

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. IT CONTAINS PROPOSALS RELATING TO THE RECONSTRUCTION AND VOLUNTARY WINDING-UP OF ABRDN CHINA INVESTMENT COMPANY LIMITED ON WHICH SHAREHOLDERS ARE BEING ASKED TO VOTE. IF YOU ARE IN ANY DOUBT ABOUT THE ACTION YOU SHOULD TAKE, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER FINANCIAL ADVISER AUTHORISED UNDER THE FINANCIAL SERVICES AND MARKETS ACT 2000 WITHOUT DELAY.

If you have sold or otherwise transferred all your shares in abrdn China Investment Company Limited (the “**Company**” or “**ACIC**”), please send this Circular together with the accompanying documents (but not the accompanying personalised Forms of Proxy or Form of Election) as soon as possible to the purchaser or transferee, or to the stockbroker, bank or other agent through whom the sale or transfer was effected, for onward transmission to the purchaser or transferee. However, the prospectus (the “**FCSS Prospectus**”) published by Fidelity China Special Situations PLC (“**FCSS**”) should not be forwarded to or transmitted in or into the United States, Australia, Canada, Japan, New Zealand, the Republic of South Africa or any EEA State or into any other jurisdictions if to do so would constitute a violation of the relevant laws and regulations in such other jurisdictions. Shareholders who are resident in, or citizens of, territories outside the United Kingdom should read the section headed “*Overseas Shareholders*” in Part 3 of this Circular.

The New FCSS Shares (as defined below) have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the “**US Securities Act**”), or the securities laws of any state or other jurisdiction of the United States, and the New FCSS Shares may not be offered, sold, pledged, delivered, assigned or otherwise transferred, directly or indirectly, into or within the United States, or to or for the benefit of any “U.S. persons” as defined in Regulation S under the US Securities Act (“**US Persons**”) except pursuant to an exemption from the registration requirements of the US Securities Act and in compliance with any applicable securities laws of any state or other jurisdiction of the United States. Additionally, FCSS is not, and does not intend to be, registered as an investment company under the U.S. Investment Company Act of 1940, as amended (the “**US Investment Company Act**”), and Shareholders are not, and will not be, entitled to the benefits of the US Investment Company Act. No issuance, offer, purchase, sale or transfer of New FCSS Shares may be made except in a manner that would not require FCSS to register under the US Investment Company Act. In connection with the Scheme, US Persons that are existing holders of shares in the Company (“**US Shareholders**”) are requested to execute a US investor representation letter (the “**US Investor Representation Letter**”), which can be requested from Link Group (the “**Receiving Agent**”) and return it to FCSS and the Receiving Agent in accordance with the instructions printed thereon. There has not been and there will not be any public offer of the New FCSS Shares in the United States.

The New FCSS Shares are being offered or sold only: (i) outside the United States in “offshore transactions” to non-US Persons pursuant to Regulation S under the US Securities Act, and (ii) to persons that are both “qualified institutional buyers”, or “**QIBs**”, as defined in Rule 144A under the US Securities Act, and “qualified purchasers” as defined in the US Investment Company Act (“**Qualified Purchasers**”), pursuant to an exemption from the registration requirements of the US Securities Act, and that, in the case of (ii), have executed the US Investor Representation Letter, which can be requested from the Receiving Agent, and returned the completed US Investor Representation Letter to FCSS and the Receiving Agent in accordance with the instructions printed thereon.

The definitions used in this document are set out on pages 47 to 55 of this document.

ABRDN CHINA INVESTMENT COMPANY LIMITED

(Incorporated in Guernsey with registered number 50900)

Recommended proposals for the reconstruction and voluntary winding-up of the Company and combination with Fidelity China Special Situations PLC and notices of General Meetings

This document should be read in conjunction with the FCSS Prospectus expected to be published by FCSS on or around the date of this document. The proposals described in this document are conditional on, amongst other things, Shareholder approval. Your attention is drawn to pages 43 to 45 of this document which summarise the risk factors associated with the proposals. Your attention is further drawn to the letter from the Chair of the Company set out in Part 1 of this document which contains, among other things, the recommendation of the Directors that Shareholders vote in favour of the Resolutions to be proposed at the meetings referred to below. However, this document should be read in its entirety before deciding what action you should take.

Notices of: (i) a general meeting of the Company to be held on 11 March 2024 at 9.00 a.m. (the “**First General Meeting**”); and (ii) a general meeting of the Company to be held on 13 March 2024 at 9.00 a.m. (the “**Second General Meeting**” and together with the First General Meeting, the “**General Meetings**”) are set out at the end of this document. The General Meetings will be held at the offices of Herbert Smith Freehills LLP, Exchange House, Primrose Street, London EC2A 2EG.

All Shareholders are encouraged to vote in favour of the Resolutions to be proposed at the General Meetings and, if their Shares are not held directly, to arrange for their nominee to vote on their behalf. Forms of Proxy for use in conjunction with the General Meetings are enclosed with this Circular. To be valid for use at the General Meetings, the accompanying Forms of Proxy must be completed and returned in accordance with the instructions printed thereon to the Registrar, Link Group, at PXS 1, Central Square, 29 Wellington Street, Leeds, LS1 4DL as soon as possible, but in any event so as to be received no later than 48 hours (excluding non-working days) before the time of the relevant General Meeting.

As an alternative to completing and returning the printed Forms of Proxy, proxies may be appointed electronically via Link Group’s website www.signalshares.com. You will require your Investor Code (“IVC”) to do so if you have not previously registered for the Signal Shares shareholder portal. Your IVC can be found on your share certificate or proxy forms accompanying the circular and notice of meeting. You can also request this from the registrar, Link Group, by calling them at 0371 664 0321. Lines are open between 9.00 a.m. and 5.30 p.m., Monday to Friday excluding public holidays in England and Wales. Calls are charged at the standard geographic rate and will vary by provider; calls outside the United Kingdom will be charged at the applicable international rate.

Shareholders who hold their Shares in uncertificated form (i.e. in CREST) may vote using the CREST electronic voting service in accordance with the procedure set out in the CREST Manual (please also refer to the accompanying notes to the notices of the General Meetings set out at the end of this Circular). Proxies submitted via CREST for the General Meetings must be transmitted so as to be received by the Registrar as soon as possible and, in any event, by no later than 48 hours (excluding non-working days) before the time of the relevant General Meeting. If you are an institutional investor, you may also be able to appoint a proxy electronically via the Proxymity platform, a process which has been agreed by the Company and approved by the Registrar. For further information regarding Proxymity, please go to www.proxymity.io (please also refer to the accompanying notes to the notices of the General Meetings set out at the end of this Circular). Your proxy must be lodged by no later than 48 hours (excluding non-working days) before the time of the relevant General Meeting.

Shareholders who hold Shares in certificated form (i.e. not in CREST) will also find a personalised Form of Election enclosed with this Circular. Any such certificated Shareholders who wish to make an Election for the Cash Option in respect of all or part of their holding of Shares must complete the Form of Election in accordance with the instructions in the section entitled “*Elections*”, which can be found on pages 27 and 28 of this Circular and return the Form of Election to the Receiving Agent at Link Group, Central Square, 29 Wellington Street, Leeds LS1 4DL so as to arrive as soon as possible and in any event not later than 1.00 p.m. on 6 March 2024. Shareholders who hold their Shares in uncertificated form will not receive a Form of Election and, if they wish to make an Election for the Cash Option in respect of all or part of their holding of Shares, must submit a TTE Instruction in CREST in accordance with the instructions set out in the section entitled “*Elections*”, which can be found on pages 27 and 28 of this Circular.

Neither the US Securities and Exchange Commission (the “**SEC**”) nor any securities supervisory authority of any state or other jurisdiction in the United States has approved or disapproved the Scheme or reviewed it for its fairness, nor have the contents of this document or any other documentation relating to the Scheme been reviewed for accuracy, completeness or fairness by the SEC or any securities supervisory authority in the United States. Any representation to the contrary is a criminal offence in the United States.

Shore Capital and Corporate Limited and Shore Capital Stockbrokers Limited (together, “**Shore Capital**”), which are authorised and regulated in the United Kingdom by the Financial Conduct Authority, are acting for the Company and no one else in connection with the proposals and other matters referred to in this document and will not be responsible to anyone other than the Company for providing the protections afforded to clients of Shore Capital or for providing advice in relation to the proposals, the contents of this document and the accompanying documents, or any other matter referred to herein or therein. Neither Shore Capital nor any of their respective affiliates owes or accepts any duty, liability or responsibility whatsoever (whether direct or indirect, whether in contract, in tort, under statute or otherwise) to any person who is not a client of Shore Capital in connection with this document, any statement contained herein or otherwise.

It is important that you complete and return the Forms of Proxy, Form of Election and the US Investor Representation Letter (as applicable) as soon as possible. Your attention is drawn to the section entitled “**Action to be Taken**” on page 13 of this document.

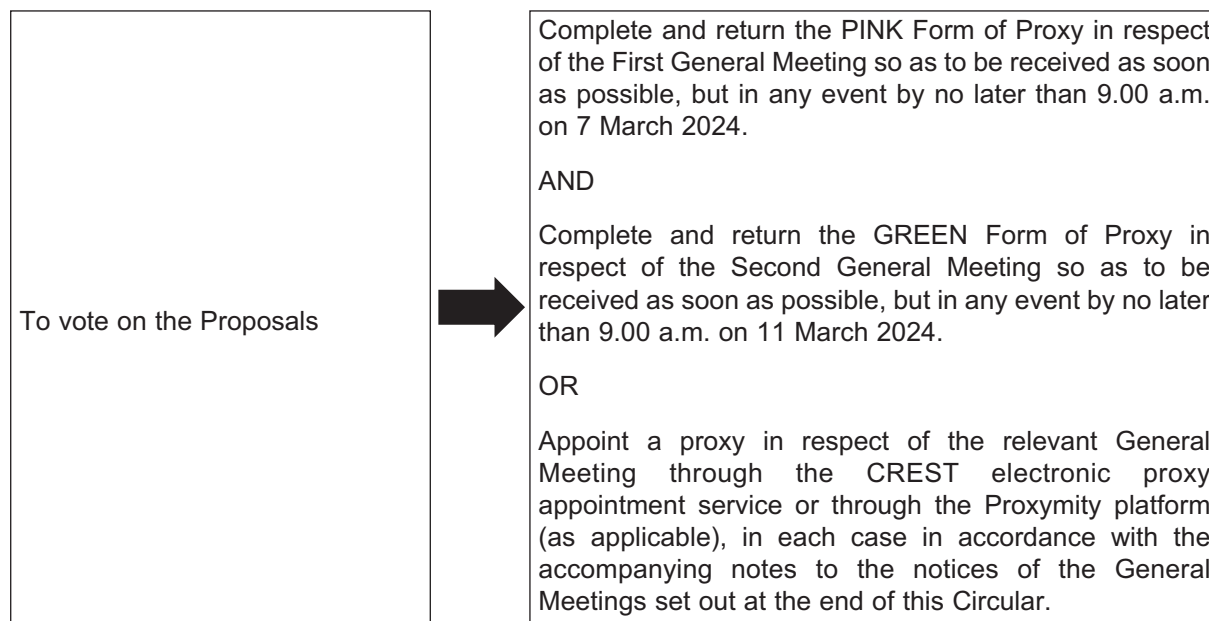
CONTENTS

	Page
ACTION TO BE TAKEN BY SHAREHOLDERS	4
EXPECTED TIMETABLE	6
PART 1 LETTER FROM THE CHAIR	7
PART 2 FIDELITY CHINA SPECIAL SITUATIONS PLC	16
PART 3 FURTHER DETAILS OF THE PROPOSALS	26
PART 4 THE SCHEME	34
PART 5 RISK FACTORS	43
PART 6 ADDITIONAL INFORMATION	46
DEFINITIONS	47
NOTICE OF FIRST GENERAL MEETING	56
NOTICE OF SECOND GENERAL MEETING	61

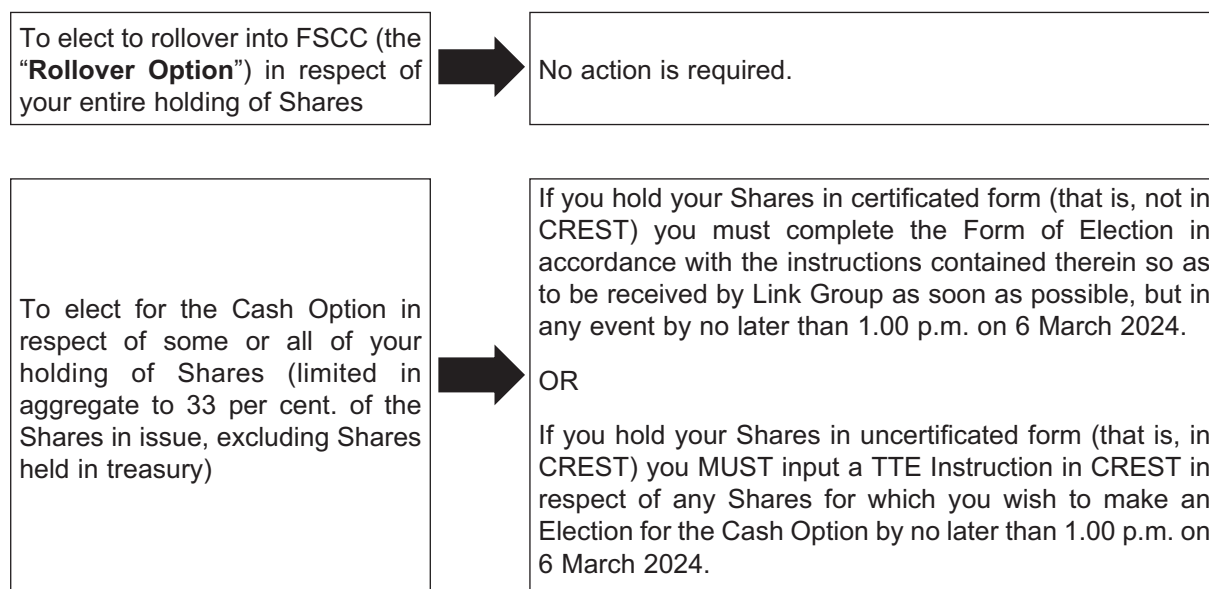
ACTION TO BE TAKEN BY SHAREHOLDERS

Full details of the action to be taken by Shareholders are set out in the section in Part 1 of this Circular entitled “*Action to be taken*”, which can be found on page 13 of this Circular, and in the instructions on the Forms of Proxy, the Forms of Election and the US Investor Representation Letter (as applicable). You should read this whole document before deciding what action to take. The attention of Overseas Shareholders is drawn to the section headed “*Overseas Shareholders*” in Part 3 of this Circular.

TO VOTE ON THE PROPOSALS



TO MAKE AN ELECTION



ADDITIONAL ACTION FOR US SHAREHOLDERS

Any US Shareholder (or any persons acting for the account or benefit of such US Shareholder) receiving this Circular is requested to execute the US Investor Representation Letter, which can be requested from the Receiving Agent, and return it to FCSS and the Receiving Agent in accordance with the instructions included thereon.

If a US Shareholder does not execute and return the US Investor Representation Letter, such US Shareholder will be deemed to be an Excluded Shareholder for the purposes of their eligibility to receive New FCSS Shares pursuant to the Scheme.

EXPECTED TIMETABLE

Publication date of FCSS Prospectus	16 February 2024
Latest time and date for receipt of Forms of Election and transfer to escrow (TTE) instructions	1.00 p.m. on 6 March 2024
Calculation Date	5.00 p.m. on 6 March 2024
Record Date for entitlements under the Scheme	6.00 p.m. on 6 March 2024
Shares disabled in CREST for settlement	6.00 p.m. on 6 March 2024
Suspension of trading of Shares on the London Stock Exchange	7.30 a.m. on 7 March 2024
Latest time and date for receipt of Forms of Proxy, CREST voting instructions and proxy votes via Proxymity in respect of the First General Meeting	9.00 a.m. on 7 March 2024
Announcement of Elections	8 March 2024
Latest time and date for receipt of Forms of Proxy, CREST voting instructions and proxy votes via Proxymity in respect of the Second General Meeting	9.00 a.m. on 11 March 2024
First General Meeting	9.00 a.m. on 11 March 2024
Reclassification of the Shares	8.00 a.m. on 12 March 2024
Suspension of trading of Reclassified Shares on the London Stock Exchange and Company's Register closes	7.30 a.m. on 13 March 2024
Second General Meeting	9.00 a.m. on 13 March 2024
Appointment of the Liquidators	13 March 2024
Announcement of the Cash Pool FAV per Share, the Rollover FAV per Share and the FCSS FAV per Share	13 March 2024
Effective Date for implementation of the Scheme	13 March 2024
Admission and dealings in New FCSS Shares commence	8.00 a.m. on 14 March 2024
CREST accounts credited in respect of New FCSS Shares in uncertificated form	As soon as is reasonably practicable on 14 March 2024
Cheques despatched to Shareholders who elect for the Cash Option in accordance with their entitlements and CREST accounts credited with cash	no later than 27 March 2024
Share certificates in respect of New FCSS Shares despatched	no later than 27 March 2024
Cancellation of listing of Reclassified Shares	as soon as practicable after the Effective Date

Note: All references to time in this document are to UK time. Each of the times and dates in the above expected timetable (other than in relation to the General Meetings) may be extended or brought forward. If any of the above times and/or dates change, the revised time(s) and/or date(s) will be notified to Shareholders by an announcement through a Regulatory Information Service. Capitalised terms in the above expected timetable have the meanings ascribed to them in the section entitled "Definitions" on pages 47 to 55 of this Circular.

PART 1

LETTER FROM THE CHAIR

ABRDN CHINA INVESTMENT COMPANY LIMITED

(Incorporated in Guernsey with registered number 50900)

Directors

Helen Green (*Chair*)
Mark Bridgeman
Eleonore de Rochechouart
Anne Gilding
Sarah MacAulay

Registered Office

BNP Paribas House
St Julian's Avenue
St Peter Port
Guernsey GY1 1WA

16 February 2024

Recommended proposals for the reconstruction and voluntary winding-up of the Company and combination with Fidelity China Special Situations PLC and Notices of General Meetings

Dear Shareholder,

The Board announced on 28 November 2023 that it had agreed heads of terms for a combination of the assets of the Company with Fidelity China Special Situations PLC ("**FCSS**") by means of a Guernsey scheme of reconstruction and winding up of the Company (the "**Scheme**") and the associated transfer of part of the cash, assets and undertaking of the Company to FCSS in exchange for the issue of new ordinary shares in FCSS ("**New FCSS Shares**") (together the "**Proposals**").

FCSS is a London-listed, investment company with net assets of £969.5 million as at 14 February 2024. FCSS is the top performing as well as the largest and most liquid UK investment trust investing in China.

The Proposals comprise a members' voluntary liquidation and a scheme of reconstruction of the Company under which Eligible Shareholders will be entitled to elect, or will be deemed to elect, to receive in respect of some or all of their Shares:

- (a) New FCSS Shares (the "**Rollover Option**"); and/or
- (b) cash (subject to an overall limit of 33 per cent. of the Shares in issue, excluding Shares held in treasury) less the Cash Option Discount (the "**Cash Option**").

The Proposals are conditional, amongst other things, upon the approval of Shareholders at the General Meetings of the Company and the approval of FCSS Shareholders of the issue of the New FCSS Shares. Following implementation of the Proposals, the enlarged FCSS will continue to be managed, in accordance with its existing investment objective and policy, by FIL Investment Management (Hong Kong) Limited ("**FIL Hong Kong**") with Dale Nicholls continuing as the named portfolio manager.

Shareholders may make different Elections in respect of different parts of their holdings. Eligible Shareholders who make no Election (or no valid Election) will be deemed to have elected for the default option, being the Rollover Option, in respect of their entire holding of Shares. However, Overseas Shareholders should ensure they have read the section entitled "*Overseas Shareholders*" in Part 3 of this Circular. Further details of the options available to Shareholders may be found in the paragraph entitled "*Further details of the Scheme*" of this Part 1.

The choice between the options available under the Proposals will be a matter for each Shareholder to decide and will be influenced by their investment objectives and by their personal, financial and tax circumstances. Accordingly, Shareholders should, before making any Election, read carefully all the information in this Circular and in the FCSS Prospectus and take financial advice where required.

The purpose of this Circular is to explain the background to and rationale for the Proposals and the actions required to be taken in order for them to be implemented as well as to convene the General Meetings that are required to implement the Proposals, the notices of which are set out at the end of this Circular. Further details of the Resolutions to be proposed at the General Meetings are set out below. The expected timetable associated with the Proposals is provided on page 6 of this Circular.

The Board considers the Proposals to be in the best interests of Shareholders as a whole and recommends that Shareholders vote in favour of the Resolutions required to implement the Proposals at the General Meetings as they will be doing with their own beneficial holdings.

The Proposals

Background to and rationale for the Proposals

As set out in the 28 November 2023 announcement, the Board has been considering alternative avenues to address the concentration of the Company's share register, the consequent lack of liquidity and the persistent discount at which the Shares have traded. Despite the shift in investment mandate to direct investment into China as well as the merger with Aberdeen New Thai Investment Trust PLC in November 2021, the Company's share register continued to be excessively concentrated, with three Shareholders accounting for over 70 per cent. of the Company's issued share capital, and despite an active share buyback campaign, the discount at which the Company's shares trade remained disappointing.

The Board has consulted with the Company's major Shareholders and it has become clear that the consensus is for a combination with FCSS with the option of a partial cash exit at a small discount (2 per cent.) to the Residual NAV per Share.

Benefits of the Proposals

The Board notes a number of the attractions of a combination with FCSS:

Scale and enhanced profile: the enlarged FCSS is expected to have net assets of approximately £1.1 billion (based on valuations as at 14 February 2024 and assuming that the Cash Option is fully subscribed). As the flagship UK closed ended vehicle for investment in China and a constituent of the FTSE 250 Index, it is expected that the enlarged FCSS would benefit from an enhanced profile and marketability.

Shareholder register: the implementation of the Proposals would allow a number of Shareholders to consolidate their holdings across the Company and FCSS and create a more diversified shareholder base through a combination of the two share registers.

Lower ongoing charges: the enlarged FCSS is expected to benefit from a lower ongoing expense ratio, with FCSS's fixed costs being spread over a larger asset base.

Contribution to costs: FIL Hong Kong and FCSS's alternative investment fund manager, FIL Investment Services (UK) Limited ("**FISL**" and, together with FIL Hong Kong, "**Fidelity**"), have agreed to make a cost contribution in respect of the Proposals as further detailed below under the section entitled "*Costs of implementing the Scheme*".

Enhanced liquidity: the scale of the enlarged FCSS, as the largest and most liquid company in the AIC's China/Greater China sector, is expected to improve secondary market liquidity for Shareholders rolling over (including in relation to FCSS's share buyback policy).

Ability to remain invested in a tax efficient manner: Eligible Shareholders who, pursuant to the Scheme, are deemed to elect for the Rollover Option may do so without triggering a UK capital gains tax event.

Dividends

Neither the Company nor FCSS currently intends to declare a dividend prior to the Scheme becoming effective, provided that the Company will do so to preserve its status as an investment trust should the need arise. Any dividends declared prior to the Calculation Date but not paid to the respective company's shareholders nor included in the NAVs as at the Calculation Date will be reflected in the respective FAVs.

Management of the Company's portfolio prior to implementation of the Scheme

The Company's portfolio will be realigned in advance of the Effective Date to the extent necessary to ensure that the portfolio is, as far as reasonably practicable, suitable for transfer to FCSS and also to ensure that the Company has sufficient cash to meet the amounts expected to be due in respect of Elections for the Cash Option as well as meeting any remaining indebtedness and or liabilities. In order to allow the Manager to achieve this, and in light of the specific requirements of the Scheme, immediately ahead of the transfer the Company is likely to hold a smaller number of assets and hold a higher cash balance than it would customarily expect.

Illiquid Investment

The Company currently holds one investment that the Board expects to be illiquid (the "**Illiquid Investment**") with an aggregate fair value (as at 14 February 2024) of approximately £915,000. In the event that the Illiquid Investment is not sold prior to the Calculation Date, it will continue to be held for sale by the Company after the Effective Date as part of the Liquidation Pool. Any cash proceeds from such disposal will be returned in due course by the Liquidators to Shareholders on the register at the Record Date *pro rata* to the number of Shares held by them on such date. There is no certainty that the Liquidators will be able to sell the Illiquid Investment or as to the value that might be realised from such investment.

Continuation Vote

Subject to implementation of the Scheme, FCSS will also commit to holding a continuation vote in 2029 and every five years thereafter.

Costs of implementing the Scheme

Costs of the Company

Subject to the Fidelity Contribution as described below, the Company and FCSS have agreed to each bear their own costs in relation to the Proposals. The net costs of the Scheme payable by the Company are expected to be approximately £0.7 million (exclusive of VAT, where applicable). This figure takes into account the estimated value of the ACIC Fidelity Contribution, based on the Company's and FCSS's net asset values as at 14 February 2024, and assuming that the Cash Option is taken up in full. This estimate of costs excludes the Liquidators' retention to cover unknown or unascertained liabilities (estimated at £100,000), excludes the stamp taxes payable on the transfer of the Rollover Pool to FCSS, and does not take account of any dealing costs (including stamp taxes) which will be incurred by the Company in realising assets in order to meet Elections made and in realigning its portfolio prior to the Calculation Date so as to result in the portfolio containing assets that are suitable for transfer to FCSS.

In the event that FCSS or the Shareholders resolve not to proceed to implement the Scheme or the Directors decide not to implement the Scheme on the terms described in this Circular, then each party will bear its own abort costs.

For the avoidance of doubt, if the Scheme is not implemented the stamp taxes that would have been payable by the Company on the transfer of the Rollover Pool to FCSS will not be payable, but dealing costs (including stamp taxes) (if any) may still have been incurred by the Company in disposing of assets in order to meet Elections made and in realigning the Company's portfolio in respect of the Rollover Pool to be established pursuant to the Scheme.

The Liquidators' retention is estimated at £100,000 and will be retained by the Liquidators to meet any unknown or unascertained liabilities of the Company. This retention is in addition to any provisions made in the calculation of the Liquidation Pool in respect of known and ascertained liabilities, including the Illiquid Investment which will be allocated to the Liquidation Pool. To the extent that any funds, including as a result of the realisation of the Illiquid Investment, remain at the conclusion of the liquidation, these will be returned to Shareholders on the register at the Record Date. If, however, any such amount payable to any Shareholder is less than £5.00, it shall not be paid to the Shareholders but instead shall be paid by the Liquidators to the Nominated Charity.

The Fidelity Contribution

Subject to the Scheme being implemented, FISL has undertaken to make a material contribution towards the costs of the Scheme and the Issue (the “**Fidelity Contribution**”) pursuant to the cost contribution agreement dated 16 February 2024 and made between FISL, FCSS and the Company (the “**Cost Contribution Agreement**”). Under the terms of the Cost Contribution Agreement, the Fidelity Contribution will constitute a contribution of £500,000 plus an amount equal to eight months of management fees that would otherwise be payable by the enlarged FCSS to Fidelity under the FCSS Investment Management Agreement and the FCSS AIFM Agreement in respect of the assets comprising the Rollover FAV to be transferred from ACIC to FCSS pursuant to the Scheme.⁽¹⁾

The Fidelity Contribution will first be applied to meet any and all costs incurred by FCSS in respect of the Scheme and the Issue up to a maximum of £1 million (the “**FCSS Fidelity Contribution**”), and any balance of the Fidelity Contribution will be allocated to meet any and all costs incurred by the Company in respect of the Scheme (the “**ACIC Fidelity Contribution**”). The value of the Fidelity Contribution will be agreed between the Company, FCSS and Fidelity as at the Calculation Date, with the benefit of the FCSS Fidelity Contribution to be reflected in the calculation of the FCSS FAV and the benefit of any ACIC Fidelity Contribution to be reflected in the calculation of the Rollover FAV.

The FCSS Fidelity Contribution will be settled (subject to the maximum amount of £1 million) by: (i) FISL paying invoices in respect of FCSS's costs in connection with the Scheme and the Issue as they become payable on or after the Effective Date; and (ii) to the extent that any such costs have already been paid by FCSS, by way of a cash payment from FISL to FCSS, such amount to be settled in full on the Effective Date.

The ACIC Fidelity Contribution will be settled by way of a cash payment by FISL to the enlarged FCSS of an amount equal to the value of the ACIC Fidelity Contribution, such amount to be settled in full on the Effective Date.

Fidelity has further agreed, subject to implementation of the Scheme, to reduce the annual base management fee payable by FCSS pursuant to the FCSS Investment Management Agreement and the FCSS AIFM Agreement in respect of any of FCSS's net assets in excess of £1.5 billion from 0.70 per cent. to 0.65 per cent. Although it is not anticipated that this threshold will be reached immediately as a result of the Scheme, the FCSS Board expects that this reduction in the management fee will lower the ongoing costs of FCSS as it grows over the longer term.

Further details of the Scheme

Entitlements under the Scheme

Under the Scheme, Eligible Shareholders on the Register on the Record Date will be deemed to have elected to receive such number of New FCSS Shares as have a value (at the FCSS FAV per Share) equal to the proportion of the Rollover Pool attributable to the number of Shares held by Eligible Shareholders that are deemed to have been so elected (being the Rollover Option), save to the extent that such Eligible Shareholder elects, subject to an overall cap on such Elections of 33 per cent. of the Shares in issue (in aggregate and excluding Shares held in treasury), to receive an amount of cash equal to the Cash Pool FAV per Share multiplied by the number of Shares so elected (being the Cash Option). Eligible Shareholders may make different Elections in respect of different parts of their holdings.

Unless otherwise expressly agreed with the Company, any Shareholder who votes on the Proposals and any Shareholder who makes an Election will be deemed to make the representations, warranties, undertakings, agreements and acknowledgements set out in the Forms of Proxy and Form of Election, including that they are either: (i) located outside the United States and not a US Person; or (ii) a QIB and a Qualified Purchaser. In addition, until 40 days after the implementation of the Scheme, an offer, sale or transfer of New FCSS Shares within the United States by a dealer (whether or not participating in the Scheme) may violate the registration requirements of the US Securities Act.

The default option under the Scheme is to receive New FCSS Shares, meaning that Eligible Shareholders who, in respect of all or part of their holding of Shares, do not make a valid Election, will be deemed to have elected for New FCSS Shares in respect of such holding. If you wish to receive New FCSS Shares in respect of all of your Shares, there is no need to complete and return a Form of

⁽¹⁾ Calculated as 0.85 per cent. multiplied by 8/12 multiplied by the Rollover FAV.

Election (which you will receive if you hold your Shares in certificated form) or to submit a TTE Instruction (if you hold your Shares in uncertificated form in CREST).

If you wish to receive cash in respect of all or part of your holding of Shares (subject to the potential scaling back of Elections for the Cash Option), you must either complete and return a Form of Election (for certificated Shareholders only) or submit a TTE Instruction (for CREST Shareholders only) (depending on how your Shares are held) in respect of the number of Shares for which you wish to make an Election for the Cash Option. You will be deemed to have elected to receive New FCSS Shares in respect of the remainder of your holding, as well as in respect of any scaled back Elections for the Cash Option.

Excluded Shareholders (including Overseas Shareholders) will be deemed to have elected for their Basic Entitlement in respect of the Cash Option and to receive New FCSS Shares for the remainder of their Shares. Such New FCSS Shares will be issued to the Liquidators as nominees for the relevant Excluded Shareholder and sold by the Liquidators as nominees in the market for the relevant Excluded Shareholder (which shall be done by the Liquidators without regard to the personal circumstances of the relevant Excluded Shareholder and the value of the Shares held by the relevant Excluded Shareholder) and the net proceeds of such sale (after deduction of any costs incurred in effecting such sale) will be paid: (i) to the relevant Overseas Shareholder entitled to them as soon as reasonably practicable, save that entitlements of less than £5.00 per Overseas Shareholder will be paid by the Liquidators to the Nominated Charity; or (ii) in respect of Sanctions Restricted Persons, at the sole and absolute discretion of the Liquidators and will be subject to applicable laws and regulations.

After allocating cash, the Illiquid Investment and other assets to the Liquidation Pool to meet all known and unknown or unascertained liabilities of the Company and other contingencies, there shall be appropriated to the Cash Pool and the Rollover Pool the remaining assets of the Company in the manner described in paragraph 3.2 in Part 4 of this Circular. Such appropriation includes the application of a discount of 2 per cent. to the Residual NAV per Share in relation to those Shares in respect of which Shareholders have elected to receive cash (the "**Cash Option Discount**"). The value arising from the application of the Cash Option Discount shall be allocated to the Rollover Pool for the benefit of Shareholders deemed to have elected for the Rollover Option.

The issue of New FCSS Shares under the Rollover Option will be effected on a FAV for FAV basis based on valuations as at the Calculation Date as described in detail in Part 4 of this Circular. The Calculation Date for determining the value of the Rollover Pool is expected to be 5.00 p.m. on 6 March 2024. The Record Date for the basis of determining Shareholders' entitlements under the Scheme is 6.00 p.m. on 6 March 2024.

Illustrative entitlements

For illustrative purposes only, had the Calculation Date been 5.00 p.m. on 14 February 2024 (being the latest practicable date prior to the publication of this Circular) and assuming the maximum amount is elected, or deemed to be elected, for the Cash Option, the Cash Pool FAV per Share would have been 423.73 pence and the Rollover FAV per Share would have been 438.02 pence.

The FCSS FAV per Share would have been 206.39 pence which, for the Rollover Option, would have produced a conversion ratio of 2.122289 and, in aggregate, 60,648,754 New FCSS Shares would have been issued to Shareholders under the Scheme, representing approximately 11.43 per cent. of the issued ordinary share capital of the enlarged FCSS immediately following the completion of the Scheme.

Scaling back of Elections for the Cash Option

The maximum aggregate number of Shares that can be elected for the Cash Option is 33 per cent. of the total number of Shares in issue (excluding Shares held in treasury). Eligible Shareholders are entitled to elect for the Cash Option in respect of 33 per cent. of their individual holdings of Shares (the "**Basic Entitlement**") but may also elect for the Cash Option in respect of a greater proportion of their individual holdings of Shares (such excess amount being an "**Excess Application**"). However, if aggregate Elections have been made for the Cash Option which exceed 33 per cent. of the issued Shares (excluding Shares held in treasury), Eligible Shareholders who have made an Election for the Cash Option in excess of their Basic Entitlement shall have their Excess Applications scaled back in a manner which is, as near as practicable, *pari passu* and *pro rata* among all Eligible Shareholders who have made such Excess Applications.

By no later than 27 March 2024, it is expected that Link Group on behalf of the Liquidators shall distribute to Shareholders who have elected for the Cash Option for all or part of their holding their Cash Entitlements being rounded down to the nearest penny.

Conditions of the Proposals

Implementation of the Proposals is subject to a number of conditions, including:

- the passing of the Resolutions to approve the Scheme and the winding up of the Company at the General Meetings, or any adjournment thereof, any conditions of such Resolutions being fulfilled and the Scheme becoming unconditional in all respects (including the Transfer Agreement becoming unconditional in all respects);
- the FCSS Resolution to approve the issue of the New FCSS Shares being passed and becoming unconditional in all respects;
- the approval of the FCA and the London Stock Exchange to the Admission of the New FCSS Shares to the Official List and to trading on the Main Market of the London Stock Exchange, respectively, subject only to allotment; and
- the Directors and the FCSS Directors resolving to proceed with the Scheme.

If any condition above has not been satisfied or, to the extent permitted, waived by both the Company and FCSS on or before 31 March 2024 (or such later date as may be agreed between the Company and FCSS), the Proposals will not become effective, the Company will not proceed with the winding up and instead will continue in existence and continue to be managed under the current investment policy. In these circumstances, the Directors will reassess the options available to the Company at that time.

General Meetings

As noted above, the Proposals are conditional, amongst other things, upon Shareholders' approval of the Resolutions to be proposed at the First General Meeting and the Second General Meeting. Both General Meetings will be held at the offices of Herbert Smith Freehills LLP, Exchange House, Primrose Street, London EC2A 2EG.

First General Meeting

The First General Meeting will be held on 11 March 2024 at 9.00 a.m.

The Resolutions to be considered at the First General Meeting (which will be proposed as special resolutions) will, if passed:

- approve the terms of the Scheme set out in Part 4 of this Circular;
- amend the Articles to give effect to the Scheme and reduce the minimum number of directors of the Company to one director; and
- authorise the Liquidators to enter into and give effect to the Transfer Agreement with FCSS and to distribute New FCSS Shares to Shareholders in accordance with the Scheme.

Each Resolution will require at least 75 per cent. of the votes cast in respect of it, whether in person or by proxy, to be voted in favour to be passed at the First General Meeting. The Scheme will not become effective unless and until, amongst other things, the Resolution to be proposed at the Second General Meeting has also been passed.

Second General Meeting

The Second General Meeting will be held on 13 March 2024 at 9.00 a.m.

At the Second General Meeting, a special resolution will be proposed which, if passed, will:

- place the Company into liquidation;
- appoint the Liquidators and agree the basis of their remuneration;

- provide the Liquidators with appropriate powers to carry into effect the amendments to the Articles made at the First General Meeting; and
- instruct the Company Secretary to hold the books to the Liquidators' order.

The Resolution to be proposed at the Second General Meeting is conditional upon the FCSS Resolution being passed and becoming unconditional in all respects, the approval of the FCA and the London Stock Exchange to the Admission of the New FCSS Shares to the Official List and to trading on the Main Market of the London Stock Exchange, respectively, and the Directors and the FCSS Directors resolving to proceed with the Scheme.

The Resolution will require at least 75 per cent. of the votes cast in respect of it, whether in person or by proxy, to be voted in favour to be passed at the Second General Meeting.

Action to be taken

Before taking any action, Shareholders are recommended to read the further information set out in this Circular and in the FCSS Prospectus.

Elections

The default option under the Scheme is to receive New FCSS Shares, meaning that Eligible Shareholders who, in respect of all or part of their holding of Shares, do not make a valid Election, will be deemed to have elected to receive New FCSS Shares in respect of such holding. If you wish to receive New FCSS Shares in respect of all of your Shares, there is no need to complete and return a Form of Election (which you will receive if you hold your Shares in certificated form) or to submit a TTE Instruction (for CREST Shareholders only).

If you wish to receive cash in respect of all or part of your holding of Shares, you must either complete and return a Form of Election (for certificated Shareholders only) or submit a TTE Instruction (for CREST Shareholders only) (depending on how your Shares are held) in respect of the number of Shares for which you wish to receive cash. You will be deemed to have elected to receive New FCSS Shares in respect of the remainder of your holding, or to the extent that your election for the Cash Option in excess of your Basic Entitlement is scaled back in accordance with the paragraph headed "*Elections and entitlements under the Scheme*" in Part 4 of this Circular.

You are requested to submit a TTE Instruction (for CREST Shareholders only), or to complete the Form of Election (for certificated Shareholders only) in accordance with the instructions printed thereon and for certificated Shareholders only, return the completed Form of Election to the Receiving Agent at Link Group, Corporate Actions, Central Square, 29 Wellington Street, Leeds LS1 4DL, in each case as soon as possible, but in any event so as to be received no later than 1.00 p.m. on 6 March 2024.

Forms of Proxy

Shareholders will find enclosed a PINK Form of Proxy for use in relation to the First General Meeting and a GREEN Form of Proxy for use in relation to the Second General Meeting.

You are requested to complete the Forms of Proxy in accordance with the instructions printed thereon and return them to the Registrar at PXS 1, Central Square, 29 Wellington Street, Leeds, LS1 4DL, as soon as possible, but in any event so as to be received no later than 48 hours (excluding non-working days) before the time of the relevant General Meeting.

If the Resolutions to be proposed at the General Meetings are not passed, the Proposals will not proceed and the Company will not be wound up. In these circumstances, the Board will reassess the options available to the Company at that time.

Excluded Shareholders

The attention of Overseas Shareholders is drawn to the paragraph headed "*Overseas Shareholders*" in Part 3 of this Circular.

Overseas Shareholders will not receive a copy of the FCSS Prospectus unless they have satisfied the FCSS Directors that they are entitled to receive and hold New FCSS Shares without breaching any relevant securities laws and without the need for compliance on the part of FCSS or the Company with any overseas laws, regulations, filing requirements or the equivalent.

Sanctions Restricted Persons will not be entitled to receive a copy of the FCSS Prospectus in any circumstance.

Excluded Shareholders will be deemed to have elected for their Basic Entitlement in respect of the Cash Option and to receive New FCSS Shares for the remainder of their Shares. Such New FCSS Shares will be issued to the Liquidators as nominees for the relevant Excluded Shareholder and sold by the Liquidators as nominees in the market for the relevant Excluded Shareholder (which shall be done by the Liquidators without regard to the personal circumstances of the relevant Excluded Shareholder and the value of the Shares held by the relevant Excluded Shareholder) and the net proceeds of such sale (after deduction of any costs incurred in effecting such sale) will be paid: (i) to the relevant Overseas Shareholder entitled to them as soon as reasonably practicable, save that entitlements of less than £5.00 per Overseas Shareholder will be paid by the Liquidators to the Nominated Charity; or (ii) in respect of Sanctions Restricted Persons, at the sole and absolute discretion of the Liquidators and will be subject to applicable laws and regulations.

Subject to certain exceptions described herein, no action has been taken or will be taken in any jurisdiction other than the UK where action is required to be taken to permit the distribution of this Circular and/or the FCSS Prospectus. Accordingly, such documents may not be used for the purpose of, and do not constitute, an offer or solicitation by anyone in any jurisdiction or in any circumstances in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation.

US Shareholders

Any US Shareholder (or any persons acting for the account or benefit of such US Shareholder) receiving this Circular is requested to execute the US Investor Representation Letter, which can be requested from the Receiving Agent, and return it to FCSS and the Receiving Agent in accordance with the instructions included thereon.

If a US Shareholder does not execute and return the US Investor Representation Letter, such US Shareholder will be deemed to be an Excluded Shareholder for the purposes of their eligibility to receive New FCSS Shares pursuant to the Scheme.

Taxation

Shareholders are advised to read carefully the section headed "*Taxation*" in Part 3 of this Circular which sets out a general guide to certain aspects of current UK tax law and HMRC published practice.

This Circular does not address the US federal income tax considerations applicable to an investment in the New FCSS Shares. Each prospective investor should consult its own tax advisers regarding the US federal income tax consequences of any such investment.

Shareholders who are in any doubt as to their tax position or who may be subject to tax in any jurisdiction other than the UK are strongly advised to consult their own professional advisers.

Recommendation

The Board considers the Proposals and the Resolutions to be proposed at the General Meetings to be in the best interests of Shareholders as a whole.

Accordingly, the Board unanimously recommends Shareholders to vote in favour of the Resolutions to be proposed at the General Meetings, as the Directors intend to do in respect of their own beneficial holdings, which in aggregate amount to 6,388 Shares, representing approximately 0.01 per cent. of the Company's issued share capital as at 15 February 2024.

The Board cannot, and does not, give any advice or recommendation to Shareholders as to whether, or as to what extent, they should elect for any of the options under the Proposals. The choice between the options available under the Proposals will be a matter for each Shareholder to decide and will be influenced by their individual investment objectives and by their personal, financial and tax circumstances. Accordingly, Shareholders should, before deciding what action to take, read carefully all the information in this Circular and in the FCSS Prospectus. Shareholders who are in any doubt as to the contents of this Circular or the FCSS Prospectus or as to the action to be taken should seek their own personal financial advice from their financial adviser authorised under FSMA.

Yours faithfully

Helen Green
Chair

PART 2

FIDELITY CHINA SPECIAL SITUATIONS PLC

Any investment in FCSS will be subject to the FCSS Articles and the matters disclosed in the FCSS Prospectus which will be available on or around 16 February 2024 at www.fidelity.co.uk/china. Accordingly, Shareholders should read the FCSS Prospectus and in particular the risk factors contained therein.

Background

FCSS is a closed-ended investment company and was incorporated and registered in England and Wales on 22 January 2010 as a private company limited by shares with registered number 07133583. It was re-registered as a public company limited by shares on 24 February 2010. FCSS is an investment company under section 833 of the Companies Act and operates as an investment trust approved by HMRC in accordance with the Corporation Tax Act. The FCSS Shares are listed on the premium segment of the Official List and traded on the Main Market. FCSS is currently a constituent of the FTSE 250 Index.

Investment management

FCSS's alternative investment fund manager for the purposes of the AIFM Directive is FISL, who has delegated portfolio management services to FIL Hong Kong.

Following implementation of the Proposals, it is intended that FCSS's investment portfolio will continue to be managed on the same basis as it is currently. In particular, FCSS's investment objective and investment policy will not change as a result of the implementation of the proposals, and the investment portfolio will continue to be managed by FIL Hong Kong with Dale Nicholls continuing as the portfolio manager.

Dale Nicholls, Portfolio Manager

Dale Nicholls joined FIL Limited in 1996 as a Research Associate in its Tokyo office. It was during his tenure as an analyst that Dale first began to take an interest in the dynamics of the Chinese market. He regularly visited Chinese companies to get a clear view of the key supply and demand chains of the industries he covered. In 2003, he was promoted to portfolio manager of the Fidelity Pacific Fund and retains management of that portfolio today. Dale has been the Portfolio Manager of FCSS since 1 April 2014 and, in his current role, spends much of his time travelling within China to meet with the management teams and competitors of companies in which he may, or already does, invest, visiting well over 100 companies a year.

Prior to joining FIL Limited, Dale worked at Bankers Trust Asia Securities in Tokyo and as a market/business analyst at Sony Corporation, also in Tokyo. He is a graduate of the Queensland University of Technology in Australia.

FCSS's investment objective and policy

Investment objective

FCSS's investment objective is to achieve long-term capital growth from an actively managed portfolio made up primarily of securities issued by companies in China, both listed and unlisted, as well as Chinese companies listed elsewhere. FCSS may also invest in companies with significant interests in China.

Investment policy

FCSS invests in a diversified portfolio consisting primarily of securities issued by companies in China, both listed and unlisted, as well as Chinese companies listed elsewhere. FCSS may also obtain exposure to other listed companies that have significant interests in China.

FCSS may invest through equities, index linked, equity linked and other debt securities, cash deposits, money market instruments, foreign currency exchange transactions, equity related securities, forward transactions and other interests including derivative instruments. Forward transactions and derivatives, including futures, options and contracts for difference, may be used to enhance portfolio performance

as well as for efficient portfolio management and hedging. FCSS's interest in any single investment will not, on acquisition, exceed 15 per cent. of net assets plus any borrowings.

FIL Hong Kong is not required to ensure that FCSS's cash resources are fully invested at all times. Accordingly, there may be times when FCSS holds cash or money market instruments pending investment.

FCSS may invest in China "A" Shares both directly through FIL Hong Kong's Qualified Foreign Institutional Investor ("QFII") license and indirectly through third parties who have a QFII facility.

Unlisted investments

FCSS is able to invest up to 15 per cent. of net assets plus any borrowings, at the time of investment, in unlisted securities which carry on business, or have significant interests, in China.

Borrowing and gearing policy

FCSS may borrow up to 25 per cent. of net assets and the gross asset exposure of FCSS, whether from borrowing or the use of derivatives, may not exceed the net assets of FCSS by more than 30 per cent. The FCSS Portfolio Manager is responsible for operating within these limits.

Derivative instruments

FCSS may use derivative instruments for efficient portfolio management, gearing and hedging purposes. They may also be used as a means of enhancing portfolio performance in order to achieve FCSS's investment objective.

The FCSS Board has adopted a policy that the gross asset exposure of short positions held by FCSS will not in aggregate exceed 15 per cent. of net assets plus any borrowings.

It is the FCSS Board's policy that FCSS's total exposure to any single counterparty from all activities, including, but not limited to, the management of cash and the use of derivatives should not exceed 15 per cent. of net assets plus any borrowings. Derivative exposures are included after the netting off of off-setting positions and allowing for any collateral placed by the counterparty with FCSS.

Investments in other listed investment companies

FCSS may invest no more than 10 per cent., in aggregate, of its net assets plus any borrowings at the time of acquisition in other listed investment companies (including listed investment trusts), but this restriction does not apply to investments in investment companies or investment trusts which themselves have stated investment policies to invest no more than 15 per cent. of their net assets plus any borrowings in other listed investment companies (including listed investment trusts).

Benchmark Index

FCSS's comparative benchmark index is the MSCI China Index (in sterling terms) (the "**Benchmark Index**"). As at 14 February 2024, FCSS had outperformed the Benchmark Index (being the MSCI China Index (in sterling terms)) over one, three, five and 10 years.

FCSS dividend policy

FCSS does not have a formal policy to achieve a specified level of dividend. FCSS conducts its business so as to satisfy the conditions to retain approval as an investment trust under section 1158 of the Corporation Tax Act. In accordance with regulation 19 of the Investment Trust Tax Regulations, FCSS does not (except to the extent permitted by those regulations) retain more than 15 per cent. of its income (as calculated for UK tax purposes) in respect of an accounting period and seeks to ensure that it distributes at least the minimum amount required to maintain investment trust status. The FCSS Board may resolve to pay dividends on the FCSS Shares from time to time in order to comply with these requirements.

In general, FCSS pays one final dividend in respect of each financial year (usually payable in July each year). FCSS paid a final dividend of 6.25 pence per FCSS share in respect of its financial year ended 31 March 2023.

Investment strategy

FCSS operates as an investment company with an actively managed portfolio of investments and provides investors with a broad exposure to the opportunities that China offers.

FIL Hong Kong continues to believe that the sheer size of China's economy and its growing importance on the world stage make it a market that should not be ignored. Since its launch in 2010, FCSS has offered direct exposure to China's growth story; from tech giants through to entrepreneurial small and medium-sized companies, and even new businesses yet to launch on the stock market. The FCSS Portfolio Manager, Dale Nicholls, looks to identify and invest in companies that are best placed to capitalise on China's transformation. These are often beneficiaries of growing domestic consumption and the rising middle class, but also technological innovation.

The investment strategy focusses on opportunities among small and medium-sized companies, where there are fewer investors, lower levels of research and, consequently, greater opportunities for mispricing. That said, FCSS has a flexible approach and may invest in larger companies, including state-owned entities, if they fit the FCSS Portfolio Manager's criteria.

To find these exciting businesses, FIL Hong Kong has deep research capabilities and locally based experts who seek out companies with good long-term growth prospects whose strength FIL Hong Kong believes has been underestimated by the wider market. FCSS visits and management meetings comprise an important part of the investment process and the FCSS Portfolio Manager is supported by 35 analysts based in Hong Kong, Shanghai and Singapore, of which 26 are dedicated to covering Greater China stocks.

As at 31 January 2024, the FCSS Portfolio comprised 115 long positions in common stock and the aggregate number of holdings (i.e. including exposure through equity-linked notes, contracts for difference, warrants and similar instruments) in the FCSS Portfolio was 148.

In accordance with FCSS's investment policy, FIL Hong Kong is able to invest up to 15 per cent. of FCSS's net assets plus borrowings (at the time of purchase) in unlisted companies, which FIL Hong Kong's research team also covers and analyses. FIL Hong Kong believes that the ability to invest in unlisted securities is a differentiating factor for FCSS and will continue to be a source of additional investment performance, as investing in unlisted companies allows FIL Hong Kong to take advantage of the potentially faster growth trajectory of earlier stage companies before they become listed on the public markets. As at 31 January 2024, 16.6 per cent. of the FCSS Portfolio (as a percentage of FCSS's NAV) is exposed to unlisted investments.

The FCSS Portfolio further benefits from the judicious use of gearing which is possible in a closed-ended structure. The FCSS Portfolio Manager believes that the judicious use of gearing can be accretive to long-term capital returns for FCSS Shareholders and, pursuant to FCSS's investment policy, FCSS is able to employ gearing to increase investment exposure up to 130 per cent of net assets. This is currently achieved through derivatives, namely contracts for difference (which are low-cost and represent a flexible way of increasing investment exposure), and FCSS may also employ borrowings (albeit it has opted not to do so in the current interest rate environment).

In the light of the current interest rate environment, the FCSS Board and Fidelity are of the view that, in the near-term, it is prudent for FCSS to achieve its desired level of gearing through the increased use of contracts for difference rather than borrowings. Fidelity has considerable expertise in the use of derivatives and, in particular, has been utilising contracts for difference for these purposes within the FCSS Portfolio since FCSS launched in April 2010.

Accordingly, FCSS repaid its US\$100,000,000 term loan (carrying a fixed rate of interest at 6.33 per cent.) with The Bank of Nova Scotia, London Branch when it reached maturity on 13 February 2024. As at the date of this Circular, FCSS therefore currently has no bank borrowings in place and has increased its investment exposure through contracts for difference such that FCSS's level of gearing and portfolio weighting remain unchanged immediately following the repayment of the term loan.

Through its use of this low-cost, flexible means of gearing in the short term, Fidelity believes that FCSS can remain agile whilst Fidelity continues to monitor developments in interest rates and funding markets. Subject to the prevailing interest rate environment and other funding market conditions, FCSS may consider putting in place longer-term borrowing to enhance investment returns at an appropriate time.

As at 14 February 2024, FCSS's Net Gearing was 26.33 per cent. Assuming the Scheme is implemented, the Cash Option is subscribed in full and, based on valuations as at 14 February 2024, the Rollover Pool has a value of £124.8 million, it is expected that FCSS's Net Gearing immediately following implementation of the Scheme will be approximately 23.3 per cent.

FCSS's performance track record

FCSS performance relative to its Benchmark Index (being the MSCI China Index (in sterling terms)) over one, three, five and 10 years each to 14 February 2024 is set out below. FCSS had also delivered a Share price total return of 121.58 per cent. and a NAV total return of 144.73 per cent., respectively, since its launch on 19 April 2010.

From 30 September 2023 to 14 February 2024, FCSS's NAV total return per share decreased by 13.31 per cent., which can be compared against the Benchmark Index which fell by 13.21 per cent. over the same period. The share price over the same period fell by 11.41 per cent. to 185.60 pence and ended the period trading at a discount of 10.07 per cent. to the NAV per share as at 14 February 2024.

The FCSS Board monitors the performance of the FCSS Portfolio continuously and closely with FIL Hong Kong in order to understand the drivers behind relative performance (both underperformance and outperformance) and actions being taken by FIL Hong Kong in the light of that.

FCSS's performance track record (all as at 14 February 2024)

	1 year (%)	3 years (%)	5 years (%)	10 years (%)
NAV total return per FCSS Share	-29.13	-55.10	-7.45	107.53
FCSS Share price total return	-29.93	-59.80	-4.17	104.50
Benchmark Index total return	-25.91	-52.76	-26.94	42.94

Source: Market indices are sourced from RIMES and other data is sourced from third-party providers such as Morningstar. Data to 14 February 2024. NAV total returns calculated with debt valued at fair value. Total return calculations assume reinvested income. Past performance is not a reliable indicator of future results.

Distribution of the FCSS Portfolio

As at close of business on 31 January 2024, the FCSS Portfolio comprised investments and cash, calculated in accordance with FCSS's usual accounting policies, with an aggregate unaudited gross asset exposure of £1,211.9 million and an unaudited Net Asset Value of approximately £945.6 million.

Given that FCSS may use derivatives as a means of enhancing portfolio performance, the market exposure of the FCSS Portfolio is typically greater than 100 per cent. of FCSS's NAV. FCSS's Net Equity Exposure represents the net positive exposure of the FCSS Portfolio to the market, netting off long and short positions (and net of both hedge exposure and any interests in fixed income investments/bonds), as a percentage of FCSS's Net Asset Value. The higher the Net Equity Exposure, the greater the effect of any market rises or falls on the FCSS Portfolio.

The Net Asset Value and portfolio information set out in this paragraph section is unaudited information on FCSS, which has been extracted from the internal management accounting records held by FCSS.

As at close of business on 31 January 2024, FCSS's Net Equity was 122.1 per cent. of the unaudited NAV also as at 31 January 2024, with such exposures in excess of 100 per cent. reflecting FIL Hong Kong's use of contracts for difference within the FCSS Portfolio.

The following table shows the unaudited net market exposure of the FCSS Portfolio by share type (as a percentage of Net Asset Value) all as at 31 January 2024.

Share Type	Net asset exposure as a percentage of NAV (%) as at 31 January 2024*
Listed in Hong Kong**	39.3
Listed in US	22.6
China "H" Shares	19.3
China "A" Shares	10.5
Unlisted	16.6
Red Chips***	11.7
Listed in Japan	3.0
Listed in UK	1.4
Listed in Germany	1.0
Listed in Canada	0.0
US ADRs (non-China)	0.0
Listed in Singapore	0.0
China "B" Shares	0.0
Listed in Taiwan	-0.0
Other****	-3.2
Total Net Equity Exposure	122.1

* Rounded to one decimal place

** Shares of companies listed in Hong Kong that are not China "H" Shares or Red Chips.

*** As classified by Bloomberg.

**** Includes fixed income investments/bonds.

The following table shows unaudited information on FCSS's top ten net long positions as at 31 January 2024, being the investments in which FCSS has the greatest net positive market exposure. Such exposure takes account of market price movements in the shares, equity linked notes and convertible bonds held by FCSS together with market price movements in the shares underlying the derivative instruments held by FCSS.

Company Name	Sector	Net long exposure (£'000) as at 31 January 2024	Net asset exposure (as a percentage of NAV) (%) as at 31 January 2024
Tencent Holdings	Communication Services	96,831	10.2
Pony.ai	Consumer Discretionary	46,550	4.9
PDD Holdings	Consumer Discretionary	44,836	4.7
Ping An Insurance Company of China	Financials	38,779	4.1
DJI International	Information Technology	30,885	3.3
Alibaba Group Holdings	Consumer Discretionary	29,669	3.1
Crystal International Group	Consumer Discretionary	29,446	3.1
Venturous Holdings	Financials	28,224	3.0
China Foods	Consumer Staples	27,017	2.9
ByteDance	Communication Services	24,369	2.6

The following table shows the unaudited breakdown of the FCSS Portfolio (based on percentage of the unaudited NAV as at 31 January 2024) by sector and market capitalisation (with unlisted investments set out separately for the purposes of the latter) as at 31 January 2024.

Sector	Net sector exposure (as a percentage of NAV) (%) as at 31 January 2024*	Market capitalisation exposure (£)	Net market exposure (as a percentage of NAV) (%) as at 31 January 2024*
Consumer Discretionary	38.7	>10 billion	27.3
Communication Services	20.2	5-10 billion	8.2
Industrials	18.9	1-5 billion	24.4
Financials	18.8	0-1 billion	45.8
Health Care	10.8	Other Index / Unclassified / Unlisted	16.4
Consumer Staples	9.3	Total net equity exposure	122.1
Information Technology	8.7		
Materials	3.5		
Energy	3.4		
Real Estate	2.4		
Utilities	0.8		
Total sector exposure	135.7		
Other Index / Unclassified / Hedge	-13.6		
Total net equity exposure	122.1		

* Rounded to one decimal place

The enlarged FCSS Portfolio will, immediately following the Scheme becoming effective, constitute a combination of the FCSS Portfolio and the investments, cash and cash equivalents apportioned to the Rollover Pool that will transfer to FCSS pursuant to the Transfer Agreement. The investments in the Rollover Pool will include only those aligned with FCSS's investment policy as at the Effective Date, together with cash and cash equivalents. The assets within the Rollover Pool, and hence the enlarged FCSS Portfolio, are not known at the date of this Circular.

Recent Investments

Save as set out below, FCSS has not made any material new investments since 30 September 2023 (being the date as at which unaudited financial information was last published by FCSS):

- FCSS increased its position in Ping An Life Insurance Company of China to give a gross asset exposure of £38,779,199 as of 31 January 2024.
- FCSS invested in NetEase, a Chinese internet technology company, for a gross asset exposure of £12,277,298 as of 31 January 2024.

ESG policy

Fidelity International's approach to integrating ESG factors into its investment analysis incorporates in-depth research, company engagement, active ownership and collaboration with its peers in the investment industry.

Fidelity International's analysts have overall responsibility for analysing the ESG performance of individual companies. It also has a dedicated Sustainable Investing Team working closely with the investment teams with responsibility for consolidating Fidelity International's approach to stewardship, engagement, ESG integration and the exercise of its votes at general meetings.

The Sustainable Investing Team has a key role in assisting the investment teams with ESG integration which includes:

- implementing Fidelity International's proxy voting guidelines;
- engagement with investee companies on ESG issues including attending company meetings;

- working closely with the investment team globally across all asset classes in integrating ESG into analysis and decision making;
- providing internal ESG reporting including analyst reports, portfolio manager reviews and industry analysis;
- co-ordinating and responding to specific client queries on ESG topics;
- publishing client reporting on ESG integration and proxy voting;
- maintaining a thorough understanding of current ESG themes and trends around the world; and
- providing ESG training to the investment team and across the business.

Fidelity International's investment approach involves bottom-up research. As well as studying financial results, the portfolio managers and analysts carry out additional qualitative analysis of potential investments. They examine the business, customers and suppliers and often visit the companies in person to develop a view of every company in which Fidelity International invests. In this way, ESG factors are embedded in this research process. These include:

- corporate governance (e.g. board structure, executive remuneration);
- shareholder rights (e.g. election of directors, capital amendments);
- changes to regulation (e.g. greenhouse gas emissions restrictions, governance codes);
- physical threats (e.g. extreme weather, climate change, water shortages);
- brand and reputational issues (e.g. poor health and safety record, cyber security breaches);
- supply chain management (e.g. increase in fatalities, lost time injury rates, labour relations); and
- work practices (e.g. observation of health, safety and human rights provisions and compliance with the provisions of the Modern Slavery Act).

Fidelity International also uses a number of external research sources around the world, particularly for company-specific and industry-specific research, alongside ad hoc thematic research looking at particular topics. The ESG ratings are industry specific and are calculated relative to industry peers and Fidelity International uses these ratings in conjunction with its wider analysis.

Management fees and ongoing expenses

FCSS Directors

Each of the FCSS Directors is entitled to receive a fee from FCSS at such rate as may be determined in accordance with the FCSS Articles. As at the date of this Circular, Mike Balfour, as chairman of the FCSS Board, is entitled to receive £52,000 per annum, Alastair Bruce, as chair of FCSS's Audit and Risk Committee, is entitled to receive £43,500 per annum, Vanessa Donegan, as FCSS's Senior Independent Director, is entitled to receive £41,000 per annum, and all other FCSS Directors are entitled to receive £34,500 per annum.

All of the FCSS Directors are also entitled to be paid all reasonable expenses properly incurred by them in connection with the performance of their duties. These expenses may include those associated with attending general meetings, FCSS Board or committee meetings; travel and accommodation costs in relation to due diligence visits to China and legal fees. If the FCSS Board requests one or more of the FCSS Directors to perform services outside of those considered to be ordinary course on behalf of FCSS, the FCSS Board may determine that additional remuneration may be paid to the FCSS Director or FCSS Directors.

Management fee

The annual management fee payable to Fidelity by FCSS comprises a fixed base fee and a positive or negative variable element, both of which are calculated based on the net asset value of FCSS, less an amount payable by FCSS to Fidelity pursuant to the FCSS AIFM Agreement equal to 0.05 per cent. of FCSS's net asset value per annum. The base fee payable to FIL Hong Kong, as investment manager,

is calculated as a tiered percentage of FCSS's net asset value. From 1 April 2021, the base fee payable to FIL Hong Kong was 0.90 per cent. of net assets up to £1.5 billion and 0.70 per cent. of net assets above £1.5 billion. Pursuant to a side letter dated 1 June 2023, with effect from 1 July 2023, the first tier of the base fee reduced from 0.90 per cent. to 0.85 per cent. The variable element of the fee payable to FIL Hong Kong is calculated based on FCSS's NAV per share performance against the Benchmark Index and increases or decreases by 0.033 per cent. for each percentage point of the three-year NAV per share outperformance or underperformance compared to the Benchmark Index, subject to a maximum adjustment of +/- 0.20 per cent.

Fidelity has further agreed, subject to implementation of the Scheme, to reduce the annual base management fee payable by FCSS pursuant to the FCSS Investment Management Agreement and the FCSS AIFM Agreement in respect of any of FCSS's net assets in excess of £1.5 billion from 0.70 per cent. to 0.65 per cent. Although it is not anticipated that this threshold will be reached immediately as a result of the Scheme, the FCSS Board expects that this reduction in the management fee will lower the ongoing costs of FCSS as it grows over the longer term,

For the purposes of calculating the management fee, an amount equal to the proportion of any management fees payable to FIL Hong Kong or its associates in respect of the management of, or advice to, any collective investment schemes and/or investment trusts in which FCSS invests is credited to FCSS and the fee payable to Fidelity is reduced accordingly.

In satisfaction of the services rendered by Fidelity pursuant to the FCSS AIFM Agreement and FCSS Investment Management Agreement for FCSS's financial year ended 31 March 2023, FCSS paid a fee of £14,727,000.

Marketing fees

FIL Hong Kong, with the assistance of FCSS's company secretary, provides FCSS with marketing services. The expenses incurred in connection with the marketing of FCSS, which are payable by FCSS, were £263,000 for its financial year ended 31 March 2023.

The marketing budget approved by the FCSS Board for FCSS's financial year ended 31 March 2024 is £275,000.

Depositary and Custodian fees

Under the terms of the FCSS Depositary Agreement, the FCSS Depositary is entitled to receive an annual fee based on FCSS's net asset value. This fee comprises 0.0095 per cent. of FCSS's net assets up to £250 million, 0.0050 per cent. of FCSS's net assets between £250 million and £500 million, 0.0030 per cent. of FCSS's net assets between £500 million and £1 billion and 0.0010 per cent. of FCSS's net assets over £1 billion. A custody fee in respect of global custodian services is also payable equal to between 0.0008 per cent. and 0.35 per cent. of the value of the assets to which the custody charge relates. Transaction-based fees of between 0.003 per cent. and 0.75 per cent. of the value of the asset to which the settlement instruction relates are also payable. The variable fees are dependent on the countries in which the individual holdings are registered. All fees are exclusive of VAT. In satisfaction of the services rendered by the FCSS Depositary pursuant to the FCSS Depositary Agreement for FCSS's financial year ended 31 March 2023, FCSS paid to the FCSS Depositary a fee of £57,000 and the Custodian a fee of £157,000.

Registrar fees

Under the terms of the FCSS Registrar Agreement, the FCSS Registrar is entitled to a basic registration fee calculated based on the number of FCSS Shareholders on the Register. The FCSS Registrar charges additional fees for services that are not included in the basic registration fee. The FCSS Registrar is entitled to increase these fees annually at the rate of the Retail Price Index prevailing at the time. In satisfaction of the services rendered by the FCSS Registrar pursuant to the FCSS Registrar Agreement for FCSS's financial year ended 31 March 2023, FCSS paid to the FCSS Registrar a fee of £69,000.

Other operational expenses

Other ongoing operational expenses that are borne by FCSS include, but are not limited to, the following:

- fees and expenses of the corporate broker and fees and expenses associated with legal, audit and other professional services;
- finance costs and interest paid on contracts for difference;
- certain direct transaction expenses;
- the ongoing costs of maintaining the listing of the FCSS Shares (where relevant) on the premium segment of the Official List and their continued admission to trading on the Main Market;
- NAV publication costs;
- FCSS Directors' travel and accommodation costs in relation to due diligence visits to China;
- FCSS Directors' and officers' insurance policy premiums; and
- costs of printing FCSS's financial reports and posting them to FCSS Shareholders.

FCSS total fixed operational costs (excluding management fees, brokerage and other transaction charges and taxes, and any borrowing costs) are estimated, in the first year following the Issue, to amount to approximately 0.1 per cent. per annum of the enlarged FCSS's estimated NAV.

FCSS Shareholders do not bear any fees, charges or expenses directly, other than any fees, charges or expenses incurred as a consequence of acquiring, holding, transferring or otherwise selling FCSS Shares.

FCSS Board

Mr Mike Balfour (Chairman)

Mr Balfour is a non-executive director of abrdn Property Income Trust Limited and Schroder BSC Social Impact Trust plc. He is chairman of the Investment Committee of TPT Retirement Solutions and sits on its Management Oversight Board and is also a director of TPT Investment Management Limited. He is a member of the Investment Advisory Board of The Institute of Chartered Accountants of Scotland. He was chief executive of Thomas Miller Investment Ltd until 2016 and was previously chief executive at Glasgow Investment Managers and chief investment officer at Edinburgh Fund Managers Limited. His early investment management career was focused on the nascent equity markets of Asia. He is a qualified Chartered Accountant.

Mr Alastair Bruce

Mr Bruce is a non-executive director and chairman of the audit committee of both ICG Enterprise Trust PLC and Barings Emerging EMEA Opportunities PLC. He was managing partner of Pantheon Ventures between 2006 and 2013, having joined the firm in 1996. At Pantheon Ventures, he was involved in all aspects of the firm's business, particularly the management of Pantheon International PLC, the expansion of Pantheon Ventures global platform and the creation of a co-investment business. He has over twenty-five years of private equity, investment management and financial experience. He is a qualified Chartered Accountant.

Mrs Vanessa Donegan (Senior Independent Director)

Mrs Donegan is a non-executive director and the senior independent director of JPMorgan Indian Investment Trust plc and Invesco Asia Trust plc in addition to being a non-executive director of Herald Investment Management Ltd and State Street Global Advisors Luxembourg SICAV. She has 37 years of Asian fund management experience, including managing dedicated China portfolios. She was Head of the Asia Pacific desk at Columbia Threadneedle Investments Ltd. (formerly Threadneedle Investments Ltd.) for 21 years and has extensive experience of marketing funds to retail and institutional clients across the globe.

Ms Georgina Field

Ms Field is the founder and chief executive officer of White Marble Consulting, a business that specialises in investment marketing. She was previously a non-executive director of the Perpetual Income Growth Investment Trust plc, overseeing its merger into Murray Income Trust plc. She has over 20 years' experience in the investment industry, including two senior roles leading marketing teams at asset management companies.

Mr Gordon Orr

Mr Orr is an independent non-executive director at Hong Kong listed Lenovo Group Limited, Meituan and Swire Pacific Limited, and a non-executive director of Sondrel PLC. He is a board member at EQT AB, a Swedish private equity business, and is vice chairman of the China Britain Business Council. He founded McKinsey's consulting practice in mainland China in the early 1990s and led it in China and Asia until 2015, since when has served on several corporate boards.

Dr Edward Tse

Dr Tse is a non-executive director of China Travel International Investment Limited (Hong Kong) and a board member of Gridiran Capital LLC (USA). He is an adviser of CDIB Capital International, Cyberport Hong Kong and Our Hong Kong Foundation. He is a council member of the World Economic Forum, a governor of the Hong Kong Institution for International Finance and a professor at The Chinese University of Hong Kong. He is founder and CEO of Gao Feng Advisory Company and became one of the pioneers in China's management consulting industry by building and running two leading international management consulting firms (BCG and Booz) for 20 years. He has also advised Chinese government organisations on strategies, state-owned enterprise reform and Chinese companies going overseas, as well as to the World Bank and the Asian Development Bank.

It has been agreed that none of the Directors will join the FCSS Board as part of the Proposals. Accordingly, the FCSS Board will continue to consist of the six incumbent directors upon completion of the Scheme.

General

Further details of FCSS and the New FCSS Shares are set out in the FCSS Prospectus.

PART 3

FURTHER DETAILS OF THE PROPOSALS

Implementation of the Scheme

Subject to the passing of the Resolutions (and satisfaction of the other conditions of the Scheme, full details of which are set out in paragraph 14 of Part 4 of this Circular), the Company will be placed into members' voluntary liquidation and the Scheme will take effect from the Effective Date.

On the Calculation Date, the Board shall appropriate to the Liquidation Pool such of the cash, undertaking and other assets of the Company estimated by the Liquidators (in consultation with the Board) to be sufficient to meet the outstanding current and future, actual and contingent liabilities, of the Company, including outstanding costs of the Scheme (save to the extent that the same have already been deducted in calculating the total assets of the Company) to be borne by the Company and a retention to meet unknown and unascertained liabilities of the Company. In addition, the Illiquid Investment will be allocated to the Liquidation Pool. Further details of the Liquidation Pool are set out in paragraph 3.2 of Part 4 of this document.

The balance of the cash, undertaking and other assets of the Company will be allocated to the Rollover Pool and the Cash Pool, each of which will represent the respective entitlements of Shareholders to either New FCSS Shares or cash in accordance with the Elections made, or deemed to have been made, under the Scheme.

On the Effective Date, the cash, undertaking and other assets of the Company comprising the Rollover Pool shall be transferred to FCSS. In consideration for the transfer of the Rollover Pool to FCSS under the Transfer Agreement, the relevant numbers of New FCSS Shares will be allotted to the Liquidators, as nominees for Shareholders who are deemed to have elected for the Rollover Option, who will renounce the New FCSS Shares in favour of such Eligible Shareholders (whilst New FCSS Shares that would otherwise be issued in favour of Excluded Shareholders shall continue to be held by the Liquidators as the nominee for the relevant Excluded Shareholder and dealt with as set out in paragraph 8.3 of Part 4 of this Circular).

Shortly following the Effective Date, the Liquidators will distribute a cash amount equal to the Cash Pool FAV to the Shareholders who have elected, or are deemed to elect, for the Cash Option *pro rata* in accordance with their respective entitlements under the Scheme.

To the extent that any part of the Liquidation Pool, including the Liquidators' retention, is not subsequently required to discharge the Company's liabilities, it will be distributed in cash at the conclusion of the liquidation to the Shareholders shown on the Register on the Record Date, provided that: (a) such distributions in cash to Sanctions Restricted Persons shall be made at the sole and absolute discretion of the Liquidators and will be subject to applicable laws and regulations; and (b) if any such amount payable to any Shareholder is less than £5.00, it shall not be paid to Shareholders but instead shall be paid by the Liquidators to the Nominated Charity

Transfer Agreement

If the Resolutions to be proposed at the General Meetings are passed, the Liquidators (in their personal capacity and on behalf of the Company) will enter into the Transfer Agreement on or around the Effective Date, which is expected to be 13 March 2024, pursuant to which the cash, undertaking and other assets of the Company comprising the Rollover Pool will be transferred to FCSS in consideration for the issue of New FCSS Shares to the Liquidators, as nominees for Shareholders who are deemed to have elected for the Rollover Option, which the Liquidators have agreed to renounce in favour of such Eligible Shareholders on the basis described in Part 4 of this document (whilst New FCSS Shares that would otherwise be issued in favour of Excluded Shareholders shall continue to be held by the Liquidators as the nominee for the relevant Excluded Shareholder and dealt with as set out in paragraph 8.3 of Part 4 of this Circular). Each of the parties to the Transfer Agreement agrees with and undertakes to the others that, so far as may be within its power, it will take all such reasonable steps as may be necessary or desirable to implement the Scheme.

Elections

Shares held in uncertificated form (that is, in CREST)

If you hold your Shares in uncertificated form, you should take (or procure to be taken) the action set out below to transfer (by means of a TTE Instruction) the number of Shares which you wish to make an Election for the Cash Option, specifying the Receiving Agent in its capacity as a CREST receiving agent under its participant ID (referred to below) as the escrow agent, as soon as possible and, in any event, so that the TTE Instruction is received no later than 1.00 p.m. on 6 March 2024.

If you hold Shares in CREST, but under different member account IDs, you should submit a separate TTE Instruction in respect of each member account ID.

If you are a CREST sponsored member, you should refer to your CREST sponsor before taking any action. Your CREST sponsor will be able to confirm details of your participant ID and the member account ID under which your Shares are held. In addition, only your CREST sponsor will be able to send the TTE Instruction to Euroclear in relation to your Shares.

A TTE Instruction to Euroclear must be properly authenticated in accordance with Euroclear's specifications for transfers to escrow and must contain, in addition to the other information that is required for a TTE Instruction to settle in CREST, the following details:

- the ISIN number for the Shares. This is GG00B45L2K95;
- the number of Shares in relation to the relevant Election;
- your member account ID;
- your participant ID;
- the participant ID of the escrow agent, the Receiving Agent, in its capacity as a CREST receiving agent. This is: RA10;
- the member account ID of the escrow agent, the Receiving Agent. This is: 22302ACI;
- the Corporate Action Number for the Scheme. This is allocated by Euroclear and can be found by viewing the relevant corporate action details in CREST;
- the intended settlement date for the transfer to escrow. This should be as soon as possible after receipt of your Election and in any event by no later than 1.00 p.m. on 6 March 2024;
- the standard delivery instruction with Priority 80; and
- contact name and telephone number inserted in the shared note field.

After settlement of the TTE Instruction, you will not be able to access the Shares concerned in CREST for any transaction or for charging purposes, notwithstanding that they will be held by the Receiving Agent as your escrow agent until completion or lapsing of the Scheme.

You are recommended to refer to the CREST Manual published by Euroclear for further information on the CREST procedures outlined above.

You should note that Euroclear does not make available special procedures in CREST for any particular corporate action. Normal system timings and limitations will therefore apply in connection with a TTE Instruction and its settlement. You should therefore ensure that all necessary action is taken by you (or by your CREST sponsor) to enable a TTE Instruction relating to your Shares to settle prior to 1.00 p.m. on 6 March 2024. In connection with this, you are referred in particular to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

Shares held in certificated form

Shareholders who hold their Shares in certificated form (i.e. not in CREST) who wish to make an Election for the Cash Option in respect of all or part of their holding of Shares, should complete and sign the enclosed personalised Form of Election, either:

- placing an 'X' in Box 2A (if they wish to elect for their Basic Entitlement under the Cash Option); or
- inserting in Box 2B the total number of Shares they wish to elect for the Cash Option (if such number is more or less than their Basic Entitlement),

and return the Form of Election using the relevant enclosed reply-paid envelope (for use within the UK only) to the Receiving Agent, by post or by hand to Link Group, Corporate Actions, Central Square, 29 Wellington Street, Leeds LS1 4DL (during normal business hours only) as soon as possible but, in any event, so as to be received by Link Group by no later than 1.00 p.m. on 6 March 2024. The Form of Election, once submitted, will be irrevocable and may not be withdrawn or amended without the consent of the Directors.

If you hold Shares in certificated form, but under different designations, you should complete a separate Form of Election in respect of each designation. If you hold Shares in both certificated and uncertificated form, you should complete a Form of Election or a TTE Instruction for each holding (as appropriate).

Shareholders who have any queries in relation to making an Election should contact the Receiving Agent, on 0371 664 0321. Calls are charged at the standard geographic rate and will vary by provider. Calls from outside the United Kingdom will be charged at the applicable international rate. The helpline is open between 9.00 a.m. until 5.30 p.m., Monday to Friday excluding public holidays in England and Wales. Please note that Link Group cannot provide any financial, legal or tax advice and calls may be recorded and monitored for security and training purposes.

Settlement and dealings in New FCSS Shares

Applications will be made by FCSS to the FCA for the New FCSS Shares to be admitted to the premium listing category of the Official List and to the London Stock Exchange for such shares to be admitted to trading on the premium segment of the Main Market. If the Scheme becomes effective, it is expected that the New FCSS Shares will be admitted to the Official List and that the first day of dealings in the New FCSS Shares will be 14 March 2024.

New FCSS Shares will be issued in registered form and may be held in either certificated or uncertificated form. Shareholders (other than Excluded Shareholders) who held their Shares in certificated form at the Record Date will receive their New FCSS Shares in certificated form and at their own risk. It is expected that share certificates in respect of such New FCSS Shares will be despatched to the Shareholders entitled thereto by no later than 27 March 2024.

It is expected that Shareholders who held their Shares in uncertificated form at the Record Date (other than Excluded Shareholders) will receive their New FCSS Shares in uncertificated form as soon as is reasonably practicable on 14 March 2024. In the event of an interruption, failure or breakdown of CREST or of the facilities or system operated by the FCSS Registrar in connection with CREST, FCSS reserves the right to issue such securities in certificated form, but this would only be exercised in exceptional circumstances. Link Group on behalf of FCSS will procure that instructions are given to credit the appropriate stock accounts in the CREST system with the relevant entitlements to New FCSS Shares in uncertificated form.

Fractions of New FCSS Shares will not be issued under the Scheme and entitlements to such New FCSS Shares will be rounded down to the nearest whole number. No cash payment shall be made or returned in respect of any fractional entitlements, which will be retained for the benefit of FCSS.

Cheques in respect of the cash amounts due to Shareholders who elect for cash are expected to be despatched to them by no later than 27 March 2024. It is expected that Shareholders who hold their Shares in CREST will receive their cash entitlements through CREST by no later than 27 March 2024.

Mandates and communication preferences

All mandates in force at the Record Date relating to payment of dividends on the Shares and all instructions then in force relating to notices and other communications will, unless and until varied or revoked, be deemed from the Effective Date to be valid and effective mandates or instructions to FCSS.

Share certificates

Existing certificates in respect of Shares will cease to be of tradable value following suspension of dealings in the Shares.

General

All documents and remittances despatched to or from Shareholders or their appointed agents in connection with the Proposals will be despatched at Shareholders' own risk.

Overseas Shareholders

The issue of New FCSS Shares to persons resident in or citizens of jurisdictions outside the UK may be affected by the laws of the relevant jurisdiction. Such Shareholders should inform themselves about and observe any legal requirements. In particular:

- the New FCSS Shares have not been and will not be registered under the US Securities Act, or the securities laws of any state or other jurisdiction of the United States, and the New FCSS Shares may not be offered, sold, pledged or otherwise transferred within the United States, or to or for the benefit of US Persons, except pursuant to an exemption from the registration requirements of the US Securities Act and the relevant clearances have not been, and will not be, obtained from the securities commission of any province of Canada, Australia, Japan, New Zealand or the Republic of South Africa;
- there has not been and will be no public offer of the New FCSS Shares in the United States;
- FCSS is not, and does not intend to be, registered under the US Investment Company Act, and investors are not, and will not be, entitled to the benefits of the US Investment Company Act; and
- no offer is being made, directly or indirectly, under the Scheme, in or into by the use of mails, or by means of instrumentality (including, without limitation, facsimile, or transmission, telex or telephone) of interstate or foreign commerce, or of any facility in a national securities exchange, of Canada, Australia, Japan, New Zealand or the Republic of South Africa.

Overseas Shareholders who wish to receive New FCSS Shares under the Scheme should contact Link Group by no later than 1.00 p.m. on 6 March 2024 if they are able to demonstrate, to the satisfaction of the FCSS Directors and the Company, that they can be issued New FCSS Shares without breaching any relevant securities laws.

Shareholders who are subject to taxation outside the UK should consult their independent financial adviser as soon as possible.

Unless otherwise expressly agreed with the Company, any Shareholder who votes on the Proposals and any Shareholder who makes an Election will be deemed to make the representations, warranties, undertakings, agreements and acknowledgements set out in the Forms of Proxy and Form of Election, including that they are either: (i) located outside the United States and not a US Person; or (ii) a QIB and a Qualified Purchaser. In addition, until 40 days after the implementation of the Scheme, an offer, sale or transfer of New FCSS Shares within the United States by a dealer (whether or not participating in the Scheme) may violate the registration requirements of the US Securities Act.

The Scheme is being made subject to United Kingdom disclosure requirements which are different from certain United States disclosure requirements. In addition, US Shareholders should be aware that this Circular has been prepared in accordance with a UK format and style, which differs from the US format and style. In particular, parts of this Circular contain information concerning the Scheme required by UK disclosure requirements which may be material and may not have been summarised elsewhere in the document. Furthermore, the Scheme will be subject to other procedural requirements, including with respect to settlement procedures and timing of payments that are different from those applicable under US domestic tender offer procedures and law.

In particular, any US Shareholder (or any person acting for the account or benefit of such US Shareholder) receiving this document and wishing to receive New FCSS Shares pursuant to the Scheme must execute the US Investor Representation Letter, which can be requested from the Receiving Agent, and return it to FCSS and the Receiving Agent in accordance with the instructions included thereon.

US Shareholders should note that FCSS Shares are not listed on a US securities exchange and FCSS is not subject to the periodic reporting requirements of the U.S. Exchange Act of 1934, as amended (the “**US Exchange Act**”) and is not required to, and does not, file any reports with the SEC. The Scheme is not subject to the disclosure and other procedural requirements of Regulation 14D under the US Exchange Act.

Any receipt of cash pursuant to the Scheme by a US Shareholder may be a taxable transaction for US federal income tax purposes and under applicable US state and local, as well as foreign and other tax laws. Each US Shareholder is urged to consult their independent professional adviser immediately regarding the tax consequences of the Scheme.

It may be difficult for US Shareholders to enforce their rights and any claim arising out of the US federal securities laws, since FCSS is located in a foreign country, and all of its officers and directors are residents of a foreign country. US Shareholders may not be able to sue a foreign company or its officers or directors in a foreign court for violations of the US securities laws. Further, it may be difficult to compel a foreign company and its affiliates to subject themselves to a US court’s judgement. Whether located in the United States or elsewhere, US Shareholders will receive any cash consideration in sterling.

If a US Shareholder does not execute and return the US Investor Representation Letter, such US Shareholder will be deemed to be an Excluded Shareholder for the purposes of their eligibility to receive New FCSS Shares pursuant to the Scheme.

There are significant restrictions on the resale of New FCSS Shares by persons that are located in the United States, that are US Persons, or hold New FCSS Shares for the account or benefit of US Persons and on the resale of New FCSS Shares to any person who is located in the United States or to, or for the account or benefit of, a US Person. If in the future the initial purchaser, as well as any subsequent holder, decides to offer, sell, transfer, assign or otherwise dispose of the New FCSS Shares, they may do so only: (i) outside the United States in an “offshore transaction” complying with the provisions of Regulation S under the US Securities Act to a person not known by the transferor to be a US Person, by prearrangement or otherwise; or (ii) to FCSS or a subsidiary thereof.

Excluded Shareholders will be deemed to have elected for their Basic Entitlement in respect of the Cash Option and to receive New FCSS Shares for the remainder of their Shares. Such New FCSS Shares will be issued to the Liquidators as nominees for the relevant Excluded Shareholder and sold by the Liquidators as nominees in the market for the relevant Excluded Shareholder (which shall be done by the Liquidators without regard to the personal circumstances of the relevant Excluded Shareholder and the value of the Shares held by the relevant Excluded Shareholder) and the net proceeds of such sale (after deduction of any costs incurred in effecting such sale) will be paid: (i) to the relevant Overseas Shareholder entitled to them as soon as reasonably practicable, save that entitlements of less than £5.00 per Overseas Shareholder will be paid by the Liquidators to the Nominated Charity; or (ii) in respect of Sanctions Restricted Persons, at the sole and absolute discretion of the Liquidators and will be subject to applicable laws and regulations.

Overseas Shareholders will not receive a copy of the FCSS Prospectus unless they have satisfied the FCSS Directors that they are entitled to receive and hold New FCSS Shares without breaching any relevant securities laws and without the need for compliance on the part of FCSS or the Company with any overseas laws, regulations, filing requirements or the equivalent.

Sanctions Restricted Persons will not be entitled to receive a copy of the FCSS Prospectus in any circumstance.

Common Reporting Standard

Investment trusts are required to report the tax residence of their shareholders. Subject to the Scheme becoming effective, those Shareholders of the Company that are not already on the register of FCSS and who hold their Shares in certificated form will be sent a document along with their new share certificate in the enlarged FCSS, which those Shareholders should complete and return to the FCSS Registrar.

Taxation

The information set out below relates to UK taxation applicable to the Company and its Shareholders who are resident in the UK for tax purposes who hold Shares as an investment (this information may not relate to certain categories of Shareholders, such as dealers in securities, collective investment schemes, insurance companies and persons acquiring their Shares in connection with their employment who may be taxed differently). The information is based on existing UK taxation law and HMRC published practice in force as at the date of this document and is, therefore, subject to any subsequent changes (possibly with retrospective effect). The information is given by way of general summary only and does not constitute legal or tax advice to any person.

This document does not address the US federal income tax considerations applicable to an investment in the New FCSS Shares. Each prospective investor should consult its own tax advisers regarding the US federal income tax consequences of any such investment.

If you are in any doubt about your tax position, or if you may be subject to tax in a jurisdiction other than the UK, you should consult your professional advisers.

The Company

The Company has obtained approval from HMRC as satisfying the conditions for approval as an investment trust under section 1158 of the Corporation Tax Act 2010 and Chapter 1 of Part 2 of The Investment Trust (Approved Company) (Tax) Regulations 2011.

The Transaction will not prejudice the ability of the Company to retain its investment trust status in respect of the accounting period that ended on 31 October 2023 and in respect of the current accounting period, which will end on the day immediately preceding the Effective Date if the Company is placed into members' voluntary liquidation. Furthermore, the proposed method of winding up the Company and the scheme of reconstruction is such that the Company should remain eligible to be treated as an investment trust for the accounting period which includes the date on which its assets are sold and/or transferred by the Liquidators pursuant to the Transfer Agreement under Regulations 15 and 16 of The Investment Trust (Approved Company) (Tax) Regulations 2011. Accordingly, the transfer of the Company's assets in the Rollover Pool and the realisation of the Company's assets in the Cash Pool and the Liquidation Pool under the Scheme should not give rise to a liability to UK taxation of chargeable gains for the Company. However, there can be no absolute assurance that investment trust status will be preserved and the absence of such status in any accounting period would mean the Company would be liable to pay UK taxation on its net capital gains in that period.

Shareholders

Reclassified Shares

For the purposes of UK taxation of chargeable gains, a Shareholder should not be regarded as having disposed of their Shares on their reclassification into Shares with "A" rights and Shares with "B" rights (as relevant). Instead, the Shareholder should be regarded as having acquired the Reclassified Shares at the same time and for the same aggregate base cost as their original holding of Shares.

Where a Shareholder's Shares are reclassified into both Shares with "A" rights and Shares with "B" rights, the Shareholder's base cost in his/her original holding of Shares will be apportioned by reference to the respective market values of the Shares with "A" rights and Shares with "B" rights received, as at the time the Reclassified Shares are first listed.

Cash Option

Shareholders who receive cash under the Scheme pursuant to the Cash Option will be regarded as having made a disposal of their Reclassified Shares with “B” rights on the distribution of cash by the Liquidators and may be subject to UK taxation of chargeable gains depending on the particular circumstances of the holder of the Reclassified Shares concerned.

Rollover Option

The Company has been advised that the exchange of Shares with “A” rights for New FCSS Shares pursuant to the Rollover Option should constitute a scheme of reconstruction for the purposes of UK taxation of chargeable gains, and that such exchange should not constitute a disposal of the Shares with “A” rights for the purposes of UK taxation of chargeable gains. Instead, the New FCSS Shares issued pursuant to the Rollover Option should be treated as replacing the Shares with “A” rights for which they were exchanged and should be treated as having been acquired at the same time and for the same base cost as those Shares with “A” rights are treated as having been acquired.

Any subsequent disposal of the New FCSS Shares may result in the holder of those New FCSS Shares realising a chargeable gain or allowable loss for the purposes of UK taxation of chargeable gains, depending on the holder’s particular circumstances.

Liquidation Pool surplus

As provided for in paragraph 9 of Part 4 of this Circular, any remaining balance in the Liquidation Pool (including any realisation proceeds from the sale of the Illiquid Investment) after the discharge of the Company’s liabilities, will be distributed in cash to the Shareholders on the Register on the Record Date. The receipt of any such payment by a Shareholder will take place regardless of whether the payment is in respect of Shares with “A” rights or Shares with “B” rights, but the tax treatment attributable to such payment will vary as set out below.

The receipt of any such payment by a Shareholder in respect of their Shares with “A” rights should not be regarded as giving rise to any chargeable disposal for the purposes of UK capital gains tax in respect of a Shareholder who is an individual, or UK corporation tax in respect of a Shareholder who is a corporation, provided that the tax base cost of their Shares with “A” rights is in excess of the distribution and the aggregate amount of any such payments received by the Shareholder does not exceed whichever is the greater of: (i) £3,000; and (ii) five per cent. of the value of their Shares on the date the Company enters members’ voluntary liquidation. Instead, the amount of any such payment or payments will be deducted from the base cost of the New FCSS Shares issued to the Shareholder under the Scheme and should be taken into account in the determination of the extent to which a capital gain or allowable capital loss is realised on any subsequent disposal of those New FCSS Shares.

On the other hand, the receipt of any such payment by a Shareholder in respect of their Shares with “B” rights will be treated as a further disposal by that Shareholder of those Shares with “B” rights which may, depending on that Shareholder’s particular circumstances, give rise to a chargeable gain for the purposes of UK taxation of chargeable gains.

HMRC Clearance

Shareholders are advised that a clearance has been obtained from HMRC pursuant to section 138 of TCGA that the treatment described above under “Rollover Option” is not to be prevented, by virtue of section 137(1) of TCGA, from applying to them. HMRC has also confirmed that no counteraction notice under section 698 of the Income Tax Act 2007 or section 746 of the Corporation Tax Act 2010 should be served in respect of the transactions.

ISAs and SIPPS

New FCSS Shares are eligible for inclusion in an ISA or SIPP. Accordingly, where Shares currently held within an ISA or SIPP are exchanged for New FCSS Shares pursuant to the Rollover Option, those New FCSS Shares can generally be retained within the ISA or SIPP, subject to the specific terms applicable to the ISA or SIPP. Similarly, where cash is received pursuant to the Cash Option in respect of Shares held within an ISA or SIPP, that cash may also generally be retained within the ISA or SIPP.

Stamp Duty and Stamp Duty Reserve Tax

It is not expected that any UK stamp duty or SDRT will be payable by the Company or the Shareholders in relation to the liquidation of the Company or on the receipt by Shareholders of New FCSS Shares under the Scheme. Non-UK transfer taxes may be incurred by the Company in relation to the realignment of the Company's investment portfolio prior to the Calculation Date. Non-UK transfer taxes are also expected to be payable by the Company in relation to the transfer of chargeable assets within the Rollover Pool to FCSS.

General

All documents and remittances despatched to or from Shareholders or their appointed agents in connection with the Transaction will be despatched at Shareholders' own risk.

PART 4

THE SCHEME

1. Definitions and Interpretation

Words and expressions defined on pages 47 to 55 of this document have the same meanings when used in this Scheme.

2. Elections and entitlements under the Scheme

- 2.1 The maximum number of Shares that can be elected for the Cash Option is 33 per cent. of the total number of Shares in issue (excluding any Shares held in treasury) as at the Calculation Date (the “**Maximum Cash Option Shares**”). Shareholders are entitled to elect for the Cash Option in respect of 33 per cent. of their individual holdings of Shares (the “**Basic Entitlement**”) but may also elect for the Cash Option in respect of a greater proportion of their individual holdings of Shares (such excess amount being an “**Excess Application**”). In the event that aggregate Elections are made for the Cash Option which exceed 33 per cent. of the issued Shares (excluding any Shares held in treasury) as at the Calculation Date, Shareholders who have made an Election in excess of their Basic Entitlement shall have their Excess Applications scaled back in a manner which is, as near as practicable, *pari passu* and *pro rata* among all Shareholders who have made such Excess Applications such that the aggregate number of Shares so elected shall equal the Maximum Cash Option Shares.
- 2.2 Subject to the Resolutions contained in the notice of the First General Meeting being passed and, in the case of the first Resolution, becoming unconditional:
- 2.2.1 the Shares in respect of which the holders are deemed to have made valid Elections for the Rollover Option (including as a result of scaling back any Excess Applications in accordance with paragraph 2.1 in this Part 4) will be reclassified as Shares with “A” rights; and
- 2.2.2 the Shares in respect of which the holders have made (after scaling back any Excess Applications in accordance with paragraph 2.1 in this Part 4) valid Elections for the Cash Option will be reclassified as Shares with “B” rights.
- 2.3 The rights of the Shares following the passing of the Resolutions contained in the notice of the First General Meeting will be the rights as set out in Article 5.5 to be inserted in the Articles of the Company pursuant to paragraph 1.4.2 of the first Resolution contained in the notice of the First General Meeting and references to Shareholders will be construed accordingly.
- 2.4 In advance of the Effective Date, the Company will have, to the extent practicable, realised or realigned the undertaking and business carried on by the Company in accordance with the Scheme and the Elections made or deemed to have been made thereunder so that, so far as practicable, the Company will hold, in addition to assets destined to become the Cash Pool and the Liquidation Pool, investments suitable for transfer to FCSS, by virtue of the Transfer Agreement.
- 2.5 Holders of Reclassified Shares with “B” rights will receive the Cash Pool FAV per Share multiplied by the total number of Reclassified Shares with “B” rights held by them and rounded down to the nearest penny.
- 2.6 Holders of Reclassified Shares with “A” rights will receive such number of New FCSS Shares as is calculated pursuant to paragraph 8.1 of this Part 4.

3. Apportionment of the Company’s total assets

- 3.1 Subject to the Resolutions contained in the notice of the First General Meeting being passed at such meeting and, other than the second Resolution, becoming unconditional, on the Calculation Date, or as soon as possible thereafter, the Directors, in consultation with the proposed

Liquidators, shall calculate the aggregate value of the total assets and liabilities of the Company, the Residual NAV, the Residual NAV per Share, the Rollover FAV, the Rollover FAV per Share, the Cash Pool FAV and the Cash Pool FAV per Share in accordance with paragraph 4 below.

- 3.2 On the Calculation Date, or as soon as practicable thereafter, the Company, in consultation with the Liquidators, shall procure the finalising of the division of the Company's undertaking, cash and other assets into three separate and distinct pools, namely the Liquidation Pool, the Cash Pool and the Rollover Pool, as follows and in the following order:

3.2.1 first, there shall be appropriated to the Liquidation Pool the Illiquid Investment as well as cash and other assets of the Company (including, without limitation, the right to receive any and all interest, income, distribution, right or benefit and dividends, due but not paid to the Company by the Calculation Date), which the Liquidators may call in, realise and convert into cash as they consider necessary, of a value calculated in accordance with paragraph 4.1 of this Part 4 and estimated by the Liquidators to be sufficient to meet the current and future, actual and contingent liabilities of the Company, including, without prejudice to the generality of the foregoing (and save to the extent that the same have already been paid or already deducted in calculating the total assets of the Company):

- (A) the costs and expenses incurred and to be incurred by the Company and the Liquidators in formulating, preparing and implementing the Proposals and the Scheme and in preparing this Circular and all associated documents in each case as not otherwise paid prior to the Calculation Date;
- (B) the costs and expenses incurred and to be incurred by the Company and the Liquidators in preparing and implementing the Transfer Agreement;
- (C) any unclaimed dividends of the Company (so far as not previously paid) and any announced or declared but unpaid dividends of the Company;
- (D) the costs and expenses of liquidating the Company (which includes the costs and expenses in relation to the Liquidators maintaining the Company in liquidation until the date of the final meeting of the Company), including the fees and expenses of the Liquidators and the Registrar;
- (E) any tax liabilities of the Company;
- (F) an amount to provide for the costs and expenses of closing the Company's QFII account, including any unpaid taxes (to be calculated as 0.06 per cent. of the value of the assets in the QFII account as at the Calculation Date);
- (G) an amount equal to the stamp duty due on the transfer of the stocks within the Rollover Pool; and
- (H) an amount considered by the Liquidators to be appropriate to provide for any unascertained, unknown or contingent liabilities of the Company (such amount not expected to exceed £100,000 in aggregate);

in each case including any VAT in respect thereof; and

3.2.2 second, there shall be appropriated to the Cash Pool and the Rollover Pool all the undertaking, cash and other assets of the Company remaining after the appropriation referred to in paragraph 3.2.1 above on the following basis:

- (A) there shall be first appropriated to the Cash Pool such proportion of the undertaking, cash and other assets as shall equal the Cash Pool FAV as defined in paragraph 4.5 of this Part 4; and then
- (B) there shall be appropriated to the Rollover Pool the balance of the undertaking, cash and other assets of the Company which the Company, acting by its Liquidators in consultation with the other parties to the Transfer Agreement, shall determine as being suitable for the purpose and taking due account of FCSS's investment objective and policy.

- 3.3 Interest, income and other rights or benefits accruing in respect of any of the undertaking, cash or other assets comprised in any of the Liquidation Pool, Cash Pool or Rollover Pool shall form part of that pool, provided that any income, dividend, distribution, interest or other right or benefit on any investment that is payable but unpaid as at the Calculation Date shall be deemed to form part of the Liquidation Pool.

4. Calculations of value

- 4.1 Except as otherwise provided in the Scheme, for the purposes of calculating the value of the Company's assets at any time and date at which the calculation of value is required by the Scheme, the assets and liabilities of the Company shall be valued on the following basis:

- 4.1.1 investments which are listed, quoted or traded on any recognised stock exchange will be valued by reference to the bid price on the principal stock exchange where the relevant investment is listed, quoted or traded at the Relevant Time and according to the prices shown by the relevant exchange's principal recognised method of publication of prices for such investments or, in the absence of such recognised method by the latest price available prior to the Relevant Time. If the relevant exchange is not open for business at the Relevant Time, the investments will be valued as at the latest day prior to the relevant date on which the relevant exchange was open for business;
- 4.1.2 unlisted investments or quoted investments which are subject to restrictions on transferability or which, in the opinion of the Directors (or a duly constituted committee thereof) are otherwise illiquid shall be valued at their fair value as determined by the Directors;
- 4.1.3 cash and deposits with, or balances at, a bank together with all bills receivable, money market instruments and other debt securities not included in paragraphs 4.1.1 or 4.1.2 above and held by the Company at the Relevant Time will be valued at par (together with interest accrued up to the Calculation Date);
- 4.1.4 any sums owing from debtors (including any dividends due but not paid and any accrual of interest on debt-related securities to the extent not already taken into account under paragraphs 4.1.1 and 4.1.2 above) at the Relevant Time shall be valued at their actual amount less such provision for diminution of value (including provisions for bad or doubtful debts or discount to reflect the time value of money) as may be determined by the Directors;
- 4.1.5 assets denominated in currencies other than Sterling will be converted into Sterling at the closing mid-point rate of exchange of Sterling and such other currencies prevailing at the Relevant Time as may be determined by the Directors; and
- 4.1.6 liabilities shall be valued in accordance with the Company's normal accounting policies.

In this paragraph 4.1 the "**Relevant Time**" means the time and date at which any calculation of value is required by the Scheme to be made. The Directors shall consult with the Liquidators in making determinations pursuant to this paragraph 4.1.

- 4.2 Notwithstanding the foregoing, the Directors or a duly constituted committee thereof, may, in their absolute discretion (but in consultation with the Liquidators), permit an alternative method of valuation to be used if, acting in good faith, they consider that such valuation better reflects the fair value of any asset or security.
- 4.3 None of the Directors, the Manager, the FCSS Directors, the Investment Manager nor the Liquidators shall be under any liability by reason of the fact that a price reasonably believed to be the appropriate market price of any listed investment or any valuation reasonably believed to be appropriate may subsequently be found not to have been the appropriate market price or valuation, except in the case of fraud or bad faith.
- 4.4 The "**Residual NAV**" shall be equal to the gross assets of the Company as at the Calculation Date less the value of the cash and other assets and current liabilities appropriated to the Liquidation Pool in accordance with paragraph 3.2.1 above. The Residual NAV per Share shall

be equal to the Residual NAV divided by the number of Shares in issue (excluding any Shares held in treasury) as at the Calculation Date (expressed in pence), calculated to six decimal places (with 0.0000005 rounded down).

- 4.5 The Cash Pool FAV per Share shall be equal to the Residual NAV per Share less the Cash Option Discount (expressed in pence) and calculated to six decimal places (with 0.0000005 rounded down). The Cash Pool FAV shall be equal to the Cash Pool FAV per Share multiplied by the total number of Reclassified Shares with "B" rights.
- 4.6 The Rollover FAV per Share shall be equal to the difference between the Residual NAV and the Cash Pool FAV (adjusted to include the benefit of the ACIC Fidelity Contribution, if any) divided by the total number of Reclassified Shares with "A" rights (expressed in pence) and calculated to six decimal places (with 0.0000005 rounded down).

5. Provision of information by the Liquidators

- 5.1 On the Calculation Date, or as soon as practicable thereafter, the Company will procure that there will be delivered to FCSS (or its nominee) particulars of the undertaking, cash and other assets comprising the Rollover Pool.
- 5.2 On the Effective Date, the Company, acting by the Liquidators shall procure that there shall be delivered to FCSS (or its nominee) particulars of the undertaking, cash and other assets comprising the Rollover Pool in accordance with the terms of the Transfer Agreement and a list, certified by the Registrar, of the names and address of each holder of Reclassified Shares with "A" rights and the number of Reclassified Shares with "A" rights held by each of them.

6. Transfer of assets

- 6.1 On the Effective Date, the Liquidators (in their personal capacity and on behalf of the Company) shall enter into and implement the Transfer Agreement (subject to such modifications as may be agreed between the parties thereto), whereby the Liquidators shall procure the transfer of the cash, undertaking and other assets of the Company comprising the Rollover Pool to FCSS (or its nominee) in consideration for the issue of New FCSS Shares to the Liquidators (as nominees for the Shareholders entitled to them), such shares to be renounced by the Liquidators in favour of the Eligible Shareholders holding Reclassified Shares with "A" rights on the basis referred to in paragraph 8 below.
- 6.2 The Transfer Agreement provides that the assets to be transferred to FCSS shall be transferred with such rights and title as the Company may have in respect of the same or any part thereof subject to and with the benefit of all and any rights, restrictions, obligations, conditions and agreements affecting the same or any part thereof, including the right to all income, dividends, distributions, interest and other rights and benefits attaching thereto or accruing therefrom but excluding any such income, dividend, distribution, interest or other right or benefit on any investment marked "ex" that income, dividend, distribution, interest or other right or benefit (as applicable) at or prior to the Calculation Date (which shall be deemed to form part of the Liquidation Pool). The Transfer Agreement further provides that the Company, acting by the Liquidators, insofar as they are reasonably able to do so by law or otherwise, shall comply with all reasonable requests made by FCSS (or its nominee) in respect of the cash, undertaking and other assets of the Company to be acquired, as forming the Rollover Pool, and shall, in particular, account to FCSS for all income, dividends, distributions, interest and other rights and benefits in respect of such cash, undertaking and other assets, received after the Effective Date.

7. Distribution of the Cash Pool

Cash entitlements payable to the holders of Reclassified Shares with "B" rights shall be distributed by the Liquidators, through the Registrar and pursuant to the Scheme, in cash to each Shareholder who has elected for the Cash Option in proportion to its respective holding of Reclassified Shares with "B" rights which shall be equal to such Shareholder's entitlement to the net realisation proceeds of the Cash Pool pursuant to the Scheme (the "**Cash Entitlement**") and rounded down to the nearest penny.

8. Issue of New FCSS Shares

- 8.1 In consideration for the transfer of the Rollover Pool to FCSS in accordance with paragraph 6 above, the New FCSS Shares shall be issued to holders of Shares with “A” rights on the basis that the number of such shares to which each such holder is entitled shall be determined in accordance with the following formula (rounded down to the nearest whole number of New FCSS Shares):

$$\text{Number of New FCSS Shares} = \frac{A}{B} \times C$$

where:

A is the Rollover FAV per Share

B is the FCSS FAV per Share;

C is the aggregate number of Reclassified Shares with “A” rights held by the relevant Shareholder.

- 8.2 No value shall be attributable to Shares held in treasury by the Company. Fractions of New FCSS Shares will not be issued under the Scheme and entitlements to such New FCSS Shares will be rounded down to the nearest whole number. Any assets representing a fraction of the entitlements of holders of Reclassified Shares with “A” rights and whose holding of New FCSS Shares is rounded down shall be retained by FCSS and represent an accretion to its assets.

- 8.3 The New FCSS Shares to be issued pursuant to paragraph 8.1 will be allotted, credited as fully paid, to the Liquidators (as nominee for the Shareholders entitled thereto) as soon as practicable after the delivery to FCSS (or its nominee) of the particulars referred to in paragraph 5.2 above, whereupon the Liquidators will renounce the allotments of New FCSS Shares in favour of the Eligible Shareholders entitled to them under the Scheme. On such renunciation, FCSS will issue the New FCSS Shares to the Eligible Shareholders entitled thereto. Link Group on behalf of FCSS shall:

8.3.1 in the case of the New FCSS Shares issued in certificated form, arrange for the despatch of certificates for such shares issued under the Scheme to the Eligible Shareholders entitled thereto at their respective addresses in the Register (and, in the case of joint holders, to the address of the first-named) or to such other person and address as may be specified by such persons in writing, in each case at the risk of the persons entitled thereto by no later than 27 March 2024; and

8.3.2 in the case of the New FCSS Shares issued in uncertificated form, procure that Euroclear is instructed on the Business Day following the Effective Date (or as soon as practicable thereafter) to credit the appropriate stock accounts in CREST of the Eligible Shareholders entitled thereto with their respective entitlements to New FCSS Shares issued under the Scheme.

- 8.4 FCSS shall be entitled to assume that all information delivered to it in accordance with paragraph 8.3 above is correct and to utilise the same in procuring registration in FCSS’s register of members of the holders of the New FCSS Shares issued under the Scheme.

9. Application of Liquidation Pool

On or following the Effective Date, the Liquidation Pool shall be applied by the Company (acting by the Liquidators) in discharging the liabilities of the Company and the Liquidators shall seek to realise the Illiquid Investment. Any remaining balance of the Liquidation Pool shall be distributed in cash by the Liquidators pursuant to the Scheme, to all Shareholders who were on the Register on the Record Date in proportion to the respective holdings of Shares on the Record Date provided that: (a) such distributions in cash to Sanctions Restricted Persons shall be made at the sole and absolute discretion of the Liquidators and will be subject to applicable laws and regulations; and (b) if any such amount payable to any Shareholder is less than £5.00, it shall not be paid to Shareholders but instead shall be paid by the Liquidators to the Nominated Charity. The Liquidators will also be entitled to make interim payments to Shareholders in proportion to

their holdings of Shares. The Liquidators shall only make any such interim distribution if there is sufficient cash available and if the Liquidators are of the view that it is cost effective to make an interim distribution.

10. Form of Election

10.1 For the purposes of the Form of Election, the provisions of which form part of the Scheme:

- 10.1.1 if, on any Form of Election, the total of a Shareholder's Election for the Cash Option is greater than their actual holding of Shares as at the Record Date, the Election for the Cash Option made by such Shareholder on that Form of Election shall be decreased, so that the total of such Election shall equal their total holding and, in any such case, such decreased Election shall be deemed to be the Election made by such Shareholder on the Form of Election for all purposes of this Scheme;
- 10.1.2 if, on any Form of Election, the total of a Shareholder's Elections is less than their actual holding as at the Record Date, then for the balance of such Shareholder's Shares, that Shareholder will be deemed to have elected for the Rollover Option;
- 10.1.3 any Shareholder who makes no Election by the due date, or in respect of whom no Form of Election has been duly and validly completed in accordance with the instructions therein, shall be deemed to have made an Election for the Rollover Option in respect of all of the Shares held by him/her for all purposes of the Scheme;
- 10.1.4 by signing and delivering a Form of Election and in consideration of the Company agreeing to process the Form of Election, a Shareholder agrees that the Election made on the Form of Election will be irrevocable (other than with the consent of the Directors) and, by such signature and delivery, such Shareholder represents and warrants that their Election is valid and binding and is made in accordance with all applicable legal requirements (including the requirements of any applicable jurisdiction outside the UK); and
- 10.1.5 any questions as to the extent (if any) to which Elections will be met and as to the validity of any Form of Election shall be at the discretion of the Directors, whose determination shall be final.

11. Modifications

The provisions of the Scheme will have effect subject to such non-material modifications or additions as the Directors and the parties to the Transfer Agreement may from time to time approve in writing.

12. Reliance on information

The Company, the Directors, the Liquidators, the Manager, FCSS and the FCSS Directors shall be entitled to act and rely, without enquiry, on any information furnished or made available to them or any of them (as the case may be) in connection with the Scheme and the Transfer Agreement, including, for the avoidance of doubt, any certificate, opinion, advice, valuation, evidence or other information furnished or made available to them by the Company, the Directors (or any of them), the Manager, FCSS, the FCSS Directors (or any of them) or the Registrar, auditors, bankers or other professional advisers, and no such person shall be liable or responsible for any loss suffered as a result thereof by the Company, any Shareholder, FCSS or any FCSS Shareholder.

13. Liquidators' liability

Nothing in the Scheme or in any document executed under or in connection with the Scheme will impose any personal liability on the Liquidators or either of them save for any liability arising out of any negligence, fraud, bad faith, breach of duty or wilful default by the Liquidators in the performance of their duties and this will, for the avoidance of doubt, exclude any such liability for any action taken by the Liquidators in accordance with the Scheme, the Transfer Agreement or any act which the Liquidators do or omit to do at the request of FCSS.

14. Conditions

- 14.1 The Scheme is conditional upon:
- 14.1.1 the passing of the Resolutions to be proposed at the First General Meeting and the Resolution to be proposed at the Second General Meeting or any adjournment of those meetings and upon any conditions of such Resolutions being fulfilled;
 - 14.1.2 the FCSS Resolution being passed and becoming unconditional in all respects;
 - 14.1.3 the Directors and the FCSS Directors resolving to proceed with the Scheme; and
 - 14.1.4 the FCA, having acknowledged to FCSS or its agents (and such acknowledgement not having been withdrawn) that the application for the admission of the New FCSS Shares to the Official List has been approved and (after satisfaction of any conditions to which such approval is expressed to be subject (for the purposes of this paragraph, the “**listing conditions**”)) will become effective as soon as notice of admission to the Official List has been issued by the FCA and any listing conditions having been satisfied, and the London Stock Exchange having acknowledged to FCSS or its agents (and such acknowledgement not having been withdrawn) that the New FCSS Shares will be admitted to trading on the Main Market, subject only to allotment.
- 14.2 In the event that any of conditions 14.1.1 (other than in relation to the Resolution to be proposed at the Second General Meeting) to 14.1.4 fails to be satisfied, the Second General Meeting will be adjourned indefinitely and the Scheme will lapse. Subject to paragraphs 14.1 and 14.3, the Scheme will become effective on the date on which the Resolution to be proposed at the Second General Meeting (or any adjournment thereof) is passed.
- 14.3 Unless the conditions set out in paragraph 14.1 have been satisfied or, to the extent permitted, waived by both the Company and FCSS on or before 31 March 2024 (or such later date as may be agreed between the Company and FCSS), the Scheme shall not become effective.
- 14.4 An application will be made to the FCA for the listing of the Reclassified Shares to be suspended, subject to paragraphs 14.1.1 (other than in relation to the Resolution to be proposed at the Second General Meeting), 14.1.2 and 14.1.3 above, at 7.30 a.m. on the Effective Date and it is intended that subject to paragraph 14.1, such listing will be cancelled with effect from or as soon as possible after the Effective Date, or such other date as the Liquidators will determine.

15. Excluded Shareholders

- 15.1 The terms of the Scheme, as they relate to Overseas Shareholders, may be affected by the laws of the relevant jurisdiction. Overseas Shareholders should inform themselves about, and observe, any applicable legal requirements.
- 15.2 It is the responsibility of Excluded Shareholders to satisfy themselves (and the FCSS Directors) as to the observance of the laws of the relevant jurisdiction in connection with the issue of New FCSS Shares, including the obtaining of any governmental or exchange control or other consents which may be required, the compliance with any other necessary formalities which need to be observed and the payment of any issue, transfer or other taxes or duties due in such jurisdiction.
- 15.3 Excluded Shareholders will be deemed to have elected for their Basic Entitlement in respect of the Cash Option and to receive New FCSS Shares for the remainder of their Shares. Such New FCSS Shares will be issued to the Liquidators as nominees for the relevant Excluded Shareholder and sold by the Liquidators as nominees in the market for the relevant Excluded Shareholder (which shall be done by the Liquidators without regard to the personal circumstances of the relevant Excluded Shareholder and the value of the Shares held by the relevant Excluded Shareholder) and the net proceeds of such sale (after deduction of any costs incurred in effecting such sale) will be paid:
- 15.3.1 to the relevant Overseas Shareholder entitled to them as soon as reasonably practicable, save that entitlements of less than £5.00 per Overseas Shareholder will be paid by the Liquidators to the Nominated Charity; or

- 15.3.2 in respect of Sanctions Restricted Persons, at the sole and absolute discretion of the Liquidators and will be subject to applicable laws and regulations.
- 15.4 The provisions of the Scheme relating to Overseas Shareholders may be waived, varied or modified as regards a specific Shareholder or on a general basis by the Board, the FCSS Board and the Liquidators in their absolute discretion.
- 15.5 The relevant clearances have not been, and will not be, obtained from the securities commission of any province of Canada, Australia, Japan, New Zealand or the Republic of South Africa. No offer is being made, directly or indirectly, under the Scheme in or into by the use of mails, or by means of instrumentality (including, without limitation, facsimile, transmission, telex or telephone) of interstate or foreign commerce, or of any facility in a national securities exchange, of Australia, Canada, Japan, New Zealand or the Republic of South Africa.
- 15.6 **Overseas Shareholders who wish to receive New FCSS Shares under the Scheme should contact Link Group by no later than 1.00 p.m. (London Time) on 6 March 2024 if they are able to demonstrate, to the satisfaction of the FCSS Directors and the Company, that they can be issued New FCSS Shares without breaching any relevant securities laws.**
- 15.7 Overseas Shareholders will not receive a copy of the FCSS Prospectus unless they have satisfied the FCSS Directors that they are entitled to receive and hold New FCSS Shares without breaching any relevant securities laws and without the need for compliance on the part of FCSS or the Company with any overseas laws, regulations, filing requirements or the equivalent.
- 15.8 Sanctions Restricted Persons will not be entitled to receive a copy of the FCSS Prospectus in any circumstance.
- 16. US Shareholders**
- 16.1 Any US Shareholder (or any persons acting for the account or benefit of such US Shareholder) receiving this Circular is requested to execute the US Investor Representation Letter, which can be requested from the Receiving Agent, and return it to FCSS and the Receiving Agent in accordance with the instructions included thereon.
- 16.2 If a US Shareholder does not execute and return the US Investor Representation Letter, such US Shareholder will be deemed to be an Excluded Shareholder for the purposes of their eligibility to receive New FCSS Shares pursuant to the Scheme.
- 16.3 Unless otherwise expressly agreed with the Company, any Shareholder who votes on the Proposals and any Shareholder who makes an Election will be deemed to make the representations, warranties, undertakings, agreements and acknowledgements set out in the Form of Proxy and Form of Election, including that they are either: (i) located outside the United States and not a US Person; or (ii) a QIB and a Qualified Purchaser. In addition, until 40 days after the implementation of the Scheme, an offer, sale or transfer of New FCSS Shares within the United States by a dealer (whether or not participating in the Scheme) may violate the registration requirements of the US Securities Act.
- 16.4 In connection with the Scheme, the New FCSS Shares are being offered or sold only: (i) outside the United States in “offshore transactions” to non-US Persons pursuant to Regulation S under the US Securities Act; and (ii) to persons that are both QIBs and Qualified Purchasers pursuant to an exemption from the registration requirements of the US Securities Act, and that, in the case of (ii), have executed a US Investor Representation Letter and returned it to FCSS and the Receiving Agent.
- 16.5 The New FCSS Shares have not been and will not be registered under the US Securities Act, and the New FCSS Shares may not be offered, sold, pledged or otherwise transferred within the United States, or to or for the benefit of US Persons, except pursuant to an exemption from the registration requirements of the US Securities Act.
- 16.6 FCSS is not, and does not intend to be, registered under the US Investment Company Act and investors in the New FCSS Shares are not, and will not be, entitled to the benefits of the US Investment Company Act. There has not been, and there will not be, any public offer of the New FCSS Shares in the United States.

17. General

- 17.1 Any instructions for the payment of dividends on Shares in force on the Effective Date and lodged with the Company and/or the Registrar shall, unless and until revoked by notice in writing to the Registrar, continue to apply in respect of distributions or allocations of, or the other application of, monies under the Scheme or in respect of the issue of New FCSS Shares under the Scheme.
- 17.2 Shares which are held in treasury by the Company shall not have any entitlements under the Scheme.
- 17.3 The Scheme shall be governed by, and construed in accordance with, the laws of England.

PART 5

RISK FACTORS

The risks referred to in this Part 5 are the material risks known to the Directors at the date of this document which the Directors believe Shareholders should consider prior to deciding how to cast their votes on the Resolutions at the General Meetings. Any investment in FCSS (pursuant to the Scheme or otherwise) will be governed by the FCSS Prospectus and the FCSS Articles. Accordingly, Shareholders are strongly advised to read the FCSS Prospectus and, in particular, the risk factors contained therein. Shareholders in any doubt about the action they should take should consult their stockbroker, bank manager, solicitor, accountant or other financial adviser authorised under the Financial Services and Markets Act 2000 without delay.

The Scheme

Implementation of the Proposals is conditional, amongst other things, upon the Resolutions being passed at the General Meetings and the FCSS Resolution being passed by FCSS Shareholders. In the event that the Resolutions to be proposed at the General Meetings are not passed, or any other condition of the Proposals is not met, the Proposals will not be implemented. The Board will then consider alternative proposals for the future of the Company, the implementation of which would likely result in additional costs being incurred.

Following the General Meetings and only if the Scheme is not then implemented, Shareholders will no longer be exposed to the portfolio of assets the Company is currently invested in and may instead be exposed to a portfolio of assets combining gilts and cash.

In the event that the Company resolves not to proceed to implement the Scheme on the terms described in this Circular (including if Shareholders do not approve any Resolution required to implement the Scheme) then each party will bear its own abort costs.

If a Shareholder wishes to elect for more than their Basic Entitlement and total Elections for the Cash Option made by all Shareholders are greater than 33 per cent. of the total issued Shares (excluding Shares held in treasury) then such Shareholder's Election will be scaled back resulting in such Shareholder receiving New FCSS Shares instead of cash in respect of part of their holding of Shares (in the case of an Excluded Shareholder such New FCSS shares shall be dealt with in accordance with paragraph 15, Part 4).

In the event that the Illiquid Investment is not sold prior to the Calculation Date, it will continue to be held for sale by the Company after the Effective Date as part of the Liquidation Pool, with any cash proceeds from such disposal to be returned in due course by the Liquidators to Shareholders on the register at the Record Date pro rata to the number of Shares held by them on such date. The Liquidators may encounter difficulties in realising the Illiquid Investment in a timely manner and at a satisfactory price, which may result in a delay in the payment of any cash proceeds due to Shareholders arising from such realisation and/or have an adverse impact on the amount of any such cash proceeds received.

The Company and FCSS reserve the right, in their absolute discretion, to investigate in relation to US Shareholders, whether the representations and warranties set out in the US Investor Representation Letter given by any US Shareholder are correct and, if such investigation is undertaken and as a result the Company or FCSS determines (for any reason) that such representation or warranty is not correct, the FCSS Board reserves the right, in its absolute discretion, to require any New FCSS Shares to which such US Shareholder is entitled and would otherwise receive, to be issued to the Liquidators as nominees for the relevant US Shareholder and sold by the Liquidators as nominees in the market for the relevant US Shareholder (which shall be done by the Liquidators without regard to the personal circumstances of the relevant US Shareholder and the value of the Shares held by the relevant US Shareholder) and the net proceeds of such sale (after deduction of any costs incurred in effecting such sale) will be paid to the relevant US Shareholder entitled to them as soon as reasonably practicable, save that entitlements of less than £5.00 per US Shareholder will be paid by the Liquidators to the Nominated Charity.

FCSS

Any investment in New FCSS Shares issued by FCSS will be governed by the FCSS Prospectus and the FCSS Articles. Shareholders should read the full text of the FCSS Prospectus, including the section containing risk factors.

An investment in FCSS is suitable only for investors who are capable of evaluating the risks of such an investment and who have sufficient resources to bear any loss which might result from such an investment (which may be equal to the whole amount invested).

Shares in FCSS are designed to be held over the long-term and may not be suitable as short-term investments. The value of an investment in FCSS and the income derived from it, if any, may go down as well as up. There can be no guarantee that any appreciation in the value of FCSS's investments will occur and investors may not get back the full value of their investment. There can be no guarantee that the investment objectives of FCSS will be achieved or provide the returns sought by FCSS.

The past performance of FCSS is not a guide to its future performance.

FCSS has no employees and the FCSS Board has been appointed on a non-executive basis. Whilst FCSS has taken all reasonable steps to establish and maintain adequate procedures, systems and controls to enable it to comply with its obligations, FCSS is reliant upon the performance of third-party service providers (and their delegates) for its executive functions. In particular, Fidelity, FIL Hong Kong, the FCSS Registrar and the FCSS Depositary (and their delegates) will be performing services which are integral to the operation of FCSS. Misconduct by employees of those service providers and/or their delegates, any failure by any service provider to carry out its obligations to FCSS in accordance with the terms of its appointment, any reputational damage suffered by any service provider and/or the termination of those appointments could have an adverse effect on the FCSS Portfolio and financial condition, results of operations and prospects, with a consequential adverse effect on the market value of the FCSS Shares.

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

FCSS is a closed-ended vehicle. Accordingly, Shareholders will have no right to have their New FCSS Shares repurchased at any time. Shareholders wishing to realise their investment in FCSS may therefore be required to dispose of their New FCSS Shares in the market. Although the FCSS Shares are listed on the Official List and admitted to trading on the Main Market, there can be no guarantee that a liquid market in the FCSS Shares will exist or be maintained. Accordingly, Shareholders may be unable to realise their New FCSS Shares at the quoted market price (or at the prevailing net asset value per New FCSS Share).

FCSS has, and may in the future have, investments in unlisted private companies and will make investments in unlisted private companies if FIL Hong Kong identifies attractive investment opportunities. It is unlikely that there will be a liquid market for the shares and other securities that FCSS holds in unlisted investee companies and, therefore, it may be difficult for FCSS to realise such investments. The values of unlisted investments are more difficult to determine than the value of investments in listed companies. In addition, valuations of the unlisted investments may be based on unaudited information and may be subject to limited verification or other due diligence. The valuations may also be more volatile and subject to more performance uncertainties and liquidity risk. If the realised value of an unlisted investment or other asset held by FCSS is less than its valuation, this may have a material adverse effect on returns for FCSS Shareholders.

Taxation

Representations in this Circular concerning the taxation of Shareholders are based on current UK taxation law and HMRC published practice, which are subject to change (possibly with retrospective effect). The information in this Circular relating to UK taxation law and HMRC published practice is given by way of general summary and does not constitute legal or tax advice to Shareholders. The Board has

been advised that the Scheme should be treated as a scheme of reconstruction for the purposes of UK taxation of chargeable gains. Clearance has been granted by HMRC under section 138 of TCGA that section 136 of TCGA will not be prevented from applying to the scheme by virtue of section 137(1) of TCGA. HMRC have also advised that no counteraction notice under section 698 of the Income Tax Act 2007 nor under section 746 of the Corporation Tax Act 2010 (counteraction notices) should be served in respect of the transactions.

However, a subsequent disposal of FCSS Shares will constitute a disposal for UK tax purposes and may, depending on a Shareholder's particular circumstances, give rise to a liability to UK taxation.

The Directors have been advised that the proposed method of winding up the Company and the scheme of reconstruction is such that the Company should remain eligible to be treated as an investment trust for the accounting period which includes the date on which its assets are sold and/or transferred by the Liquidators pursuant to the Transfer Agreement under regulations 15 and 16 of the Investment Trust (Approved Company) (Tax) Regulations 2011. Accordingly, the transfer of the Company's assets in the Rollover Pool and the realisation of the Company's assets in the Cash Pool and the Liquidation Pool under the Scheme should not give rise to a liability to UK corporation tax for the Company. However, there can be no absolute assurance that investment trust status will be preserved and the absence of such status in any accounting period would mean the Company would be liable to pay UK corporation tax on its net capital gains in that period.

US Shareholders

Any receipt of cash pursuant to the Scheme by a US Shareholder may be a taxable transaction for US federal income tax purposes and under applicable US state and local, as well as foreign and other tax laws. Each US Shareholder is urged to consult their independent professional adviser immediately regarding the tax consequences of the Scheme.

It may be difficult for US Shareholders to enforce their rights and any claim arising out of the US federal securities laws, since FCSS is located in a foreign country, and all of its officers and directors are residents of a foreign country. US Shareholders may not be able to sue a foreign company or its officers or directors in a foreign court for violations of the US securities laws. Further, it may be difficult to compel a foreign company and its affiliates to subject themselves to a US court's judgement. Whether located in the United States or elsewhere, US Shareholders will receive any cash consideration in sterling.

PART 6

ADDITIONAL INFORMATION

1. Transfer Agreement

Provided that all the conditions to the Scheme are satisfied and the Scheme becomes effective, the Company will enter into the Transfer Agreement with the Liquidators (in their personal capacity) and FCSS pursuant to the Scheme. The Transfer Agreement is, as at the date of this Circular, in a form agreed between the Company, the Liquidators and FCSS. The Transfer Agreement provides, among other things, that the cash, undertaking and other assets of the Company in the Rollover Pool are to be transferred to FCSS in consideration for the allotment by FCSS of New FCSS Shares to the Liquidators, as nominees for Shareholders entitled to them in accordance with the Scheme. Thereafter, the Liquidators will renounce the allotments of the New FCSS Shares in favour of Eligible Shareholders and such New FCSS Shares will be issued by FCSS to such Eligible Shareholders pursuant to the Scheme. The Transfer Agreement excludes any liability on the part of the Liquidators for entering into and carrying into effect the Transfer Agreement, save for any liability arising out of negligence, fraud, bad faith, breach of duty or wilful default by the Liquidators in the performance of their duties.

2. Miscellaneous

- 2.1 Shore Capital has given and not withdrawn its written consent to the inclusion of its name and references to it in this Circular in the form and context in which they appear.
- 2.2 The Liquidators have given and not withdrawn their written consent to the inclusion of their names and references to them in this Circular in the form and context in which they appear.
- 2.3 The Manager has given and not withdrawn its written consent to the inclusion of its name and references to it in this Circular in the form and context in which they appear.

3. Documents available for inspection

- 3.1 Copies of the following documents will be available for inspection during normal business hours on any day (Saturdays, Sundays and public holidays excepted) at the registered office of the Company from the date of this Circular up to and including the close of business on the Effective Date:
 - 3.1.1 the Articles of Incorporation of the Company (containing the full terms of the amendments proposed to be made at the First General Meeting);
 - 3.1.2 the FCSS Prospectus;
 - 3.1.3 the FCSS Circular;
 - 3.1.4 the FCSS Articles;
 - 3.1.5 the Transfer Agreement, in a form agreed amongst the Company, the Liquidators and FCSS as at the date of this Circular;
 - 3.1.6 the letters of consent from Shore Capital, the Liquidators and abrdn referred to in paragraphs 2.1 to 2.3 (inclusive) of this Part 6 respectively; and
 - 3.1.7 this Circular, the Form of Election and the Forms of Proxy.
- 3.2 The Articles of Incorporation of the Company (including the articles of incorporation of the Company containing the full terms of the amendments proposed to be made) will be available at each General Meeting for at least 15 minutes prior to and during the meeting.

16 February 2024

DEFINITIONS

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

“A” rights	the rights attaching to Shares in respect of which the holders are deemed to have made valid Elections for the Rollover Option
abrdn	the brand name for the asset management businesses of abrdn plc
ACIC Fidelity Contribution	the balance of the Fidelity Contribution, if any, remaining after the payment of the FCSS Fidelity Contribution to be applied towards the Company’s costs in respect of the Proposals
Admission	the admission of the New FCSS Shares to be issued pursuant to the Scheme to listing on the premium segment of the Official List and to trading on the Main Market
Affiliate	an affiliate of, or person affiliated with, a specified person, including a person that directly, or indirectly through one or more intermediaries, controls or is controlled by, or is under common control with, the person specified
AIC	the Association of Investment Companies
Articles or Articles of Incorporation	the articles of incorporation of the Company, as amended from time to time
“B” rights	the rights attaching to Shares in respect of which the holders have made valid Elections for the Cash Option
Basic Entitlement	subject to the Scheme becoming effective in accordance with its terms, the entitlement of each Shareholder to elect for, and have accepted in full an Election for, the Cash Option in respect of up to 33 per cent. by number of their holding of Shares as at the Calculation Date
Benchmark Index	the MSCI China Index (in sterling terms)
Board or Directors	the directors of the Company
Business Day	a day on which the London Stock Exchange is open for business
Calculation Date	the time and date to be determined by the Directors (but expected to be 5.00 p.m. on 6 March 2024), at which the value of the Company’s assets and liabilities will be determined for purposes of creating the Liquidation Pool, the Cash Pool and the Rollover Pool, and at which the Residual NAV, the Residual NAV per Share, the Rollover FAV, the Rollover FAV per Share, the FCSS FAV per Share, the Cash Pool FAV and the Cash Pool FAV per Share will be calculated for the purpose of the Scheme
Cash Entitlement	in respect of any Shareholder who elects for the Cash Option and to the extent that Election is accepted, an amount equal to such Shareholder’s proportional entitlement to the Cash Pool pursuant to the Scheme

Cash Option	the option under the Scheme for Shareholders to receive an amount of cash equal to the Cash Pool FAV per Share multiplied by the number of Shares so elected
Cash Option Discount	the discount applied to the Residual NAV per Share for the purposes of the Cash Option under the Scheme, comprising a discount of 2.0 per cent. to the Residual NAV per Share
Cash Pool	the fund comprising the pool of assets attributable to the Reclassified Shares with “B” rights, the value of which will be equal to the Cash Pool FAV
Cash Pool FAV	the Cash Pool FAV per Share multiplied by the total number of Reclassified Shares with “B” rights
Cash Pool FAV per Share	the Residual NAV per Share less the Cash Option Discount (expressed in pence) and calculated to six decimal places (with 0.0000005 rounded down)
certificated or in certificated form	a share or other security which is not in uncertificated form
Circular	this Circular
Companies Act	the UK Companies Act 2006, as amended
Company or ACIC	abrdrn China Investment Company Limited, a limited liability company incorporated in Guernsey with registered number 50900, whose registered office is at BNP Paribas House, St Julian’s Avenue, St Peter Port, GY1 1WA, Guernsey
Company Secretary	abrdrn Holdings Limited, a private limited company incorporated and registered in Scotland with registered number SC082015 and having its registered office at 10 Queen’s Terrace, Aberdeen AB10 1XL
Corporation Tax Act	the UK Corporation Tax Act 2010, as amended
Cost Contribution Agreement	the cost contribution agreement dated 16 February 2024 between FISL, FCSS and the Company, as summarised in the section entitled “ <i>The Fidelity Contribution</i> ” in Part 1 of this Circular
CREST	the system for the paperless settlement of trades in securities and the holding of uncertificated securities operated by Euroclear in accordance with the Uncertificated Securities Regulations 2001 (SI 2001/3755) (as amended)
CREST Manual	the compendium of documents entitled the “CREST Manual” issued by Euroclear from time to time
EEA State	a member state of the European Economic Area
Effective Date	the date on which the Scheme becomes effective (which is expected to be 13 March 2024)
Election	the choice made by a Shareholder for the Rollover Option and/or the Cash Option pursuant to the Scheme (including, where the context so permits, a deemed choice for either the Rollover Option or the Cash Option) and any reference to “elect” shall, except where the context requires otherwise, mean “elect or is deemed to elect”

Eligible Shareholder	a Shareholder who is not an Excluded Shareholder (save where FCSS determines otherwise (at its absolute discretion)) and which includes an Eligible US Shareholder
Eligible US Shareholder	a US Shareholder that has validly executed and returned a US Investor Representation Letter
ESG	environmental, social and governance criteria, being three factors that investors consider in connection with a company's ethical and sustainable practices
Euroclear	Euroclear UK & International Limited in its capacity as the operator of CREST
Excess Application	that portion of an Election by a Shareholder for the Cash Option that exceeds that Shareholder's Basic Entitlement
Excluded Shareholder	a Shareholder who is: (i) an Overseas Shareholder; and/or (ii) a Sanctions Restricted Person
FAV	formula asset value
FCA	the United Kingdom Financial Conduct Authority or any successor entity or entities
FCSS	Fidelity China Special Situations PLC, an investment company incorporated in England and Wales with registered number 07133583, whose registered office is at Beech Gate Millfield Lane, Lower Kingswood, Tadworth, Surrey, KT20 6RP
FCSS Articles	the articles of incorporation of FCSS as at the date of the FCSS Prospectus
FCSS AIFM Agreement	the management agreement with an effective date of 1 June 2021, as amended by a side letter dated 25 January 2022, between the Company and the AIFM, as summarised in paragraph 13.1 of Part 7 (<i>General Information</i>) of the FCSS Prospectus
FCSS Board or FCSS Directors	the directors of FCSS
FCSS Depositary	J.P. Morgan Europe Limited, a private limited company incorporated in England and Wales with registered number 00938937 and having its registered office at 25 Bank Street, Canary Wharf, London E14 5JP
FCSS Depositary Agreement	the agreement dated 17 July 2014 and entered into between FCSS, Fidelity and the FCSS Depositary, which is summarised in paragraph 13.3 of Part 7 (<i>General Information</i>) of the FCSS Prospectus
FCSS FAV	the Net Asset Value of FCSS as at the Calculation Date: (i) less any costs of the Proposals payable by FCSS but not accrued in FCSS's NAV as at the Calculation Date; (ii) adjusted to exclude any dividends declared by FCSS prior to the Calculation Date that have not been paid to FCSS Shareholders or accrued in FCSS's NAV as at the Calculation Date; and (iii) adjusted to include the benefit of the FCSS Fidelity Contribution
FCSS FAV per Share	the FCSS FAV divided by the number of FCSS Shares in issue as at the Calculation Date (expressed in pence) and calculated to six decimal places (with 0.0000005 rounded down)

FCSS Fidelity Contribution	the portion of the Fidelity Contribution up to a maximum of £1 million that will be applied towards FCSS's costs in respect of the Scheme and the Issue
FCSS GM	the general meeting of FCSS convened for 11 March 2024 at 3.00 p.m. or any adjournment thereof
FCSS Investment Management Agreement	the investment management agreement with an effective date of 1 June 2021, as amended by a side letter dated 25 January 2022, between FCSS, FISL and FIL Hong Kong, as summarised in paragraph 13.2 of Part 7 (<i>General Information</i>) of the FCSS Prospectus
FCSS Portfolio	the portfolio of investments in which the funds of FCSS are invested at any point in time
FCSS Portfolio Manager	Dale Nicholls, the appointed portfolio manager of FCSS
FCSS Prospectus	the prospectus dated on or around 16 February 2024 relating to the issue of New FCSS Shares pursuant to the Scheme
FCSS Registrar	Link Group, a trading name of Link Market Services Limited, a private limited company incorporated in England and Wales with registered number 02605568 and having its registered office at Central Square, 29 Wellington Street, Leeds LS1 4DL
FCSS Registrar Agreement	the agreement dated 25 February 2010, between FCSS and the FCSS Registrar, as summarised in paragraph 13.5 of Part 7 (<i>General Information</i>) of the FCSS Prospectus
FCSS Resolution	the ordinary resolution to be proposed at the FCSS GM to sanction the issue of New FCSS Shares by FCSS pursuant to the Scheme
FCSS Shareholders	holders of FCSS Shares, including holders of the New FCSS Shares if the context requires
FCSS Shares	ordinary shares of £0.01 each in the capital of FCSS including the New FCSS Shares following their issue if the context requires
Fidelity	FISL and FIL Hong Hong
Fidelity Contribution	the contribution by FISL to the costs of the Scheme and the Issue pursuant to the Cost Contribution Agreement, comprising a contribution of £500,000 plus an amount equal to eight months of management fees that would otherwise be payable by the enlarged FCSS to Fidelity under the FCSS Investment Management Agreement and the FCSS AIFM Agreement in respect of the assets to be transferred by the Company to FCSS pursuant to the Scheme
Fidelity International	FIL Limited, a company limited by shares incorporated in Bermuda having its registered office at Pembroke Hall, 42 Crow Lane, Pembroke, HM 19, Bermuda and its subsidiary group of companies

FIL Hong Kong	FIL Investment Management (Hong Kong) Limited, a company incorporated with limited liability under the laws of Hong Kong with registered number 0097708 and having its registered office at Level 21, Two Pacific Place, 88 Queensway, Admiralty, Hong Kong
First General Meeting	the general meeting of the Company convened for 9.00 a.m. on 11 March 2024 or any adjournment of that meeting
FISL	FIL Investment Services (UK) Limited, a private limited company incorporated in England and Wales with registered number 02016555 and having its registered office at Beech Gate Millfield Lane, Lower Kingswood, Tadworth, Surrey KT20 6RP
Form of Election	the form of election for use by Shareholders holding their Shares directly as principal in certificated form in relation to the Scheme, which accompanies this Circular
Forms of Proxy	the forms of proxy for use by Shareholders at the General Meetings, which accompany this Circular
FSMA	the Financial Services and Markets Act 2000, as amended from time to time
General Meetings	the First General Meeting and/or the Second General Meeting, as the context requires
HMRC	HM Revenue & Customs
Illiquid Investment	the illiquid investment expected to be held by the Company as at the Calculation Date
Investment Manager	abrdrn Hong Kong Limited, a private company limited by shares incorporated in Hong Kong with company registration number 0145551 and having its registered office at 30th Floor, LHT Tower, 31 Queen's Road Central, Hong Kong
ISA	an individual savings account
Issue	the issue of New FCSS Shares to Shareholders who are deemed to have elected for the Rollover Option pursuant to the Scheme
Liquidation Pool	the pool of cash and other assets to be retained by the Liquidators to meet all known and unknown liabilities of the Company and other contingencies, as provided in paragraph 3.2 of Part 4 of this Circular
Liquidators	the liquidators of the Company being, initially, the persons appointed jointly and severally upon the Resolution to be proposed at the Second General Meeting becoming effective
London Stock Exchange	London Stock Exchange plc
Main Market	the main market for listed securities operated by the London Stock Exchange
Manager	abrdrn Fund Managers Limited, a private limited company incorporated in England and Wales with registered number 00740118 and having its registered office at 280 Bishopsgate, London, EC2M 4AG

Maximum Cash Option Shares	the maximum number of Shares that can be elected (or deemed to have been elected) for the Cash Option, being 33 per cent. of the total number of Shares in issue (excluding treasury shares) as at the Calculation Date
Modern Slavery Act	the Modern Slavery Act 2015, as amended
NAV or net asset value	the gross assets of the Company or FCSS on a cum income basis, as appropriate, less any liabilities (including provisions for such liabilities) determined by the relevant board of directors in their absolute discretion in accordance with the accounting principles adopted by that company
Net Equity Exposure	the net positive exposure of the FCSS Portfolio to the market with short and hedge positions subtracted from long positions
New FCSS Shares	the ordinary shares of £0.01 each in FCSS to be issued to Shareholders pursuant to the Scheme
Nominated Charity	Médecins Sans Frontières
Official List	the premium listing category for securities of the FCA's Official List
Overseas Shareholder	a Shareholder (excluding any Eligible US Shareholder) who has a registered address outside or who is a resident in, or citizen, resident or national of, any jurisdiction outside the United Kingdom, the Channel Islands and the Isle of Man
Proposals	the proposals for the members' voluntary liquidation and scheme of reconstruction of the Company, as set out in this Circular
QFII	Qualified Foreign Institutional Investor
QIB	a "qualified institutional buyer" as defined in Rule 144A of the US Securities Act
Qualified Purchaser or QP	a "qualified purchaser" as defined by Section 2(a)(51)(A) of the US Investment Company Act
Receiving Agent	Link Group, a trading name of Link Market Services Limited, a private limited company incorporated in England and Wales with registered number 02605568 and having its registered office at Central Square, 29 Wellington Street, Leeds LS1 4DL
Reclassified Shareholders	holders of Reclassified Shares
Reclassified Shares	the Shares reclassified under the Scheme as Shares with "A" rights or "B" rights
Record Date	6.00 p.m. on 6 March 2024 (or such other date as determined at the sole discretion of the Directors), being the record date for determining Shareholders' entitlements under the Proposals
Register	the register of members of the Company or FCSS, as the context requires

Regulatory Information Service	the regulatory information service provided by the London Stock Exchange
Residual NAV	has the meaning given in paragraph 4.4 of Part 4 of this Circular
Residual NAV per Share	the Residual NAV divided by the number of Shares in issue as at the Calculation Date (expressed in pence) calculated to six decimal places (with 0.0000005 rounded down)
Resolution or Resolutions	the special resolutions to be proposed at the General Meetings or any of them as the context may require
Rollover FAV	the difference between the Residual NAV and the Cash Pool FAV, adjusted to include the benefit of the ACIC Fidelity Contribution, if any
Rollover FAV per Share	the Rollover FAV divided by the total number of Reclassified Shares with "A" rights (expressed in pence) and calculated to six decimal places (with 0.0000005 rounded down)
Rollover Option	the terms of the Scheme under which Shareholders are deemed to elect to receive such number of New FCSS Shares as have a value (at the FCSS FAV per Share) equal to the Rollover FAV per Share attributable to the number of Shares deemed to have been so elected
Rollover Pool	the pool of cash, undertaking and other assets to be established under the Scheme and to be transferred to FCSS pursuant to the Transfer Agreement
Sanctions Authority	<p>each of:</p> <ul style="list-style-type: none"> (i) the United States government; (ii) the United Nations; (iii) the United Kingdom; (iv) the European Union (or any of its member states); (v) any other relevant governmental or regulatory authority, institution or agency which administers economic, financial or trade sanctions; or <p>the respective governmental institutions and agencies of any of the foregoing including, without limitation, the Office of Foreign Assets Control of the US Department of the Treasury, the United States Department of State, the United States Department of Commerce and His Majesty's Treasury</p>
Sanctions Restricted Person	<p>each person or entity:</p> <ul style="list-style-type: none"> (i) that is organised or resident in a country or territory which is the target of comprehensive country sanctions administered or enforced by any Sanctions Authority; or (ii) that is, or is directly or indirectly owned or controlled by a person or entity that is, described or designated in (a) the current "Specially Designated

Nationals and Blocked Persons” list (which as of the date of this Circular can be found at: <https://ofac.treasury.gov/specially-designated-nationals-and-blocked-persons-list-sdn-human-readable-lists>); and/or (b) the current “Consolidated list of persons, groups and entities subject to EU financial sanctions” (which as of the date of this Circular can be found at: <https://data.europa.eu/data/datasets/consolidated-list-of-persons-groups-and-entities-subject-to-eu-financial-sanctions?locale=en>); or the current “Consolidated list of financial sanctions targets in the UK” (which as of the date of this Circular can be found at: <https://ofsistorage.blob.core.windows.net/publishlive/2022format/ConList.html>); or

- (iii) that is otherwise the subject of or in violation of any sanctions administered or enforced by any Sanctions Authority, other than solely by virtue of their inclusion in: (a) the current “Sectoral Sanctions Identifications” list (which as of the date of this Circular can be found at: <https://www.treasury.gov/ofac/downloads/ssi/ssilist.pdf>) (the “**SSI List**”), (b) Annexes 3, 4, 5 and 6 of Council Regulation No. 833/2014, as amended by Council Regulation No. 960/2014 (the “**EU Annexes**”), or (c) any other list maintained by a Sanctions Authority, with similar effect to the SSI List or the EU Annexes

Scheme	the proposed scheme of reconstruction and voluntary winding up of the Company set out in Part 4 of this Circular
SDRT	stamp duty reserve tax imposed under Part IV of the Finance Act 1986
SEC	United States Securities and Exchange Commission
Second General Meeting	the general meeting of the Company convened for 9.00 a.m. on 13 March 2024 or any adjournment of that meeting
Shareholders	holders of Shares
Shares	ordinary shares of £0.01 each in the capital of the Company
Shore Capital	Shore Capital and Corporate Limited and Shore Capital Stockbrokers Limited
SIPP	a self-invested personal pension
Sterling, £ or GBP	pounds sterling, the lawful currency of the UK
Sustainable Investing Team	the team at Fidelity International that is responsible for consolidating its approach to stewardship, engagement, ESG integration and for the exercise of its votes at general meetings
TCGA	Taxation of Chargeable Gains Act 1992, as amended from time to time

Transfer Agreement	the agreement between the Company (acting by its Liquidators), the Liquidators and FCSS for the transfer of assets from the Company to FCSS pursuant to the Scheme, the terms of which are summarised in paragraph 1 of Part 6 of this Circular
TTE Instruction	a transfer to escrow instruction (as described in the CREST Manual)
UK or United Kingdom	the United Kingdom of Great Britain and Northern Ireland
uncertificated or in uncertificated form	a share or other security title to which is recorded in the register of the share or other security concerned as being held in uncertificated form (i.e. in CREST) and title to which may be transferred by using CREST
US Exchange Act	the U.S. Exchange Act of 1934, as amended
US Investment Company Act	the U.S. Investment Company Act of 1940, as amended
US Investor Representation Letter	the form of a representation letter that must be completed by US Shareholders and returned to FCSS and the Receiving Agent to participate in the Scheme
US Person	a "U.S. person" as defined in Regulation S under the US Securities Act
US Securities Act	the U.S. Securities Act of 1933, as amended
US Shareholder	a Shareholder that is in the United States or is a US Person
VAT	value added tax

ABRDN CHINA INVESTMENT COMPANY LIMITED

(Incorporated in Guernsey with registered number 50900)

NOTICE OF FIRST GENERAL MEETING

NOTICE IS HEREBY GIVEN that a general meeting of abrdn China Investment Company Limited (the “**Company**”) will be held at 9.00 a.m. on 11 March 2024 at the offices of Herbert Smith Freehills LLP, Exchange House, Primrose Street, London EC2A 2EG for the purpose of considering and, if thought fit, passing the following resolutions, which will be proposed as special resolutions:

SPECIAL RESOLUTIONS

1. THAT:

- 1.1 with effect from the date on which the amendment to the Official List of the FCA to reflect the reclassification of the ordinary shares of £0.01 each in the capital of the Company (the “**Shares**”) (the “**Amendment**”) becomes effective, but subject always to paragraph 1.5 of this resolution, each of the Shares in issue at the date of the passing of this resolution shall be reclassified as shares the holder of which has (or is deemed to have) elected to have reclassified as Shares with “A” rights or “B” rights as the case may be (the “**Reclassified Shares**”) in such respective numbers as may be required to give effect to any election validly made (or deemed to have been made) by the holder of the Shares and otherwise in accordance with the terms of the Scheme set out in Part 4 of the Circular dated 16 February 2024 to Shareholders of the Company of which this notice forms part (the “**Circular**”), a copy of which has been laid before the meeting and signed for the purpose of identification by the Chair of the meeting;
- 1.2 for the purposes of this special resolution:
- 1.2.1 to the extent that any holder of Shares shall be deemed to have validly elected for, and under the terms of the Scheme will become entitled to receive, New FCSS Shares, such Shares shall be reclassified as shares with “A” rights; and
- 1.2.2 to the extent that any holder of Shares shall have validly elected for, and under the terms of the Scheme will become entitled to receive, cash pursuant to the Cash Option, such Shares shall be reclassified as shares with “B” rights;
- 1.3 each of the holders of the Shares with the rights set out in paragraph 1.2 above shall have the respective rights set out in the Articles of Incorporation of the Company as amended by this special resolution;
- 1.4 with effect from the date on which the Amendment becomes effective, but subject always to paragraph 1.5 of this resolution, the Articles of Incorporation of the Company be and are hereby amended by:
- 1.4.1 the amendment of Article 5 by the insertion of the following as a new Article 5.4 and the updating of the numbering accordingly:
- “Every reference in these articles to Ordinary Shares shall be construed as a reference to the Ordinary Shares of £0.01 pence each in the capital of the Company which are designated as Shares with either “A” rights or “B” rights as set out in article 5.5 below. Notwithstanding anything to the contrary in these articles, each class of ordinary share will have attached to it the respective rights and privileges and be subject to the respective limitations and restrictions set out in article 5.3”;
- 1.4.2 the insertion of the following as a new Article 5.5:
- “Words and expressions defined in the Circular to shareholders of the Company dated 16 February 2024 shall bear the same meanings in this Article 5.5, save where the context otherwise requires.

The rights attaching to the Shares with “A” rights and the Shares with “B” rights shall be identical to each other save that on a winding up of the Company in the circumstances set out in the Circular (subject to the Scheme becoming unconditional in all respects in accordance with its terms) the Reclassified Shares shall have the following additional rights, notwithstanding anything to the contrary in these Articles:

- (a) the rights of holders of shares with “A” rights in respect of the assets of the Company shall be satisfied by the issue to the holders thereof of the number of New FCSS Shares to which they shall be entitled in accordance with the Scheme together with their entitlement to any Relevant Cash (as defined below) in accordance with the Scheme;
- (b) the rights of holders of shares with “B” rights in respect of the assets of the Company shall be satisfied by the payment to the holders thereof of the amount of cash to which they shall respectively be entitled in accordance with the Scheme together with their entitlement to any Relevant Cash (as defined below) in accordance with the Scheme;
- (c) any cash arising in the Company after the transfer of the Rollover Pool and any surplus remaining in the Liquidation Pool (“**Relevant Cash**”) shall be distributed in accordance with the Scheme”;

1.4.3 the amendment of Article 26 to reduce the minimum number of Directors of the Company as follows:

“The first Directors of the Company shall be specified in the application for incorporation prepared in accordance with section 17 of the Law. Unless and until the Company in general meeting shall otherwise determine, the number of Directors shall be not more than seven nor less than one. The Company may by ordinary resolution from time to time vary the minimum number and/or maximum number of Directors.”;

1.4.4 the amendment of Article 49.5 by the insertion of the following words at the beginning of the Article:

“Unless otherwise provided for in these Articles,”;

1.4.5 such further amendments to the Articles of Incorporation of the Company as may be required to give effect to this resolution;

1.5 if the Scheme does not become unconditional by the end of the Second General Meeting, the amendments to the Articles of Incorporation of the Company effected by paragraph 1.4 of this resolution shall be further amended such that the amendments to Article 5 shall cease to have effect as from the close of that meeting (or any adjourned meeting), the reclassification of Shares provided for by this resolution shall be reversed and each Reclassified Share shall revert to being a Share ranking *pari passu* in all respects with all other Shares in issue; and

1.6 the terms defined in the Circular have the same meanings in this special resolution.

2. **THAT**, subject to: (i) the passing of resolution 1 above at this meeting (or at any adjournment hereof) and it becoming unconditional; (ii) the Scheme becoming unconditional in accordance with its terms on or prior to 31 March 2024 (or such later date as may be agreed between the Company and FCSS); and (iii) the passing at a general meeting of the Company convened for 13 March 2024 (or any adjournment thereof) of a resolution for the voluntary winding up of the Company and the appointment of the Liquidators:

2.1 the Scheme set out in Part 4 of the Circular to Shareholders of the Company dated 16 February 2024 (the “**Circular**”), a copy of which has been laid before this meeting and signed for the purpose of identification by the Chair of the meeting, be and is hereby approved and the liquidators of the Company when appointed (jointly and severally the “**Liquidators**”) be and hereby are authorised to implement the Scheme and to execute any document and do anything for the purpose of carrying the Scheme into effect;

- 2.2 the Liquidators, when appointed, will be and hereby are authorised and directed:
- 2.2.1 under this special resolution and the Articles of Incorporation of the Company, as amended and as provided in resolution 1 above, to enter into and give effect to the Transfer Agreement (in their personal capacity and on behalf of the Company) referred to in the Circular with FCSS and in the form of the draft laid before the meeting and signed for the purposes of identification by the Chair of the meeting with such amendments as the parties thereto may from time to time agree;
 - 2.2.2 to request FCSS to allot and issue FCSS Shares, credited as fully paid, on the basis described in the Transfer Agreement for distribution among the holders of Shares entitled thereto under the Scheme (or to the Liquidators as nominee on their behalf) by way of satisfaction and discharge of their respective interests in so much of the property and assets of the Company as shall be transferred to FCSS in accordance with the Transfer Agreement and with the Scheme;
 - 2.2.3 to procure that the Rollover Pool be vested in FCSS (or its nominees) on and subject to the terms of the Transfer Agreement;
 - 2.2.4 to realise for cash the undertaking, cash and other assets comprising the Cash Pool;
 - 2.2.5 to distribute cash among the holders of Shares with “B” rights by way of satisfaction and discharge of their interests in so much of the Company as shall comprise the Cash Pool in accordance with the Scheme;
 - 2.2.6 to convert into cash any assets in the Liquidation Pool, including the Illiquid Investment;
 - 2.2.7 to transfer any surplus in the Liquidation Pool in accordance with the Scheme; and
 - 2.2.8 to apply for the admission of the Shares to the premium segment of the Official List and to trading on the Main Market to be cancelled with effect from such date as the Liquidators may determine;
- 2.3 the Articles of Incorporation of the Company be and are hereby amended by inserting the following as a new Article 49.6:
- “Words and expressions defined in the Circular to shareholders of the Company dated 16 February 2024 shall bear the same meanings in this Article 49.6. Notwithstanding the provisions of these Articles, upon the winding-up of the Company in connection with the Scheme set out in Part 4 of the Circular, the liquidators of the Company will give effect to the Scheme and will enter into and give effect to the Transfer Agreement (as duly amended where relevant).”
- 2.4 if the Scheme does not become unconditional by the end of the Second General Meeting, the amendments to the Articles of Incorporation of the Company effected by paragraph 2.3 of this resolution shall be further amended such that the insertion of Article 49.6 shall cease to have effect as from the close of that meeting (or any adjourned meeting); and
- 2.5 The terms defined in the Circular have the same meanings in this special resolution.

By the order of the Board

abrdn Holdings Limited
Company Secretary

Registered Office:
BNP Paribas House
St Julian's Avenue
St Peter Port
GY1 1WA
Guernsey

16 February 2024

Notes:

1. A Shareholder entitled to attend and vote may appoint a proxy to attend, speak and vote instead of him/her. A Shareholder may appoint more than one proxy in relation to the General Meeting provided that each proxy is appointed to exercise the rights attached to a different Share or Shares held by the Shareholder. A proxy need not be a Shareholder of the Company.
2. To appoint more than one proxy to vote in relation to different Shares within your holding you may photocopy the Form of Proxy. Please indicate the proxy holder's name and the number of Shares in relation to which they are authorised to act as your proxy (which, in aggregate, should not exceed the number of Shares held by you), Please also indicate if the proxy instruction is one of multiple instructions being given. The Form of Proxy must be signed.
3. The Form of Proxy duly completed, together with any power of attorney or other authority (if any) under which it is signed or a notarially certified copy of such power or authority must be deposited with the Company's Receiving Agent, Link Group, PXS 1, Central Square, 29 Wellington Street, Leeds, LS1 4DL, not later than 9.00 a.m. on 7 March 2024 or not less than forty eight hours before the time appointed for the holding of any adjourned General Meeting or, in the case of a poll taken more than 48 hours after it was demanded, 24 hours before the time appointed for the taking of a poll or in the case of a poll taken not more than 48 hours after it was demanded, the time at which the poll was demanded.
4. A Form of Proxy is included for use by Shareholders to complete, sign and return. Completion and return of the Form of Proxy will not prevent a Shareholder from subsequently attending the General Meeting or any adjournments and voting in person if he/she so wishes.
5. To appoint a proxy via the share portal at www.signalshares.com, you will need to log in to your share portal account or register if you have not previously done so. To register you will need your Investor Code which can be found on your form of proxy. Your proxy must be lodged by no later than 9.00 a.m. on 7 March 2024 (or, in the event that the General Meeting is adjourned, 48 hours (excluding non-working days) before the time of the adjourned General Meeting) in order to be considered valid.
6. Entitlement to attend and vote at the General Meeting (or any adjournment thereof) and the number of votes which may be cast thereat will be determined by reference to the Company's register of Shareholders as at close of business on 7 March 2024.
7. To allow effective continuation of the meeting, if it is apparent to the Chairman that no Shareholders will be present in person or by proxy, other than by proxy in the Chairman's favour, the Chairman may appoint a substitute to act as proxy in his stead for any Shareholder provided that such substitute proxy shall vote on the same basis as the Chairman.
8. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the General Meeting to be held on the above date and any adjournment(s) thereof by using the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.
9. In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & International Limited's specifications and must contain the information required for such instructions, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the Company's Receiving Agent (CREST ID is RA10) by the latest time(s) for receipt of proxy appointments specified in the notice of the meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Application Host) from which the Company's agent is liable to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.
10. CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear UK & International Limited does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take, (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsor's or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST systems and timings.
11. The Company may treat as invalid a CREST Proxy Instructions in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

12. Proxymity Voting – if you are an institutional investor, you may also be able to appoint a proxy electronically via the Proxymity platform, a process which has been agreed by the Company and approved by the Registrar. For further information regarding Proxymity, please go to www.proxymity.io. Your proxy must be lodged by the latest time(s) for receipt of proxy appointments specified in the notice of the meeting in order to be considered valid or, if the meeting is adjourned, by the time which is 48 hours before the time of the adjourned meeting. Before you can appoint a proxy via this process you will need to have agreed to Proxymity's associated terms and conditions. It is important that you read these carefully as you will be bound by them and they will govern the electronic appointment of your proxy. An electronic proxy appointment via the Proxymity platform may be revoked completely by sending an authenticated message via the platform instructing the removal of your proxy vote.
13. Unless otherwise indicated on the Form of Proxy, CREST or Proxymity, the proxy will vote as they think fit or, at their discretion, withhold from voting.

ABRDN CHINA INVESTMENT COMPANY LIMITED

(Incorporated in Guernsey with registered number 50900)

NOTICE OF SECOND GENERAL MEETING

NOTICE IS HEREBY GIVEN that a general meeting of abrdn China Investment Company Limited (the “**Company**”) will be held at 9.00 a.m. on 13 March 2024 at the offices of Herbert Smith Freehills LLP, Exchange House, Primrose Street, London EC2A 2EG for the purpose of considering and, if thought fit, passing the following resolution, which will be proposed as a special resolution:

SPECIAL RESOLUTION

1. THAT:

- 1.1 subject always to the fulfilment of the conditions (other than the passing of this special resolution) set out in paragraph 14 of the Scheme (the “**Scheme**”) contained in Part 4 of the Circular to the Shareholders of the Company dated 16 February 2024, a copy of which has been laid before this meeting and signed for the purpose of identification by the Chair thereof (the “**Circular**”), and with effect from the conclusion of this meeting:
 - 1.1.1 the Company be and is hereby wound up voluntarily and Gareth Rutt Morris and Jonathan Dunn, both licensed insolvency practitioners of FRP Advisory Trading Limited, be and they are hereby appointed joint liquidators (the “**Liquidators**”) of the Company for the purposes of such winding-up and distributing the assets of the Company in accordance with the Scheme and any power conferred on them by law, the Articles of Incorporation of the Company or this resolution may be exercised by them jointly or by each of them alone;
 - 1.1.2 the remuneration (plus VAT) of the Liquidators be determined by reference to the time properly spent by them and their staff in attending to matters arising prior to and during the winding-up of the Company (including, without limitation, the implementation of the Scheme and any matters outside the statutory duties of the Liquidators and undertaken at the request of the members or a majority of them) and the Liquidators be and are hereby authorised to draw such remuneration monthly or at such longer intervals as they may determine and to pay any expenses properly incurred by them to give effect to the Scheme;
 - 1.1.3 the Company’s books and records be held by its Company Secretary to the order of the Liquidators until the expiry of 12 months after the date of dissolution of the Company, when they may be disposed of (save for financial and trading records which shall be kept for a minimum of six years following the vacation of the Liquidators from office); and
 - 1.1.4 the Liquidators be empowered and directed to carry into effect the provisions of the Articles of Incorporation as amended by the special resolutions set out in the notice of the First General Meeting of the Company contained in the Circular.
- 1.2 terms defined in the Circular have the same meanings in this resolution, save where the context otherwise requires.

By the order of the Board

abrdn Holdings Limited

Company Secretary

Registered Office:

BNP Paribas House

St Julian’s Avenue

St Peter Port

GY1 1WA

Guernsey

16 February 2024

Notes:

1. A Shareholder entitled to attend and vote may appoint a proxy to attend, speak and vote instead of him/her. A Shareholder may appoint more than one proxy in relation to the General Meeting provided that each proxy is appointed to exercise the rights attached to a different Share or Shares held by the Shareholder. A proxy need not be a Shareholder of the Company.
2. To appoint more than one proxy to vote in relation to different Shares within your holding you may photocopy the Form of Proxy. Please indicate the proxy holder's name and the number of Shares in relation to which they are authorised to act as your proxy (which, in aggregate, should not exceed the number of Shares held by you), Please also indicate if the proxy instruction is one of multiple instructions being given. The Form of Proxy must be signed.
3. The Form of Proxy duly completed, together with any power of attorney or other authority (if any) under which it is signed or a notarially certified copy of such power or authority must be deposited with the Company's Receiving Agent, Link Group, PXS 1, Central Square, 29 Wellington Street, Leeds, LS1 4DL, not later than 9.00 a.m. on 11 March 2024 or not less than forty eight hours before the time appointed for the holding of any adjourned General Meeting or, in the case of a poll taken more than 48 hours after it was demanded, 24 hours before the time appointed for the taking of a poll or in the case of a poll taken not more than 48 hours after it was demanded, the time at which the poll was demanded.
4. A Form of Proxy is included for use by Shareholders to complete, sign and return. Completion and return of the Form of Proxy will not prevent a Shareholder from subsequently attending the General Meeting or any adjournments and voting in person if he/she so wishes.
5. To appoint a proxy via the share portal at www.signalshares.com, you will need to log in to your share portal account or register if you have not previously done so. To register you will need your Investor Code which can be found on your form of proxy. Your proxy must be lodged by no later than 9.00 a.m. on 11 March 2024 (or, in the event that the General Meeting is adjourned, 48 hours (excluding non-working days) before the time of the adjourned General Meeting) in order to be considered valid.
6. Entitlement to attend and vote at the General Meeting (or any adjournment thereof) and the number of votes which may be cast thereat will be determined by reference to the Company's register of Shareholders as at close of business on 11 March 2024.
7. To allow effective continuation of the meeting, if it is apparent to the Chairman that no Shareholders will be present in person or by proxy, other than by proxy in the Chairman's favour, the Chairman may appoint a substitute to act as proxy in his stead for any Shareholder provided that such substitute proxy shall vote on the same basis as the Chairman.
8. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the General Meeting to be held on the above date and any adjournment(s) thereof by using the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.
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13. Unless otherwise indicated on the Form of Proxy, CREST or Proxymity, the proxy will vote as they think fit or, at their discretion, withhold from voting.