suspended.

7. Documents available for Inspection

For so long as the Company and the Funds remain authorised by the SFC, apart from the documents stated on pages 8 and 9 of the Prospectus, copies of the following documents in relation to the Company and the Funds may be inspected during usual business hours at the offices of the Representative and copies obtained at a reasonable charge:—

- (i) Hong Kong Representative Agreement dated 1 September 2008 as amended by an amendment agreement dated 1 December 2008 between the Company and First State Investments (Hong Kong) Limited; and
- (ii) the UCITS Regulations.

8. Delegation to Sub-Investment Managers

First State Investments (Hong Kong) Limited in its capacity as the Investment Manager of the Company and all the Funds manages certain Funds directly and has delegated or will delegate the investment management of certain Funds to the Sub-Investment Managers, including First State Investment Management (UK) Limited, First State Investments (Singapore) and Colonial First State Investments Limited as set out in the table below:–

Funds	Investment Manager	Sub Investment Manager
First State Asian Equity Plus Fund	First State Investments (Hong Kong) Limited	n/a
First State China Focus Fund	First State Investments (Hong Kong) Limited	n/a
First State China Growth Fund	First State Investments (Hong Kong) Limited	n/a
First State Greater China Growth Fund	First State Investments (Hong Kong) Limited	n/a
First State Hong Kong Growth Fund	First State Investments (Hong Kong) Limited	n/a
First State Asian Bond Fund	First State Investments (Hong Kong) Limited	n/a
First State Asian Quality Bond Fund	First State Investments (Hong Kong) Limited	n/a
First State Global Emerging Markets Debt Fund	First State Investments (Hong Kong) Limited	n/a
First State Hong Kong Dollar Bond Fund	First State Investments (Hong Kong) Limited	n/a
First State Asia Innovation Fund	First State Investments (Hong Kong) Limited	First State Investments (Singapore)
First State Asian Growth Fund	First State Investments (Hong Kong) Limited	First State Investments (Singapore)
First State Singapore and Malaysia Growth Fund	First State Investments (Hong Kong) Limited	First State Investments (Singapore)
First State Asia Pacific Leaders Fund	First State Investments (Hong Kong) Limited	First State Investment Management (UK) Limited
First State Global Opportunities Fund	First State Investments (Hong Kong) Limited	First State Investment Management (UK) Limited
First State Global Emerging Markets Leaders Fund	First State Investments (Hong Kong) Limited	First State Investment Management (UK) Limited

Funds	Investment Manager	Sub Investment Manager
First State Indian Subcontinent Fund	First State Investments (Hong Kong) Limited	First State Investment Management (UK) Limited
First State UK Growth Fund	First State Investments (Hong Kong) Limited	First State Investment Management (UK) Limited
First State Asian Property Securities*	First State Investments (Hong Kong) Limited	Colonial First State Investments Limited
First State Global Agribusiness Fund	First State Investments (Hong Kong) Limited	Colonial First State Investments Limited
First State Global Listed Infrastructure Fund	First State Investments (Hong Kong) Limited	Colonial First State Investments Limited
First State Global Property Securities*	First State Investments (Hong Kong) Limited	Colonial First State Investments Limited
First State Global Resources Fund	First State Investments (Hong Kong) Limited	Colonial First State Investments Limited
First State Global Bond Fund	First State Investments (Hong Kong) Limited	Colonial First State Investments Limited
First State High Quality Bond Fund	First State Investments (Hong Kong) Limited	Colonial First State Investments Limited
First State Long Term Bond Fund	First State Investments (Hong Kong) Limited	Colonial First State Investments Limited

* The above property securities funds are authorised by the SFC under the Code on Unit Trusts and Mutual Funds instead of the Code on REITS, and that authorisation does not imply official approval or recommendation. The underlying REITs of the Funds may not necessarily be authorised by the SFC and the dividend policy of the Funds is not representative of the dividend policy of the underlying REITs.

Some of the Funds are not yet launched as of this date and there may be change of delegation arrangement amongst the Sub-Investment Managers from time to time. The Investment Manager may also assume the management of any of the Funds. Despite any change to the above sub-delegation arrangement, the Investment Manager remains responsible for the acts and omissions of its delegates as if they are its own and is responsible for the fees payable to the Sub-Investment Managers.

9. Chinese Offering Documents

Notwithstanding the references made in the Prospectus with regard to the status of the English version of such document, investors resident in Hong Kong should note that the English and Chinese versions of the Prospectus, this document and the Application Form are given equal status.

10. Miscellaneous

Further information relating to the Company and the Funds is available from the Representative at its address stated in paragraph 1 above.

11. Termination of a Fund

Should the Company wish to terminate any Fund which is authorised by the SFC, the Company shall give three months' prior notice to Shareholders, or such shorter period as agreed by the SFC before the termination takes effect.

12. Funds and Share Classes not available to Hong Kong residents

Class I (Distributing) Shares of First State Asian Growth Fund, First State China Growth Fund, First State Greater China Growth Fund, First State Indian Subcontinent Fund and the Class I Shares of the First State Asian Equity Plus Fund are currently not available to Hong Kong residents and therefore the Net Asset Value per Share of the abovementioned Funds will not be published in the South China Morning Post, the Hong Kong Economic Journal and the website www.firststateasia.com. While the Net Asset Value per Share of all Funds will be available on www.firststateinvestments.com, this website has not been authorised by the SFC and may contain non-SFC authorised funds that are not available to Hong Kong investors.

13. Derivatives

The Funds may invest a portion of their assets in financial derivative instruments for purposes of hedging and efficient portfolio management. Investment in financial derivative instruments are subject to additional risks, including credit risk of the issuer.

14. Stock lending arrangements

The Company currently has no intention to enter into stocklending agreements.

15. Transactions with Connected Persons

For so long as the Company and the Funds remain authorised by the SFC, the following requirements relating to transactions with Connected Persons will apply:

- (i) No person may be allowed to enter on behalf of the Company into underwriting or sub-underwriting contracts without the prior consent of the Custodian and unless the Company or the Investment Manager provides in writing that all commissions and fees payable to the Investment Manager under such contracts, and all investments acquired pursuant to such contracts, will form part of the Company's assets;
- (ii) If cash forming part of the Company's assets is deposited with the Custodian, the Investment Manager, the Sub-Investment Managers or with any Connected Person (being an institution licensed to accept deposits), interest must be received on the deposit at a rate not lower than the prevailing commercial rate for a deposit of that size and term;
- (iii) All transactions carried out by or on behalf of the Company and the Funds must be at arm's length. In particular, any transaction between the Company and the Investment Manager, the Sub-Investment Managers, the Directors of the Company or any of their Connected Persons as principal may only be made with the prior written consent of the Custodian. All such transactions must be disclosed in the Company's annual report.

1 December 2008

This supplemental prospectus (the “Supplemental Prospectus”) forms part of the Prospectus dated 1 September 2008 (the “Prospectus”) for First State Global Umbrella Fund plc and must be read in the context of, and together with, the Prospectus. Unless otherwise provided for herein, all defined terms shall have the same meanings set forth in the Prospectus.

FIRST STATE GLOBAL UMBRELLA FUND PLC

An umbrella investment company with variable capital and with segregated liability between sub funds incorporated with limited liability under the laws of Ireland with registered number 288284 and established as an undertaking for collective investment in transferable securities pursuant to the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations, 2003, as amended.

FIRST Supplement to the prospectus

Dated 1 December 2008

The Directors of First State Global Umbrella Fund plc (the “Company”) as set out on page 5 of the Prospectus accept responsibility for the information contained in this Supplemental Prospectus. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure such is the case) the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

First State Asia Innovation and Technology Fund:

On page 55 of the Prospectus, the investment policy of the First State Asia Innovation and Technology Fund is hereby amended with effect from 1 December 2008 (the “Effective Date”). Accordingly, the entire section entitled “First State Asia Innovation and Technology Fund” is hereby deleted and the following is substituted therefor:

“First State Asia Innovation Fund

Investment Policy:

The Fund shall invest primarily in equity and equity-related securities in the Asia region (excluding Australia, New Zealand and Japan), focusing on those companies which the Investment Manager believes are especially innovative in terms of what they produce, or services they provide, and/or the way in which they carry out their business, for example, innovative capital structures, innovative use of technology, and innovative employee incentivisation schemes, but the Fund shall not specialise in any particular sector.”

The name of the First State Asia Innovation and Technology Fund will be changed to reflect the new investment policy. Accordingly, all references to “First State Asia Innovation and Technology Fund” are replaced by references to **“First State Asia Innovation Fund”** throughout the Prospectus on the Effective Date.

First State Global 100 Fund:

The name of the First State Global 100 Fund will be changed to First State Global Opportunities Fund with effect from the Effective Date. All references to “First State Global 100 Fund” are replaced by references to **“First State Global Opportunities Fund”** throughout the Prospectus on the Effective Date.

Change in registered office address of the Company and the address of HSBC Securities Services (Ireland) Limited and HSBC Institutional Trust Services (Ireland) Limited:

On page 4 of the Prospectus in the Directory the heading **“Registered Office”** and the address thereunder are deleted in their entirety and replaced as follows:-

“Registered Office
1 Grand Canal Square
Grand Canal Harbour
Dublin 2
Ireland”

On page 4 of the Prospectus in the Directory the heading **“Custodian”** and the address of HSBC Institutional Trust Services (Ireland) Limited thereunder are deleted in their entirety and replaced as follows:-

“Custodian
HSBC Institutional Trust Services (Ireland) Limited
1 Grand Canal Square
Grand Canal Harbour
Dublin 2
Ireland”

On page 4 of the Prospectus in the Directory the heading **“Administrator and Registrar”** and the address and the address of HSBC Securities Services (Ireland) Limited thereunder are deleted in their entirety and replaced as follows:-

“Administrator and Registrar
HSBC Securities Services (Ireland) Limited
1 Grand Canal Square
Grand Canal Harbour
Dublin 2
Ireland”

On page 9 of the Prospectus under “General Information”- “Documents for Inspection” the following item replaces item (h):-

“The Simplified Prospectus dated 1 December 2008; copies of this document may be obtained from the Investment Manager or the Administrator free of charge.”

**FIRST STATE
GLOBAL UMBRELLA FUND P.L.C.**

(an umbrella investment company with variable capital and with
segregated liability between sub-funds incorporated with limited liability
under the laws of Ireland with
registered number 288284)

PROSPECTUS

This Prospectus is dated the 1 September 2008

The Directors of First State Global Umbrella Fund plc whose names appear on page 4 accept responsibility for the information contained in this Prospectus. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure such is the case) the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

EQUITY FUNDS

**First State Asia Innovation and Technology Fund
First State Asia Pacific Leaders Fund
First State Asian Equity Plus Fund
First State Asian Growth Fund
First State Asian Property Securities Fund
First State China Focus Fund
First State China Growth Fund
First State Global 100 Fund
First State Global Agribusiness Fund
First State Global Emerging Markets Leaders Fund
First State Global Listed Infrastructure Fund
First State Global Property Securities Fund
First State Global Resources Fund
First State Greater China Growth Fund
First State Hong Kong Growth Fund
First State Indian Subcontinent Fund
First State Singapore and Malaysia Growth Fund
First State UK Growth Fund**

BOND FUNDS

**First State Asian Bond Fund
First State Asian Quality Bond Fund
First State Global Bond Fund
First State Global Emerging Markets Debt Fund
First State High Quality Bond Fund
First State Hong Kong Dollar Bond Fund
First State Long Term Bond Fund**

(Each a “Fund”)

IMPORTANT INFORMATION

THIS PROSPECTUS CONTAINS IMPORTANT INFORMATION ABOUT THE COMPANY AND SHOULD BE READ CAREFULLY BEFORE INVESTING. IF YOU HAVE QUESTIONS ABOUT THE CONTENTS OF THIS PROSPECTUS OR THE SUITABILITY OF AN INVESTMENT IN THE COMPANY, YOU SHOULD CONSULT YOUR BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER FINANCIAL ADVISER.

Certain terms used in this Prospectus are defined on pages 85 to 90.

The Company has been authorised by the Financial Regulator as a UCITS within the meaning of the Regulations. **The authorisation of the Company as a UCITS by the Financial Regulator is not an endorsement or guarantee of the Company by the Financial Regulator nor is the Financial Regulator responsible for the contents of this Prospectus. The authorisation of the Company by the Financial Regulator shall not constitute a warranty as to the performance of the Company and the Financial Regulator shall not be liable for the performance or default of the Company.**

The value of the Shares in the Company may go up or down and you may not get back the amount you have invested in the Company. Before investing in the Company you should consider the risks involved in such an investment. Due to the fact that some of the Funds may invest in Emerging Markets, smaller companies and non-investment grade bonds, investment in these Funds may involve a greater degree of risk than is the case with funds with more risk-averse policies. Some Funds may also invest in warrants on transferable securities. **The difference at any one time between the sale and repurchase price of Shares in a Fund means that the investment should be viewed as medium to long term. It is therefore recommended that an investment in any of the Funds should not constitute a substantial proportion of an investor's portfolio and may not be appropriate for all investors.** Please see "Risk Factors" on page 26.

Shareholders should note that 100 per cent of the investment management fees and operational expenses of the First State Asian Equity Plus Fund, the First State Asian Property Securities Fund, the First State Global Emerging Markets Debt Fund, the First State Global Property Securities Fund and the First State Global Listed Infrastructure Fund will be charged to the capital of the relevant Fund. The reason for charging these expenses against capital is to seek to increase the amount of distributable income but this may be achieved by foregoing the potential for future capital growth. **This will have the effect of lowering the capital value of your investment. Thus on redemptions of holdings, Shareholders may not receive back the full amount invested.**

This Prospectus may not be used for the purpose of an offer or solicitation in any jurisdiction or in any circumstances in which such offer or solicitation is unlawful or not authorised. The Shares have not been registered under the United States Securities Act of 1933 (as amended) (the "1933 Act") and may not, except in a transaction which does not violate US securities laws, be directly or indirectly offered or sold in the United States or to any United States Person (as defined in Regulation S, as amended from time to time, of the 1933 Act). The Company will not be registered under the United States Investment Company Act of 1940.

Before investing in a Portfolio an investor shall be required to confirm whether the investor is an Irish Resident for tax purposes.

Investors should regard any information given, or representations made, by any dealer, salesman or other person not contained in this Prospectus or in any reports and accounts of the Company forming part hereof as unauthorised and accordingly must not be relied upon. Neither the delivery of this

IMPORTANT INFORMATION - Continued

Prospectus nor the offer, issue or sale of Shares shall under any circumstances constitute a representation that the information contained in this Prospectus is correct as of any time subsequent to the date of this Prospectus. To reflect material changes, this Prospectus may from time to time be updated and intending subscribers should enquire of the Administrator, their financial representative or their local dealing office as to the issue of any later Prospectus or as to the issue of any reports and accounts of the Company.

Distribution of this Prospectus in certain jurisdictions will require that the Prospectus be translated into other languages. Where such translation is required, it will be a direct translation from the English text and in the event of any inconsistency or ambiguity in relation to the meaning of any word or phrase in any translation, the English text shall prevail and all disputes as to the terms thereof shall be governed by, and construed in accordance with, the laws of Ireland.

This Prospectus should be read in its entirety before making an application for Shares.

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The Company

First State Global Umbrella Fund plc

Registered Office:

HSBC House
Harcourt Centre
Harcourt Street
Dublin 2
Ireland

Directors

Peter Blessing
Greg Cooper
Lindsay Mann
Hans Vogel

Investment Manager and Promoter

First State Investments (Hong Kong) Limited
Sixth Floor
Three Exchange Square
Central
Hong Kong

Sub-Investment Managers

First State Investment Management (UK)
Limited
23 St. Andrew Square
Edinburgh
Scotland

First State Investments (Singapore)
#17-01 Millenia Tower
One Temasek Avenue
Singapore 039192

Colonial First State Investments Limited
Level 29
Colonial Centre
52 Martin Place
Sydney
New South Wales
2000
Australia

Distributors

London Office

First State Investments (UK) Limited
3rd Floor
30 Cannon Street
London
EC4M 6YQ
England

Edinburgh Office

First State Investments (UK) Limited
23 St Andrew Square
Edinburgh
EH2 1BB
Scotland

Hong Kong Office

First State Investments (Hong Kong) Limited
Sixth Floor
Three Exchange Square
Central
Hong Kong

Singapore Office

First State Investments (Singapore)
#17-01 Millenia Tower
One Temasek Avenue
Singapore 039192

Custodian

HSBC Institutional Trust Services (Ireland)
Limited
HSBC House
Harcourt Centre
Harcourt Street
Dublin 2
Ireland

Administrator and Registrar

HSBC Securities Services (Ireland) Limited
HSBC House
Harcourt Centre
Harcourt Street
Dublin 2
Ireland

Auditors

PricewaterhouseCoopers
One Spencer Dock
North Wall Quay
Dublin 1
Ireland

Legal Advisers

Arthur Cox
Earlsfort Centre
Earlsfort Terrace
Dublin 2
Ireland

Structure of the Company

The Company is an investment company with variable capital organised under the laws of Ireland pursuant to the Companies Acts, 1963 to 2006 and the Regulations. It was incorporated on 18 June, 1998 under registration number 288284 and was authorised by the Financial Regulator on 23 June, 1998. Clause 2 of the memorandum of association of the Company provides that the sole object of the Company is the collective investment in transferable securities and/or other liquid financial assets referred to in Regulation 45 of the Regulations of capital raised from the public and which operates on the principle of risk spreading.

The Company is organised in the form of an umbrella fund. The Articles of Association provide that the Company may offer separate Classes of Shares each representing interests in a Fund comprised of a distinct portfolio of investments. Where interests in a Fund are represented by more than one Class of Shares, a separate pool of assets shall not be maintained for each such Class within that Fund.

Details of the Funds, including their investment objectives and policies are set out in **Appendix 1**. Characteristics of classes of shares by Fund are set out in **Appendix 2**. Details of the investment restrictions applicable to the Funds are set out in **Appendix 3**. The available Funds are:—

Equities Funds

First State Asia Innovation and Technology Fund
First State Asia Pacific Leaders Fund
First State Asian Equity Plus Fund
First State Asian Growth Fund
First State Asian Property Securities Fund
First State China Focus Fund
First State China Growth Fund

First State Global 100 Fund
First State Global Agribusiness Fund
First State Global Emerging Markets Leaders Fund
First State Global Listed Infrastructure Fund
First State Global Property Securities Fund
First State Global Resources Fund
First State Greater China Growth Fund
First State Hong Kong Growth Fund
First State Indian Subcontinent Fund
First State Singapore and Malaysia Growth Fund
First State UK Growth Fund

Bond Funds

First State Asian Bond Fund
First State Asian Quality Bond Fund
First State Global Bond Fund
First State Global Emerging Markets Debt Fund
First State High Quality Bond Fund
First State Hong Kong Dollar Bond Fund
First State Long Term Bond Fund

With the prior approval of the Financial Regulator, the Company from time to time may create an additional Fund or Funds. Different Classes of Shares may be issued in respect of each Fund. The issue of new Class of Shares shall be effected in accordance with the requirements of the Financial Regulator.

Each Fund will be responsible for bearing its own liabilities. The Company is an umbrella fund with segregated liability between Funds and under Irish law will not be liable as a whole to third parties.

GENERAL INFORMATION

Share Capital

The share capital of the Company shall at all times equal the Net Asset Value. The Directors are empowered to issue up to five hundred billion Shares of no par value (being the authorised share capital) in the Company at the Net Asset Value per Share on such terms as they may think fit.

The Share issue proceeds shall be applied to the books of the relevant Fund and shall be used in the acquisition of permissible investments on behalf of the relevant Fund. The records and accounts of each Fund shall be maintained separately.

All but three of the Subscriber Shares have been repurchased by the Company. The Subscriber Shares entitle Shareholders to attend and vote at all meetings of the Company, but do not give entitlement to participate in the dividends or net assets of any fund or of the Company.

On winding up, Subscriber Shares entitle holders to receive the amount paid up in respect of the Shares but not to participate in the assets of the Company. Details of the voting rights applicable to Subscriber Shares are summarised under “**Voting Rights**” within the section “**Memorandum and Articles of Association**” below. The Articles provide that any Subscriber Shares which are not held by the Investment Manager or its nominees are subject to compulsory repurchase by the Company.

Reports and Accounts

The Company’s year-end is 31 December in each year. The annual report and audited accounts of the Company will be sent to Shareholders within a period of four months after the end of each accounting year and at least 21 days before the general meeting of the Company at which they

are to be submitted for approval. The Company will also send a semi-annual report and unaudited accounts to Shareholders within a period of two months after the end of the semi-annual period ending on 30 June in each year. The latest audited accounts will be sent to prospective investors on request.

Commission Sharing

The Investment Manager and any of its subsidiaries, affiliates, group members, associates, agents, Directors, officers or delegates (“Connected Persons” and each a “Connected Person”) may use brokerage firms that sell Shares or that provide to the Company research and advisory services, that can reasonably be expected to assist in the provision of investment services to benefit the Company. This can occur only when the Connected Person(s) believes that no other firm offers a better combination of quality execution and favourable price, the firm has agreed to provide best execution to the Company and the brokerage rates are not in excess of customary institutional full-service brokerage rates. This may include situations where the dealing commission on a particular trade or series of trades is shared between one or more providers of execution and/or research services. In this case a portion of the commission paid by the Company to the executing broker is used to purchase third-party research or execution services. Such arrangements may be entered into in order to allow maximum flexibility in the selection of execution counterparties, particularly where a research service provider does not also provide an execution service. The Company discloses any such commission sharing arrangements in its periodic reports.

Portfolio Transactions and Conflicts of Interest

The Investment Manager, Administrator, Custodian, any Shareholder and any of their respective Connected Persons may contract or enter into any financial, banking or other transaction with one another or with the Company, subject to the provisions of this section.

In particular, any Connected Person may also deal as agent or principal in the sale or purchase of securities and other investments to or from the Company through or with any Connected Person. There will be no obligation on the part of any Connected Person to account to Shareholders for any benefits so arising and any such benefits may be retained by the relevant party, provided that such transactions are carried out as if effected on normal commercial terms negotiated at arm's length, and are in the best interests of Shareholders, and one of the following conditions is also satisfied; (a) a certified valuation of the transaction by a person approved by the Custodian as independent and competent has been obtained; (b) the transaction has been executed on best terms on an organised investment exchange under its rules; or (c) where (a) and (b) are not practical, such transaction has been executed on terms which the Custodian is satisfied conform with the principle that such transactions be carried out as if effected on normal commercial terms negotiated at arm's length.

The Investment Manager and any Connected Person shall not retain the benefit of any cash commission rebate paid or payable from any broker or dealer in respect of any business placed with such broker or dealer by the Investment Manager or any Connected Person for or on behalf of the Company. Any cash commission rebate received from any broker or

dealer shall be held by the Investment Manager or a Connected Person for the account of the relevant Fund.

The Investment Manager may also have potential conflicts of interest with the Company, within the course of its business and in circumstances other than those referred to above, for example, when acting for other clients or for its own account. In such an event the Investment Manager will observe its obligations under the Investment Management Agreement. This relates to its obligation to act in the best interests of the Company so far as practicable, whilst observing its obligations to other clients when undertaking any investments where conflicts of interest may arise and, in particular to allocate investment opportunities among clients in a fair and equitable manner. In the event that a conflict of interest arises, the Directors will endeavour to ensure that such conflict is resolved fairly.

The Investment Manager may in certain circumstances be responsible for valuing certain securities held by the Funds. The Investment Manager is paid a fee, being a percentage of the Net Asset Value of each Fund. The Investment Manager's fee will increase as the value of the Fund increases. Consequently a conflict of interest may arise between the interests of the Investment Manager and the Funds. In such an event, the Investment Manager shall observe its obligations to the Company and the Fund to ensure that the issue is resolved fairly and in the best interests of the Shareholders.

Material Contracts

The following contracts, details of which are set out in the section entitled “**Management and Administration**”, have been entered into and are, or may be, material:–

- (a) The Custodian Agreement dated 30 June 1999 and as amended by a supplemental agreement dated 31 May 2007 between the Company and the Custodian pursuant to which the latter acts as Custodian to the Company.
- (b) The Investment Management Agreement dated 2 June 1999 as amended by a supplemental agreement dated 31 May 2007 between the Company and the Investment Manager pursuant to which the latter was appointed as Investment Manager in relation to the Company.
- (c) The Administration Agreement dated 30 June 1999 and as amended by a supplemental agreement dated 31 May 2007 between the Company and the Administrator pursuant to which the latter acts as Administrator and paying agent in Ireland of the Company.
- (d) The Distribution Agreement dated 23 July 2004 as amended by a supplemental agreement dated 31 May 2007 between the Company, the Investment Manager and First State Investments (UK) Limited pursuant to which the latter is appointed as a non-exclusive distributor of the Shares.
- (e) The Distribution Agreement dated 24 May 2006 as amended by a supplemental agreement dated 31 May 2007 between the Company, the Investment Manager and First State

Investments (Singapore) pursuant to which the latter is appointed as a non-exclusive distributor of the Shares.

- (f) The Sub-Investment Management Agreement dated 2 June 1999 between the Investment Manager and First State Investments (Singapore).
- (g) The Sub-Investment Management Agreement dated 20 September 2001 between the Investment Manager and First State Investment Management (UK) Limited.
- (h) The Sub-Investment Management Agreement dated 27 October 2006 as amended by supplemental agreements dated 7 August 2007, 13 December 2007 and 1 September 2008 between the Investment Manager and Colonial First State Investments Limited.

Documents for Inspection

Copies of the following documents may be inspected at the registered offices of the Investment Manager and the Administrator during usual business hours (weekdays, except Saturdays and public holidays):

- (a) the Memorandum and Articles of Association of the Company; copies of this document may be obtained from the Investment Manager or the Administrator free of charge;
- (b) the material contracts relating to the Company;
- (c) the most recently prepared annual and half-yearly reports relating to the Company published by the Administrator; copies of these

GENERAL INFORMATION - Continued

documents may be obtained from the Investment Manager or the Administrator upon payment of such fee as the Directors and the Investment Manager may agree;

- (d) the Companies Acts 1963 to 2006;
- (e) the Regulations;
- (f) the UCITS series of notices issued by the Financial Regulator; and
- (g) a list of all the directorships and partnerships past and present held by each Director in the previous five years.
- (h) the Simplified Prospectus dated 1 September 2008; copies of this document may be obtained from the Investment Manager or the Administrator free of charge.

CHARACTERISTICS OF SHARES

Share Classes

The Company may issue several Classes of Shares in respect of each Fund. Currently Class I and Class III Shares are available for subscription in each Fund. In the case of Class I Shares, both accumulation and distributing Shares are available for certain Funds. It is not proposed to issue any further Class II Shares. Each Class of Share may be distinguished on the basis of minimum subscription, initial and annual charges and applicable distribution policy. Details of these policies as well as the minimum subsequent investment, and minimum holding for each Share Class available for subscription are set out in **Appendix 2**. The Company reserves the right to vary the minimum investment for each Class and Fund, and choose to waive these minimum requirements if considered appropriate.

Shares in the First State UK Growth Fund are no longer offered for subscription.

For restrictions applicable to Hong Kong investors investing in Class I and Class I (Distributing) Shares, please see the “Supplement for Hong Kong Investors” in The Prospectus Dated 1 September 2008.

Distribution Policy

The Directors do not intend to declare or pay any dividends, except in the case of Class I (Distributing) Shares of specific Funds. In such cases, the dividends which accrue for the half year periods ending 30 June and 31 December, shall normally be paid by the end of August and February respectively in each year. In the cases where dividends accrue for the quarter year periods ending 31 March, 30 June, 30 September and 31 December they shall normally be paid by the end of February, May, August and November respectively in each year. In any event, all

dividends will be paid within four months of the dividend declaration date. Details of the distributing policy and frequency of each of the Funds are set out in **Appendix 2**.

Dividends may be paid out of net revenue (including interest and dividends) plus realised and unrealised profits on the disposal/valuation of investments and other funds, less realised and unrealised losses (including fees and expenses).

Any dividend will be paid by telegraphic transfer or cheque sent by ordinary post to the registered address of the Shareholder or, in the case of joint holders, to the name and address of the first Shareholder appearing on the register. Any dividend which is unclaimed six years from the date it became payable shall be forfeited and become the property of the relevant Fund.

Shareholders should note that 100 per cent of the investment management fees and operational expenses of the First State Asian Equity Plus Fund, the First State Asian Property Securities Fund, the First State Global Emerging Markets Debt Fund, the First State Global Property Securities Fund and the First State Global Listed Infrastructure Fund will be charged to the capital of the relevant Fund. The reason for charging these expenses against capital is to seek to increase the amount of distributable income but this may be achieved by foregoing the potential for future capital growth. **This will have the effect of lowering the capital value of your investment. Thus on redemptions of holdings, Shareholders may not receive back the full amount invested.**

In respect of the Class I (Distributing) Shares where dividends accrue for the half year periods ending 30 June and 31 December, distributions shall normally be declared and made in August and February in each year. In the cases where

CHARACTERISTICS OF SHARES - Continued

dividends accrue for the quarter year periods ending 31 March, 30 June, 30 September and 31 December distributions shall normally be declared and made by the end of February, May, August and November respectively in each year. The Directors propose to distribute at least 85 per cent of the net income attributable to Class I (Distributing) Shares. The Company will also make an annual application to HM Revenue and Customs for distributor status in relation to each relevant Share Class. However, as certification is granted retrospectively, it cannot be guaranteed for any particular period or that it will continue to be the case for future periods.

Please note that in the case of the Class I (Distributing) Shares of the Funds stated above, distributions will be reinvested in the Fund unless the Shareholder otherwise specifies in writing. The amount reinvested will still be treated as income for UK tax purposes.

The Company may be required to withhold tax on dividends paid to Shareholders at the applicable rate, unless it has received from the Shareholder or Shareholders a declaration in the prescribed form, confirming that the Shareholder is not an Irish Resident from whom it is required to deduct tax. In order to deduct any tax liability that may arise, the Company reserves the right to redeem such number of Shares held by such Shareholder or Shareholders.

BORROWINGS

A Fund may not borrow money, grant loans or act as guarantor on behalf of third parties, except as follows:–

- (i) foreign currency may be acquired by means of a back-to-back loan. Foreign currency obtained in this manner is not classed as borrowings for the purposes of paragraph (ii) below provided that the offsetting deposit (a) is denominated in the base currency of each Fund and (b) equals or exceeds the value of the foreign currency loan outstanding provided further that foreign currency borrowings do not exceed the value of the back to back deposit;
- (ii) borrowings not exceeding 10 per cent of the Net Asset Value may be made on a temporary basis. The Company and the Custodian may give a charge over the assets of the Company in respect of a relevant Fund in order to secure such borrowings.

A Fund may not sell any of its investments when such investments are not in the Fund's ownership.

BUYING, SELLING AND SWITCHING SHARES

Buying Shares

Shares may be bought on every Dealing Day by sending a completed application form for initial subscriptions to the Administrator, the Investment Manager in its role as Hong Kong representative, the Edinburgh office in its role as Distributor, or the Singapore office in its role as Distributor before 10.00 a.m. (Irish time) on any Dealing Day. By prior agreement with the Investment Manager or a designated Distributor, subsequent subscriptions will be accepted on the basis of a faxed application form or letter of instruction where a signed original account application form and any required supporting documentation (including all required anti-money laundering documentation) has been provided in advance to the Administrator.

For Shares bought via a financial representative or local dealing office, the respective intermediary is responsible for transmitting all documentation and subscription moneys to the Administrator on a timely basis for each Dealing Day. Subscriptions placed with a financial representative or a local dealing office may be subject to different procedures which may delay receipt by the Administrator and consequently may affect the date of Share allotment. Completion notices confirming ownership will only be issued upon receipt of all original documentation required by the Administrator.

Where a Class of Shares in any Fund has not previously been issued, then initial subscriptions for such Shares will be accepted on the Initial Offer Period. The Initial Offer Period for individual Funds and Share Classes are shown in the table below. Any subscriptions received after the Initial Offer Period will be processed on the next Dealing Day and Shares shall be issued at the relevant Net Asset Value per Share on the Dealing Day on which they are issued.

Name of Funds	Class of Shares	Initial Offer Period
First State Asia Pacific Leaders Fund	I	From 2 September 2008 to 2 March 2009
	I (Distributing)	From 2 September 2008 to 2 March 2009
	III	From 2 September 2008 to 2 March 2009
First State China Focus Fund	I (Distributing)	From 2 September 2008 to 2 March 2009
	III	From 2 September 2008 to 2 March 2009
First State Global Agribusiness Fund	I	From 2 September 2008 to 2 March 2009
	III	From 2 September 2008 to 2 March 2009
First State Global Emerging Markets Debt Fund	I (Distributing)	From 2 September 2008 to 2 March 2009
First State Global Listed Infrastructure Fund	I	From 2 September 2008 to 2 March 2009
	III	From 2 September 2008 to 2 March 2009
First State Global Property Securities Fund	I	From 2 September 2008 to 2 March 2009
	I (Distributing)	From 2 September 2008 to 2 March 2009

Shares will be offered at US\$10 per Share (exclusive of the sales charge) during the Initial Offer Period.

Details of the minimum and subsequent investment for each Share Class are set out in Appendix 2. The Minimum Initial Investment during the Initial Offer Period of Class I

(Distributing) Shares of the First State China Focus Fund will be US\$10,000. The Minimum Initial Investment of Class I (Distributing) Shares of the First State China Focus Fund after the Initial Offer Period will be US\$1,500. Applications during the Initial Offer Period should be sent to the office of the Investment Manager, either to its Edinburgh office in its role as Distributor, or its Singapore office in its role as Distributor (for onward transmission to the Administrator) to arrive as per the dealing deadline. Shares in the relevant Fund will be allotted to investors provided that cleared funds have been received at the close of the relevant Share Class Initial Offer Period.

After Shares have been allotted at the end of the Initial Offer Period, the Investment Manager will invest in accordance with the investment policy of the relevant Fund. The period of time taken to invest will depend on the Investment Manager's view of the market in general and on individual stocks. Investors will only become exposed to market movements once investment has occurred. No subscription monies will be invested during the Initial Offer Period. No interest will accrue on the subscription monies during the Initial Offer Period. If the application for subscription is not successful, the subscription monies will be returned (where permitted by applicable law) without interest. Following the Initial Offer Period, Shares shall be issued at the relevant Net Asset Value per Share as determined on the Dealing Day on which they are issued.

A sales charge may be payable to the Investment Manager upon subscriptions for Shares. Such sales charge will be charged as a percentage of the Net Asset Value of each Fund. Details of the maximum sales charge payable in respect of each Class of Share are set out in **Appendix 2**. The

Directors may, in their absolute discretion, vary or waive the amount of sales charge payable by investors on any Dealing Day.

An Anti-Dilution Levy may be payable by the Shareholder from time to time as determined by the Investment Manager (which Anti-Dilution Levy shall not exceed 0.5 per cent of the subscription monies obtaining on the Dealing Day on which the subscription is effected). If there are net subscriptions for Shares by investors on a Dealing Day, then the Investment Manager may have to purchase investments for the Fund and in doing so the Fund will incur dealing costs. An Anti-Dilution Levy reduces the effect of these costs by making a separate charge to investors in these circumstances to cover those dealing costs. Any Anti-Dilution Levy applicable will be added to the Net Asset Value per Share and included in the subscription price on any day on which a Fund receives net subscriptions. The amount of the Anti-Dilution Levy is paid into the Fund for the protection of continuing Shareholders in that Fund. The Anti-Dilution Levy is not applied for the benefit of the Company as a whole. Currently the Anti-Dilution Levy will only apply to the First State Asia Pacific Leaders Fund and the First State Global Emerging Markets Leaders Fund.

Investors who place subscriptions with their financial representative or local dealing office should be aware that customer service fees may be charged by these entities, in addition to any sales charge. Investors should consult their financial adviser for more information. Such fees are not paid by the Fund and are a matter of agreement between the relevant financial representative or local dealing office and the investor.

Fractions of not less than one-thousandth of a Share may be issued. Subscription moneys representing smaller fractions of Shares will not

be returned to the applicant but will be retained as part of the assets of the relevant Fund. Payment should be made in one of the ways specified in the application form. Settlement of a purchase transaction must occur within five Business Days after the Dealing Day. If cleared funds are not received within this period, the Administrator may cancel any allotment of Shares in respect thereof. Any costs incurred by the Company as a result of an investor's failure to transmit cleared funds by the deadline shall be borne by the investor.

The Directors reserve the right to process a subscription order received after the dealing cut-off time of 10.00 a.m. (Irish time), provided that all subscription orders are received prior to 11.00 a.m. (Irish time) on the relevant Dealing Day. Subject to the Directors discretion, any subscription orders received after the dealing cut-off time of 10.00 a.m. (Irish time) will be held over until the next Dealing Day. The Directors may refuse to accept a new subscription or a switch from another Fund. The Articles of Association provide that the Company may issue Shares in a Fund in exchange for investments acquired in accordance with the investment objectives, policies and restrictions of the relevant Fund. No Shares shall be issued until the investments are vested in the Custodian. The number of Shares issued in exchange for a subscription *in specie* must not exceed the number of Shares that would have been issued for the cash equivalent. The value of the investments in the Company shall be determined by the Directors in accordance with the Articles of Association as at 11 a.m. (Irish time) on the relevant Dealing Day or at the end of the Initial Offer Period. The Directors and the Custodian must be satisfied that the terms of any such exchange will not be likely to result in any material prejudice to the existing Shareholders of the relevant Fund.

Measures aimed towards the prevention of money laundering, within the jurisdiction of the Administrator, will require a detailed verification of the applicant's identity, address and source of funds. Depending on the circumstances of each application, a detailed verification of source of funds might not be required where (i) the applicant makes the payment from an account held in the applicant's name at a recognised financial institution or (ii) the application is made through a recognised intermediary. These exceptions will only apply if the financial institution or intermediary referred to above is within a country recognised by Ireland as having equivalent anti-money laundering regulations. By way of example an individual will be required to produce a copy of a passport or identification card duly certified by a notary public, together with two documents verifying his/her address such as a utility bill or bank statement duly certified by a notary public. Corporate applicants will require production of certified copies of the certificate of incorporation (and any change of name), memorandum and article of association (or equivalent), a list of authorised signatories, a list of all directors and shareholders holding 10 per cent or more of the share capital, and their names, occupations, residential address and business address and dates of birth. The Administrator reserves the right to request such information as is necessary to verify the identity, address, source of funds, and certain other details of an applicant or which may be required pursuant to the EU Savings Tax Directive. In the event of delay or failure by the applicant to produce any information required for verification purposes the Administrator or the Company may refuse to accept the application and all subscription moneys. Each applicant for Shares acknowledges and agrees that each of the Administrator, the Distributor, and the Company shall be indemnified and held harmless by the applicant against any loss arising as a result of

failure to process their application for, or request for the redemption of Shares, if such information and documentation as has been properly requested by the Administrator, the Distributor or the Company has not been provided by the applicant. If an application is rejected, subscription monies will be returned where permitted by Irish anti-money laundering legislation. In the event that any Shareholder fails to provide information required by the Administrator in connection with the prevention of money laundering or any information required pursuant to the EU Savings Tax Directive, the Company will suspend the payment of any redemption proceeds to such Shareholder until such time as the outstanding information has been provided.

Before subscribing for Shares, an investor will be required to complete a declaration of tax residency or status in the form prescribed by the Revenue Commissioners of Ireland.

Form of Shares and Share Certificates

The Administrator records ownership of Shares electronically in the Share register, allocates an account number to each Shareholder and issues confirmations of ownership in the form of completion notices to Shareholders. It is not proposed to issue share certificates.

Redeeming Shares

Shareholders may redeem Shares on any Dealing Day by sending a completed redemption request form or a letter of instruction to the Administrator, a financial representative or the local dealing office by 10.00 a.m. (Irish time) on a Dealing Day. The Directors reserve the right to process a redemption order received after the dealing cut-off time of 10.00 a.m. (Irish time), provided that in any event the redemption order is received prior to 11.00 a.m. (Irish time) on the

relevant Dealing Day. By prior agreement with the Investment Manager or a designated Distributor, payment will be made to Shareholders on the basis of a faxed redemption request form where a signed original account application form and any required supporting documentation including any documentation required for anti-money laundering purposes has been provided in advance to the Administrator. Redemption proceeds will not be paid unless the original of the application form used on initial subscription and all relevant anti-money laundering documentation has been received by the Administrator. Where redemption requests are received by fax, payments will be made only to the account on record of the relevant Shareholder. Any changes to a Shareholder's account details will be made only upon receipt of original documentation by the Administrator.

If you apply to redeem Shares via a financial representative or local dealing office, that intermediary is responsible for transmitting all documentation to the Administrator on a timely basis for each Dealing Day. Redemption payments will be made upon receipt by the Administrator of all required original documentation.

An Anti-Dilution Levy may be payable by the Shareholder from time to time as determined by the Investment Manager (which Anti-Dilution Levy shall not exceed 0.5 per cent of the redemption monies obtaining on the Dealing Day). If there are net redemptions of Shares by investors, then the Investment Manager may have to sell investments in a Fund and in doing so the Fund will incur dealing costs. An Anti-Dilution Levy reduces the effect of these costs by making a separate charge to investors in these circumstances to cover those dealing costs. Any Anti-Dilution Levy applicable will be deducted from the Net Asset Value per Share and included in the redemption price on any day on which a

Fund incurs net redemptions. The amount of the Anti-Dilution Levy is paid into the Fund for the protection of existing and continuing shareholders in that Fund. The Anti-Dilution Levy is not applied for the benefit of the Company as a whole. Currently the Anti-Dilution Levy will only apply to the First State Asia Pacific Leaders Fund and the First State Global Emerging Markets Leaders Fund.

In the interests of Shareholder protection, the Directors may limit the number of Shares of any Fund redeemed on any Dealing Day to 10 per cent of the total number of Shares of that Fund in issue. The limitation will apply pro rata so that all Shareholders wishing to redeem Shares on that Dealing Day will realise the same proportion. Shares not redeemed but which would otherwise have been redeemed will be carried forward for redemption on the next Dealing Day and will be dealt with in priority (on a rateable basis) to redemption requests received subsequently. If requests for redemption are carried forward the Administrator will inform the relevant Shareholders.

Where a redemption request would result in more than 5 per cent of the Net Asset Value of the Shares of any Fund being repurchased on any Dealing Day, the Company may satisfy the redemption request in whole or in part by a distribution of investments of the relevant Fund in specie. This will occur by serving a notice of the Company's intention to the relevant Shareholder provided that such a distribution is approved by the Custodian, would not be prejudicial to the interests of the remaining Shareholders, and prior consent is obtained from the relevant Shareholder. After the Shareholder receives notice of the Company's intention to satisfy the redemption request in whole or part by such a distribution of assets, the Shareholder may require the Company instead of transferring those assets to arrange for the sale and payment

of the net proceeds instead of transferring the assets. The Shareholder assumes the market risk in the event of any unfavourable market movement between the Dealing Day and the date the assets are sold.

Redemption proceeds will normally be paid by the Company within three to seven Business Days of the acceptance of the redemption request and any other relevant documentation. Payment may be made by electronic funds transfer to the account of the registered holder as indicated on the application form.

Payment may be made by cheque payable to all joint Shareholders and sent to the address of the first named Shareholder.

Compulsory Redemption of Shares and Forfeiture of Distributions

Shareholders shall notify the Company immediately in the event that they become an Irish Resident or a U.S. Person. The Company reserves the right to redeem any Shares on twenty one days' notice to a Shareholder; if the holding of the Shares by such person is unlawful, is prohibited for legal or regulatory reasons; or if in the opinion of the Directors, the holding might result in the Company or Shareholders incurring any liability to taxation or suffering pecuniary or administrative disadvantages which the Company or the Shareholders might not otherwise suffer or incur.

The Articles of Association of the Company permit the Company to redeem Shares where, during a period of six years no cheque in respect of any dividend has been cashed and no acknowledgement has been received in respect of any Share certificate or other confirmation of ownership sent to the Shareholder. The repurchase proceeds will be held in a separate

interest bearing account and the Shareholder shall be entitled to claim the amount standing to his credit in such account.

Transfer of Shares

All transfers of Shares shall be effected by transfer in writing in any usual or common form and shall state the full name and address of the transferor and the transferee. The instrument of transfer of a Share shall be signed by or on behalf of the transferor. The transferor shall be deemed to remain the holder of the Share until the name of the transferee is entered in the share register. Where the transferee is not an existing Shareholder in a Fund, the transferee must complete an application form and comply with the relevant anti-money laundering procedures. The Directors may decline to register any transfer of Shares if it would leave the Shareholder holding below the currency equivalent of the minimum initial investment for the relevant Fund or would otherwise infringe the restrictions on holding Shares outlined above. The registration of transfers may be suspended for periods determined by the Directors, provided that registration shall never be suspended for more than thirty days in any year. The Directors may decline to register any transfer of Shares unless the instrument of transfer is deposited at the registered office of the Company or any other place the Directors may reasonably require, and is provided together with evidence as the Directors may reasonably require showing the right of the transferor to make the transfer. Such evidence may include a declaration that the proposed transferee is not a U.S. Person and that upon transfer the Shares will not be held by or for the account of any U.S. Person.

Market Timing

With reasonable grounds, the Directors may refuse to accept a new subscription or a switch from another Fund. In particular, the Directors may exercise this discretion if they believe the investor or potential investor has been engaged in, or intends to engage in market timing activities.

Withholdings and Deductions

The Company will be required to account for tax on the value of the Shares redeemed or transferred at the applicable rate unless it has received from the transferor a declaration in the prescribed form confirming that the Shareholder is not an Irish Resident in respect of whom it is necessary to deduct tax. The Company reserves the right to redeem such number of Shares held by a transferor as may be necessary to discharge the tax liability arising. The Company reserves the right to refuse to register a transfer of Shares until it receives a declaration as to the transferee's residency or status in the form prescribed by the Revenue Commissioners of Ireland.

Exchanges/Switching

Shares of one Fund may be exchanged for Shares of the same class of another Fund at Net Asset Value subject to a discretionary switching fee of up to 1 per cent of the Net Asset Value of the Shares to be exchanged. The switch will be processed by redemption of the original Shares and subscription into the new Fund. Both transactions will be carried out under the same procedures as outlined above. A switch will not be processed when it would leave the Shareholder holding below the minimum holding in either Fund. The Company may refuse any exchange order in circumstances where the Company believes that such an order could have

BUYING, SELLING AND SWITCHING SHARES - Continued

a detrimental effect on a Fund or the Company. Your financial representative or local dealing office may charge a fee to process exchanges or switches. Such fees are not paid by the Fund and are a matter of agreement between the financial representative or local dealing office and the investor.

Publication of Prices

The Net Asset Value per Share, (except for Class I (Distributing) Shares of First State Asian Growth Fund, First State China Growth Fund, First State Greater China Growth Fund and First State Indian Subcontinent Fund and Class I Shares of First State Asian Equity Plus Fund) will normally be published daily in The South China Morning Post, the Hong Kong Economic Journal and on the website **www.firststateasia.com**.

The Net Asset Value per Share of certain Classes (including the above exceptions) will also normally be quoted on the Reuters screen service and published daily in the Financial Times and on the website **www.firststateinvestments.com**.

Prices for all Shares of all Funds will also be available from the Investment Manager, the Administrator and the Distributors.

VALUATION OF THE COMPANY

The Net Asset Value of each Fund is calculated at 11.00 a.m. (Irish time) on each Dealing Day.

The Net Asset Value of each Fund shall be determined by reference to the value of all the assets less all the liabilities of the relevant Fund. The Net Asset Value per Share shall be calculated by dividing the Net Asset Value of the relevant Fund by the number of Shares of the relevant type outstanding, and by rounding the result down to two decimal places. The Net Asset Value is calculated by the Administrator.

Where a Fund is made up of more than one Share Class, the Net Asset Value of each Class is determined by calculating the amount of the Net Asset Value of the Fund attributable to each Class. The Net Asset Value of a Fund attributable to a Class shall be determined by establishing the number of Shares in issue in that Class and the number of Shares of that Class in respect of which subscription orders (net of redemption orders) have been accepted as at the most recent Net Asset Value calculation and by allocating relevant fees and Class Expenses to the Class and making appropriate adjustments to take account of distributions paid out of the Fund, if applicable, and apportioning the Net Asset Value of the Fund accordingly. The Net Asset Value per Share of a Class shall be calculated by dividing the Net Asset Value of the Class by the number of Shares in issue in that Class plus the number of Shares of that Class in respect of which subscription orders after deduction of any redemption orders have been accepted (adjusted to the nearest whole unit of the base currency) as at the most recent Net Asset Value calculation immediately preceding the current calculation of the Net Asset Value per Share. Class Expenses, fees and charges relating specifically to a Class will be charged to the relevant Class. Class Expenses, fees and charges not attributable to any particular Class will be allocated amongst the Classes based on their respective Net Asset Values or any other reasonable basis approved by the Custodian, taking into account the nature of the Class Expenses, fees and charges.

Valuation of Assets

Securities listed or dealt in on a Regulated Market shall be valued on the basis of the last traded price available to the Directors as at 11.00 a.m. (Irish time) on the relevant Dealing Day, or if no last traded price is available, at their middle market price (if bid and offer prices are available) as at 11.00 a.m. (Irish time) on the relevant Dealing Day. Where a security is listed or dealt on more than one Regulated Market, the Directors may, at their absolute discretion, select any one of these Regulated Markets for such purposes.

The value of any security which is not listed or dealt on a Regulated Market, or of any security which is normally listed or dealt on a Regulated Market but for which no price is currently available, shall be the probable realisation value thereof as ascertained by or on behalf of the Directors in good faith, with the approval of the Custodian. For this purpose the Directors may accept a certified valuation of such security by a person, firm or association making a market in such security and qualified in the opinion of the Directors to provide such a certificate. In the event that there is no independent person available, the Directors may rely on the valuation of the relevant security provided by the Investment Manager or any related duly competent person, with the approval of the Custodian.

The value of any cash in hand or on deposit, prepaid expenses, cash dividends and interest declared or accrued and not yet received as at 11.00 a.m. (Irish time) on each Dealing Day shall be deemed to be the full amount thereof, unless the Directors are of the opinion that the same is unlikely to be paid or received in full in which case the value shall be arrived at after making such discount to reflect the true value thereof as at 11.00 a.m. (Irish time) on the relevant Dealing Day.

The value of any demand notes, promissory notes and accounts receivable shall be deemed to be the face value or full amount thereof after

making such discount as the Directors may consider appropriate to reflect the true current value thereof as at 11.00 a.m. (Irish time) on the relevant Dealing Day.

Certificates of deposit, treasury bills, bank acceptances, trade bills and other negotiable instruments shall each be valued on a "straight line" basis by which the difference between their gross costs and their value at maturity (including interest accrued at maturity) is divided by the number of days from acquisition to maturity and the appropriate sum is added daily as from the date of acquisition and totalled as at 11.00 a.m. (Irish time) on the relevant Dealing Day.

Forward foreign exchange contracts shall be valued by reference to the price as at 11.00 a.m. (Irish time) at which a new forward contract of the same size and maturity could be undertaken.

The value of any futures contracts, share price index futures contracts and options which are dealt in on a Regulated Market shall be calculated by reference to the price appearing to the Directors (and with approval of the Custodian), as being the settlement price as determined by the Regulated Market in question as at 11.00 a.m. (Irish time) on the relevant Dealing Day, provided that where it is not the practice for the relevant Regulated Market to quote a settlement price, or such settlement price is not available for any reason at 11.00 a.m. (Irish time) on any Dealing Day, such value shall be calculated in a manner that the Directors shall determine with the concurrence of the Custodian.

Derivative instruments not traded on an exchange shall be valued daily by the counterparty to the transaction and the valuation shall be approved or verified at least weekly by an independent party approved by the Custodian.

The value of units or shares or other similar participations in any collective investment scheme which provides for the units or shares or other similar participations therein to be redeemed at the option of the holder, shall be

valued at the last available net asset value per unit or share or other similar participation or (if bid and offer prices are published) the last available bid price.

Suspension of Calculation of Net Asset Value

The Directors may temporarily suspend the calculation of the Net Asset Value of any Shares, the sale of Shares and the right of Shareholders to require the redemption or exchange of Shares of any Class during:—

- (a) any period when any of the principal markets or stock exchanges on which a substantial part of the investments of the relevant Fund are quoted, listed or dealt is closed, otherwise than for ordinary holidays, or during which dealings therein are restricted or suspended;
- (b) any period when, as a result of political, economic, military or monetary events or any circumstances outside the control, responsibility and power of the Directors, disposal or valuation of investments of the relevant Fund is not reasonably practicable without this being seriously detrimental to the interests of Shareholders of the relevant class or if, in the opinion of the Directors, the Net Asset Value per Share cannot fairly be calculated;
- (c) any breakdown in the means of communication normally employed in determining the price of any of the Fund's investments or when for any other reason the current prices on any market or stock exchange of any assets of the relevant Fund cannot be promptly and accurately ascertained; or
- (d) any period during which the Fund is unable to repatriate funds required for the purpose of making payments due on a redemption of Shares of any class or during which the transfer of funds involved in the acquisition or realisation

of investments or payments due on redemption of Shares cannot, in the opinion of the Directors, be effected at normal prices or normal rates of exchange. The Financial Regulator may also require the suspension of the redemption of Shares of any Fund in the interests of the Shareholders or the public; or

- (e) any period following the service of a notice convening a meeting of the Shareholders to consider a proposal to wind up the Company or a Fund.

The Company will notify Shareholders who have requested purchase, exchange or sale of Shares of any such suspension and, unless withdrawn but subject to the limitation referred to above, their requests will be dealt with on the first Dealing Day after the suspension is lifted subject to the limitation referred to above. Any such suspension will be notified without delay to the Financial Regulator. Where possible, all reasonable steps will be taken to bring any period of suspension to an end as soon as possible.

FEES AND EXPENSES

General

The Investment Manager and the Company have agreed that the ordinary operating expenses of the Class II Shares of the following funds shall be set at the following ratios as measured by the percentage of net assets:– First State China Growth Fund – 2.25 per cent; First State Asian Growth Fund – 2.3 per cent; and First State Indian Subcontinent Fund – 3 per cent. For Class II Shares only, when normal operating expenses of a Fund exceed these expense ratios, the Investment Manager will waive its fees and absorb other expenses of the Fund to maintain the set expense ratio. When normal operating expenses of a Fund fall below the set expense ratios, the Fund will pay the Investment Manager the amount equal to the difference between the actual expense ratio and the set expense ratio. Any amount waived and/or absorbed by the Investment Manager and the amount of any difference paid to the Investment Manager will be disclosed in the annual audited report.

Subject to the above paragraph, each Fund shall pay all of the ordinary operating expenses and the proportion of the Company's ordinary operating expenses allocated to that Fund. To the extent that ordinary operating expenses are allocable to a specific Class of a Fund, that Class shall bear such expenses.

Ordinary operating expenses include investment management fees and expenses; custodian and sub-custodian fees, charges and expenses, administration fees, charges and expenses including fees payable to any sub-administrator, local dealing office and support service provider; insurance; the costs and expenses of preparing, translating, printing, updating and distributing the Company's prospectuses, annual and semi-annual reports and other documents furnished to current and prospective Shareholders; the costs and expenses of

obtaining authorisations or registrations of the Funds or of any of their Shares with regulatory authorities in various jurisdictions; the costs and expenses of listing and maintaining a listing of Shares on any stock exchange; the costs and expenses of publishing the Net Asset Value; the costs and expenses of convening and holding Directors' and Shareholders' meetings; Directors' fees and expenses as determined from time to time including Director and officer liability insurance premiums; and professional fees for legal, auditing and other consulting services and such other costs and expenses (excluding non-recurring and extraordinary costs and expenses) as may arise from time to time and which have been approved by the Directors as necessary or appropriate for the continued operation of the Company or a Fund. Operating expenses do not include the costs of acquiring and disposing of investments including transaction charges and brokerage, interest expenses, taxes withheld by a country in which a Fund invests, capital gains taxes and any exceptional or extraordinary taxes, losses, costs and expenses or any litigation costs or expenses incurred in connection therewith.

Investment Management Fees

The Investment Manager shall be paid an investment management fee out of the assets of each Fund. Such fee will be charged as a percentage of the Net Asset Value of each Fund. The Investment Manager may delegate the investment management function to Sub-Investment Managers. Details of the Sub-Investment Managers shall be provided to Shareholders on request. The Investment Manager shall pay out of its investment management fee the fees and out of pocket expenses of the Sub-Investment Managers.

FEES AND EXPENSES - Continued

The Investment Manager may under the Investment Management Agreement charge an investment management fee up to a rate of 3 per cent per annum of the Net Asset Value of each relevant Fund or such other higher percentage per annum as may be approved by a resolution of Shareholders. Details of the investment management fee charged in respect of each Class of Shares of each Fund are set out in **Appendix 2**. The Company will give Shareholders three months' notice in writing of any increase in the current investment management fee. The Company pays the investment management fee monthly in arrears and calculates it by reference to the Net Asset Value of each Share Class as at each Dealing Day. The Company also pays out of the assets of each Fund any expenses reasonably incurred by the Investment Manager in accessing computer systems where such access is necessary in order for it to perform its duties in relation to the Company.

Administration and Custodian Fees

It is expected that different levels of Shareholder activity may occur in respect of the Class I, II, and III Shares. As a result different fees and expenses are payable to the Administrator and the Custodian in respect of the Class I, II, and III Shares.

Applicable to all Classes of Share

The Custodian will be entitled to charge US\$30 in respect of each investment transaction relating to the sale and purchase of securities by the Investment Manager or a Sub-Investment Manager on behalf of a Fund. This charge will be paid by the Company out of the assets of the relevant Fund.

Transaction charges of US\$15 per transaction for processing of subscriptions, redemptions, transfers and other Shareholder-related

transactions such as dividend payments (if applicable) are payable to the Administrator out of the assets of each Fund.

The Custodian and the Administrator are entitled to reimbursement of all out-of-pocket expenses incurred on behalf of the relevant Fund, out of the assets of each Fund.

The Custodian is entitled to receive out of the assets of each Fund a fee at the rate of 0.035 per cent per annum of the asset value of securities in developed markets (Australia, Austria, Belgium, Canada, Clearstream, Denmark, Euroclear, Finland, France, Germany, Hong Kong, Ireland, Italy, Japan, Netherlands, New Zealand, Norway, Singapore, Spain, Sweden, Switzerland, United Kingdom and United States) and 0.08 per cent per annum of the asset value of securities in any other markets calculated as at each Dealing Day and payable monthly in arrears.

Class I and II Shares

The Administrator as the administrator and registrar is entitled to receive out of the assets of each Fund a fee of 0.15 per cent on balances up to US\$25,000,000 and 0.10 per cent on balances in excess of US\$25,000,000 and 0.08 per cent per annum on balances over US\$50,000,000 of the Net Asset Value of each Fund. The fee is determined by reference to the calculation of Net Asset Values on each Dealing Day and is payable monthly in arrears.

The fees and expenses associated with Class I and Class I (Distributing) Shares are the same.

Class III Shares

The Administrator's fees shall be U.S. \$5,000 per annum per Fund for which such Shares are in issue.

FEES AND EXPENSES - Continued

Sub-custodial Fees and Expenses

The Custodian and the Administrator shall discharge all fees and charges of sub-custodians, delegates and agents appointed by it from its own fees in respect of all Share Classes.

General

The Directors of the Company who are not employed by or affiliated with the Investment Manager are entitled to receive annual remuneration from the Company for their services as Directors. Peter Blessing and Hans Vogel currently receive US\$25,000 each per annum for acting as Director. The Directors are entitled to be reimbursed for any reasonable out of pocket expenses incurred in execution of their duties as Directors.

The Directors, in their discretion and with the approval of the Custodian, allocate Fund expenses as they deem fair and equitable. In the case of any fees or expenses of a regular or recurring nature, (such as audit fees), the Directors may calculate such fees and expenses on an estimated figure for yearly or other periods in advance and accrue the same in equal proportions over any period.

The costs of establishing the First State Asia Pacific Leaders Fund, the First State Asian Property Securities Fund, the First State Global Property Securities Fund and the First State Global Resources Fund, the expenses of issuing shares of these Funds and the fees of all professionals was US\$49,980 and was allocated to the abovementioned Funds upon the first issue of Shares and is being amortised over five accounting periods on a straight line basis (or such other period and in such manner as may be determined by the Directors at their discretion).

The cost of establishing the First State China Focus Fund and the First State Global Listed Infrastructure Fund, was US\$ 60,000 and was allocated to each of the Funds pro rata upon the first issue of Shares and will be amortised over five accounting periods on a straight line basis (or such other period and in such manner as may be determined by the Directors at their discretion).

The cost of establishing the First State Global Agribusiness Fund is estimated to be in the region of US\$30,000 and will be **borne by the Fund and amortised over five accounting periods on a straight line basis (or such other period and in such manner as may be determined by the Directors at their discretion).**

In the event that the Company is liquidated or terminated prior to the expiry of a particular amortisation period all unamortised preliminary expenses of such Funds will be written off against their Net Asset Values at that time.

RISK FACTORS

Investment Risks

The investments in securities of each Fund are subject to normal market fluctuations and other risks inherent in investing in securities. For example, the value of equity securities varies from day to day in response to activities of individual companies and general market and economic conditions. The value of investments and the income from them, and therefore the Net Asset Value of Shares can go down as well as up and an investor may lose money. Changes in exchange rates between currencies or the conversion from one currency to another may also cause the value of the investments to diminish or increase. **As investors may be required to pay a sales charge upon a subscription for Shares, an investment in a Fund should be considered as a medium to long-term investment.**

Taxation Risk

Potential investors' attention is drawn to the taxation risks associated with an investment in the Company. Please see the section headed "Taxation" on pages 29 to 31.

Illiquidity Risk

Not all securities invested in by a Fund will be listed or rated and consequently liquidity may be low. Moreover, the accumulation and disposal of holdings in some investments may be time-consuming and may need to be conducted at unfavourable prices.

Currency Risk

Investments of a Fund may be denominated in various currencies and performance of a Fund may be strongly influenced by movements in exchange rates as currency positions held by a Fund may not correspond with securities

positions held. As a result, the Investment Manager may utilise financial derivative instruments to seek to hedge against fluctuations in the relative values of the portfolio positions. Such investments require consideration of certain risks which include, among other things, trade balances and imbalances and related economic policies, unfavourable currency exchange rate fluctuations, impositions of exchange control regulation by governments, withholding taxes, limitations on the removal of Funds or other assets, policies of governments with respect to possible nationalisation of their industries, political difficulties, including expropriation of assets, confiscatory taxation and economic or political instability.

The Company may use currency hedging techniques to remove a Fund's currency exposure against its base currency but this may not be possible or practicable in all cases.

Interest Rate Risk

Where a Fund invests primarily in fixed income securities, the value of the Fund's investments fluctuates in response to movements in interest rates. If rates go up, the value of debt securities fall; if rates go down, the value of debt securities rise. Bonds with longer maturities tend to be more sensitive to interest rate movements than those with shorter maturities. Periods of high interest rates and recession may adversely affect the issuer's ability to pay interest and principal, and to obtain additional business.

High Yield Risk

To the extent that the Fund invests in lower-rated debt securities, these securities, while usually offering higher yields, generally have more risk and volatility than high-rated securities, because of reduced credit worthiness, liquidity and greater chance of default.

Derivatives Risk

The term “derivative” traditionally applies to certain contracts that “derive” their value from changes in the value of the underlying securities, currencies, commodities or index. Investors refer to certain types of securities that incorporate performance characteristics of these contracts as derivatives. When used for hedging purposes there may be an imperfect correlation between the financial derivative instruments and the investments or market sectors being hedged. Derivatives are sophisticated instruments that typically involve a small investment of cash relative to the magnitude of risks assumed. These include swap agreements, options, futures, and convertible securities. The Funds seek to use derivative contracts and securities to reduce a Fund’s volatility and increase its overall performance. While the price reaction of certain derivatives to market changes may differ from traditional investments such as stocks and bonds, derivatives do not necessarily present greater market risks than traditional investments. Derivatives are subject to credit risks related to the counterpart’s ability to perform, and any deterioration in the counterpart’s creditworthiness could adversely affect the instrument.

The Funds are also subject to the risk of the failure of any of the exchanges on which derivatives are traded or of their clearing houses.

Derivatives traded over-the-counter may not be standardised and thus may involve negotiations on each contract on an individual basis. This may result in over-the-counter contracts being less liquid than exchange traded derivatives. Over-the-counter markets are typically not subject to credit evaluation and regulatory oversight as are members of “exchange based” markets, and there is no clearing corporation which guarantees the payment of required

amounts. This exposes the Funds to risk that a counterparty will not settle a transaction in accordance with its terms and conditions because of a dispute over the terms of the contract (whether or not bona fide) or because of a credit or liquidity problem, thus causing the relevant Fund to suffer a loss.

Also, there are legal risks involved in using derivatives which may result in loss due to the unexpected application of a law or regulation or because contracts are not legally enforceable or documented correctly.

Industry or Sector Risk

Where a Fund invests primarily in fast growing economies or limited or specialist sectors, it may be subject to greater risk and above average market volatility than an investment in a broader range of securities covering different economic sectors. Technology and technology-related industries may be subject to greater government regulation than many other industries. Accordingly, changes in governmental policies and the need for regulatory approvals may have an adverse effect on these industries. Additionally, companies in those industries will be subject to the inherent risks of developing technologies, competitive pressures and other factors particularly affecting the technology sector and are dependent upon consumer and business acceptance as new technologies evolve.

Where a Fund invests in specialist sectors such as the agricultural sector, it may also be subject to greater risk from changing supply and demand relationships, adverse weather, natural disasters, livestock diseases, governmental policies and trade regimes, as well as international economic and political developments. As a result, the value of such Fund may be subject to adverse and sudden changes.

RISK FACTORS - Continued

Emerging Markets Risks

The following Funds may invest more than 20 per cent of their Net Asset Value in the securities of issuers located in Emerging Markets.

First State Asia Innovation and Technology Fund
First State Asia Pacific Leaders Fund
First State Asian Equity Plus Fund
First State Asian Growth Fund
First State Asian Property Securities Fund
First State China Focus Fund
First State China Growth Fund
First State Global Emerging Markets Leaders Fund
First State Greater China Growth Fund
First State Indian Subcontinent Fund
First State Singapore and Malaysia Growth Fund
First State Asian Bond Fund
First State Asian Quality Bond Fund
First State Global Emerging Markets Debt Fund
First State Global Property Securities Fund
First State Global Resources Fund

Where a Fund invests in securities of issuers located in countries with emerging securities markets, risks additional to the normal risks inherent in investing in conventional securities may be encountered. The investments may be considered to be speculative in nature as they involve a greater than normal degree of risk and their market values may be expected to be of above average volatility.

These risks include:—

Currency depreciation. A Fund's assets may be invested in securities which are denominated in currencies other than those of developed countries and any income received by the Fund from those investments will be received in those currencies. Historically, many developing countries' currencies have experienced significant depreciation against the currencies of

developed countries. The currencies of some developing countries may continue to fall in value against currencies of developed countries. As the Company computes the Net Asset Value of its Funds and makes distributions in U.S. dollars, there is a currency exchange risk which may affect the value of the Shares.

Country risk. The value of a Fund's assets may be affected by uncertainties within each individual emerging market country in which it invests such as changes in government policies, nationalisation of industry, taxation, the underdeveloped and often untested legal system, currency repatriation restrictions and other developments in the law, practice or regulations of the countries in which the Fund may invest and, in particular, by changes in legislation relating to the level of foreign ownership in companies in some emerging countries.

Social, Political and Economic Factors. The economies of many of the emerging countries where the Funds may invest may be subject to a substantially greater degree of social, political and economic instability than certain developed countries. Such instability may result from, among other things, the following; authoritarian governments, popular unrest associated with demands for improved political, economic and social conditions, internal insurgencies and terrorist activities, hostile relations with neighbouring countries and drugs trafficking. This instability might impair the financial conditions of issuers or disrupt the financial markets in which the Funds invest.

Stock market practices. Many Emerging Markets are undergoing a period of rapid growth and are less regulated than many of the world's leading stock markets. In addition market practices in relation to settlement of securities transactions and custody of assets in Emerging Markets can provide increased risk to a Fund and

RISK FACTORS - Continued

may involve delays in obtaining accurate information on the value of securities (which may affect the calculation of the Net Asset Value as a result) and the risk that the investments may not be accurately registered. These stock markets, in general, are less liquid than those of the world's leading stock markets. Purchases and sales of investments may take longer than would otherwise be expected on developed stock markets and transactions may need to be conducted at unfavourable prices. Some Emerging Markets require that moneys for settlement be received by a local broker significantly in advance of settlement and that assets are not transferred until some time after settlement. This exposes a Fund to additional counterparty risk arising from the activities of the broker during these periods. Liquidity may also be less and volatility of prices higher than in leading markets because of a high degree of concentration of market capitalisation and trading volumes in a small number of companies. In some Emerging Markets evidence of legal title to securities is maintained in "book-entry" form and the role of the local registrar is critical to the registration and custody process. Such registrars may not be subject to effective governmental or regulatory supervision and it may be difficult to successfully claim against them.

Information quality. Accounting, auditing and financial reporting standards, practices and disclosure requirements applicable to some companies in Emerging Markets in which a Fund may invest may differ from those applicable in developed countries because less information is available to investors and such information may be out of date or carry a lower level of assurance.

Custody. Local custody services remain underdeveloped in many emerging market countries and there is a transaction and custody risk involved in dealing in such markets. In

certain circumstances a Fund may not be able to recover some of its assets. Such circumstances may include the liquidation, bankruptcy or insolvency of a sub-custodian, retroactive application of legislation and fraud or improper registration of title. The costs borne by the Fund in investing and holding investments in such markets will be generally higher than in organised securities markets.

Registration. In some emerging market countries evidence of legal title to shares is maintained in "book-entry" form. In order to be recognised as the registered owner of the shares of a company, a purchaser or purchasers' representative must physically travel to a the registrar and open an account (which, in certain cases, requires the payment of an account opening fee). Thereafter, each time that the purchaser purchases additional shares of the company, the purchasers' representative must present to the registrar, powers of attorney from the purchaser and the seller of such shares, along with evidence of such purchase, at which time the registrar will debit such purchased shares from the seller's account maintained on the register and credit such purchased shares to the purchaser's account to be maintained on the register.

The role of the registrar in such custodial and registration processes is crucial. Registrars may not be subject to effective government supervision and it is possible for a Fund to lose its registration through fraud, negligence or mere oversight on the part of the registrar. Furthermore, while companies in certain emerging market countries may be required to maintain independent registrars that meet certain statutory criteria, in practice, there can be no guarantee that this regulation has been strictly enforced. Because of this possible lack of independence, management of companies in such emerging market countries can potentially

exert significant influence over the share holding in such companies. If the company register were to be destroyed or mutilated, the Fund's holding of the relevant shares of the company could be substantially impaired, or in certain cases, deleted. Registrars often do not maintain insurance against such occurrences, nor are they likely to have assets sufficient to compensate the Fund. While the registrar and the company may be legally obliged to remedy such loss, there is no guarantee that either of them would do so, nor is there any guarantee that the Fund would be able to successfully bring a claim against them as a result of such loss. Furthermore, the registrar or the relevant company could wilfully refuse to recognise the Fund as the registered holder of shares previously purchased by the Fund due to the destruction of the company's register.

Investment in Russia. Investment in Russia presents unique risks in relation to the settlement and safekeeping of securities. Because physical securities do not exist, book-entries into the issuer's register of shareholders represent the only evidence of ownership of securities. Each issuer appoints its own registrar which has resulted in a broad geographic distribution of several thousand registrars across Russia. Although the Russian Federal Commission for Securities promulgated regulations governing registrar activities, enforcing these regulations may prove difficult and the establishment of widely accepted industry standards remains in the developmental stage. This means there is potential for risk of error and there are no assurances that any given registrar will comply with the applicable regulations. Because the Custodian does not maintain physical possession of Russian securities, it is not considered to be performing a physical safekeeping or custody function in the traditional sense. The registrars are neither agents of, nor responsible to, the

Custodian. In the event of losses the Company will have to pursue its rights directly against the issuer and/or its appointed registrar.

In addition to the above risks, investors' attention is drawn to the fact that while the objective of all the Funds is medium to long-term capital growth, those Funds that invest in fast-growing economies or limited or specialist sectors may be expected to experience above-average volatility and the Net Asset Value of those Funds will be affected accordingly. Investors should regard investment in such Funds as long-term in nature, although the possibility of a change in an investor's personal circumstances is recognised by permitting redemptions on each Dealing Day. Investment in the securities of smaller companies can involve greater risk than is customarily associated with investment in large, more established companies. In particular, smaller companies often have limited product lines, markets or financial resources and may be dependent for their management on a limited number of key individuals. **Although the Directors consider that a truly diversified global portfolio should include a certain level of exposure to Emerging Markets, it is recommended that an investment in any of the Funds which invest primarily in Emerging Markets should not constitute a substantial proportion of an investor's portfolio.**

China Market Risk

The value of a Fund's assets may be affected by uncertainties such as political developments, changes in government policies, taxation, currency repatriation restrictions and restrictions on foreign investment in China. Accounting, auditing and reporting standards in China may not provide the same degree of investor protection or information to investors as would generally apply in more established securities

RISK FACTORS - Continued

markets. Furthermore, the legislative framework in China for the purchase and sale of investments and in relation to beneficial interests in those investments is relatively new and untested.

Both the Shanghai and Shenzhen securities markets are in the process of development and change. This may lead to trading volatility, difficulty in the settlement and recording of transactions and difficulty in interpreting and applying the relevant regulations.

Under the prevailing tax policy in China, there are certain tax incentives available to foreign investment. There can be no assurance, however, that these tax incentives will not be abolished in the future.

Many of the People's Republic of China ("PRC") economic reforms are unprecedented or experimental and are subject to adjustment and modification, and such adjustment and modification may not always have a positive effect on investment in listed securities such as A Shares.

The choice of A Share issues currently available to the Investment Manager may be limited as compared with the choice available in other markets. There may also be a lower level of liquidity in the PRC A Share markets, which are relatively smaller in terms of both combined total market value and the number of A Shares which are available for investment as compared with other markets. This could potentially lead to severe price volatility.

The national regulatory and legal frameworks for capital markets and joint stock companies in the PRC are still developing when compared with those of developed countries. Currently, joint stock companies with listed A Shares are undergoing split-share structure reform to convert state owned shares or legal person shares

into transferable shares with the intention to increase liquidity of A Shares. However, the effects of such reform on the A-Shares market as a whole remain to be seen.

Also, the PRC government's control of currency conversion and future movements in exchange rates may adversely affect the operations and financial results of the companies invested in by a Fund.

In light of the above mentioned factors, the price of A Shares may fall significantly in certain circumstances.

The tax laws, regulations and practice in the PRC are constantly changing, and they may be changed with retrospective effect.

Real Estate Funds Risks

The ability to trade REITS in the secondary market can be more limited than other stocks. The liquidity of REITS on the major stock exchanges is on average less than the typical stock quoted on a particular index on an exchange. This may also be the case in jurisdictions other than the U.S.

The prices of equity REITs are affected by changes in the value of underlying property owned by the REITs and changes in capital markets and interest rates. The prices of mortgage REITs are affected by the quality of any credit they extend, the creditworthiness of the mortgages they hold, as well as by the value of the property that secures the mortgages.

While the Fund will not invest in real property directly, the Fund may be subject to risks similar to those associated with the direct ownership of real property (in addition to securities market risks) because of its policy of concentrating its investments in the real estate industry. These

RISK FACTORS - Continued

risks include declines in the value of real property, risks related to general and local economic conditions, dependency on management skill, heavy cash flow dependency, adverse changes in the operations of any property or the financial condition of any tenant, possible lack of availability of mortgage funds, overbuilding, extended vacancies of properties, increased competition, increases in property taxes and operating expenses, changes in zoning laws, losses due to costs resulting from the clean-up of environmental problems, liability to third parties for damages resulting from environmental problems, casualty or condemnation losses, limitations on rents, changes in neighbourhood values and in appeal of properties to tenants and changes in interest rates.

In addition to these risks, equity REITs may be affected by changes in the value of the underlying property owned by the trusts, while mortgage REITs may be affected by the quality of any credit they extend. Further, equity REITs and mortgage REITs are dependent upon management skills and generally may not be diversified. Equity REITs and mortgage REITs are also subject to heavy cash flow dependency, defaults by borrowers and self-liquidation. There is also the risk that borrowers under mortgages held by REITs or lessees of a property that REITs may own may be unable to meet their obligations to the REITs. In the event of a default by a borrower or lessee, the REITs may experience delays in enforcing its rights as a mortgage or lessor and may incur substantial costs associated with protecting its investments.

Listed Infrastructure

Investments in new infrastructure projects during the construction phase carry certain risks. For example, there may be a residual risk that projects will not be completed within budget,

within the agreed timeframe or to the agreed specifications; that the operations of infrastructure projects might be exposed to unplanned interruptions caused by natural disasters or terrorist attacks; or that operational and/or supply disruption, could adversely impact the cash flows available from infrastructure assets.

National and local environmental laws and regulations may also affect the operations of infrastructure projects. Standards set and regulations imposed regarding certain aspects of health and environmental quality, impose penalties and other liabilities for the violation of such standards, and may establish obligations to rehabilitate facilities and locations where operations are, or were conducted, which may have an impact on the financial performance of infrastructure projects.

Investment in Equity Linked Notes

Equity linked notes are subject to the terms and conditions imposed by their issuers. These terms may lead to delays in implementing the Investment Manager's investment strategy due to the restrictions they may place on the issuer acquiring or disposing of the securities underlying the equity linked notes, or on the implementation of redemptions and payment of redemption proceeds to a Fund. Investment in equity linked notes can be illiquid as there is no active market in equity linked notes. In order to meet realisation requests, a Fund relies upon the counterparty issuing the equity linked notes to quote a price to unwind any part of the equity linked notes. This price will reflect the market liquidity conditions and the size of the transaction.

Investment through equity linked notes may lead to a dilution of performance of the Fund when compared to a Fund investing directly in similar

assets. In addition, when a Fund intends to invest in a particular security through equity linked notes, there is no guarantee that subsequent application monies for Shares in a Fund can be immediately invested in a particular security through equity linked notes. This may impact the performance of the Fund.

As a Fund will invest in equity linked notes, performance of the Fund may be adversely affected if the issuer of the equity linked notes defaults due to a credit or liquidity problem.

An investment in an equity linked note entitles the holder to certain cash payments calculated by reference to the shares to which the equity linked note is linked. It is not an investment directly in the shares themselves. An investment in the equity linked note does not entitle the holder to the beneficial interest in the shares nor to make any claim against the institution issuing the shares.

As at the date hereof, it is likely that a Fund will invest in the China A share market through the equity linked notes issued by institutions which have obtained the QFII status in China. Certain restrictions imposed by the Chinese government on QFIIs may have an adverse effect on the Fund's liquidity and performance. QFIIs are subject to restrictions on the maximum stake which can be held in any one listed company, transaction sizes for QFIIs are large and there are lock-up restrictions on repatriation of capital invested by a QFII in China. These restrictions will impact on the terms of any equity linked notes acquired by the Fund. In order to reduce such impact, the Fund will generally invest in equity linked notes that are realisable on each Dealing Day under normal market conditions, subject to the credit risk of the counterparty.

Valuation of the equity linked notes will be the probable realisation value which shall be performed in accordance with the terms of the Articles of Association and therefore may be obtained from the issuer (in accordance with the terms of the equity linked notes), or independent third parties. Investors should note that different issuers of equity linked notes may have different terms for the equity linked notes and may have varying valuation principles. Generally, valuation will be based on, among other factors, the closing price of the relevant China A shares underlying the equity linked notes. If the equity linked notes are not denominated in RMB, the value of the equity linked notes may also be subject to the foreign exchange conversion between RMB and the currency in which the equity linked notes are denominated. Valuation of the equity linked notes may also involve the imposition of any bid and offer spread or any other charges by the issuer. Valuation uncertainties such as foreign exchange conversion risk, bid and offer spread and other charges could have an adverse effect on the net asset value of a Fund.

As the assets and liabilities of a Fund may be denominated in currencies different from the base currency of the Fund, the Fund may be affected favourably or unfavourably by exchange control regulations or changes in the exchange rates between the base currency and other currencies.

Umbrella structure of the Company and Cross-Liability Risk

Each Fund will be responsible for paying its fees and expenses regardless of the level of its profitability. The Company is an umbrella fund with segregated liability between Funds and under Irish law the Company generally will not be liable as a whole to third parties and there generally will not be the potential for cross

RISK FACTORS - Continued

liability between the Funds. Notwithstanding the foregoing, there can be no assurance that, should an action be brought against the Company in the courts of another jurisdiction, the segregated nature of the Funds would necessarily be upheld.

The following is a general summary of the main Irish tax considerations applicable to the Company and certain investors who are the beneficial owners of Shares. It does not purport to deal with all of the tax consequences applicable to the Company or to all categories of investors, some of whom may be subject to special rules. For instance, it does not address the tax position of Shareholders whose acquisition of Shares would be regarded as a shareholding in a Personal Portfolio Investment Undertaking (PPIU). Accordingly, its applicability will depend on the particular circumstances of each Shareholder. It does not constitute tax advice and Shareholders and potential investors are advised to consult their professional advisors concerning possible taxation or other consequences of purchasing, holding, selling, converting or otherwise disposing of the Shares under the laws of their country of incorporation, establishment, citizenship, residence or domicile, and in the light of their particular circumstances.

The following statements on taxation are based on advice received by the Directors regarding the law and practice in force in Ireland at the date of this document. Legislative, administrative or judicial changes may modify the tax consequences described below and as is the case with any investment, there can be no guarantee that the tax position or proposed tax position prevailing at the time an investment is made will endure indefinitely.

Taxation of the Company

The Directors have been advised that, under current Irish law and practice, the Company qualifies as an investment undertaking for the purposes of Section 739B of the Taxes Act so long as the Company is resident in Ireland. Accordingly, it is generally not chargeable to Irish tax on its income and gains.

However, Irish tax can arise on the happening of a “chargeable event” in the Company. A chargeable event includes any payments of

distributions to Shareholders, any encashment, repurchase, redemption, cancellation or transfer of Shares and any deemed disposal of Shares as described below for Irish tax purposes arising as a result of holding Shares for a period of eight years or more. Where a chargeable event occurs, the Company is required to account for the Irish tax thereon.

No Irish tax will arise in respect of chargeable events where (a) the Shareholder is neither resident or ordinarily resident in Ireland and has made the necessary declaration to that effect (“Non-Irish Resident”) or, (b) the Shareholder is an Exempt Irish Resident as defined below and has made the necessary declaration to that effect. In the absence of a signed and completed declaration being in the possession of the Company at the relevant time, there is a presumption that the Shareholder is Irish Resident or is not an Exempt Irish Resident and a charge to tax arises.

A chargeable event does not include:—

- any transactions (which might otherwise be a chargeable event) in relation to Shares held in a recognised clearing system as designated by order of the Revenue Commissioners of Ireland; or;
- a transfer of Shares between spouses and any transfer of Shares between spouses or former spouses on the occasion of judicial separation and/or divorce; or;
- an exchange by a Shareholder, effected by way of arm’s length bargain where no payment is made to the Shareholder, of Shares in the Company for other Shares in the Company; or;
- an exchange of Shares arising on a qualifying amalgamation or reconstruction of the Company with another Irish collective investment scheme.

If the Company becomes liable to account for tax on a chargeable event, the Company shall be entitled to deduct from the payment arising on that chargeable event an amount equal to the appropriate tax and/or, where applicable, to repurchase and cancel such number of Shares held by the Shareholder, as is required to meet the amount of tax. The relevant Shareholder shall indemnify and keep the Company indemnified against loss arising to the Company by reason of the Company becoming liable to account for tax on the happening of a chargeable event.

The Company may elect not to account for Irish tax in respect of deemed disposals in certain circumstances. Where the total value of Shares in a Fund held by Irish Resident Shareholders (who are not Exempt Irish Residents as defined below) is 10% or more of the Net Asset Value of the Fund, the Company will account for the tax arising on a deemed disposal as set out above. However, where the total value of Shares in a Fund held by such Shareholders is less than 10% of the Net Asset Value of the Fund, the Company may, and it is expected that the Company will, elect not to account for tax on the deemed disposal. In this instance, the Company will notify relevant Shareholders that it has made such an election and those Shareholders will be obliged to account for the tax arising under the self-assessment system themselves. Further details of this are set out below under the heading "Taxation of Irish Resident Shareholders."

Exempt Irish Resident Shareholders

The Company will not be required to deduct tax in respect of the following categories of persons who are resident or ordinarily resident in Ireland, provided the Company has in its possession the required declarations from those persons and the Company has no reason to believe that the declaration is incorrect. Shareholders who come within the categories listed below and who have provided the required declarations to the Company are referred to herein as "Exempt Irish Residents".

- (a) a pension scheme which is an exempt approved scheme within the meaning of Section 774 of the Taxes Act, or a retirement annuity contract or a trust scheme to which Section 784 or Section 785 of the Taxes Act, applies;
- (b) a company carrying on life business within the meaning of Section 706 of the Taxes Act;
- (c) an investment undertaking within the meaning of Section 739B(1) of the Taxes Act;
- (d) a special investment scheme within the meaning of Section 737 of the Taxes Act;
- (e) a charity being a person referred to in Section 739D(6)(f)(i) of the Taxes Act;
- (f) a qualifying management company within the meaning of Section 734(1) of the Taxes Act;
- (g) a unit trust to which Section 731(5)(a) of the Taxes Act applies;
- (h) a specified company within the meaning of Section 734(1) of the Taxes Act;
- (i) a person who is entitled to exemption from income tax and capital gains tax under Section 784(2) of the Taxes Act where the Shares held are assets of an approved retirement fund or an approved minimum retirement fund;
- (j) a qualifying savings manager within the meaning of Section 848B of the Taxes Act, in respect of Shares which are assets of a special savings incentive account within the meaning of Section 848C of the Taxes Act;

- (k) a person who is entitled to exemption from income tax and capital gains tax by virtue of Section 787I of the Taxes Act, and the Shares are assets of a PRSA;
- (l) a credit union within the meaning of Section 2 of the Credit Union Act, 1997;
- (m) the National Pensions Reserve Fund Commission;
- (n) a company within the charge to corporation tax in accordance with Section 110(2) of the Taxes Act (securitisation companies);
- (o) in certain circumstances, a company within the charge to tax under Case I of Schedule D in respect of payments made to it by the Company; or
- (p) any other person who is resident or ordinarily resident in Ireland who may be permitted to own Shares under taxation legislation or by written practice or concession of the Revenue Commissioners without giving rise to a charge to tax in the Company or jeopardising the tax exemptions associated with the Company.

There is no provision for any refund of tax to Shareholders who are Exempt Irish Residents where tax has been deducted in the absence of the necessary declaration. A refund of tax may only be made to corporate Shareholders who are within the charge to Irish corporation tax.

Taxation of Non-Irish Resident Shareholders who make a Non Resident Declaration

Non-Irish Resident Shareholders will not be liable to Irish tax on the income or gains arising to them from their investment in the Company and no tax will be deducted on distributions from the Company or payments by the Company in respect of a repurchase, redemption, cancellation or other disposal of their investment.

Such Shareholders will generally not be liable to Irish tax in respect of income or gains made from holding or disposing of Shares except where the Shares are attributable to an Irish branch or agency of such Shareholder. However, where such a Shareholder fails to make the required declaration of non-residence, tax will be deducted as described above on the happening of a chargeable event, notwithstanding that the Shareholder is not resident or ordinarily resident in Ireland and any such tax deducted will generally not be refundable.

Where a Non-Irish Resident company holds Shares in the Company which are attributable to an Irish branch or agency, it will be liable to Irish corporation tax in respect of income and capital distributions it receives from the Company under the self assessment system.

Taxation of Irish Resident Shareholders

Tax will be deducted and remitted to the Revenue Commissioners by the Company from any distributions made by it (other than on a disposal) where payments are made annually or at more frequent intervals at the standard rate of income tax (i.e. currently 20%) and, where payments are made less frequently, at the standard rate of income tax plus 3% (i.e. currently 23%), to a Shareholder who is resident or ordinarily resident in Ireland and is not an Exempt Irish Resident ("Irish Resident Shareholder").

Tax at the standard rate of tax plus 3% (i.e. currently 23%) will also be deducted by the Company and remitted to the Revenue Commissioners from any gain arising on an encashment, repurchase, redemption or other disposal of Shares by an Irish Resident Shareholder. Any gain arising will be computed as the difference between the value of the Shareholder's investment in the Fund at the date of the chargeable event and the original cost of the investment as calculated under special rules.

Tax will also be deducted by the Company and remitted to the Revenue Commissioners in respect of any deemed disposal event where the total value of Shares in a Fund held by Irish Resident Shareholders (who are not Exempt Irish Residents) is 10% or more of the Net Asset Value of the Fund. A deemed disposal event will occur on each and every eighth anniversary of the acquisition of Shares by such Shareholders. The deemed gain will be calculated as the difference between the value of the Shares held by the Shareholder on the relevant eighth year anniversary or, as described below where the Company so elects, the value of the Shares on the later of the 30 June or 31 December prior to the date of the deemed disposal event and the relevant cost of those Shares. The excess arising will be taxable at the standard rate of tax plus 3% (i.e. currently 23%).

Where the Company is obliged to account for tax on deemed disposals it is expected that the Company will elect to calculate any gain arising for Irish Resident Shareholders by reference to the Net Asset Value of the relevant Fund on the later of the 30 June or 31 December prior to the date of the deemed disposal event, in lieu of the value of the Shares on the relevant eighth year anniversary.

The Company may elect not to account for tax arising on a deemed disposal where the total value of Shares in a Fund held by Irish Resident Shareholders (who are not Exempt Irish Residents) is less than 10% of the Net Asset Value of the Fund. In this case, such Shareholders will be obliged to account for the tax arising on the deemed disposal under the self assessment system themselves. The deemed gain will be calculated as the difference between the value of the Shares held by the Shareholder on the relevant eighth year anniversary and the relevant cost of those Shares. The excess arising will be regarded as an amount taxable under Case IV of Schedule D and subject to tax at the standard rate of tax plus 3% (i.e. currently 23%). Under current Irish legislation, there is no provision for allowing a credit for tax paid on a deemed disposal against the tax payable on an

actual disposal of those Shares, where the Shareholder accounts for tax on a deemed disposal directly to the Revenue Commissioners. However, it is expected that the Finance Act 2009 will provide for such a credit with respect to deemed disposals arising on or after 1 January 2009.

Corporate Shareholders resident in Ireland which receive distributions (where payments are made annually or at more frequent intervals) from which tax has been deducted will be treated as having received an annual payment chargeable to tax under Case IV of Schedule D from which tax at the standard rate has been deducted. Thus, such Shareholders may have a further liability to tax in respect of such distributions. Currently, this could result in an effective rate of tax on such distributions of 25%.

Subject to the comments below concerning tax on a currency gain, in general, such Shareholders will not be subject to further Irish tax on other payments received in respect of their holding from which tax has been deducted. A corporate Shareholder resident in Ireland which holds the Shares in connection with a trade will be taxable on any income or gains received from the Company as part of that trade with a set-off against corporation tax payable for any tax deducted from those payments by the Company.

Subject to the comments below concerning tax on a currency gain, in general, non-corporate Irish Resident Shareholders will not be subject to further Irish tax on income arising on the Shares or gains made on disposal of the Shares, where the appropriate tax has been deducted by the Company from distributions paid to them.

Where a currency gain is made by a Shareholder on the disposal of Shares, the Shareholder will be liable to capital gains tax in respect of that gain in the year/s of assessment in which the Shares are disposed of.

Any Irish Resident Shareholder who is not an Exempt Irish Resident who receives a distribution from which tax has not been

deducted will be liable to account for income tax or corporation tax, as the case may be, on that payment. Where such Shareholder receives a gain on an encashment, redemption, cancellation or transfer from which tax has not been deducted, the Shareholder will also be liable to account for income tax or corporation tax on the amount of the gain under the self-assessment system.

Overseas Dividends

Dividends (if any) and interest which the Company receives with respect to investments (other than securities of Irish issuers) may be subject to taxes, including withholding taxes, in the countries in which the issuers of the investments are located. It is not known whether the Company will be able to benefit from reduced rates of withholding tax under the provisions of the double tax treaties which Ireland has entered into with various countries.

However, in the event that the Company receives any repayment of withholding tax suffered, the Net Asset Value of the relevant Fund will not be restated and the benefit of any repayment will be allocated to the then existing Shareholders rateably at the time of such repayment.

Stamp Duty

On the basis that the Company qualifies as an investment undertaking within the meaning of Section 739B of the Taxes Act, generally, no stamp duty will be payable in Ireland on the issue, transfer, repurchase or redemption of Shares. However, where any subscription for or redemption of Shares is satisfied by an in-kind or in specie transfer of Irish securities or other Irish property, Irish stamp duty might arise on the transfer of such securities or properties.

No Irish stamp duty will be payable by the Company on the conveyance or transfer of stock or marketable securities of a company not registered in Ireland, provided that the conveyance or transfer does not relate to any immovable property situated in Ireland or any

right over or interest in such property, or to any stocks or marketable securities of a company (other than a company which is a collective investment undertaking within the meaning of Section 734 of the Taxes Act) which is registered in Ireland.

Residence

In general, investors in the Company will be either individuals, corporate entities or trusts. Under Irish rules, both individuals and trusts may be resident or ordinarily resident. The concept of ordinary residence does not apply to corporate entities.

Individual Investors

Test of Residence

An individual will be regarded as resident in Ireland for a particular tax year if the individual is present in Ireland: (1) for a period of at least 183 days in any one tax year; or (2) for a period of at least 280 days in any two consecutive tax years, provided that the individual is resident in Ireland for at least 31 days in each tax year. In determining days present in Ireland, an individual is deemed to be present if the individual is in the country at the end of the day (midnight). Effectively, it is nights spent in Ireland that count.

If an individual is not resident in Ireland in a particular tax year the individual may, in certain circumstances, elect to be treated as resident.

Test of Ordinarily Residence

If an individual has been resident for the three previous tax years then the individual will be deemed "ordinarily resident" from the start of the fourth year. An individual will remain ordinarily resident in Ireland until the individual has been non-resident for three consecutive tax years.

Trust Investors

A trust will generally be regarded as an Irish Resident where all of the trustees are resident in Ireland. Trustees are advised to seek specific tax advice if they are in doubt as to whether the trust is an Irish Resident.

Corporate Investors

A company will be Irish resident if its central management and control resides in Ireland or (in certain circumstances) if it is incorporated in Ireland. For Ireland to be treated as the location for central management and control this typically means Ireland is the location where all fundamental policy decisions of the company are made.

All companies incorporated in Ireland are resident in Ireland for tax purposes except where:

- (i) the company or a related company carries on a trade in Ireland, and either the company is ultimately controlled by persons resident in EU member states or countries with which Ireland has a tax treaty, or the company or a related company are quoted companies; or
- (ii) the company is regarded as not resident in Ireland under a tax treaty between Ireland and another country.

A company coming within either (i) or (ii) above will not be regarded as resident in Ireland unless its central management and control resides in Ireland.

Disposal of Shares and Irish Capital Acquisitions Tax

- (a) *Persons Domiciled or Ordinarily Resident in Ireland*

The disposal of Shares by means of a gift, inheritance made by a disponent domiciled or ordinarily resident in

Ireland or received by a beneficiary domiciled or ordinarily resident in Ireland may give rise to a charge to Irish Capital Acquisitions Tax for the beneficiary of such a gift or inheritance with respect to those Shares.

- (b) *Persons Not Domiciled or Ordinarily Resident in Ireland*

On the basis that the Company qualifies an investment undertaking within the meaning of Section 739B of the Taxes Act, the disposal of Shares will not be within the charge to Irish Capital Acquisitions Tax provided that;

- the Shares are comprised in the gift or inheritance at the date of the gift or inheritance and at the valuation date;
- the donor is not domiciled or ordinarily resident in Ireland at the date of the disposition; and
- the beneficiary is not domiciled or ordinarily resident in Ireland at the date of the gift or inheritance.

EU Savings Tax Directive

Ireland has implemented the EC Council Directive 2003/48/EC on the taxation of savings income into national law. Accordingly, where the Administrator or a paying agent (within the meaning of the Directive), makes a payment of interest (which may include an income or capital distribution payment) on behalf of the Company to an individual or to certain residual entities, resident in another Member State of the European Union (or certain associated and dependent territories of a Member State), it will be obliged to provide details of the payment and certain details relating to the Shareholders (including the Shareholder's name and address) to the Irish Revenue Commissioners. The Irish Revenue Commissioners in turn are obliged to

provide such information to the competent authorities of the state or territory of residence of the individual or residual entity concerned.

The Administrator or a paying agent will require Shareholders to provide any information regarding tax status, identity or residency in order to satisfy the disclosure requirements in this Directive and Shareholders will be deemed by their subscription for Shares in the Company to have authorised the automatic disclosure of such information by the Administrator, a paying agent or other relevant person to the relevant tax authorities.

Directors of the Company

The Directors control the affairs of the Company and are responsible for the overall investment policy of the Company. The Directors may delegate certain duties to the Investment Manager, the Custodian and the Administrator. The Company shall be managed and its affairs supervised by the Directors. The Directors of the Company are described below:–

Peter Blessing is currently an Executive Director of Corporate Finance Ireland Limited, an independent corporate finance boutique which he joined in 1996. He is also a director of, and consultant to, a number of IFSC companies. Mr. Blessing was Managing Director of Credit Lyonnais Financial Services Limited, Dublin (“CLYFS”) from its establishment in 1991 until 1995. Before joining CLYFS, Mr. Blessing worked with Allied Irish Banks p.l.c. as a director of its IFSC subsidiary from 1988 to 1991 and as a senior executive in its Corporate Finance division from 1982 to 1988.

Greg Cooper is the Chief Financial Officer of First State Investments (UK) Limited. Previously, he was appointed Chief Operating Officer in April 2001, responsible for the finance, administration and operations capability of the First State Investment’s UK business. In June 2004 this was extended to cover the Asian operations of First State International. From 1997 to 2001, he was Deputy Chief Financial Officer at Colonial First State in Sydney, Australia where he was responsible for corporate and fund accounting. He holds a Bachelor of Commerce from the University of New South Wales majoring in accounting. He is also an associate member of the Australian Institute of Chartered Accountants.

Lindsay Mann was appointed Regional Head, Asia of First State Investments in November 2005. Prior to this he was Chief Executive Officer of First State Investments (Singapore) from March 2001 to November 2005. He was Chief Executive Officer of AXA Investment Managers, Hong Kong from 1997 to 2000 where he was responsible for the development of the Asian asset management business. He was also Chief Executive Officer of National Mutual Funds Management (New Zealand) from 1993 to 1996 and Manager of International Sales and Service of National Mutual Funds Management (Global) in 1997. He graduated with a BA degree from Macquarie University majoring in actuarial studies in 1973. He qualified as a Fellow of the Institute of Actuaries UK in 1977 and is a Fellow of the Institute of Actuaries of Australia (1977) and the Singapore Actuarial Society (2001). He is a Member of the Hong Kong Securities Institute (1999).

Hans Vogel (Chairman) is a German citizen and an Irish resident. He was Managing Director of Dresdner Bank (Ireland) plc, Dresdner Kleinwort Benson International Management Services Ltd. and Dresdner Asset Management Ireland Ltd. from 1995 to 1998. Mr. Vogel worked with Dresdner Bank AG from 1970, was the Managing Director of Dresdner Securities (Asia) Ltd. from April 1989 to July 1993 and the Managing Director of Asset Management Advisors of Dresdner Bank-Gesellschaft für Vermögensanlageberatung GmbH from August 1993 to June 1995. Since 1998, Mr. Vogel has served as an independent Non-Executive Director on the boards of a number of companies in the financial services industry in Ireland and abroad.

For the purposes of this Prospectus, the address of all the Directors is the registered office of the Company.

The company secretary is the Administrator.

Investment Manager

The Investment Manager is part of the international operation of Colonial First State Global Asset Management (CFS GAM), the asset management business of the Commonwealth Bank of Australia (CBA). The CFS GAM group has funds under management of US\$144 billion (A\$164bn)¹ as at 31 December 2007 and is the largest fund manager in Australia with investment offices in Edinburgh, Hong Kong, Jakarta, London, New York, Singapore and Sydney. The Commonwealth Bank of Australia is an international financial services company listed on the Australian Stock Exchange and is the second largest bank in Australia. The group has total assets held and funds under management of US\$565 billion (A\$643 billion)¹ as at 31 December 2007.

The Investment Manager is a company incorporated on 22 December 1987 under the laws of Hong Kong and is licensed by the Hong Kong Securities and Futures Commission to undertake regulated activities types 1 (dealing in securities), 4 (advising on securities) and 9 (asset management).

The Investment Manager is the Promoter.

The Company has delegated the powers of determining investment policy and investment management of each Fund to the Investment Manager pursuant to Investment Management Agreement. The Company has granted to the Investment Manager the exclusive right to make a market in the Shares though the Investment Manager is not obliged to do so. The Investment Management Agreement may be terminated by

either party upon six months' written notice. The Investment Management Agreement may also be terminated by the Company upon notice in writing to the Investment Manager in the event that (i) the Investment manager shall at any time become insolvent or go into liquidation either voluntarily or under an order of a court of competent jurisdiction or make a general assignment for the benefit of its creditors or otherwise acknowledge its insolvency; or (ii) the Investment Manager fails to observe or perform its obligations under the Investment Management Agreement and such failure continues to be unremedied for thirty days after receipt of notice from the Company requiring such breach to be remedied; or (iii) the Directors are of the opinion and so state in writing that, for good and sufficient reason, a change in Investment Manager is desirable in the interests of the Shareholders.

The Company has agreed to indemnify the Investment Manager from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind or nature other than those resulting from its wilful misfeasance, negligence, bad faith or reckless disregard of duties or obligations under the Investment Management Agreement on the part of the Investment Manager, its directors, officers or agents.

The Investment Manager may appoint one or more Sub-Investment Managers to manage the assets of a Fund pursuant to a Sub-Investment Management Agreement. A list of the Sub-Investment Managers currently appointed by the Investment Manager is provided in the "Directory" on page 4. Further information concerning the Sub-Investment Managers will be provided by the Company, free of charge, upon request. Details of all of the Sub-Investment Managers appointed by the Investment Manager

¹ Exchange rate of A\$1: U.S.\$0.8781 total assets and funds under management are based on 31 December 2007 figure.

shall be disclosed in the periodic reports of the Company. The Investment Manager remains responsible for the acts and omissions of the Sub-Investment Managers and any other delegate as if such acts or omissions were its own.

Custodian

HSBC Institutional Trust Services (Ireland) Limited (the “Custodian”) was appointed as custodian of the Company pursuant to the Custodian Agreement. The main activity of the Custodian is to act as trustee and custodian of the assets of collective investment schemes. The Custodian was incorporated in Ireland on 29 November 1991 as a limited liability company and is an indirect wholly-owned subsidiary of HSBC Holdings plc, a public limited company incorporated in England and Wales. As at 31 December 2007 HSBC Holdings plc had consolidated gross assets of approximately US\$ 2,354 billion.

The Custodian will be liable to the Company and the Shareholders for any loss suffered by them as a result of its unjustifiable failure to perform or its improper performance of its obligations. The Custodian generally will not be liable for any action taken in good faith in reliance on or any inaccurate information received or for the disposition of moneys or investments or for any depreciation or loss incurred by reason of the sale of any investments subject to the terms of the Custodian Agreement. The Custodian will not be personally liable for any taxes or other governmental charges imposed upon or in respect of the investments or upon the interest thereon.

The Custodian Agreement may be terminated by either the Custodian or the Company giving not less than ninety days’ written notice to the other party at any time. Either party may terminate the Custodian Agreement immediately in the event

that: (i) the other party shall go into liquidation other than a voluntary liquidation for the purpose of reconstruction or an examiner or receiver is appointed to the other or upon the happening of a like event whether at the direction of an appropriate regulatory agency or court of competent jurisdiction or otherwise; or (ii) the other party fails to remedy a material breach of the Custodian Agreement within thirty (30) days of being requested to do so. The Company may terminate the Custodian Agreement if the Custodian is no longer permitted to perform its obligations hereunder pursuant to applicable law. The Custodian shall continue in office until a successor is appointed. If no successor custodian is appointed within ninety days of the service of notice of termination the Shares in the Company shall be redeemed and the Financial Regulator shall be requested to revoke the authorisation of the Company. The Custodian’s appointment shall not terminate until revocation of the Company’s authorisation by the Financial Regulator.

The Custodian Agreement contains detailed provisions as to the responsibilities of the Custodian and provides that the Custodian shall be liable to the Company and the Shareholders for any loss suffered by them as a result of its unjustifiable failure to perform its obligations or its improper performance of such obligations. The Company shall indemnify the Custodian for any loss arising to the Custodian in the performance of its duties under the Custodian Agreement other than loss arising as a result of the Custodian’s unjustifiable failure to perform its obligations or its improper performance of such obligations.

Under the terms of the Custodian Agreement the Custodian has full power to delegate the whole or any part of its custodial functions. The liability of the Custodian will not be affected by the fact that it has entrusted to a third party some

or all of the assets in its safe-keeping. The Company and the Custodian acknowledge that the Financial Regulator considers that in order for the Custodian to discharge its responsibility under the Regulations the Custodian must exercise care and diligence in choosing and appointing a third party as safe-keeping agent so as to ensure that the third party has and maintains the expertise, competence and standing appropriate to discharge the responsibilities concerned. The Custodian must maintain an appropriate level of supervision over the safe-keeping agent and make appropriate enquiries from time to time to confirm that the obligations of the agent continue to be competently discharged. This does not purport to be a legal interpretation by the Financial Regulator, the Regulations and the UCITS Directive.

As the Fund may invest in Emerging Markets where custodial and/or settlement systems are not fully developed, the assets of the relevant Fund which are traded in such markets and which have been entrusted to correspondents of the Custodian, in circumstances where the use of such correspondents is necessary, may be exposed to risk in circumstances whereby the Custodian will have no liability. Prospective investors are referred to the risk factors set out on page 26 above. There can be no assurance that losses will not arise to the Fund from the actions, inactions, or insolvency of such correspondents, particularly since regulations and standard of administration in Emerging Markets may be underdeveloped and not of the standards experienced in most industrialised economies.

Administrator and Registrar

HSBC Securities Services (Ireland) Limited (the "Administrator") was appointed as administrator of the Company pursuant to the Administration Agreement. The Administrator is a limited

liability company incorporated under the laws of Ireland on the 29 November 1991. It is an indirect wholly-owned subsidiary of HSBC Holdings plc, a public limited company incorporated in England and Wales. The Administrator provides administration services to collective investment funds such as the Company.

The Administration Agreement shall continue in force until terminated by either the Company or the Administrator on ninety days' notice in writing to the other party at any time or may be terminated immediately in the event of: (i) the other party going into liquidation or the appointment of an examiner or receiver to that party or on the happening of a like event whether at the direction of an appropriate regulatory agency or court of competent jurisdiction or otherwise; or (ii) the other party failing to remedy a material breach of the Administration Agreement within thirty days of being requested to do so; or (iii) the Administrator's tax certificate under Section 446 of the Finance Act, 1980 of Ireland being revoked or notice of intention to revoke the certificate is received from the Minister for Finance of Ireland; or (iv) the authorisation by the Financial Regulator of the Company being revoked; or (v) either party being no longer permitted to perform its obligations under the Administration Agreement pursuant to applicable law.

The Administration Agreement provides that in the absence of negligence, wilful default, bad faith or fraud on the part of the Administrator, the Administrator will not be liable to the Company for any loss incurred by the Company in connection with the performance by the Administrator of its obligations and duties under the Administration Agreement, and the Company agrees to indemnify the Administrator against any loss suffered by the Administrator in the performance of its obligations under the

Administration Agreement save where such loss arises as a result of negligence, wilful misconduct, bad faith or fraud on the part of the Administrator.

In calculating the Net Asset Value, the Administrator shall not be liable for any loss suffered by the Company by reason of any error in the calculation of the Net Asset Value resulting from any inaccuracy in the information provided by any pricing service. The Administrator shall use reasonable endeavours to verify any pricing information supplied by the Investment Manager or any connected person thereof (including a connected person who is a broker, market maker or other intermediary). However, in certain circumstances it may not be possible or practicable for the Administrator to verify such information and, in such circumstances, the Administrator shall not be liable for any loss suffered by the Company by reason of any error in the calculation of the Net Asset Value resulting from any inaccuracy in the information provided by the Investment Manager or its delegates. In circumstances where the Administrator is directed by the Investment Manager or its delegates to use particular pricing procedures, brokers, market makers or other intermediaries, the Administrator shall not be liable for any loss suffered by the Company by reason of any error in the calculation of the Net Asset Value resulting from any inaccuracy in the information provided by such pricing services, brokers, market makers or other intermediaries not appointed or selected by the Administrator.

MEMORANDUM AND ARTICLES OF ASSOCIATION

Memorandum and Articles of Association

The Memorandum and Articles of Association of the Company contain provisions to the following effect:

(a) **Objects.** Clause 2 of the Memorandum of Association provides that the Company's sole object is the collective investment in transferable securities and/or other liquid financial assets referred to in Regulation 45 of the Regulations of capital raised from the public operating on the principle of risk-spreading in accordance with the Regulations.

(b) **Variation of rights.** The rights attached to any Class may, whether or not the Company is being wound up, be varied or abrogated with the consent in writing of the holders of three-fourths of the issued Shares of that Class, or with the sanction of a special resolution passed at a separate general meeting of the holders of the Shares of that Class. Any holder of Shares of the Class in question present in person or by proxy may demand a poll.

(c) **Voting Rights.** The Articles provide that on a show of hands at a general meeting of the Company every holder of Shares present in person or by proxy shall have one vote; on a poll at a general meeting every holder of Shares who is present in person or by proxy shall have one vote in respect of each whole Share held by him.

The Articles further provide that on a poll of all of the holders of Shares of more than one Class for the time being the voting rights of holders shall be adjusted in a manner determined by the

Directors so as to reflect the latest calculated Repurchase Price per Share of each of the Classes in question.

(d) **Change in Share Capital.** The Company may from time to time by ordinary resolution increase its capital, consolidate and divide its Shares or any of them into Shares of larger amount than its existing Shares and subdivide its Shares or any of them into Shares of smaller amount or cancel any Shares not taken or agreed to be taken by any person. The Company may by special resolution from time to time reduce its share capital in any way permitted by law.

(e) **Directors' Interests.** Provided the nature of his interest is or has been declared at the first opportunity at a meeting of the Directors or by general written notice of his interest to the Directors, a Director may enter into any contract with the Company and shall not be liable to the Company for any profit realised by any such contract or arrangement. As a general rule a Director shall not vote or be counted in the quorum present on any resolution in respect of his appointment (or the arrangement of the terms of appointment) to hold any office or place or profit with the Company or in respect of any contract or arrangement in which he is materially interested.

(f) **Borrowing Powers.** Subject to the Regulations, the directors may exercise all the powers of the Company to borrow money (including the power to borrow for the purpose of repurchasing Shares) and hypothecate, mortgage, charge or pledge its undertaking, property and

assets or any part thereof, and to issue debentures, debenture stock or other securities, whether outright or as collateral security for any debt liability or obligation of the Company.

(g) **Retirement of Directors.** There is no provision for the retirement of Directors on their attaining a certain age.

(h) **Transfer of Shares.** Save as provided above under “**Form of Shares and Share Certificates**” and “**Transfer of Shares**” the Shares are freely transferable and entitled to participate equally in the profits and dividends of the Fund to which they relate and in its assets upon liquidation. The Shares, which are of no par value and which must be fully paid on issue, carry no preferential or pre-emptive rights.

(i) **Dividends.** The Directors may if they think fit declare such dividends, including interim dividends on the Shares or on any Class of Shares, as appear to the Directors to be justified for the relevant Fund. The Directors may satisfy any dividend due to holders of the Shares in whole or in part by distributing to them in specie any of the assets of the Company and in particular any investments to which the Company is entitled. Any dividend unclaimed after a period of six years from the date of declaration of such dividend shall be forfeited and shall revert to the Fund.

(j) **Segregated Liability.** The Company is an umbrella fund with segregated liability between Funds and each Fund may comprise one or more Classes of Shares in the Company. The Directors may, from time to time, upon the prior

approval of the Financial Regulator, establish further Funds by the issue of one or more separate Classes of Shares on such terms as the Directors may resolve. The Directors may from time to time, in accordance with the requirements of the Financial Regulator, establish one or more separate Classes of Shares within each Fund on such terms as the Directors may resolve.

The assets and liabilities of each Fund will be allocated in the following manner:

(i) the proceeds from the issue of Shares representing a Fund shall be applied in the books of the Company to the Fund and the assets and liabilities and income and expenditure attributable thereto shall be applied to such Fund subject to the provisions of the Memorandum and Articles of Association;

(ii) where any asset is derived from another asset, such derivative asset shall be applied in the books of the Company to the same Fund as the assets from which it was derived and in each valuation of an asset, the increase or diminution in value shall be applied to the relevant Fund;

(iii) where the Company incurs a liability which relates to any asset of a particular Fund or to any action taken in connection with an asset of a particular

Fund, such a liability shall be allocated to the relevant Fund, as the case may be; and

- (iv) where an asset or a liability of the Company cannot be considered as being attributable to a particular Fund, such asset or liability, subject to the approval of the Custodian, shall be allocated to all the Funds pro rata to the Net Asset Value of each Fund.

Any liability incurred on behalf of or attributable to any Fund shall be discharged solely out of the assets of that Fund, and neither the Company nor any Director, receiver, examiner, liquidator, provisional liquidator or other person shall apply, nor be obliged to apply, the assets of any such Fund in satisfaction or any liability incurred on behalf of, or attributable to, any other Fund.

There shall be implied in every contract, agreement, arrangement or transaction entered into by the Company the following terms, that:

- (i) the party or parties with the Company shall not seek, whether in any proceedings or by other means whatsoever or wheresoever, to have recourse to any assets of any Fund in the discharge of all or any part of a liability which was not incurred on behalf of that Fund;
- (ii) if any party contracting with the Company shall succeed by any means whatsoever or

wheresoever in having recourse to any assets of any Fund in the discharge of all or any part of a liability which was not incurred on behalf of that Fund, that party shall be liable to the Company to pay a sum equal to the value of the benefit thereby obtained by it; and

- (iii) if any party contracting with the Company shall succeed in seizing or attaching by any means, or otherwise levying execution against, the assets of a Fund in respect of a liability which was not incurred on behalf of that Fund, that party shall hold those assets or the direct or indirect proceeds of the sale of such assets on trust for the Company and shall keep those assets or proceeds separate and identifiable as such trust property.

All sums recoverable by the Company shall be credited against any concurrent liability pursuant to the implied terms set out in (i) to (iii) above.

Any asset or sum recovered by the Company shall, after the deduction or payment of any costs of recovery, be applied so as to compensate the Fund.

In the event that assets attributable to a Fund are taken in execution of a liability not attributable to that Fund, and in so far as such assets or compensation in respect thereof cannot otherwise be restored to the Fund affected, the Directors, with the consent of the Custodian, shall certify or cause to be certified, the value of the assets lost to the Fund affected and transfer or pay from the assets of the Fund or Funds to which the liability was attributable, in priority to

MEMORANDUM AND ARTICLES OF ASSOCIATION - Continued

all other claims against such Fund or Funds, assets, or sums sufficient to restore the Fund affected, the value of the assets or sums lost to it.

A Fund is not a legal person separate from the Company but the Company may sue and be sued in respect of a particular Fund and may exercise the same rights of set-off, if any, as between its Funds as apply at law in respect of companies and the property of a Fund is subject to orders of the court as it would have been if it were a separate legal person.

Separate records shall be maintained in respect of each Fund.

Duration of the Company

The Company continues indefinitely unless wound up in accordance with the Memorandum and Articles of Association. The Directors may terminate any Fund by notice in writing to the Custodian if:

- (a) on any date the Net Asset Value of a Fund shall be less than such amount as may be determined by the Directors (currently US\$10,000,000); or
- (b) the relevant Fund ceases to be authorised or otherwise officially approved; or
- (c) any law should be passed which renders it illegal or in the opinion of the Directors impracticable or inadvisable to continue the relevant Fund.

The Directors may terminate all of the Funds if the total Net Asset Value of the Funds is less than US\$25,000,000. The Directors will give notice of termination of a Fund to the Shareholders of such Fund and by such notice shall fix the date at which such termination is to take effect, which date shall be for such period after the service of such notice as the Directors shall at their absolute discretion determine.

Where a redemption of Shares would result in the number of Shareholders falling below three or such other minimum number stipulated by statute or where a redemption of Shares would result in the issued share capital of the Company falling below such minimum amount as the Company may be obliged to maintain pursuant to applicable law, the Company may defer the redemption of the minimum number of Shares sufficient to ensure compliance with applicable law. The redemption of such Shares will be deferred until the Company is wound up or until the Company procures the issue of sufficient Shares to ensure that the redemption can be effected. The Company shall be entitled to select

the Shares for deferred redemption in such manner as it may deem to be fair and reasonable and as may be approved by the Custodian.

Winding up

On the winding up of the Company the Company's liquidator shall realise the assets of each Fund and (after satisfaction of creditors' claims) shall pay to the Shareholders a sum as near as possible equal to the Net Asset Value of the Shares held by them. The assets available for distribution among the Shareholders shall be applied in the following priority:

- (i) firstly, in payment to the Shareholders of each Class of each Fund of a sum in the Base Currency in which that Class is denominated or in any other currency selected by the liquidator as nearly as possible equal (at a rate of exchange reasonably determined by the liquidator) to the Net Asset Value of the Shares of such Class held by such holders respectively as at the date of commencement of the winding up provided that there are sufficient assets available in the relevant Fund to enable such payment to be made. In the event that, as regards any Class of Shares, there are insufficient assets available in the relevant Fund to enable such payment to be made, recourse shall be had to the assets of the Company not comprised within any of the Funds;
- (ii) secondly, in the payment to the holders of the Subscriber Shares of sums up to the amount paid thereon (plus any interest accrued) out of the assets of the Company not comprised within any Funds remaining after any recourse thereto under paragraph (i) above. In the event that there are insufficient assets as aforesaid to enable such payment in full to be made, no recourse shall be had to the assets comprised within any of the Funds;

WINDING UP - Continued

- (iii) thirdly, in the payment to the Shareholders of any balance then remaining in the relevant Fund, such payment being made in proportion to the number of Shares held; and
- (iv) fourthly, in the payment to the Shareholders of any balance then remaining and not comprised within any of the Funds, such payment being made in proportion to the value of each Fund and within each Fund to the value of each Class and in proportion to the Net Asset Value per Share.

On winding up, the liquidator may at his discretion with the approval of the Shareholders divide among the Shareholders of the Company in specie the whole or any part of the assets of the Company.

APPENDIX 1 – INVESTMENT OBJECTIVES AND POLICIES OF THE FUNDS

Goal of the First State Funds

The Company is designed to provide investors with a well-rounded investment programme by offering investors various Funds each with different investment objectives and policies. Each Fund employs its own strategy and has its own risk/reward profile. As you could lose money by investing in the Funds, be sure to read all risk disclosures carefully before investing. For more details, please refer to “Risk factors” on page 26.

The investment objectives and any material change of the investment policies of each Fund may be altered with the approval of its Shareholders by way of an ordinary resolution passed at a general meeting or by way of a written resolution of all of the Shareholders of the Fund. In the event of a change of investment objective and/or change of investment policies reasonable notification will be provided to enable Shareholders to request the repurchase of their Shares prior to implementation of the change.

EQUITY FUNDS

The investment objective of the First State Asian Property Securities Fund, the First State Global Listed Infrastructure Fund and the First State Global Property Securities Fund is to achieve a total investment return consistent with income and long term capital growth. The investment objective of each of the other Equity Funds is to achieve long term capital appreciation. Each of the Equity Funds invests primarily in equity and equity related securities (including warrants, convertible bonds, depository receipts such as ADR and GDR, equity linked or participation notes etc.) that are listed, traded or dealt on Regulated Markets, provided that each Fund may not invest more than 15 per cent of its net assets in aggregate in warrants or equity linked or participation notes. Each of the Equity Funds may invest up to 10 per cent of its net assets in transferable securities that are not listed, traded or dealt in on Regulated Markets and up to 5 per cent in open-ended collective investment schemes. These collective investment schemes will be established as UCITS under the UCITS Directive in any EU member state. **As the Equity Funds may invest in warrants, it is recommended that an investment in these Funds should not constitute a substantial proportion of an investor’s portfolio and may not be appropriate for all investors.**

The Equity Funds may invest cash balances in short-term securities listed, traded or dealt in on a Regulated Market. The short-term securities in which the Equity Funds may invest will include securities such as commercial paper, certificates of deposit, and bankers’ acceptances all rated above investment grade or in the opinion of the Investment Manager to be of comparable quality. For defensive purposes during periods of perceived uncertainty and volatility, each Equity Fund may also hold all or part of its assets in debt securities, asset-backed and mortgage-backed securities which must be rated at least investment grade or in the opinion of the Investment Manager to be of comparable quality and which are listed, traded or dealt in on a Regulated Market.

Each of the Equity Funds which indicate an investment objective or policy in a particular sector, geographic region or market will normally invest at least 70 per cent of its non-cash assets in such securities to reflect the particular objective though it may invest in securities outside such sectors or

APPENDIX 1 – INVESTMENT OBJECTIVES AND POLICIES OF THE FUNDS - Continued

markets when the Investment Manager considers appropriate. **Investors should note that those Equity Funds that may invest more than 20 per cent of their net assets in Emerging Markets should not constitute a substantial proportion of an investor's portfolio and may not be appropriate for all investors.**

In determining whether an investment reflects a particular objective or policy in a geographic region or market, the Investment Manager will consider not only the principal trading market for the stock or place of incorporation of the issuer but also the location of its principal activities and business interests, source of revenue and location of its substantial assets.

Each of the Equity Funds may employ a portion of its assets in futures contracts, options, forward currency transactions contracts for difference, and credit derivatives (which include credit default swaps) for the purposes of efficient portfolio management and to hedge against exchange rate risk under the conditions and limitations as laid down by the Financial Regulator. It is not intended that any of the Equity Funds will be leveraged through the use of financial derivative instruments. However, the use of financial derivative instruments may create leverage and, to the extent that any leverage is employed, the limits described in Appendix 4 under the heading "Cover Requirements" apply. In particular, leverage will be measured using the commitment approach, whereby such leverage cannot exceed 100 per cent of the Net Asset Value of the Fund. Financial derivative instruments, in general, involve special risks and costs and may result in losses to a Fund. A fuller description of the risks associated with financial derivative instruments is set out in the section entitled "Risk Factors".

A Fund may invest in the Shares of another Fund provided that that Fund does not hold shares in other funds. Where such an investment is made the Fund which is making the investment may not charge subscription, conversion or redemption fees on account of its investment in the Shares of the other Fund. In addition, the investing Fund may not charge the annual management fee charged by the Investment Manager in respect of that portion of its assets invested in the other Fund.

Under the prevailing regulations in China, foreign investors can only invest in the China A share market through institutions that have obtained Qualified Foreign Institutional Investors status ("QFII"). The current QFII regulations impose strict restrictions (such as investment guidelines and a minimum holding period) on China A share investment. As of the date of this Prospectus, the Company and the Investment Manager are not QFIIs in China and as a consequence will not invest directly in the China A Share market. It is likely that the Equity Funds will invest in the China A shares indirectly through equity linked or participation notes issued by institutions that have obtained the QFII status. The Chinese government may relax the QFII regulations over time and the Equity Funds will consider investing in the China A share market directly if and when opportunities arise. Investments in equity linked or participation notes may be less liquid than direct investments. However, in no event will investments by an Equity Fund in warrants, equity linked or participation notes in aggregate exceed 15 per cent of the Net Asset Value of that Fund.

APPENDIX 1 – INVESTMENT OBJECTIVES AND POLICIES OF THE FUNDS - Continued

The Equity Funds that may invest in the equity linked or participation notes in relation to China A shares are the First State China Growth Fund, the First State Greater China Growth Fund and the First State China Focus Fund. These Funds will only invest in equity linked notes if the notes are listed.

The REITs in which a Fund may invest must be subject to corporate governance mechanisms which apply to companies or which are equivalent to those that apply to companies, must be managed by an entity which is subject to national regulation for the purpose of investor protection and whose shares or units must be transferable securities listed, traded or dealt in on a Regulated Market. Issuers that will qualify for investment principally engage in the ownership, management, financing, purchase and sale of land and residential, commercial or industrial real estate.

First State Asia Innovation And Technology Fund

Investment Policy:

The Fund shall comprise of a diversified portfolio of information technology and manufacturing companies with assets in, or revenues derived from investments in the countries of Asia-Pacific including Japan, New Zealand and Australia. Sectors include technology, telecommunications, manufacturing, biotechnology, healthcare and other emerging technological sectors.

The information technology sector includes, inter alia, computer hardware and software; multimedia products and services; data processing and services; and financial services companies disseminating market, economic and financial information and other companies involved extensively in other areas of technology such as biotechnology, agriculture and healthcare. The selection of the companies will be made through the Investment Manager's investment approach, which focuses on bottom-up stock selection.

First State Asia Pacific Leaders Fund

Investment Policy:

The Fund primarily invests in large and mid capitalisation securities in the Asia-Pacific region (excluding Japan, including Australasia).

Large and mid capitalisation equities are currently defined as companies with a minimum market capitalisation of US\$ 1 billion and a minimum free float of US\$500 million at the time of investment. The Investment Manager may review this definition as considered appropriate.

First State Asian Equity Plus Fund

Investment Policy:

The Fund invests primarily in securities in the Asia Pacific region (excluding Japan). Such companies will be selected on the basis of their high dividend yields and their potential for long term capital appreciation.

APPENDIX 1 – INVESTMENT OBJECTIVES AND POLICIES OF THE FUNDS - Continued

The Investment Manager will select investments which it believes offer the potential for sustainable above average dividend yields in addition to price appreciation.

First State Asian Growth Fund

Investment Policy:

The Fund invests primarily in securities in the Asian region, excluding Japan.

First State Asian Property Securities Fund

Investment Policy:

The Fund primarily invests in a broad selection of Asian securities issued by real estate investment trusts or companies that own, develop or manage real property and which are listed, traded or dealt in on Regulated Markets in the Asian Region.

First State China Focus Fund

Investment Policy:

The Fund invests primarily in a concentrated portfolio of equities of large and mid capitalisation companies established or having significant operations in Mainland China and which are listed, traded or dealt in on Regulated Markets worldwide.

First State China Growth Fund

Investment Policy:

The Fund invests primarily in securities issued by companies with either assets in, or revenues derived from the People's Republic of China that are listed, traded or dealt in on Regulated Markets in China, Hong Kong, Taiwan, the U.S. or in a member state of the OECD.

First State Global 100 Fund

Investment Policy:

The Fund invests primarily in the securities of up to 100 worldwide growth companies which, in the opinion of the Investment Manager, demonstrate the potential to benefit from positive change that is sustainable and timely and which experience sustainable earnings growth as a result of that change. The Fund will not emphasise any particular company size but will invest wherever the best opportunities present themselves.

The Fund invests primarily in securities listed, traded or dealt in any of the Regulated Markets provided no more than 30 per cent of the Fund's net assets will be invested in Emerging Markets.

APPENDIX 1 – INVESTMENT OBJECTIVES AND POLICIES OF THE FUNDS - Continued

First State Global Agribusiness Fund

Investment Policy:

The Fund invests primarily in a diversified portfolio of equity and equity related instruments of issuers in the Agribusiness sector, which are listed, traded or dealt in on Regulated Markets worldwide.

The sector includes but is not limited to companies involved in the production, processing, transporting, trading and marketing of soft commodities, as well as those that supply products and services (including seeds, fertilisers, crop nutrients, agricultural equipment and water) to the agricultural/forestry industry.

Soft commodities include, amongst other things, coarse grains, soya beans, sugar, coffee, cocoa, palm oil, livestock, forestry, pulp and water. The Fund will not invest in physical commodities or derivatives relating to commodities.

First State Global Emerging Markets Leaders Fund

Investment Policy:

The Fund invests primarily in large and mid capitalisation securities in emerging economies, including those of companies listed on developed market exchanges whose activities predominantly take place in emerging market countries. Such securities will primarily be listed, traded or dealt in on Regulated Markets in EEA, Brazil, Colombia, China, Czech Republic, Egypt, Greece, Hong Kong, Hungary, India, Indonesia, Israel, Korea, Malaysia, Mexico, Peru, Philippines, Portugal, Poland, Singapore, South Africa, Sri Lanka, Thailand, Taiwan, Turkey and United States of America.

Large and mid capitalisation equities are currently defined as companies with a minimum market capitalisation of US\$1 billion and a minimum free float of US\$500 million at the time of investment. The Investment Manager may review this definition as considered appropriate.

First State Global Listed Infrastructure Fund

Investment Policy:

The Fund invests primarily in a diversified portfolio of listed Infrastructure and Infrastructure-related securities of issuers listed, traded or dealt in on Regulated Markets worldwide. The Infrastructure sector includes, but is not limited to, utilities (e.g. water and electricity), highways and railways, airports services, marine ports and services, and oil and gas storage and transportation.

APPENDIX 1 – INVESTMENT OBJECTIVES AND POLICIES OF THE FUNDS - Continued

First State Global Property Securities Fund

Investment Policy:

The Fund primarily invests in a broad selection of securities issued by real estate investment trusts or companies that own, develop or manage real property from around the world (including initially the EEA, Russia, Switzerland, United States, and the Asian Region) and which are listed, traded or dealt in on Regulated Markets worldwide.

First State Global Resources Fund

Investment Policy:

The Fund primarily invests in the equities of issuers engaged in the discovery, development, extraction, processing or distribution of natural resources (including without limitation minerals, water, metals and timber) and energy sectors (including without limitation oil, coal, gas, nuclear energy and renewable energy), or issuers of securities that provide services to the natural resources and energy sectors and which are listed, traded or dealt in on Regulated Markets worldwide.

First State Greater China Growth Fund

Investment Policy:

The Fund invests primarily in securities issued by companies with either assets in, or revenues derived from, the People's Republic of China, Hong Kong, and Taiwan and which are listed, traded or dealt in on Regulated Markets in the People's Republic of China, Hong Kong, Taiwan, the U.S., Singapore, Korea, Thailand and Malaysia or in a member state of the OECD.

The Fund may also invest in government and corporate debt securities such as, but not limited to, convertible and non-convertible debt securities, fixed and floating rate bonds, zero coupon and discount bonds or certificates of deposit each rated investment grade or, if unrated, of comparable quality as determined by the Investment Manager.

First State Hong Kong Growth Fund

Investment Policy:

The Fund invests primarily in securities listed on the Stock Exchange of Hong Kong Limited or securities issued by such companies which in the Investment manager's opinion have significant assets, business, production activities, trading or other business interests in Hong Kong and traded on Regulated Markets.

APPENDIX 1 – INVESTMENT OBJECTIVES AND POLICIES OF THE FUNDS - Continued

First State Indian Subcontinent Fund

Investment Policy:

The Fund will comprise a diversified portfolio of companies of the Indian subcontinent. Countries of the Indian subcontinent include India, Pakistan, Sri Lanka and Bangladesh. The Fund concentrates on securities that are listed, traded or dealt in on Regulated Markets in the Indian subcontinent and offshore instruments issued by companies established or operating or have significant interests in the Indian subcontinent and listed on other Regulated Markets.

First State Singapore And Malaysia Growth Fund

Investment Policy:

The Fund invests primarily in securities issued by companies that are listed, traded or dealt in on Regulated Markets in Singapore or Malaysia or companies that are listed, traded or dealt in on another Regulated Market but that are incorporated in, have substantial assets in, or derive significant revenues from operations in Singapore or Malaysia.

The Fund may from time to time also invest in companies that are listed, traded or dealt in on Regulated Markets in the Asia-Pacific region other than Singapore and Malaysia which, in the opinion of the Investment Manager, offer potential for diversification and capital growth, subject to a maximum of 20 per cent of the Fund's net assets in aggregate being invested in such countries. In its investment decisions the Investment Manager does not emphasise any particular company size but instead considers investments which in its opinion offer the potential for capital appreciation.

First State UK Growth Fund

Investment Policy:

The Fund invests primarily in securities issued by U.K. companies listed on the London Stock Exchange or by companies that are listed, traded or dealt in on another Regulated Market but that are incorporated in, have substantial assets in, or derive significant revenues from operations in U.K.

BOND FUNDS

Each of the Bond Funds has a different investment objective, details of which are set out below.

Each of the Bond Funds will invest in convertible, exchangeable and non-exchangeable and non-convertible debt securities, fixed and floating rate bonds, zero coupon and discount bonds, transferable notes, mortgaged-backed and asset-backed securities, commercial paper, certificates of deposits of variable or fixed interest rates listed, traded or dealt in Regulated Markets. The Bond Funds may invest up to 10 per cent of net assets in transferable securities that are not listed, traded or dealt in on Regulated Markets and may invest up to 5 per cent in open ended collective investment schemes. These collective investment schemes will be established as UCITS under the UCITS Directive in any EU member state.

APPENDIX 1 – INVESTMENT OBJECTIVES AND POLICIES OF THE FUNDS - Continued

Each of the Bond Funds which indicate an investment objective or policy in a particular sector, geographic region objective will normally invest at least 70 per cent of its non-cash assets in such securities to reflect the particular objective though it may invest in securities outside such sectors or markets when the Investment Manager considers it appropriate. **Investors should note that those Bond Funds which may invest more than 20 per cent of their net assets in Emerging Markets should not constitute a substantial proportion of an investor's portfolio and may not be appropriate for all investors.**

In determining whether an investment reflects a particular objective or policy in a geographic region or market, the Investment Manager will consider not only the principal trading market for the stock or place of incorporation of the issuer but also the location of its principal activities and business interests, source of revenue and location of its substantial assets.

A Fund may invest in the Shares of another Fund provided that that Fund does not hold shares in other funds. Where such an investment is made the Fund which is making the investment may not charge subscription, conversion or redemption fees on account of its investment in the Shares of the other Fund. In addition, the investing Fund may not charge the annual management fee charged by the Investment Manager in respect of that portion of its assets invested in the other Fund.

The Bond Funds may employ a portion of their assets in futures contracts, options, forward currency transactions, contracts for difference, and credit derivatives (which include credit default swaps) for the purposes of efficient portfolio management and to hedge against exchange rate risk under the conditions and limitations as laid down by the Financial Regulator. It is not intended that any of the Bond Funds will be leveraged through the use of financial derivative instruments. However, the use of financial derivative instruments may create leverage and, to the extent that any leverage is employed, the limits described in Appendix 4 under the heading "Cover Requirements" apply. In particular, leverage will be measured using the commitment approach, whereby such leverage cannot exceed 100 per cent of the Net Asset Value of the Fund. Financial derivative instruments, in general, involve special risks and costs and may result in losses to a Fund. A fuller description of the risks associated with financial derivative instruments is set out in the section entitled "Risk Factors".

As with any fund that invests primarily in bonds, the value of a Bond Fund's investments fluctuates in response to movements in interest rates in countries where the Bond Fund invests. Lower rated debt securities in which certain Bond Funds may invest offer higher yields than investment grade securities but generally have more risk and volatility, particularly in deteriorating economic periods, because of their reduced creditworthiness and greater chance of default. Investors' attention is drawn to the risks of investing in securities rated below investment grade as set out in "Risk Factors" on page 26. Where a Fund's investment policy refers to ratings from a rating agency and where a security has multiple ratings, as long as at least one of the ratings satisfies the minimum requirement, the rule is deemed to be satisfied.

APPENDIX 1 – INVESTMENT OBJECTIVES AND POLICIES OF THE FUNDS - Continued

First State Asian Bond Fund

Investment objective:

To achieve long-term returns through investment in a diversified portfolio of fixed income and similar transferable instruments issued primarily by government and corporate entities in Asia.

Investment Policy:

The Fund invests primarily in debt securities of issuers organised, headquartered or having their primary business operations in Asia. The Fund may also invest in treasury bonds of the United States Government.

The Fund may invest in investment grade debt securities (rated as Baa3 or above by Moody's Investor Services, Inc. or BBB– or above by Standard & Poor's Corporation or other recognised rating agencies) and below investment grade debt and convertible securities, or, if unrated, of comparable quality as determined by the Investment Manager.

First State Asian Quality Bond Fund

Investment objective:

To achieve long term returns through investment in a diversified portfolio of investment grade fixed income and similar transferable instruments issued primarily by government and corporate entities in Asia.

Investment Policy:

The Fund invests primarily in debt securities of issuers organised, headquartered or having their primary business operations in Asia. The Fund will invest in investment grade debt and convertible securities (rated as Baa3 or above by Moody's Investor Services Inc or BBB– or above by Standard & Poor's Corporation or other recognised rating agencies) or if unrated, of comparable quality as determined by the Investment Manager.

First State Global Bond Fund

Investment objective:

To provide a total return greater than the Citigroup World Government Bond Index ("WGBI").

Investment Policy:

The Fund invests primarily in debt securities of issuers from countries organised, headquartered or having their primary business operations in the WGBI Index, although in the event of unusual market conditions, investments in countries not included in the WGBI Index may be included and may constitute up to 50 per cent of the net assets of the Fund.

APPENDIX 1 – INVESTMENT OBJECTIVES AND POLICIES OF THE FUNDS - Continued

No more than 10 per cent of the Fund's net assets will be invested in any country outside of the United States, the European Union, Switzerland, Australia, Canada, New Zealand, Japan or Norway and no more than 30 per cent in aggregate will be invested outside these countries. The Fund will hold securities of issuers from at least three countries.

The Fund will normally invest at least 70 per cent of its net assets in investment grade debt securities (rated as Baa3 or above by Moody's Investor Services, Inc or BBB– or above by Standard & Poor's Corporation, or other recognised rating agencies), or, if unrated, of comparable quality as determined by the Investment Manager. The Fund is not constrained as to the maximum maturity of its portfolio securities.

First State Global Emerging Markets Debt Fund

Investment Objective:

To provide a total return greater than the JP Morgan Emerging Markets Bond Index Global Diversified.

Investment Policy:

The Fund invests primarily in debt securities of issuers organised, headquartered or having their primary business operations in the countries included in the JP Morgan Emerging Markets Bond Index Global Diversified of medium and long-term maturity, although in the event of unusual market conditions, up to 50 per cent of the net assets of the Fund may be invested in countries not included in the JP Morgan Emerging Markets Bond Index Global Diversified.

The Fund may invest up to 25 per cent of its Net Asset Value in securities issued by issuers that are organised, headquartered or having their primary business operations in Russia. Investors' attention is drawn to the specific risks of investing in Russian securities details of which are set out on page 30.

The Fund may invest in investment grade (rated as Baa3 or above by Moody's Investor Services, Inc, or BBB– or above by Standard & Poor's corporation or other recognised rating agencies) and below investment grade debt securities, or, if unrated, of comparable quality as determined by the Investment Manager. The Fund may invest up to 100 per cent of its net assets in debt securities rated below investment grade.

APPENDIX 1 – INVESTMENT OBJECTIVES AND POLICIES OF THE FUNDS - Continued

First State High Quality Bond Fund

Investment Objective:

To provide a total return greater than the Lehman Brothers US Government/Corporate Bond Index.

Investment Policy:

The Fund will invest primarily in debt securities of issuers organised, headquartered or having their primary business operations in the countries included in the Lehman Brothers US Government/Corporate Bond Index. No more than 10 per cent of the Fund's net assets will be invested in any one country outside the United States, the European Union, Switzerland, Australia, Canada, New Zealand, Japan or Norway and no more than 30 per cent in aggregate will be invested outside these countries. The Investment Manager intends to ensure at least 70 per cent of the Fund's net assets will be exposed to United States Dollars.

The Fund will normally invest 80 per cent of its net assets in high quality investment grade debt securities (rated as A3 or above by Moody's Investor Services, Inc or A– or above by Standard & Poor's Corporation or other recognised rating agencies) or, if unrated, of comparable quality as determined by the Investment Manager. The average portfolio duration of the Fund ranges from two to eight years.

First State Hong Kong Dollar Bond Fund

Investment objective:

To achieve long-term returns through investment in a diversified portfolio of fixed income and similar transferable instruments primarily denominated in Hong Kong Dollars.

Investment Policy:

The Fund will invest at least 80 per cent of its net assets in debt securities denominated in either Hong Kong dollars or United States Dollars, or at least 80 per cent of the Fund's net assets will be exposed to both currencies through currency hedging transactions such as forward contracts for purposes of hedging against currency exchange risks.

The Fund will invest in investment grade corporate and government debt securities (rated Baa3 or above by Moody's Investor Services, Inc or BBB– or above by Standard & Poor's Corporation or other recognised rating agencies) or, if unrated, of comparable quality as determined by the Investment Manager.

APPENDIX 1 – INVESTMENT OBJECTIVES AND POLICIES OF THE FUNDS - Continued

First State Long Term Bond Fund

Investment objective:

To provide a total return greater than the Citigroup US Government Bond Index.

Investment Policy:

The Fund will invest at least 95 per cent of its net assets in the United States or in United States Dollar denominated debt securities.

The Fund will invest in investment grade corporate and government debt securities (rated A3 or above by Moody's Investor Services, Inc or A– or above by Standard and Poor's Corporation, or other recognised ratings agencies) or, if unrated, of comparable quality as determined by the Investment Manager.

The Fund will hold securities from at least 6 different issues. The maximum investment in any non government issuer rated Aa2 or above by Moody's Investor Services Inc, or AA or above by Standard and Poor's Corporation will be 10 per cent of the net assets of the Fund. The maximum investment in any issuer rated below Aa2, but A3 or above by Moody's Investor Services Inc or below AA but A– or above by Standard and Poor's Corporation will be 5 per cent of the Fund's net assets. The Fund will not hold more than 10 per cent of the total issue of any non governmental security.

Investment Techniques and Instruments

The Investment Manager may, where the Investment Manager deems it appropriate in order to pursue the investment return objective of a Fund, employ investment techniques and instruments, within the limits set forth in Appendix 4 ("Investment Techniques and Instruments") for efficient portfolio management purposes, such as to reduce risk, reduce cost or to generate additional capital or income for a Fund, and/or to engage in currency hedging transactions. It is not intended that any existing Fund will avail of the opportunity to invest in financial derivative instruments for investment purposes. No existing Fund will be permitted to invest in financial derivative instruments without prior shareholder approval.

Call options may be purchased to hedge an anticipated increase in the price of the underlying asset and to protect against rising market. Put options can be purchased to hedge an anticipated decrease in the price of the underlying asset and to protect against market decreases. A covered option writing strategy may be utilised to enhance the returns of the portfolio and to reduce risk on long stock through premiums received. The Company intends to undertake the trading of futures in its Funds as a means of managing market risk of both cash inflows and outflows, as well as to hedge against anticipated increases or decreases in the prices of underlying assets. The Company would purchase futures in order to protect against rising prices and sell futures contracts to protect against declining prices. The Company intends to use currency forwards as an effective tool for managing currency risk. Forward contracts will be used for hedging and currency management of both local and foreign currencies. Contracts for difference can be used for hedging a position in the underlying asset by

APPENDIX 1 – INVESTMENT OBJECTIVES AND POLICIES OF THE FUNDS - Continued

taking an opposite position in the contract for difference market. Credit derivatives (which include credit default swaps) allow the transfer of potential default risk of an underlying asset, usually a bond, to a counterparty, and will be used to hedge the credit risk profile of underlying assets.

The Company shall supply to a Shareholder on request supplementary information in relation to the quantitative risk management limits applied by it, the risk management methods used by it and any recent developments in the risks and yields characteristics for the main categories of investment. A list of the Regulated Markets on which such derivative instruments may be quoted or traded is set out in Appendix 5. A description of the current conditions and limits laid down by the Financial Regulator in relation to financial derivative instruments is set out in Appendix 4.

The Company's risk management policy which enables it to measure, monitor and manage risks associated with the use of financial derivative instruments is available, upon request, from the registered office of the Company or the Investment Manager.

The Company may also engage in stock lending transactions and enter into repurchase agreements for efficient portfolio management purposes in accordance with the current conditions and limits laid down by the Financial Regulator which are also set out in Appendix 4.

APPENDIX 2 – CHARACTERISTICS OF CLASSES OF SHARES BY FUND

General Characteristics	Class I and Class I (Distributing)	Class III
Minimum Initial Investment*	US\$ 1,500	US\$ 5,000,000
Minimum Subsequent Investment	US\$ 1,000	N/A
Minimum Holding	US\$ 1,500	US\$ 5,000,000
Sales Charge	Up to 5.0%	Up to 7.0%

* The Minimum Initial Investment during the Initial Offer Period of Class I (Distributing) Shares of the First State China Focus Fund will be US\$10,000. The Minimum Initial Investment of Class I (Distributing) Shares of the First State China Focus Fund after the Initial Offer Period will be US\$1,500.

Other Fund Details:

Name of Funds	Class of Shares	Distributing Policy	Distribution Frequency	Investment Management fee per annum
First State Asia Innovation and Technology Fund	I	Accumulation	N/A	1.75%
	III	Accumulation	N/A	0.3%
First State Asia Pacific Leaders Fund	I	Accumulation	N/A	1.5%
	I (Distributing)	Distributing	Semi-Annually	1.5%
	III	Accumulation	N/A	0.3%
First State Asian Equity Plus Fund	I	Accumulation	N/A	1.5%
	I (Distributing)	Distributing	Semi-Annually	1.5%
First State Asian Growth Fund	I	Accumulation	N/A	1.5%
	I (Distributing)	Distributing	Semi-Annually	1.5%
	II	Accumulation	N/A	1.5%
	III	Accumulation	N/A	0.3%
First State Asian Property Securities Fund	I	Accumulation	N/A	1.5%
	I (Distributing)	Distributing	Semi-Annually	1.5%
	III	Accumulation	N/A	0.85%

APPENDIX 2 – CHARACTERISTICS OF CLASSES OF SHARES BY FUND - Continued

Name of Funds	Class of Shares	Distributing Policy	Distribution Frequency	Investment Management fee per annum
First State China Focus Fund	I	Accumulation	N/A	1.75%
	I (Distributing)	Distributing	Semi-Annually	1.75%
	III	Accumulation	N/A	1.0%
First State China Growth Fund	I	Accumulation	N/A	2%
	I (Distributing)	Distributing	Semi-Annually	2%
	II	Accumulation	N/A	1.5%
	III	Accumulation	N/A	0.3%
First State Global 100 Fund	I	Accumulation	N/A	1.5%
	III	Accumulation	N/A	0.3%
First State Global Agribusiness Fund	I	Accumulation	N/A	1.5%
	III	Accumulation	N/A	0.85%
First State Global Emerging Markets Leaders Fund	I	Accumulation	N/A	1.5%
	III	Accumulation	N/A	0.85%
First State Global Listed Infrastructure Fund	I	Accumulation	N/A	1.5%
	I (Distributing)	Distributing	Semi-Annually	1.5%
	III	Accumulation	N/A	0.85%
First State Global Property Securities Fund	I	Accumulation	N/A	1.5%
	I (Distributing)	Distributing	Semi-Annually	1.5%
	III	Accumulation	N/A	0.85%
First State Global Resources Fund	I	Accumulation	N/A	1.5%
	III	Accumulation	N/A	0.85%
First State Greater China Growth Fund	I	Accumulation	N/A	1.5%
	I (Distributing)	Distributing	Semi-Annually	1.5%
First State Hong Kong Growth Fund	I	Accumulation	N/A	1.5%
	III	Accumulation	N/A	0.3%

APPENDIX 2 – CHARACTERISTICS OF CLASSES OF SHARES BY FUND - Continued

Name of Funds	Class of Shares	Distributing Policy	Distribution Frequency	Investment Management fee per annum
First State Indian Subcontinent Fund	I	Accumulation	N/A	1.5%
	I (Distributing)	Distributing	Semi-Annually	1.5%
	II	Accumulation	N/A	1.5%
	III	Accumulation	N/A	0.3%
First State Singapore and Malaysia Growth Fund	I	Accumulation	N/A	1.5%
First State UK Growth Fund	I	Accumulation	N/A	1.5%
	III	Accumulation	N/A	0.3%
First State Asian Bond Fund	I (Distributing)	Distributing	Quarterly	1%
	III	Accumulation	N/A	0.3%
First State Asian Quality Bond Fund	I	Accumulation	N/A	1%
	III	Accumulation	N/A	0.3%
First State Global Bond Fund	I	Accumulation	N/A	1%
	III	Accumulation	N/A	0.3%
First State Global Emerging Markets Debt Fund	I	Accumulation	N/A	1%
	I (Distributing)	Distributing	Quarterly	1.25%
	III	Accumulation	N/A	0.3%
First State High Quality Bond Fund	I (Distributing)	Distributing	Semi-Annually	1%
	III	Accumulation	N/A	0.3%
First State Hong Kong Dollar Bond Fund	I (Distributing)	Distributing	Semi-Annually	1%
	III	Accumulation	N/A	0.3%
First State Long Term Bond Fund	I	Accumulation	N/A	1%
	III	Accumulation	N/A	0.3%

APPENDIX 3 – INVESTMENT RESTRICTIONS APPLICABLE TO THE FUNDS UNDER THE REGULATIONS

1 Permitted Investments

Investments of a UCITS are confined to:

- 1.1 Transferable securities and money market instruments which are either admitted to official listing on a stock exchange in a Member State or non-Member State or which are dealt on a market which is regulated, operates regularly, is recognised and open to the public in a Member State or non-Member State.
- 1.2 Recently issued transferable securities which will be admitted to official listing on a stock exchange or other market (as described above) within a year.
- 1.3 Money market instruments, as defined in the UCITS Notices, other than those dealt on a regulated market.
- 1.4 Units of UCITS.
- 1.5 Units of non-UCITS as set out in the Financial Regulator's guidance note 2/03
- 1.6 Deposits with credit institutions as prescribed in the UCITS Notices.
- 1.7 Financial derivative instruments as prescribed in the UCITS Notices.

2 Investment Restrictions

- 2.1 A UCITS may invest no more than 10 per cent of net assets in transferable securities and money market instruments other than those referred to in paragraph 1.
- 2.2 A UCITS may invest no more than 10 per cent of net assets in recently issued transferable securities which will be admitted to official listing on a stock exchange or other market (as described in paragraph 1.1) within a year. This restriction will not apply in relation to investment by the UCITS in certain US securities known as Rule 144A securities provided that:
 - the securities are issued with an undertaking to register with the US Securities and Exchanges Commission within one year of issue; and
 - the securities are not illiquid securities i.e. they may be realised by the UCITS within seven days at the price, or approximately at the price, at which they are valued by the UCITS.

**APPENDIX 3 – INVESTMENT RESTRICTIONS APPLICABLE TO
THE FUNDS UNDER THE REGULATIONS - Continued**

- 2.3 A UCITS may invest no more than 10 per cent of net assets in transferable securities or money market instruments issued by the same body provided that the total value of transferable securities and money market instruments held in the issuing bodies in each of which it invests more than 5 per cent is less than 40 per cent.
- 2.4 The limit of 10 per cent (in 2.3) is raised to 25 per cent in the case of bonds that are issued by a credit institution which has its registered office in a Member State and is subject by law to special public supervision designed to protect bond-holders. If a UCITS invests more than 5 per cent of its net assets in these bonds issued by one issuer, the total value of these investments may not exceed 80 per cent of the net asset value of the UCITS.
- 2.5 The limit of 10 per cent (in 2.3) is raised to 35 per cent if the transferable securities or money market instruments are issued or guaranteed by a Member State or its local authorities or by a non-Member State or public international body of which one or more Member States are members.
- 2.6 The transferable securities and money market instruments referred to in 2.4 and 2.5 shall not be taken into account for the purpose of applying the limit of 40 per cent referred to in 2.3.
- 2.7 A UCITS may not invest more than 20 per cent of net assets in deposits made with the same credit institution.

Deposits with any one credit institution, other than

- a credit institution authorised in the EEA (European Union Member States, Norway, Iceland, Liechtenstein);
- a credit institution authorised within a signatory state (other than an EEA Member State) to the Basle Capital Convergence Agreement of July 1988 (Switzerland, Canada, Japan, United States); or
- a credit institution authorised in Jersey, Guernsey, the Isle of Man, Australia or New Zealand

held as ancillary liquidity, must not exceed 10 per cent of net assets.

This limit may be raised to 20 per cent in the case of deposits made with the trustee/custodian.

**APPENDIX 3 – INVESTMENT RESTRICTIONS APPLICABLE TO
THE FUNDS UNDER THE REGULATIONS - Continued**

- 2.8 The risk exposure of a UCITS to a counterparty to an OTC derivative may not exceed 5 per cent of net assets.

This limit is raised to 10 per cent in the case of a credit institution authorised in the EEA; a credit institution authorised within a signatory state (other than an EEA Member State) to the Basle Capital Convergence Agreement of July 1988; or a credit institution authorised in Jersey, Guernsey, the Isle of Man, Australia or New Zealand

- 2.9 Notwithstanding paragraphs 2.3, 2.7 and 2.8 above, a combination of two or more of the following issued by, or made or undertaken with, the same body may not exceed 20 per cent of net assets:

- investments in transferable securities or money market instruments;
- deposits, and/or
- risk exposures arising from OTC derivatives transactions.

- 2.10 The limits referred to in 2.3, 2.4, 2.5, 2.7, 2.8 and 2.9 above may not be combined, so that exposure to a single body shall not exceed 35 per cent of net assets.

- 2.11 Group companies are regarded as a single issuer for the purposes of 2.3, 2.4, 2.5, 2.7, 2.8 and 2.9. However, a limit of 20 per cent of net assets may be applied to investment in transferable securities and money market instruments within the same group.

- 2.12 A UCITS may invest up to 100 per cent of net assets in different transferable securities and money market instruments issued or guaranteed by any Member State, its local authorities, non-Member States or public international body of which one or more Member States are members.

The individual issuers must be listed in the prospectus and may be drawn from the following list:

OECD Governments (provided the relevant issues are investment grade), European Investment Bank, European Bank for Reconstruction and Development, International Finance Corporation, International Monetary Fund, Euratom, The Asian Development Bank, European Central Bank, Council of Europe, Eurofima, African Development Bank, International Bank for Reconstruction and Development (The World Bank), The Inter American Development Bank, European Union, Federal National Mortgage Association (Fannie Mae), Federal Home Loan Mortgage Corporation (Freddie Mac), Government National Mortgage Association (Ginnie Mae), Student Loan Marketing Association (Sallie Mae), Federal Home Loan Bank, Federal Farm Credit Bank, Tennessee Valley Authority, Export-Import Bank.

APPENDIX 3 – INVESTMENT RESTRICTIONS APPLICABLE TO THE FUNDS UNDER THE REGULATIONS - Continued

The UCITS must hold securities from at least 6 different issues, with securities from any one issue not exceeding 30 per cent of net assets.

3 Investment in Collective Investment Schemes (“CIS”)

- 3.1 A UCITS may not invest more than 20 per cent of net assets in any one CIS.
- 3.2 Investment in non-UCITS may not, in aggregate, exceed 30 per cent of net assets.
- 3.3 The CIS are prohibited from investing more than 10 per cent of net assets in other CIS.
- 3.4 When a UCITS invests in the units of other CIS that are managed, directly or by delegation, by the UCITS management company or by any other company with which the UCITS management company is linked by common management or control, or by a substantial direct or indirect holding, that management company or other company may not charge subscription, conversion or redemption fees on account of the UCITS investment in the units of such other CIS.
- 3.5 Where a commission (including a rebated commission) is received by the UCITS manager/investment manager/investment adviser by virtue of an investment in the units of another CIS, this commission must be paid into the property of the UCITS.

4 Index Tracking UCITS

- 4.1 A UCITS may invest up to 20 per cent of net assets in shares and/or debt securities issued by the same body where the investment policy of the UCITS is to replicate an index which satisfies the criteria set out in the UCITS Notices and is recognised by the Financial Regulator.
- 4.2 The limit in 4.1 may be raised to 35 per cent, and applied to a single issuer, where this is justified by exceptional market conditions.

5 General Provisions

- 5.1 An investment company, or management company acting in connection with all of the CIS it manages, may not acquire any shares carrying voting rights which would enable it to exercise significant influence over the management of an issuing body.
- 5.2 A UCITS may acquire no more than:
 - (i) 10 per cent of the non-voting shares of any single issuing body;
 - (ii) 10 per cent of the debt securities of any single issuing body;

**APPENDIX 3 – INVESTMENT RESTRICTIONS APPLICABLE TO
THE FUNDS UNDER THE REGULATIONS - Continued**

- (iii) 25 per cent of the units of any single CIS;
- (iv) 10 per cent of the money market instruments of any single issuing body.

NOTE: The limits laid down in (ii), (iii) and (iv) above may be disregarded at the time of acquisition if at that time the gross amount of the debt securities or of the money market instruments, or the net amount of the securities in issue cannot be calculated.

5.3 5.1 and 5.2 shall not be applicable to:

- (i) transferable securities and money market instruments issued or guaranteed by a Member State or its local authorities;
- (ii) transferable securities and money market instruments issued or guaranteed by a non-Member State;
- (iii) transferable securities and money market instruments issued by public international bodies of which one or more Member States are members;
- (iv) shares held by a UCITS in the capital of a company incorporated in a non-member State which invests its assets mainly in the securities of issuing bodies having their registered offices in that State, where under the legislation of that State such a holding represents the only way in which the UCITS can invest in the securities of issuing bodies of that State. This waiver is applicable only if in its investment policies the company from the non-Member State complies with the limits laid down in 2.3 to 2.11, 3.1, 3.2, 5.1, 5.2, 5.4, 5.5 and 5.6, and provided that where these limits are exceeded, paragraphs 5.5 and 5.6 below are observed.
- (v) Shares held by an investment company or investment companies in the capital of subsidiary companies carrying on only the business of management, advice or marketing in the country where the subsidiary is located, in regard to the repurchase of units at unit-holders' request exclusively on their behalf.

5.4 UCITS need not comply with the investment restrictions herein when exercising subscription rights attaching to transferable securities or money market instruments which form part of their assets.

5.5 The Financial Regulator may allow recently authorised UCITS to derogate from the provisions of 2.3 to 2.12, 3.1, 3.2, 4.1 and 4.2 for six months following the date of their authorisation, provided they observe the principle of risk spreading.

**APPENDIX 3 – INVESTMENT RESTRICTIONS APPLICABLE TO
THE FUNDS UNDER THE REGULATIONS - Continued**

- 5.6 If the limits laid down herein are exceeded for reasons beyond the control of a UCITS, or as a result of the exercise of subscription rights, the UCITS must adopt as a priority objective for its sales transactions the remedying of that situation, taking due account of the interests of its unitholders.
- 5.7 Neither an investment company, nor a management company or a trustee acting on behalf of a unit trust or a management company of a common contractual fund, may carry out uncovered sales of:
- transferable securities;
 - money market instruments;
 - units of CIS; or
 - financial derivative instruments.
- 5.8 A UCITS may hold ancillary liquid assets.

APPENDIX 4 – INVESTMENT TECHNIQUES AND INSTRUMENTS

PERMITTED FINANCIAL DERIVATIVE INSTRUMENTS (“FDI”)

1. A Fund may invest in FDI provided that:
 - (i) the relevant reference items or indices consist of one or more of the following: transferable securities, money market instruments, collective investment schemes, deposits, financial indices, interest rates, foreign exchange rates or currencies; and
 - (ii) the FDI do not expose the Fund to risks which it could not otherwise assume (e.g. gain exposure to an instrument/issuer/currency to which the Fund cannot have a direct exposure); and
 - (iii) the FDI do not cause the Fund to diverge from its investment objectives.
2. FDI must be dealt in on a Regulated Market.
3. Notwithstanding paragraph 2, a Fund may invest in FDI dealt in over-the-counter (“OTC derivatives”) provided that:
 - (i) the counterparty is a credit institution listed in sub-paragraphs 7(i) and (ii) of the Financial Regulator Notice UCITS 9 or an investment firm, authorised in accordance with the Investment Services Directive, in an EEA Member State;
 - (ii) in the case of a counterparty which is not a credit institution, the counterparty has a minimum credit rating of A2 or equivalent, or is deemed by the Fund to have an implied rating of A2. Alternatively, an unrated counterparty will be acceptable where the Fund is indemnified against losses suffered as a result of a failure by the counterparty, by an entity which has and maintains a rating of A2;
 - (iii) risk exposure to the counterparty does not exceed the limits set out in paragraph 13 of the Financial Regulator Notice UCITS 9;
 - (iv) the Fund is satisfied that the counterparty will value the transaction at least daily and will close out the transaction at any time at the request of the Fund at fair value; and
 - (v) the Fund has systems in place to ensure that valuations of OTC derivatives are reliable. The valuation provided by the counterparty must be verified independently at least weekly.
4. Risk exposure to an OTC derivative counterparty may be reduced where the counterparty will provide the Fund with collateral and:
 - (i) the collateral falls within the categories of permitted collateral set out in paragraph 2(i), (ii) and (iv) of the Financial Regulator Notice UCITS 12;

APPENDIX 4 – INVESTMENT TECHNIQUES AND INSTRUMENTS - Continued

- (ii) collateral is:
 - marked to market daily;
 - transferred to the trustee, or its agent; and
 - immediately available to the Fund, without recourse to the counterparty, in the event of a default by that entity.
- (iii) In the case of non-cash collateral, the collateral:
 - cannot be sold or pledged;
 - has a minimum credit rating of A or equivalent;
 - is held at the credit risk of the counterparty; and
 - is issued by an entity independent of the counterparty.
- (iv) In the case of cash collateral, the collateral may not be invested other than in the following:
 - deposits with relevant institutions, which are capable of being withdrawn within 5 working days;
 - government or other public securities which have a minimum credit rating of A or equivalent;
 - certificates of deposits issued by relevant institutions which have a minimum credit rating of A or equivalent;
 - repurchase agreements, in accordance with the provisions of the Financial Regulator Notice UCITS 12, provided the collateral received under the agreements meets with the requirements of this paragraph; and/or
 - daily dealing money market funds which have a minimum credit rating of AAA or equivalent. If investment is made in a linked fund, as described in paragraph 5 of the Financial Regulator Notice UCITS 9, no subscription, conversion or redemption charge can be made by the underlying money market fund.

APPENDIX 4 – INVESTMENT TECHNIQUES AND INSTRUMENTS - Continued

Invested cash collateral which is held at the credit risk of the Fund, other than cash collateral invested in government or other public securities or money market funds, must be diversified so that no more than 20 per cent. of the collateral is invested in the securities of, or placed on deposit with one institution.

Invested cash collateral may not be placed on deposit with, or invested in securities issued by the counterparty or a related entity.

5. Position exposure to the underlying assets of FDI, including embedded FDI in transferable securities or money market instruments, when combined where relevant with positions resulting from direct investments, may not exceed the investment limits set out in Schedule III. This provision does not apply in the case of index based FDI provided the underlying index is one which meets with the criteria set out in Regulation 49A of the Regulations.

Cover requirements

6. A Fund must ensure that its global exposure relating to FDI does not exceed its total Net Asset Value. Global exposure is calculated taking into account the current value of the underlying assets, the counterparty risk, future market movements and the time available to liquidate the positions. A Fund may not therefore be leveraged in excess of 100 per cent. of its Net Asset Value.
7. A transaction in FDI which gives rise, or may give rise, to a future commitment on behalf of a Fund must be covered as follows:–
 - (i) in the case of FDI which require physical delivery of the underlying asset, the asset must be held at all times by a Fund. Alternatively a Fund may cover the exposure with sufficient liquid assets where:
 - the underlying assets consist of highly liquid fixed income securities; and/or
 - the Fund considers that the exposure can be adequately covered without the need to hold the underlying assets, the specific FDI are addressed in the risk management process, which is described below, and details are provided in the Prospectus.
 - (ii) in the case of FDI which automatically, or at the discretion of the Fund, are cash settled, a Fund must hold, at all times, liquid assets which are sufficient to cover the exposure.

Risk management

8. (i) A Fund must employ a risk management process to monitor, measure and manage the risks attached to FDI positions.

APPENDIX 4 – INVESTMENT TECHNIQUES AND INSTRUMENTS - Continued

- (ii) A Fund must provide the Financial Regulator with details of its proposed FDI activity and risk assessment methodology. The initial filing is required to include information in relation to:
 - Permitted types of FDI, including embedded derivatives in transferable securities and money market instruments;
 - Details of the underlying risks;
 - Relevant quantitative limits and how these will be monitored and enforced;
 - Methods for estimating risks.
 - (iii) Material amendments to the initial filing must be notified to the Financial Regulator in advance. the Financial Regulator may object to the amendments notified to it and amendments and/or associated activities objected to by the Financial Regulator may not be made.
9. A Fund must submit a report to the Financial Regulator on its FDI positions on an annual basis. The report, which must include information under the different categories identified in paragraph 8(ii) above, must be submitted with the annual report of the Company. A Fund must, at the request of the Financial Regulator, provide this report at any time.

Repurchase Agreements, Reverse Repurchase Agreements and Stocklending Agreements

- (i) Repurchase/reverse repurchase agreements (“repo contracts”) and stocklending agreements may only be effected in accordance with normal market practice.
- (ii) Collateral obtained under a repo contract or stocklending agreement must be in the form of one of the following:–
 - (a) cash;
 - (b) government or other public securities;
 - (c) certificates of deposit issued by Relevant Institutions;
 - (d) bonds/commercial paper issued by Relevant Institutions;
 - (e) letters of credit with a residual maturity of three months or less, which are unconditional and irrevocable and which are issued by Relevant Institutions;

APPENDIX 4 – INVESTMENT TECHNIQUES AND INSTRUMENTS - Continued

- (f) deliveries by value (“DBVs”) within the CREST clearing system, or comparable Central Securities Depositories Systems instruments, provided that:–
 - they are subject to a concentration limit;
 - the subject securities fall into one of the categories listed under (b) to (e) above, or the securities are a constituent part of a recognised index such as the FTSE 100; and
 - the subject securities are consistent with the investment objectives and policies of the Fund.
- (iii) Until the expiry of the repo contract or stocklending transaction, collateral obtained under such contracts or transactions:–
 - (a) must equal or exceed, in value, at all times the value of the amount invested or securities loaned;
 - (b) must be transferred to the custodian, or its agent;
 - (c) must be marked to market daily; and
 - (d) must be immediately available to the Fund, without recourse to the counterparty, in the event of a default by that entity.
- (iv) Non-cash collateral:–
 - (a) cannot be sold or pledged;
 - (b) must be marked to market daily;
 - (c) must be issued by an entity independent of the counterparty; and
- (v) Cash collateral:–

Cash may not be invested other than in the following:

 - (a) deposits, with relevant institutions which are capable of being withdrawn within 5 working days, or such shorter time as may be dictated by the repo contract or stocklending agreement;
 - (b) government or other public securities;
 - (c) certificates of deposit as set out in paragraph (ii) (c) above;

APPENDIX 4 – INVESTMENT TECHNIQUES AND INSTRUMENTS - Continued

- (d) letters of credit as set out in paragraph (ii) (e) above;
- (e) repurchase agreements, subject to the provisions herein;
- (f) daily dealing money market funds which have and maintain a rating of Aaa or equivalent. If investment is made in a linked fund, as described in paragraph 5, UCITS Notice 9 issued by the Financial Regulator no subscription or redemption charge can be made by the underlying money market fund.

Invested cash collateral held at the credit risk of the UCITS, other than cash collateral invested in government or other public securities or money market funds, must be diversified so that no more than 20 per cent of the collateral is invested in the securities of, or placed on deposit with, one institution.

Invested cash collateral may not be placed on deposit with, or invested in securities issued by the counterparty or a related entity.

- (vi) Notwithstanding the provisions of paragraph (iii) above, a Fund may enter into stocklending programmes organised by generally recognised Central Securities Depositories Systems provided that the programme is subject to a guarantee from the system operator.
- (vii) The counterparty to a repo contract or stocklending agreement must have a minimum credit rating of A2 or equivalent, or must be deemed by the Fund to have an implied rating of A2. Alternatively, an unrated counterparty will be acceptable where the Fund is indemnified against losses suffered as a result of a failure by the counterparty, by an entity which has and maintains a rating of A2.
- (viii) The Fund must have the right to terminate the stocklending agreement at any time and demand the return of any or all of the securities loaned. The agreement must provide that, once such notice is given, the borrower is obligated to redeliver the securities within 5 Business Days or other period as normal market practice dictates.
- (ix) Repo contracts or stocklending agreements do not constitute borrowing or lending for the purposes of Regulation 70 and Regulation 71 of the Regulations respectively.

APPENDIX 5 – REGULATED MARKETS

With the exception of permitted investments in unlisted securities or in units of open-ended collective investment schemes, investment will be restricted to those stock exchanges and markets listed in the Prospectus. The Regulated Markets shall comprise any of the following:–

- (a) any stock exchange located in any of the following countries:– a member state of the EU, Australia, Canada, Japan, Hong Kong, New Zealand, Norway, Switzerland, United States of America; or
- (b) the Korea Exchange, the Stock Exchange of Singapore Dealing and Automated Quotation System (SESDAQ) and the Singapore Exchange (SGX); or
- (c) any stock exchange included in the following list:

Argentina	the stock exchanges in Buenos Aires, Cordoba, Mendoza, Rosario and La Plata;
Bahrain	the stock exchange in Manama;
Bangladesh	the stock exchange in Dhaka;
Botswana	the stock exchange in Serowe;
Brazil	the stock exchanges in Sao Paulo, Brasilia, Bahia-Sergipe – Alagoas, Extremo Sul Porto Alegre, Parana Curitiba, Regional Fortaleza, Santos, Pernambuco e Bahia Recife and Rio de Janeiro;
Chile	the stock exchange in Santiago;
China	the stock exchanges in Shanghai and Shenzhen;
Croatia	the stock exchange in Zagreb;
Egypt	the stock exchanges in Cairo and Alexandria;
Ghana	the stock exchange in Accra;
India	the stock exchanges in Bombay, Madras, Delhi, Ahmedabad, Bangalore, Cochin, Gauhati, Magadh, Pune, Hyderabad, Ludhiana, Uttar Pradesh and Calcutta;
Indonesia	the stock exchanges in Jakarta and Surabaya;
Israel	the stock exchange in Tel Aviv;
Jordan	the stock exchange in Amman;
Kenya	the stock exchange in Nairobi;

APPENDIX 5 – REGULATED MARKETS - Continued

Lebanon	the stock exchange in Lebanon;
Mauritius	Securities Exchange of Mauritius Ltd.;
Malaysia	the stock exchange in Kuala Lumpur;
Mexico	the stock exchange in Mexico City;
Morocco	the stock exchange in Casablanca;
Nigeria	the stock exchanges in Lagos, Kaduna and Port Harcourt;
Oman	the Muscat Securities Market in Oman;
Pakistan	the stock exchange in Karachi;
Peru	the stock exchange in Lima;
Philippines	the stock exchanges in Manila and Makati;
Russia	the Russian Trading System (comprising RTS I and RTS II), the Moscow Interbank Currency Exchange and the Regulation 46(1) Market;
South Africa	the stock exchange in Johannesburg;
Sri Lanka	the stock exchange in Colombo;
Taiwan	the stock exchange in Taipei;
Thailand	the stock exchange in Bangkok;
Tunisia	the stock exchange in Tunis;
Turkey	the stock exchange in Istanbul;
United Arab Emirates	the stock exchange in the United Arab Emirates;
Zambia	the Zambian stock exchange;
Zimbabwe	the stock exchange in Harare; (together, the “Emerging Markets”)

APPENDIX 5 – REGULATED MARKETS - Continued

- (d) any of the following:
 - (i) the market organised by the International Capital Market Association;
 - (ii) a market comprising dealers which are regulated by the Federal Reserve Bank of New York and the United States Securities and Exchange Commission;
 - (iii) a market comprising dealers which are regulated by the United States National Association of Securities Dealers and the United States Securities and Exchange Commission;
 - (iv) NASDAQ; and
 - (v) the Over-the-Counter market in Japan regulated by the Securities Dealers Association of Japan
- (e) In relation to any financial derivative instruments these will be traded on the following exchanges:–
 - (i) the market organised by the International Capital Market Association; the over-the-counter market in the U.S. conducted by primary and secondary dealers regulated by the Securities and Exchange Commission and by the National Association of Securities Dealers, Inc. and by banking institutions regulated by the U.S. Comptroller of the Currency, the Federal Reserve System or Federal Deposit Insurance Corporation; the market conducted by banks and other institutions regulated by the Financial Services Authority and subject to the Inter-Professional Conduct provisions of the FSA's Market Conduct Sourcebook and market in non-investment products which is subject to the guidance contained in the Non-Investment Products Code drawn up by the participants in the London market, including the Financial Services Authority and the Bank of England; the over-the-counter market in Japan regulated by the Securities Dealers Association of Japan; AIM – the Alternative Investment Market in the UK, regulated by the London Stock Exchange; the French Market for Titres de Creance Negotiable (over-the-counter market in negotiable debt instruments); the over-the-counter market in Canadian Government Bonds regulated by the Investment Dealers Association of Canada; and

APPENDIX 5 – REGULATED MARKETS - Continued

- (ii) American Stock Exchange,
Australian Stock Exchange,
Bolsa Mexicana de Valores,
Chicago Board of Trade,
Chicago Board Options Exchange,
Chicago Mercantile Exchange,
Copenhagen Stock Exchange (including FUTOP),
Eurex Deutschland,
Euronext Amsterdam,
OMX Exchange Helsinki,
Hong Kong Stock Exchange,
Kansas City Board of Trade,
Financial Futures and Options Exchange,
Euronext Paris,
MEFF Rent Fiji,
MEFF Renta Variable,
Montreal Stock Exchange,
New York Futures Exchange,
New York Mercantile Exchange,
New York Stock Exchange,
New Zealand Futures and Options Exchange,
OMLX The London Securities and Derivatives Exchange Ltd.,
OM Stockholm AB,
Osaka Securities Exchange,
Pacific Stock Exchange,
Philadelphia Board of Trade,
Philadelphia Stock Exchange,
Singapore Stock Exchange,
South Africa Futures Exchange (SAFEX),
Sydney Futures Exchange,
The National Association of Securities Dealers Automated Quotations System (NASDAQ);
Tokyo Stock Exchange;
TSX Group Exchange.

The markets and exchanges described above are set out herein in accordance with the requirements of the Financial Regulator which does not issue a list of approved exchanges and markets.

APPENDIX 6 – DEFINITIONS

“Asia”, “Asian”, “Asian Region” or “Asia Pacific”	means Australia, Bangladesh, China, Hong Kong, India, Indonesia, Japan, Malaysia, New Zealand, Pakistan, Philippines, Singapore, South Korea, Sri Lanka, Taiwan, Thailand and Vietnam;
“Administration Agreement”	means the agreement dated 30 June, 1999 between the Company and the Administrator as amended by a supplemental agreement dated 31 May 2007;
“Administrator”	means HSBC Securities Services (Ireland) Limited;
“ADR”	means American Depositary Receipts;
“Agribusiness”	<p>means companies involved in the production, processing, transporting, trading and marketing of soft commodities, as well as those that supply products and services (including seeds, fertilisers, crop nutrients, agricultural equipment and water) to the agricultural/forestry industry.</p> <p>Soft commodities include, amongst other things, coarse grains, soya beans, sugar, coffee, cocoa, palm oil, livestock, forestry, pulp and water.</p>
“Articles of Association”	means the Articles of Association of the Company;
“Anti-Dilution Levy”	<p>means a charge determined by the Investment Manager that is charged:–</p> <p>on a Dealing Day where there are net subscriptions into a Fund and which will be added to the Net Asset Value per Share and included in the subscription price. This charge reflects the costs incurred by a Fund in purchasing additional portfolio securities upon the subscription for Shares in a Fund; or</p> <p>on a Dealing Day where there are net redemptions from a Fund and which will be deducted from the Net Asset Value per Share and included in the redemption price. This charge reflects the costs incurred by a Fund in disposing of portfolio securities to meet the redemption requests.</p> <p>The charge shall not exceed in any event 0.5 per cent of the subscription or redemption monies, as the case may be, and in both cases the charge shall be paid into or retained by the Fund, as the case may be, in order to discharge the costs;</p>
“Bond Funds”	means First State Asian Bond Fund, First State Asian Quality Bond Fund, First State Global Bond Fund, First State Global Emerging Markets Debt Fund, First State High Quality Bond Fund, First State Hong Kong Dollar Bond Fund and First State Long Term Bond Fund and such other funds established by the Company from time to time for the purpose of investing primarily in fixed income securities;

APPENDIX 6 – DEFINITIONS - Continued

“Business Day”	means a day (excluding Saturday and Sunday) on which banks in Dublin are open for business or such other day or days as the Directors may, with the approval of the Custodian, determine;
“Citigroup US Government Bond Index”	means the Citigroup US Government Bond Index which is comprised of marketable US treasury notes and bonds with a final maturity date longer than 5 years;
“Citigroup World Government Bond Index “(“WGBI”)”	<p>means Citigroup’s market capitalization weighted index consisting of the government bond markets of the following countries:</p> <p>Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Italy, Japan, Netherlands, Spain, Sweden, Switzerland United Kingdom, United States;</p>
“Class”	means any class of Shares in the Company;
“Class Expenses”	means the expenses of registering a Class in any jurisdiction or with any stock exchange, regulated market or settlements system and such other expenses arising from such registration and such further expenses howsoever arising as may be disclosed in the Prospectus;
“Company”	means First State Global Umbrella Fund plc, an umbrella investment company with variable capital and with segregated liability between sub-funds, incorporated in Ireland pursuant to the Companies Acts, 1963 to 2006 and authorised by the Financial Regulator pursuant to the Regulations;
“Custodian”	means HSBC Institutional Trust Services (Ireland) Limited;
“Custodian Agreement”	means the agreement dated 30 June 1999 between the Company and the Custodian as amended by a supplemental agreement dated 31 May 2007;
“Dealing Day”	means any Business Day or Business Days as the Directors may from time to time determine, provided that there shall be one such Dealing Day per fortnight and provided further that unless otherwise determined and notified to the Financial Regulator and notified to Shareholders in advance, as and from the date of this Prospectus, every Business Day following the Initial Offer Period for each Fund shall be a Dealing Day;
“Directive”	means the Council Directive of 20 December, 1985 (85/611/EEC) on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities (UCITS) as amended by Council Directive of 22 March, 1988 (88/220/EEC) and Directive No. 95/26/EC of the Council and of the European Parliament of 29 June, 1995;

APPENDIX 6 – DEFINITIONS - Continued

“Directors”	means the directors of the Company for the time being and any duly constituted committee thereof;
“Distributor”	means First State Investments (UK) Limited and First State Investments (Singapore);
“Distribution Agreement”	means an agreement between the Company, the Investment Manager and a Distributor;
“EEA”	Austria, Belgium, Bulgaria, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Italy, Latvia, Lichtenstein, Lithuania, Luxemburg, Malta, Netherlands, Norway, Poland, Portugal, Romania, Slovakia, Slovenia, Sweden, Spain, United Kingdom;
“Emerging Markets”	means the stock exchanges set out under paragraph (c) in Appendix 5 ;
“Equities Funds”	means First State Asia Innovation and Technology Fund, First State Asia Pacific Leaders Fund, First State Asian Equity Plus Fund, First State Asian Growth Fund, First State Asian Property Securities Fund, First State China Focus Fund, First State China Growth Fund, First State Global 100 Fund, First State Global Agribusiness Fund, First State Global Listed Infrastructure Fund, First State Greater China Growth Fund, First State Global Emerging Markets Leaders Fund, First State Global Property Securities Fund, First State Global Resources Fund, First State Hong Kong Growth Fund, First State Indian Subcontinent Fund, First State Singapore and Malaysia Growth Fund, and First State UK Growth Fund and such other Funds established by the Company from time to time for the purpose of primarily investing in equities securities;
“Financial Regulator”	means the Irish Financial Services Regulatory Authority, or any successor regulatory authority thereto;
“Fund”	means any fund or funds from time to time established by the Company that is or are described in this Prospectus;
“GDRs”	means Global Depositary Receipts;
“Infrastructure”	means infrastructure and infrastructure-related securities, such as companies involved in the development of Infrastructure. The Infrastructure sector includes, but is not limited to, utilities (e.g. water and electricity), highways and railways, airports services, marine ports and services, and oil and gas storage and transportation;
“Initial Offer Period”	means in respect of any Class of Shares in any Fund that has not previously been issued such date on which initial subscriptions for Shares will be accepted as may be determined by the Company and notified in advance to the Financial Regulator and to investors;

APPENDIX 6 – DEFINITIONS - Continued

“Investment Manager”	means First State Investments (Hong Kong) Limited;
“Investment Management Agreement”	means the investment management agreement dated 02 June 1999 as amended by a supplemental agreement dated 31 May 2007 between the Company and the Investment Manager;
“Irish Resident”	means, any person resident or ordinarily resident in Ireland;
“JP Morgan Emerging Markets Bond Index Global Diversified”	means JP Morgan Emerging Markets Bond Index Global Diversified which tracks total returns for U.S. dollar-denominated debt instruments issued by emerging market sovereign and quasi-sovereign entities: Brady bonds, loans and Eurobonds. Countries covered are Algeria, Argentina, Brazil, Bulgaria, Chile, China, Colombia, Cote d’Ivoire, Croatia, Dominican Republic, Ecuador, Egypt, El Salvador, Hungary, Lebanon, Malaysia, Mexico, Morocco, Nigeria, Pakistan, Panama, Peru, the Philippines, Poland, Russia, South Africa, South Korea, Thailand, Tunisia, Turkey, Ukraine, Uruguay, and Venezuela;
“Lehman Brothers US Government/Corporate Bond Index”	Means Lehman Brothers Government/Corporate Bond Index, composed of all bonds that are investment grade (rated Baa3 or higher by Moody’s or BBB– or higher by S&P, if unrated by Moody’s). Issues must have at least one year to maturity. Total return comprises price appreciation/depreciation and income as a percentage of the original investment. Indexes are rebalanced monthly by market capitalization;
“Mainland China”	means the People’s Republic of China (“PRC”), excluding Hong Kong, Macau and Taiwan;
“Regulations”	means the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations, 2003, as amended or any amendment thereto for the time being in force and any rules from time to time adopted by the Financial Regulator pursuant thereto which rules are referred to as the Financial Regulator notices;
“Regulated Market”	means any stock exchange or regulated market in the European Union or a stock exchange or regulated market which is provided for in the Articles of Association details of which are set out in Appendix 5 ;
“REITs”	means Real Estate Investment Trusts;
“Relevant Institution”	means an EU credit institution, a bank authorised in a member state of the European Economic Area (“EEA”) (Norway, Iceland, Liechtenstein) or a bank authorised by a signatory other than an EU member state or a member state of the EEA, to the Basle Capital Convergence Agreement of July 1988 (Switzerland, Canada, Japan, United States of America);

APPENDIX 6 – DEFINITIONS - Continued

“Renminbi” or “RMB”	means the lawful currency of China;
“Share” or “Shares”	means a share or shares in the capital of the Company;
“Shareholder”	means a holder of Shares in the Company;
“Sub-Investment Manager”	means the person or persons from time to time appointed by the Investment Manager to manage the assets of a Fund;
“Sub-Investment Management Agreement”	means an agreement made between the Investment Manager and a Sub-Investment Manager;
“Subscriber Shares”	means the initial share capital of 30,000 shares of no par value which was originally subscribed for IR£30,000;
“Taxes Act”	means the Taxes Consolidation Act, 1997, as amended from time to time;
“UCITS”	means an undertaking for collective investment in transferable securities established pursuant to the Regulations;
“U.K.”	means The United Kingdom of Great Britain and Northern Ireland;
“U.S.”	means the United States of America (including the States and the District of Columbia), its territories, possessions and all other areas subject to its jurisdiction;
“U.S. Dollars” or “US\$”	means the lawful currency of the U.S.; and
“U.S. Person”	means, unless otherwise determined by the Directors, (i) a citizen or resident of the U.S.; (ii) a corporation, partnership, or other entity organised in or under the laws of the U.S. or any state; (iii) an estate or trust the executor, administrator or trustee of which is a U.S. person as defined above, the income or beneficiaries of which are subject to U.S. federal income tax; and (iv) certain accounts held by a dealer or other fiduciary where the person exercising discretion over the account is a U.S. Person. U.S. Person shall not include corporations, partnerships or other entities which are organised or incorporated under the laws of any non U.S. jurisdiction that are controlled, directly or indirectly, by a U.S. Person as described above, unless such corporation, partnership or other entity was formed by such U.S. Person principally for the purpose of investing in securities not registered under the U.S. Securities Act of 1933.