


Please note that this document includes a Supplementary  
Prospectus

(two pages which appear at the end of this file)

which gives details of four investments made by Matrix e-Ventures  
Fund VCT.



e-Ventures  
VCT

**Matrix e-Ventures Fund VCT plc**  
a venture capital trust

**Offer for Subscription**  
**Mini Prospectus with Application Form**

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about this offer for subscription you should consult your bank manager, solicitor, accountant or other independent financial adviser duly authorised under the Financial Services Act 1986 without delay. This mini prospectus ("Mini Prospectus") contains information drawn from the prospectus comprising listing particulars dated 10 May 2000 ("the Prospectus").

Copies of the Prospectus relating to the Fund, prepared in accordance with the listing rules made under section 142 of the Financial Services Act 1986, have been delivered to the Registrar of Companies in England and Wales as required by section 149 of that Act.

In subscribing for ordinary shares of 1p each ("Ordinary Shares") you will be treated as subscribing solely on the basis of this prospectus which should be read in conjunction with this document. Your attention is drawn to the risk factors set out on page 13 of this document and to the terms and conditions of application set out on pages 17 to 19 of this document.

Application has been made to the Official List of the UK Listing Authority for the whole of the ordinary share capital issued and to be issued pursuant to this offer for subscription to be admitted to dealings on the London Stock Exchange Limited. It is expected that such admission will become effective and that dealings in the Ordinary Shares will commence on the business day following allotment.

The London Stock Exchange Limited has authorised the issue of this document without approving its contents. This document is not for distribution outside the UK and is not nor should it be treated as an offer for or solicitation outside the UK. The Directors are satisfied that this Mini Prospectus contains a fair summary of the key information set out in the Prospectus which has been published and which alone contains full information on the Company and the Ordinary Shares.

5,000 Ordinary Shares have been made available to the market at a price of 100p per share payable in full on subscription.

Persons receiving this document should note that, in connection with this offer for subscription, Williams de Broë Plc and Matrix-Securities Limited are acting for the Fund and no-one else, and will not be responsible to anyone other than the Fund for providing the protections afforded to customers of Williams de Broë Plc and Matrix-Securities Limited nor for providing advice in relation to this offer for subscription. Williams de Broë Plc and Matrix-Securities Limited are regulated by The Securities and Futures Authority Limited.

The Directors of the Fund, whose names appear on page 6, accept responsibility for the information contained in this document. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

---

## MATRIX E-VENTURES FUND VCT PLC

(Incorporated in England and Wales under the Companies Act 1985 with registered number 3946235)

### Offer for Subscription Of up to 20,000,000 Ordinary Shares at an issue price of 100p per share payable in full on subscription

**Sponsor**

**Williams de Broë Plc**

**Promoter**

**Matrix-Securities Limited**

---

#### Share Capital

The authorised and issued share capital, assuming full subscription under the offer for subscription, will be as follows:

| Authorised |            | Issued and fully paid |                            |
|------------|------------|-----------------------|----------------------------|
| £          | Number     | £                     | Number                     |
| 420,000    | 42,000,000 | 200,000               | 20,000,000                 |
|            |            |                       | ordinary shares of 1p each |

The procedure for, and the terms and conditions of, application under this offer for subscription are set out, and an application form is included, at the end of this document. The minimum investment for investors under this offer for subscription is £2,500. The minimum subscription is £3 million.

Completed application forms must be posted or delivered by hand to the Receiving Agents, Matrix-Data Limited, Gossard House, 7-8 Savile Row, London W1X 1AF to be received by 10:00am on 20 June 2000.

This offer for subscription opens on 11 May 2000 and will close on 20 June 2000 or as soon as full subscription is reached. The Directors in their absolute discretion may decide to extend or increase the size of the offer for subscription.

# Contents

| Page                                 | Page                                   |
|--------------------------------------|--|
| 2 Offer Timetable                    | 11 Management and Administration       |
| 2 Offer Statistics                   | 13 Risk Factors                        |
| 3 Letter from the Chairman           | 14 Tax Position of Private Investors   |
| 4 Definitions                        | 16 Tax Position of the Fund            |
| 5 Key Features                       | 17 Terms and Conditions of Application |
| 6 Directors, Managers and Advisers   | 20 Application Procedure               |
| 7 Benefits of the Fund for Investors | 21 Application Form                    |
| 8 Fund Objective and Strategy        |  |
| 9 The Management Team                |  |
| 10 The Board                         |  |

## Offer Timetable

|   |   |
|---|---|
| <b>Offer opens</b>  | <b>11 May 2000</b>                          |
| <b>Closing date for Offer</b>   | <b>20 June 2000</b>                         |
| <b>Date when dealings in the Ordinary Shares are expected to commence</b> | <b>the business day following allotment</b> |
| <b>Share certificates expected to be despatched within</b>                | <b>seven days of allotment</b>              |

The Offer will lapse if the minimum subscription is not achieved by 20 June 2000. The deadline for receipt of allotment applications is subject to the Offer not being fully subscribed by an earlier date. The final closing date for the Offer may be extended by the Directors in their absolute discretion.

**NOTE:** For potential investors with a capital gains tax deferral deadline requirement, it may be possible to arrange a bespoke allotment of shares. Please contact Matrix-Securities Limited for details.

## Offer Statistics

|  |                              |
|--|------------------------------|
| Offer price per Ordinary Share                                 | 100p                         |
| Initial Net Asset Value per Ordinary Share                     | 94p                          |
| Maximum number of Ordinary Shares in issue following the Offer | 20,000,000                   |
| Minimum number of Ordinary Shares in issue following the Offer | 3,000,000                    |
| Offer costs as a percentage of the gross proceeds of the Offer | 6%                           |
| Maximum net proceeds of the Offer                              | £18,800,000                  |
| Minimum net proceeds of the Offer                              | £2,820,000                   |
| Minimum individual investment                                  | £2,500                       |
| Commission available to introducers:                           |                              |
| Initial  | 2.25% of gross subscriptions |
| <i>plus</i>  |                              |
| Annual   | 0.375%*                      |

\* subject to the Terms and Conditions set out on page 12 of this document.

# Letter from the Chairman

## MATRIX E-VENTURES FUND VCT PLC

10 May 2000

Dear Investor

Over the last few years the Internet has started to have a real impact on all of us, in both our private lives and at work, and it is widely recognised that we have seen only the tip of the iceberg so far.

Matrix e-Ventures Fund is a new venture capital trust which offers investors the opportunity to invest in a portfolio of these exciting businesses under the guidance of experienced investors and e-commerce entrepreneurs. In addition, the VCT provides investors with substantial tax benefits (which are detailed on pages 14 and 15).

I believe that now is an excellent time to establish a fund investing in businesses at different stages of development in a sector which will continue to revolutionise the way business is conducted.

I look forward to welcoming you as a shareholder.

Yours faithfully

Michael Cumming  
Chairman

ST. PHILIPS HOUSE, ST. PHILIPS PLACE, BIRMINGHAM B3 2PP  
REGISTERED IN ENGLAND NUMBER 3946235

# Definitions

The following definitions are used throughout this document, except where the context requires otherwise:

## **BVCA**

British Venture Capital Association

## **Cazenove**

Cazenove Fund Management Limited, a firm regulated by The Securities and Futures Authority Limited

## **Directors or Board**

Directors of Matrix e-Ventures Fund plc

## **Fixed Interest Fund**

that part of the Issue proceeds invested for the time being in government securities or other high quality fixed interest securities by Cazenove

## **Investment Committee**

Michael Cumming, Fredrik Adams, Darryl Mattocks and Larry Sullivan, being those Directors who constitute the investment committee of the Board

## **Issue**

the issue of Ordinary Shares pursuant to the Offer

## **Matrix e-Ventures Fund or the Fund**

Matrix e-Ventures Fund VCT plc

## **Matrix Private Equity or Fund Adviser**

Matrix Private Equity (Managers) Limited, a wholly owned subsidiary of the Fund

## **Matrix-Securities Limited**

Matrix-Securities Limited, the Fund's promoter, a wholly owned subsidiary of Matrix Group Limited and authorised by The Securities and Futures Authority Limited

## **Offer**

the offer for subscription of up to 20,000,000 Ordinary Shares pursuant to the terms of this document

## **Ordinary Shares**

ordinary shares of 1p each in the capital of the Fund

## **Performance Warrants**

warrants to subscribe for Ordinary Shares to be issued to Matrix Private Equity Limited (a subsidiary of Matrix Group Limited, the parent company of Matrix-Securities Limited) and the Investment Committee subject to the achievement of the performance related conditions described on page 11

## **Private Investor**

an individual aged 18 or over resident in the United Kingdom

## **Qualifying Company**

an unquoted or AIM listed company which satisfies the requirements of schedule 28B of The Taxes Act

## **Shareholder**

a holder of Ordinary Shares

## **Taxes Act**

the Income and Corporation Taxes Act 1988 (as amended up to the date of this Document)

## **UK Listing Authority**

the Financial Services Authority acting in its capacity as the competent authority for the purposes of Part IV of the Financial Services Act 1986

## **Venture Capital Fund**

that part of the Issue proceeds to be invested in Venture Capital Investments

## **Venture Capital Investment**

the shares or securities of a Qualifying Company

## **Venture Capital Trust or VCT**

a company which is, for the time being, approved as a Venture Capital Trust under Section 842AA of the Taxes Act

# Key Features

## Investment Strategy

The investment strategy of the Fund is to provide Private Investors with an attractive return from a portfolio of investments in fast growing companies whose products or services depend to a significant extent on the application of e-business, the Internet and businesses which support the operation of the Internet. The Fund will invest predominantly in companies at various stages of their early financing rounds. It may also invest in new and secondary issues of companies which already have a trading facility on AIM or OFEX.

## Experienced Investment Team

Investors will benefit from the professional investment expertise and experience of the Directors and of Matrix Private Equity. There will be a two stage investment selection process. The first stage will be undertaken by an experienced investment team from Matrix Private Equity who on completion of the due diligence process will make investment recommendations to the Investment Committee. The final selection of companies to be included in the portfolio will be made by the Investment Committee which collectively has wide experience of investing in these types of companies.

## The Opportunity

In the Directors' opinion the development of the Internet as a medium of communication, marketing and trading is still at an early stage, particularly in the UK and Europe where developments are considerably less advanced than in the USA. As a result the Directors believe that there is considerable scope for a dedicated Fund to invest in a sector which is experiencing strong growth.

The Private Investor may find it difficult to invest in these companies at an early stage. Investment in such companies may attract exceptional returns, but some such companies may fail. The Fund has been established to enable the Private Investor to invest in a spread of such early stage companies.

## Additional Benefit of VCT Tax Reliefs

Substantial tax reliefs are available to Private Investors subscribing for new Ordinary Shares in the Fund. Any capital gains made from an investment will be free from capital gains tax whenever the investment is sold. Additionally, investors in the new Ordinary Shares will be able to claim income tax relief equal to 20 per cent of the amount that they have invested. A full description of all the tax reliefs available to Private Investors is set out on pages 14 and 15.

The tax reliefs should help reduce the risks and the tax free nature of any gains which are made should enhance the benefits.

**The Directors believe that these tax benefits give the Fund an advantage over similar funds aimed at investing in early stage Internet and e-commerce businesses which are quoted on AIM but have less attractive tax reliefs.**

## Maximisation of Tax-Free Cash Returns

The Fund will adopt a policy of maximising dividend distributions, from realised capital gains, taking full advantage of the privileged ability of a Venture Capital Trust to distribute realised capital profits tax free. Dividends received from a Venture Capital Trust are, under current tax legislation, exempt from income tax in the hands of a Private Investor.

## A Listing on the London Stock Exchange Limited

Application has been made to the Official List of the UK Listing Authority for the Ordinary Shares to be admitted to dealings on the London Stock Exchange Limited.

*The information set out above is derived from and should be read in conjunction with the full text of this document. Investors should read the whole document and not just rely on the key information set out above.*

# Directors, Managers and Advisers

## Directors

Michael Ralston Cumming (Chairman)  
John Fredrik Ninian Adams  
Darryl Kenton Mattocks  
Lawrence John Sullivan  
Kenneth Charles Vere Nicoll  
David Peter Brougham (non-executive)  
Nigel Edward Melville (non-executive)

## Secretary

Roger William Blears

## *All of the Fund's Registered office*

St Philips House  
St Philips Place  
Birmingham  
B3 2PP

## Sponsor

Williams de Broë Plc  
1 Waterloo Place  
Birmingham  
B2 5PG

## Promoter & Company

### Accountant

Matrix-Securities Limited  
Gossard House  
7-8 Savile Row  
London  
W1X 1AF

## Solicitors and VCT Tax Adviser

Martineau Johnson  
St Philips House  
St Philips Place  
Birmingham  
B3 2PP

## Auditor

Moores Rowland  
Mitre House  
177 Regent Street  
London  
W1R 8BB

## Venture Capital Fund Adviser

Matrix Private Equity (Managers) Limited  
9-10 Savile Row  
London  
W1X 1AF

## Fixed Interest Manager

Cazenove Fund Management Limited  
12 Moorgate  
London  
EC2R 6DA

## Bankers

Barclays Bank Plc  
West Midlands Corporate Team  
PO Box 777  
Wolverhampton  
WV1 1XJ

## Registrar

IRG plc  
Balfour House  
390-398 High Road  
Ilford  
Essex  
IG1 1NQ

## Receiving Agent

Matrix-Data Limited  
Gossard House  
7-8 Savile Row  
London  
W1X 1AF



# Benefits of the Fund for Investors

Matrix e-Ventures Fund offers Investors several important advantages over direct investment in individual companies.

## **Spread of Investments**

By investing in the Fund, investors will achieve a spread of investments in a variety of companies where the majority of activities are dependent on e-business, the Internet and businesses which support the operation of the Internet. They will therefore benefit from a more balanced portfolio than could normally be achieved by individuals making direct investments in separate companies. This approach should ensure that investors in the Fund will participate in a portfolio of companies where risk is spread and therefore reduced.

## **Early Access to Investment Opportunities**

Investors who are attracted by the potential of investing in innovative high growth companies often find it difficult to make an investment until the company is floated on a stock exchange. By investing through the Fund investors will be able to invest in companies at an earlier stage in their development and therefore potentially at attractive valuations.

## **Professional Management**

Investors will benefit from the selection skills of investment professionals who understand venture capital and e-business, the Internet and businesses which support the operation of the Internet. The management team, which comprises the Investment Committee and Matrix Private Equity, will have access to far more information on the companies in the portfolio than is generally available to Private Investors and they will also keep in close contact with the management teams of the investee companies. They will play an active role in developing the full potential of their investments.

## **Substantial Tax Benefits**

The Fund will be structured as a Venture Capital Trust. This will ensure that Private Investors can also benefit from some significant tax advantages.

### **Tax Free Capital Growth**

Investments in e-business, the Internet and businesses which support the operation of the Internet have recently provided investors with substantial returns. By investing in these companies within a VCT fund, all the capital growth within the Fund will be tax free when the investments are sold and VCT shares themselves can be sold free of capital gains tax.

### **Tax Free Income**

When the Fund sells investments at a profit, these profits can be distributed to investors as a tax free distribution.

### **Income Tax Relief**

Private Investors subscribing for Ordinary Shares in the Fund will be able to offset 20 per cent of the amount they invest against any income tax which they are due to pay in the year of subscription, thereby reducing their income tax bill. The maximum amount for which an individual can obtain relief by investing in VCTs in any tax year is £100,000.

Private Investors who claim this benefit must hold their shares for at least 3 years.

### **Deferral of Capital Gains Tax**

Private Investors who have a capital gains tax liability can defer paying this tax by reinvesting any chargeable gain into new Ordinary Shares of the Fund. This can be done with capital gains made one year before or one year after the date of issue of the new Ordinary Shares. For potential investors with a capital gains tax deferral deadline requirement, it may be possible to arrange a bespoke allotment of shares. Please contact Matrix-Securities Limited for details.

Further details of the tax advantages are set out in pages 14 to 16.

# Fund Objective and Strategy

The investment strategy of the Fund is to provide Investors with an attractive return from a portfolio of investments in fast growing companies whose products or services depend to a significant extent on the application of e-business, the Internet and businesses which support the operation of the Internet.

The Fund will invest predominantly in companies at various stages of their early financing rounds. It may also invest in new and secondary issues of companies which already have a trading facility on AIM or OFEX.

The Directors anticipate being fully invested, primarily in Qualifying Companies, within three years. Some cash will be retained to provide flexibility for supporting any future cash needs of existing investee companies, and a small proportion of the Fund may be invested in companies outside the U.K. which nevertheless meet the same business criteria.

As an over-riding objective, the Fund will endeavour to ensure that the companies in which it invests have the potential to become substantial businesses, with prospects for an ultimate realisation by way of a stock market flotation or trade sale.

Important factors which will be considered when selecting investments will include:

- the management team;
- a business model which supports a realistic assessment of the ability of the company to generate revenue and ultimately profits;
- products or services, which benefit from, or are designed specifically for, e-business, the Internet and businesses which support the operation of the Internet;
- products or services which are likely to sustain a competitive advantage;
- the prospect of achieving an exit via a trade sale or flotation within 3 years.

Investments are expected to range in size from approximately £100,000 to £1 million and not more than 15 per cent of the Fund's assets (based on cost) will be invested in any one company.

Initially, the net proceeds of the Issue will be invested in a portfolio of gilts and other sterling-denominated fixed interest investments with the aim of achieving an income yield with a degree of capital security. Cazenove will act as manager of these investments. Cazenove provides investment portfolio management and advice to private clients, pension funds, charities, unit trusts and other institutional clients in domestic and overseas markets. As at 1 March 2000 total funds under management amount to £13 billion.

## Sourcing of Investment Opportunities

The Directors expect, as a result of their experience and the network of industry contacts developed by the Directors and Matrix Private Equity, to receive a substantial number of deal proposals and approaches which should generate a significant number of investment opportunities for the Fund. Investments may be syndicated with others including other Venture Capital Trusts.

## Post-investment Management

Matrix Private Equity will seek to add value to investee companies in a number of ways including strategic planning, helping with the development of the management team, advising on acquisitions or mergers, and on the development of international markets and helping to shape companies for a stock market flotation or trade sale. In addition, where appropriate, a member of its team or an experienced individual well known to it will be appointed to the board of each investee company as a non-executive director.

# The Management Team

Investors will benefit from the professional investment expertise and experience of the Directors and of Matrix Private Equity.

Investment opportunities will be researched by Matrix Private Equity, the Fund Adviser, as the first of a two stage investment selection process. Matrix Private Equity will then present their investment proposals to the Investment Committee. The proposed investments will be scrutinised by the Investment Committee and no investment will be made without its approval. The knowledge and skills of the Board should enable the Fund to establish a portfolio of successful companies and to shape their growth for subsequent trade sale or flotation.

## Matrix Private Equity

Matrix Private Equity was incorporated on 30 March 2000 and has appointed as directors two experienced venture capitalists, Mark Burgess and Helen Sinclair, and an experienced corporate financier, Ken Vere Nicoll, who is managing director of Matrix Corporate Finance. They have the following experience:

**Mark Burgess** (Age 40). Mark is an experienced venture capitalist. He joined Cinven, one of the leading European venture capital companies, in 1986 and became finance director in 1995. As an investment director he managed a portfolio of £130 million, over half of which was in high technology and/or computer related businesses and a substantial number were early stage investments of less than £1 million. He left in 1996 to take a career break whilst retaining his position on the Board of Allied Carpets plc. He has been a non-executive director of Quester Limited and Prelude Technology Investments Limited which specialise in investing in early stage companies.

**Helen Sinclair** (Age 34). Helen is an experienced venture capitalist. She has an MBA from INSEAD Business School and she was venture capitalist for 7 years at 3i plc where she gained wide ranging experience of start ups and growth companies. A substantial proportion of investments undertaken by her were in the sub £1 million range, including investments which were in computer related businesses. In 1995 and 1996 she won the BVCA Small Start Up of the Year Award. She left 3i plc in 1998 to become a director of fundraising and marketing for a major UK charity.

**Ken Vere Nicoll** (Age 57). Ken has over 30 years corporate finance experience and is managing director of Matrix Corporate Finance (MCF). MCF specialises in providing corporate finance advice to early stage e-commerce and Internet companies. Since April 1998, MCF has advised 16 Internet, e-commerce, telecoms and high technology companies which have raised more than £60 million. These companies include Earthport.com Plc, E:go systems .com Plc, Healix Group plc, Travelstore.com Group Plc, Telecom Plus Plc, Tricorder Technology Plc, Countyweb.com Plc and UK Directory Holdings Plc.

Many of these companies suit were within the investment profile of venture capital trusts and other investment institutions as demonstrated by investment in one or more of these companies by the following funds: AIM VCT plc, Amadeus 1 LP, Asia Pacific Technology & Finance, Close Brothers AIM VCT plc, Cross Atlantic Technology, Downing Classic VCT plc, Downing Elderstreet VCT plc, Ecclesiastical Insurance Group plc, Elderstreet Capital Partners, Foresight Technology VCT, Herald Investment Trust plc, New Media Spark plc, Singer & Friedlander AIM VCT, The AIM Distribution Trust VCT, The AIM Trust plc, Triven VCT plc, Wellington Partners and 3i plc.

# The Board

The Board consists of seven Directors, six of whom are independent of Matrix Private Equity. The Investment Committee comprises those four directors with an \* against their name.

\* **Michael Cumming** (Age 59), Chairman. Michael was Managing Director of Barclays Private Equity Ltd between 1981 and 1994 when he was responsible for providing risk capital for private companies. During this time he served on the boards of various private and publicly quoted companies. He is currently a non-executive director of The East German Investment Trust PLC, Enterprise Capital Trust PLC, Foreign & Colonial Enterprise Capital Trust PLC and Themis FTSE All-Small Index Trust PLC. In addition he is a Director of ectwo.com plc, which has traded on OFEX from April 2000 to invest principally in internet related companies. He has been Chairman of Mercia Fund Management Limited since May 1999 which was set up to invest up to £4 million in technology enterprises emerging principally from the Universities of Birmingham and Warwick.

\* **Fredrik Adams** (Age 30). Fredrik is Vice President of European Equity Partners (EEP) a €50 million venture capital fund investing in business to business, wireless Internet and broadband companies in Northern Europe. He graduated in economics at Lund University in Sweden in 1993. Prior to joining EEP in 1999, he worked in corporate finance at Nomura International in London. He is a non-executive director of Whatsonwhen.com, an online global events content provider.

\* **Darryl Mattocks** (Age 35). Darryl is an active and experienced e-commerce entrepreneur. In August 1998 he was the founding Chairman of travelstore.com plc, a fast growing European internet travel site providing group online services for businesses users. He was the founder and Managing Director of The Internet Bookshop Ltd (an online book retail business) which was launched on the Internet in July 1994 and sold in 1998 to WH Smith plc for £9.8 million. He was a consultant for several blue-chip organisations including Warburg Dillon Reed, National Westminster Bank plc and Marconi plc, advising on the development of large scale software engineering projects and the general management of these projects. He has also been non-executive chairman of Rapidinsure plc, an online insurance broker since January 2000 and an investor in a number of other internet companies.

\* **Larry Sullivan** (Age 46). Larry is a successful entrepreneur in the IT sector. He established a Polish and UK joint venture company in Warsaw in 1990 which he sold for US\$20 million in 1996 to a software company listed on the Warsaw Stock Exchange. His principal business is Computer Systems for Business Limited of which he is Chairman having founded the company in 1987. He brings experience of founding and managing entrepreneurial businesses.

**Kenneth Vere Nicoll** (Age 57), Ken has over 30 years corporate finance experience and is managing director of Matrix Corporate Finance (MCF) and a Director of Matrix-Securities Limited. MCF specialises in providing corporate finance advice to early stage e-commerce and Internet companies and has advised a number of these companies in the past two years.

**Nigel Melville** (Age 54). Nigel is chairman of Mainetti Technology Holdings Limited, the UK's leading supplier of tubing to the telecommunications industry, and a director of a number of other public and private companies. Between 1972 and 1995, he was an investment banker, latterly as a director of Barings responsible for international corporate finance. In 1995 he established Melville Partners to provide strategic consultancy to a range of international companies. He is a non-executive director of English & Scottish Investors plc and of Fleming Chinese Investment Trust plc.

**David Brougham** (Age 59). David joined Standard Chartered plc in 1990 as chief credit officer and was made an executive director in 1993. In 1998 he was asked to chair the Indonesian Commercial Bank Steering Committee. He is a non-executive of Alliance & Leicester plc, Hampden Holdings plc and Asia Pacific Debt Recovery Company in Hong Kong.

# Management and Administration

The Board will be responsible for the determination of the Fund's investment policy and have overall responsibility for its affairs. Investment decisions will be taken by the Investment Committee based on the recommendations of Matrix Private Equity.

## The Investment Adviser

Matrix Private Equity, has been appointed as Fund adviser for an initial period of five years and thereafter until its appointment is terminated by not less than one year's notice in writing to expire at any time after the initial period. This appointment may also be terminated in circumstances of material breach by either party. In any event, the Fund may appoint third parties in substitution for Matrix Private Equity as adviser for part of the Venture Capital Fund if it believes that this is desirable to preserve the status of the Fund as a VCT.

## Management Fees

Matrix Private Equity will receive an annual management fee of 2.5 per cent of the net assets of the Fund. The annual management fee will be calculated and payable quarterly in advance, together with any applicable VAT.

The Fund will be responsible for external costs, such as legal and accounting fees, incurred on transactions that do not proceed to completion ("abort expenses"). Arrangement and syndication fees and directors' or monitoring fees ("deal fees") to companies in which the Fund invests will accrue to Matrix Private Equity.

For the management of the Fixed Interest Fund, Cazenove will receive 0.10% per annum of the net assets of the Fixed Interest Fund, subject to a minimum of £10,000 per annum (plus VAT) which will be paid by Matrix Private Equity out of their remuneration.

Martineau Johnson will receive a fee of £35,000 per annum (at full subscription) for the provision of company secretarial services to the Company including the provision of Roger Blears, a partner in Martineau Johnson, as the Company Secretary.

Matrix-Securities Limited will receive a fee of £25,000 per annum (at full subscription) for the provision of accounting services.

Williams de Broë Plc will receive a fee of £7,500 per annum (plus VAT) for acting as sponsor to the Fund.

Summaries of the agreements under which Matrix Private Equity, Cazenove, Martineau Johnson, Matrix-Securities and Williams de Broë Plc have been appointed can be found in paragraph 7 on pages 24 to 25 of the prospectus.

## Annual expenses

The normal annual expenses of the VCT will be capped at 3.75 per cent (including any irrecoverable VAT) of the Fund's net asset value. Any excess will be refunded to the Fund by way of an adjustment to the fees payable to Matrix Private Equity. The normal annual expenses comprise the management fees and abort expenses mentioned above, annual trail commission payable to independent financial advisers, directors' remuneration, and fees payable to Moores Rowland for auditing the VCT, the registrar and UK Listing Authority.

## Performance-related Incentive

As is customary in the venture capital industry Matrix Private Equity Limited (which will provide the services of Mark Burgess and Helen Sinclair), Mark Burgess, Helen Sinclair and the Investment Committee will receive a Performance Related Incentive. They will be entitled to be issued with Performance Warrants granting the right to subscribe at par for a number of Ordinary Shares, on a one for one basis, which represents 16.67 per cent of the sum of;

- (i) the number of Ordinary Shares allotted pursuant to the Offer
- plus
- (ii) the number of Ordinary Shares allotted pursuant to the exercise of Performance Warrants ("the base capital").

The condition for the issue of the Performance Warrants is that cumulative dividend payments are declared or paid amounting to the equivalent of not less than 80p for each Ordinary Share in issue ("the hurdle") at any time before the seventh anniversary of the launch of the Fund.

The number of Ordinary Shares attaching to the Performance Warrants at full subscription (i.e. £20,000,000) will be as follows:

|        | Investment Committee | Mark Burgess and Helen Sinclair | Matrix Private Equity Limited | Total     |
|--------|----------------------|---------------------------------|-------------------------------|-----------|
| Number | 600,000              | 1,400,000                       | 2,000,000                     | 4,000,000 |
| %      | 15%                  | 35%                             | 50%                           | 100%      |

If the hurdle is not reached until after the seventh anniversary of the launch of the Fund the Performance Warrants entitle their holders to a number of Ordinary Shares which reduces from 16.67% of the base capital at the rate of 1.5% per annum until the twelfth anniversary after which, if the hurdle has not been reached by then, the Performance Warrants lapse.

#### **Issue Costs**

The Issue costs will be capped at 6% of funds subscribed under the Offer. Matrix-Securities Limited has agreed to indemnify the Fund to the extent of any excess of Issue costs over this amount.

#### **Adviser Commission**

Authorised financial intermediaries who, acting on behalf of their clients, return valid Application Forms bearing their stamp and FSA, SRO or RPB number will normally be paid 2.25% commission on the amount payable in respect of the Ordinary Shares allotted in respect of each such Application Form.

In addition, provided they continue to act for their client and the client continues to hold such Ordinary Shares, such intermediaries will normally be paid an annual trail commission of 0.375% of the Net Asset Base Value for each such Ordinary Share plus 0.375% of all capital distributions paid in respect of each such Ordinary Share. For this purpose, 'Net Asset Base Value' means 94p per Ordinary Share or, if less, the net assets attributable to a Ordinary Share as determined from the audited annual accounts of the Company as at the end of the preceding financial year.

The annual trail commission will be paid in August each year. It is anticipated that the first such payment will be paid in August 2001 in respect of the accounting period ending 30 April 2001. The administration of annual trail commission will be managed on behalf of the Company by Matrix-Securities limited which will maintain a register of intermediaries entitled to trail commission.

The Fund shall be entitled to rely on a notification from a client that he has changed his adviser. No payment of trail commission shall be made to the extent that the cumulative trail commission would exceed 4% of the issue price of each such Ordinary Share.

#### **Commission Waiver Option**

Financial intermediaries may agree to waive their initial commission. If so then a subscriber's application will attract an additional allotment of Ordinary Shares at no greater cost.

#### **Reporting to Investors**

The annual report and accounts of the Fund will be made up to 30 April each year and should normally be circulated to shareholders in the following July. Shareholders will also receive unaudited half yearly reports. The first report to be sent to shareholders will be the interim accounts in respect of the period ending 31 October 2000.

The procedures adopted by the Fund for the valuation of unquoted investments will be in line with the guidelines issued by the BVCA.

#### **The Life of the Fund**

It is intended that the Fund should have an unlimited life, but it is considered desirable that Shareholders should have the opportunity to review the future of the Fund at appropriate intervals. Accordingly, the Articles of Association of the Fund contain provisions requiring the Directors to put a proposal for the continuation of the Fund, in its then form, to Shareholders at the Annual General Meeting following the date on which cumulative dividend payments on each Ordinary Share (calculated as above) first exceed 80 pence or, if earlier, the tenth Annual General Meeting and thereafter at five-yearly intervals.

#### **The Offer**

The Ordinary Shares are being offered by means of an offer for subscription at 100p per share payable in full subject to a minimum aggregate subscription of £3 million. The Offer is limited to £20 million and is not underwritten. The minimum investment for investors is £2,500.

Applications will be accepted in the order in which they are received subject to any prior booking of allocations which may be agreed with the promoter to give authorised financial intermediaries time to consult with their clients. The Offer will be closed as soon as full subscription is reached and in any event not later than 10.00 am on 20 June 2000 (unless extended by the Directors to a date not later than 31 October 2000).

The Offer is conditional (inter alia) on duly completed application forms and appropriate payments being received in respect of at least 3,000,000 of the Ordinary Shares the subject of the Offer by not later than 10.00am on 20 June 2000. Ordinary Shares will be allotted even if the Issue is not subscribed in full subject to a minimum allotment of 3,000,000 Ordinary Shares.

#### **Dividend Policy**

The Fund's dividend policy will be to maximise distributions to investors.

A privileged feature of a Venture Capital Trust, not available to an investment trust, is the ability to distribute net realised capital profits. Taking full advantage of this feature, the Fund intends to maximise the stream of tax-free dividend distributions on the successful realisation of investments for cash, and also partly from income.

Initially this will be achieved by the Fund being structured as an investment company which enhances its ability to pay dividends out of income. Subsequently, when the Directors consider it appropriate to distribute accumulated net capital profits by way of dividend (for example on the disposal of a successful equity investment), investment company status will be revoked to enable capital distributions to be made.

# Risk Factors

Prospective Investors should be aware that the value of Ordinary Shares in the Fund can fluctuate and that they may not get back the amount that they have invested. In addition there is no guarantee that the market price of the Ordinary Shares will fully reflect the underlying net asset value or that any dividends will be paid. Prospective investors should be aware that an investment in the Fund should be considered as a long term investment.

The following additional factors should be considered:

- Investment in unquoted companies can offer good investment returns but by its nature is uncertain and consequently involves a higher degree of risk than a quoted portfolio.
  - Although it is anticipated that the Ordinary Shares will be listed on the Official List of the UK Listing Authority, it is likely that there will be an illiquid market and it may prove difficult to realise an investment.
  - Although the Fund may receive conventional venture capital rights and board representation in connection with some of its investments, as a minority investor it may not be in a position to fully protect its interests.
  - Realisation of investments in unquoted companies can be difficult and may take considerable time. There may also be constraints imposed on the realisation of investments in order to maintain the tax status of the Fund.
  - The services to be provided by investee companies may utilise emerging technology and certain aspects of this technology may still be under development.
  - The market for the products or services of investee companies may still be developing.
  - Over the last few years there has been a significant growth in the number of people using the Internet. There is no guarantee that this growth will continue.
  - New national and international laws and regulations concerning the Internet may come into force which could affect the business of investee companies.
  - Investee companies may not be able to commercially protect their right to their technology and there may be no assurance that others will not independently develop substantially equivalent or superior technology.
- Whilst it will be the intention of the Directors that the Fund will be managed so as to qualify as a Venture Capital Trust, there can be no guarantee that it will qualify or that such status will be maintained. A failure to meet the qualifying requirements could result in the Fund losing the tax reliefs previously obtained, resulting in adverse tax consequences for investors including a requirement to repay the 20 per cent income tax relief obtained and to make payment in respect of any capital gains tax liability deferred on subscription for the Ordinary Shares.
  - The tax rules or their interpretation in relation to an investment in the Fund and/or the rates of tax may change during the life of the Fund.
  - If an investor subscribing for Ordinary Shares under the Offer disposes of those Ordinary Shares within 3 years the investor may be subject to claw back by the Inland Revenue for any income tax relief originally claimed.

# Tax Position of Private Investors

## 1. Tax reliefs for Private Investors

The tax reliefs set out below are available to individuals aged 18 or over who subscribe under the Offer for Ordinary Shares in the Fund. Whilst there is no specific limit on the amount of an individual's acquisitions of shares in a VCT, tax reliefs will only be given to the extent that the total of an individual's subscriptions or other acquisitions of shares in VCTs in any tax year do not exceed £100,000. Private Investors who intend to invest more than £100,000 in VCTs in any one tax year should consult their professional advisers.

### (a) Income tax

#### (i) Relief from income tax on investment

An investor subscribing for Ordinary Shares in the Fund will be entitled to claim income tax relief on amounts subscribed up to a maximum of £100,000 in any tax year. To obtain relief an investor must subscribe on his own behalf although the shares may be subsequently transferred to a nominee. The relief is given at the rate of 20 per cent on the amount subscribed provided that the relief is limited to the amount which reduces the investor's income tax liability to nil. Investments to be used as security for or financed by loans may not qualify for relief, depending on the circumstances.

#### (ii) Dividend relief

An investor who acquires in any tax year Ordinary Shares having a value of up to a maximum of £100,000 will not be liable to income tax on dividends paid by the VCT on those shares.

#### (iii) Investors in the market

An individual purchaser of existing Ordinary Shares in the market will be entitled to claim dividend relief (as described in paragraph (ii) above) but not relief from income tax on investment (as described in paragraph (i) above).

#### (iv) Withdrawal of relief

Relief from income tax on subscription for shares in a VCT is withdrawn if the shares are disposed of (other than between spouses) within three years of issue or if the VCT loses its approval within this period.

### (b) Capital gains tax

#### (i) Deferral relief

An investor who is resident or ordinarily resident in the UK who realises a chargeable gain may defer tax on that gain to the extent of the investment in Ordinary Shares in the VCT. To qualify for the relief

the VCT shares must be Ordinary Shares in respect of which the investor obtained some income tax relief on investment and which are subscribed for within the period beginning 12 months before and ending 12 months after the gain accrued. The maximum amount subscribed for Ordinary Shares against which chargeable gains can be deferred is £100,000 in any one tax year, the same as the limit for income tax relief on investment.

#### (ii) Deferral relief is only postponement

Where deferral relief has been claimed, the effect of the relief is that the original gain is postponed. Under certain circumstances the deferred gain will come back into charge: for example, if at any time there is a subsequent disposal (other than between spouses) of the Ordinary Shares in the VCT whether at a gain or at a loss or if the investor becomes a non-UK resident in certain circumstances or if the VCT ceases to be approved. However, on the death of an investor or a spouse who has acquired VCT shares within marriage, no deferred gain will become payable by the investor, their spouse or anyone inheriting the VCT shares.

#### (iii) Relief from capital gains tax on the disposal of Ordinary Shares

A disposal by an investor of Ordinary Shares in the VCT will give rise to neither a chargeable gain nor an allowable loss for the purposes of UK capital gains tax. The relief is limited to the disposal of Ordinary Shares acquired within the limit of £100,000 for any tax year, determined as for dividend relief.

However, as referred to in (ii) above, the disposal of the Ordinary Shares will bring into charge the original gain that was postponed on claiming the deferral relief.

#### (iv) Purchasers in the market

An individual purchaser of existing Ordinary Shares in the market will be entitled to claim relief from capital gains tax on disposal (as described in paragraph (iii) above) but not deferral relief (as described in paragraph (i) above).

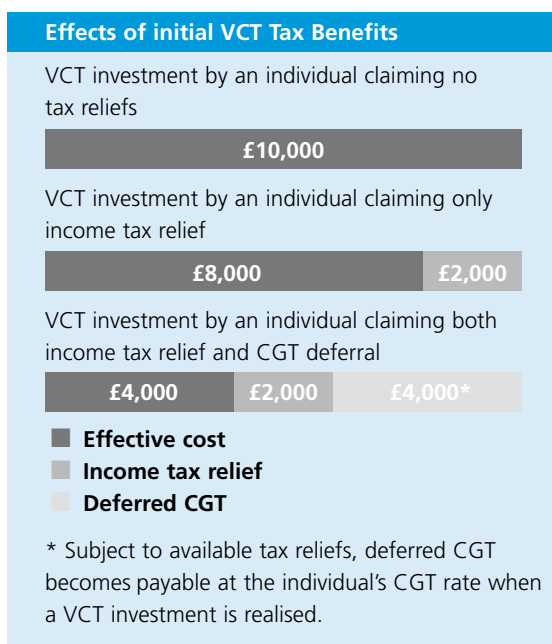
If a company which has been granted approval as a VCT subsequently fails to comply with the conditions for approval, approval as a VCT may be withdrawn or treated as never having been given. In these circumstances, relief from income tax on investment is repayable unless loss of approval



occurs more than three years after the issue of the relevant shares; relief ceases to be available on any dividend paid in respect of profits or gains in any accounting period ending when VCT status has been lost; any chargeable gain on which tax has been deferred will be brought into charge; and any gains on the shares up to the date from which loss of VCT status is treated as taking effect will be exempt but gains thereafter will be taxable.

## 2. Illustration of effect of tax reliefs for Private Investors

The table below is not a forecast, is intended for illustrative purposes only and does not form part of the summary of the tax reliefs contained in this section. The table shows how the initial various tax reliefs available can reduce the effective cost of the VCT investment to a Private Investor (a 40 per cent higher rate income tax payer) subscribing for new ordinary shares in a VCT for an amount which is not greater than the limit of £100,000 in the relevant year.



The combined effect of the initial tax reliefs and the tax free dividend can substantially improve the net returns of the VCT investment, especially for 40 per cent higher rate income tax payers.

## 3. Obtaining tax reliefs

### Claims for income tax relief on amounts subscribed for new ordinary shares

The Fund will provide a certificate to each investor which the investor may use to claim income tax relief, either by obtaining from the Inland Revenue an adjustment to his tax coding under the PAYE system or by waiting until the end of the tax year and using his self-assessment to claim relief.

Dividends received in respect of shares acquired in VCT's up to the qualifying maximum of £100,000 per tax year need not be shown in an investor's self-assessment.

### Capital gains tax deferral

The investor defers his capital gains tax liability by notifying a claim to the Inland Revenue. This would normally be submitted with his self-assessment for the tax year of subscription in the VCT. In the case of gains which accrue up to 12 months from subscription and in the tax year following that in which the subscription is made, the investor should file the claim as soon as possible after he subscribes for the VCT shares and with that tax year's self-assessment at the latest.

## 4. Investors not resident in the UK

Investors not resident in the UK should seek their own professional advice as to the consequences of making an investment in a VCT as they may be subject to tax in other jurisdictions as well as in the UK.

The above is only a summary of the law concerning the tax position of individual investors in VCTs.

**Potential Private Investors are recommended to consult a professional adviser as to the taxation consequences of investment in a VCT.**

# Tax Position of the Fund

## 1. Qualification as a VCT

To qualify as a VCT, a company must be approved as such by the Inland Revenue. To obtain such approval it must:

- (a) not be a close company;
- (b) have each class of its ordinary share capital quoted on the London Stock Exchange;
- (c) derive its income wholly or mainly from shares or securities;
- (d) have at least 70 per cent by value of its investments in shares or securities in Venture Capital Investments, of which 30 per cent by value must be in ordinary shares carrying no preferential rights to dividends or return of capital and no rights to redemption;
- (e) have not more than 15 per cent by value of its investments in a single company or group (other than a VCT or a company which would, if its shares were listed, qualify as a VCT); and
- (f) not retain more than 15 per cent of its income derived from shares and securities in any accounting period.

## 2. Venture Capital Investments

Venture Capital Investments consist of shares or securities first issued to the VCT (and held by it ever since) by a portfolio company satisfying certain conditions and for which not more than £1 million was subscribed in any one tax year (nor more than £1 million in, broadly, any period of 6 months straddling two tax years). The conditions are detailed but include that the portfolio company must be a Qualifying Company, have gross assets not exceeding £15 million immediately before and £16 million immediately after the investment, apply the money raised for the purposes of a qualifying trade within certain time periods and not be controlled by another company.

## 3. Qualifying Companies

A Qualifying Company must carry on a qualifying trade. For this purpose certain activities are excluded (such as dealing in land or shares or providing financial services). The trade must either be carried on by, or be intended to be carried on by, the Qualifying Company or by a qualifying subsidiary at the time of the issue of its shares or securities to the VCT (and at all times thereafter). The trade must be carried on wholly or mainly in the UK but the

company need not be UK resident. A company intending to carry on a qualifying trade must begin to trade within two years of the issue of shares or securities to the VCT and continue it thereafter.

A Qualifying Company may have no subsidiaries other than qualifying subsidiaries which must be at least 75 per cent owned and exist wholly for the purpose of carrying on a qualifying trade, be dormant or own properties occupied by group members.

## 4. Approval as a VCT

A VCT must be approved at all times by the Inland Revenue. Approval has effect from the time specified in the approval.

A VCT cannot be approved unless the tests are met throughout the most recent complete accounting period of the VCT and the Inland Revenue is satisfied that they will be met in relation to the accounting period of the VCT which is current when the application is made. However, in order to facilitate the launch of a VCT, the Inland Revenue may approve a VCT notwithstanding that certain of the tests are not met at the time of application, provided the Inland Revenue is satisfied that the tests will be met within certain time limits. In particular, in the case of the test described at 1(d) above, approval may be given if the Inland Revenue is satisfied that this will be met throughout an accounting period of the VCT beginning no more than three years after the date when approval takes effect.

The above is only a summary of the conditions to be satisfied for a company to be treated as a VCT.

# Terms and Conditions of Application

The words and expressions defined in the Prospectus, save where the context requires otherwise, have the same meanings when used in the Application Form and explanatory notes in relation thereto. The section headed "How to complete the Application Form" forms part of those terms and conditions of application.

## A Terms and Conditions

1. The contract created by the acceptance of applications in the manner herein set out will be conditional on the Sponsor's Agreement between Williams de Broë Plc, the Fund and others becoming unconditional in all respects and not being terminated in accordance with its terms before the first allotment of Ordinary Shares. If any application is not accepted, or if any contract created by acceptance does not become unconditional, or if any application is accepted for fewer Ordinary Shares than the number applied for, the application monies or the balance of the amount paid on application will be returned without interest by post at the risk of the applicant. In the meantime application monies will be retained by Matrix-Data Limited in a separate account.
  2. The Fund reserves the right to present all cheques and banker's drafts for payment on receipt and to retain documents of title and surplus application monies pending clearance of the successful applicants' cheques and banker's drafts.
  3. By completing and delivering an Application Form you (as the applicant):
    - (a) irrevocably offer to subscribe for the number of Ordinary Shares specified in your Application Form (or any smaller number for which the application is accepted) at 100p per Ordinary Share, subject to the provisions of this document, any supplemental prospectus filed with the registrar of companies, these Terms and Conditions and the Memorandum and Articles of Association of the Fund;
    - (b) authorise IRG plc to send definitive documents of title for the number of Ordinary Shares for which your application is accepted, and/or a crossed cheque for any monies returnable, by post to your address as set out in your Application Form and to procure that your name is placed on the register of members of the Fund in respect of such Ordinary Shares;
    - (c) in consideration of the Fund agreeing that it will not, prior to 20 June 2000 offer any Ordinary Shares to any persons other than by means of the procedures set out or referred to in this document, agree that your application may not be revoked until after 20 June 2000 and that this paragraph constitutes a collateral contract between you and the Fund which will become binding upon despatch by post or delivery by hand of your Application Form duly completed to Matrix-Data Limited;
- (d) agree and warrant that your cheque or banker's draft will be presented for payment on receipt and will be honoured on first presentation and agree that, if such remittance is not so honoured, you will not be entitled to receive certificates for the Ordinary Shares applied for or to enjoy or receive any rights or distributions in respect of such Ordinary Shares unless and until you make payment in cleared funds for such Ordinary Shares and such payment is accepted by the Fund (which acceptance shall be in its absolute discretion and may be on the basis that you indemnify it against all costs, damages, losses, expenses and liabilities arising out of or in connection with the failure of your remittance to be honoured on first presentation) and that at anytime prior to unconditional acceptance by the Fund of such late payment in respect of such Ordinary Shares, the Fund may (without prejudice to its other rights) treat the agreement to allot such Ordinary Shares as void and may allot such Ordinary Shares to some other person in which case you will not be entitled to any refund or payment in respect of such Ordinary Shares (other than return of such late payment);
  - (e) agree that any documents of title and any monies returnable to you may be retained pending clearance of your remittance and that such monies will not bear interest;
  - (f) agree that all applications, acceptances of applications and contracts resulting therefrom will be governed by, and construed in accordance with English law and that you submit to the jurisdiction of the English courts and agree that nothing shall limit the right of the Fund to bring any action, suit or proceeding arising out of or in connection with any such applications, acceptances of applications and contracts in any other manner permitted by law or in any court of competent jurisdiction;
  - (g) agree that, in respect of those Ordinary Shares for which your application has been received and processed and not refused, acceptance of your application shall be constituted by notification of acceptance thereof by Matrix-Data Limited;
  - (h) agree that all documents in connection with the Offer and any returned monies will be sent at your risk and

may be sent by post to you at your address as set out in the Application form;

- (i) agree that, having had the opportunity to read this document and the Prospectus, you shall be deemed to have had notice of all information and representations concerning the Fund contained herein;
- (j) confirm that in making such application you are not relying on any information or representation in relation to the Fund other than those contained in the Prospectus and any supplemental prospectus filed with the Registrar of Companies and you accordingly agree that no person responsible solely or jointly for this document and the Prospectus or any part thereof or involved in the preparation thereof shall have any liability for any such information or representation;
- (k) confirm that you have reviewed the restrictions contained in paragraphs 4 and 5 below and warrant as provided therein;
- (l) warrant that you are not under the age of 18 years;
- (m) agree that such Application Form is addressed to the Fund and to Williams de Broë Plc;
- (n) agree to provide the Fund with any information which it may request in connection with your application or to comply with the VCT or other relevant legislation (as the same may be amended from time to time);
- (o) warrant that, in connection with your application, you have observed the laws of all relevant territories, obtained any requisite governmental or other consents, complied with all requisite formalities and paid any issue, transfer or other taxes due in connection with your application in any territory and that you have not taken any action which will or may result in the Fund, Williams de Broë Plc, or Matrix-Securities Limited acting in breach of the regulatory or legal requirements of any territory in connection with the Offer or your application;
- (p) agree that Williams de Broë Plc and Matrix-Securities Limited will not regard you as its customer by virtue of your having made an application for Ordinary Shares or by virtue of such application being accepted; and
- (q) declare that a loan has not been made to you or any associate, which would not have been made or not have been made on the same terms, but for you offering to subscribe for, or acquiring Ordinary Shares and that the Ordinary Shares are being acquired for

bona fide commercial purposes and not as part of a scheme or arrangement the main purpose of which, or one of the main purposes of which, is the avoidance of tax.

- 4. No action has been or will be taken in any jurisdiction by or on behalf of the Fund which would permit a public offer of Ordinary Shares in any jurisdiction where action for that purpose is required, other than the United Kingdom, nor has any such action been taken with respect to the possession or distribution of this document other than in the United Kingdom. No person receiving a copy of this document or an Application Form in any territory other than the United Kingdom may treat the same as constituting an invitation or offer to him nor should he in any event use such Application Form unless, in the relevant territory, such an invitation or offer could lawfully be made to him or such Application Form could lawfully be used without contravention of any registration or other legal requirements. It is the responsibility of any person outside the United Kingdom wishing to make an application for Ordinary Shares to satisfy himself as to full observance of the laws of any relevant territory in connection therewith, including obtaining any requisite governmental or other consents, observing any other formalities required to be observed in such territory and paying any issue, transfer or other taxes required to be paid in such territory.
- 5. The Ordinary Shares have not been and will not be registered under the United States Securities Act of 1933, as amended, or under the securities laws of any state or other political subdivision of the United States and may not be offered, sold, renounced, transferred or delivered, directly or indirectly, in the United States of America, its territories and possessions, any state of the United States and the District of Columbia ("United States") or as a result of a purchase order known to originate in the United States. Persons subscribing for Ordinary Shares shall be deemed to present and warrant that they are not resident in the United States and will not, as principal or agent, offer, sell, renounce, transfer or deliver, directly or indirectly, as part of the distribution of the Ordinary Shares, any Ordinary Shares being purchased by them to any person in the United States or as a result of a purchase order originating in the United States. In addition, the Fund has not been and will not be registered under the United States Investment Company Act of 1940, as amended.
- 6. The basis of allocation will be determined by the Fund (after consultation with Williams de Broë Plc and Matrix-Securities Limited) in its absolute discretion. It is intended that applications will be accepted in the order in which they are received subject to any prior booking of allocations

which may be agreed with Matrix-Securities Limited to give authorised financial intermediaries time to consult with their clients. The Offer will be closed as soon as full subscription is reached. The right is reserved, notwithstanding the basis so determined, to reject in whole or in part and/or scale down any application, in particular multiple and suspected multiple applications. The right is also reserved to treat as valid any application not complying fully with these Terms and Conditions of Application or not in all respects complying with the Application Procedure set out on page 20. In particular, but without limitation, the Fund (after consultation with Williams de Broë Plc and Matrix-Securities Limited) may accept applications made otherwise than by completion of an Application Form where the applicant has agreed in some other manner to apply in accordance with these Terms and Conditions.

7. Save where the context requires otherwise, terms defined in this document bear the same meaning when used in these Terms and Conditions of Application and in the Application Form.
8. Authorised financial intermediaries who, acting on behalf of their clients, return valid Application Forms bearing their stamp and FSA, SRO or RPB number will normally be paid 2.25 per cent. commission on the amount payable in respect of the Ordinary Shares allocated for each such Application Form. In addition, provided they continue to act for their client and the client continues to hold Ordinary Shares, such intermediaries will be paid an annual trail commission of 0.375 per cent. of the Net Asset Base Value for each such Ordinary Share plus 0.375 per cent. of all capital distributions paid in respect of each such Ordinary Share. For this purpose "Net Asset Base Value" means 94p per Ordinary Share or, if less, the net assets attributable to an Ordinary Share as determined from the audited annual accounts of the Company as at the end of the preceding financial year. The annual trail commission will be paid in August in each year. It is anticipated that the first such payment will be paid in August 2001. The administration of annual trail commission will be managed on behalf of the Company by Matrix-Securities Limited which will maintain a register of intermediaries entitled to trail commission. The Company shall be entitled to rely on a notification from a client that he has changed his adviser. No payment of trail commission shall be made to the extent that the cumulative trail commission would exceed 4 per cent. of the issue price of each such Ordinary Share. Financial intermediaries should keep a record of Application Forms submitted bearing their stamp to substantiate any claim for selling commission. Matrix-Data Limited will collate the Application Forms bearing the financial intermediaries' stamps and calculate the selling commission payable which will be paid within 14 days of each allotment.

9. Financial Intermediaries may agree to waive initial commission in respect of your application. If this is the case and the Commission Waiver Option has been taken up by your Financial Intermediary at paragraph 5 of the Application Form, then your application will be treated as an application to apply for the number of Ordinary Shares stated in box number 2 of The Application Form plus an additional 90 Ordinary Shares for every 4,000 Ordinary Shares stated in box number 2 at an overall price per Ordinary Share of 0.9775 pence.

## **B Lodging of Application Forms and Dealing**

Completed Application Forms with the appropriate remittance must be posted or delivered by hand to Matrix-Data Limited, Gossard House, 7-8 Savile Row, London W1X 1AF by 10.00am on 20 June 2000. The Offer opens on 11 May 2000 and will be closed as soon as full subscription is reached. The basis on which applications have been accepted will be announced as soon as possible thereafter. If you post your Application Form, you are recommended to use first class post and to allow at least two business days for delivery.

It is expected that dealings in the Ordinary Shares will commence on the business day following allotment and that share certificates will be despatched within seven days of allotment of Ordinary Shares.

Temporary documents of title will not be issued. Dealings prior to receipt of share certificates will be at the risk of applicants. A person so dealing must recognise the risk that an application may not have been accepted to the extent anticipated or at all.

To the extent that any application is not accepted, the monies in of any excess payment will be returned without interest by the applicant's cheque or banker's draft or by sending a crossed cheque in favour of the applicant through the post, at the of the person entitled thereto.

## **C Availability of Prospectus and Application Forms**

Copies of the Prospectus and Application Forms will be available free of charge on request until the Offer closes from the registered office of the Company, the Document Viewing Facility at the Financial Services Authority, 25 North Colonnade, Canary Wharf, London E14 5HS and the following addresses:

|                           |                      |
|---------------------------|----------------------|
| Matrix-Securities Limited | Williams de Broë Plc |
| Gossard House             | 1 Waterloo Street    |
| 7-8 Savile Row            | Birmingham           |
| London W1X 1AF            | B2 5PG               |
| Tel: 020 7292 0825        | Tel: 0121 609 0050   |
| Fax: 020 7292 0801        |                      |
| Dated 10 May 2000         |                      |

# Application Procedure

Before making any application to acquire Ordinary Shares you are strongly recommended to consult an independent financial adviser authorised under the Financial Services Act 1986. The following instructions should be read in conjunction with the Application Form and the Terms and Conditions of Application.

1. Insert your full name and address in BLOCK CAPITALS in Box 1. Individuals can only apply on their own behalf and in their own name. You must be the beneficial owner of the Ordinary Shares issued to you pursuant to the Offer. You must not use a nominee name as this will jeopardise your entitlement to tax reliefs. You must also give your own address and full postcode and telephone number. Telephone numbers will only be used in case of a query in regards to your application.
2. Insert in Box 2 (in figures) the number of Ordinary Shares for which you are applying. Each Ordinary Share costs 100p. Your application must be for a minimum of £2,500 and above that minimum in multiples of £1,000.
3. Insert in Box 3 (in figures) the exact aggregate amount payable for the number of Ordinary Shares for which you are applying.
4. Sign and date the form in Box 4. If the form is signed on your behalf by an attorney or other agent, that person should state on the form the capacity in which they are signing but the original power(s) of attorney or a copy thereof duly certified by a solicitor must be enclosed for inspection and will be returned in due course.
5. Pin below Box 3 a cheque or banker's draft made payable to "Matrix e-Ventures Fund VCT plc" for the exact amount you have entered in Box 2. Payments must be by cheque or banker's draft; no other methods of payment will be accepted. The cheque or banker's draft must be made payable to Matrix e-Ventures Fund VCT plc and crossed "Account Payee Only". Cheques or banker's drafts must be honoured on first presentation. A separate cheque or banker's drafts must accompany each application. No receipt for your payment will be issued. The cheque or banker's draft must be drawn in sterling on an account at a bank branch or building society in the United Kingdom or the Channel islands and bear a bank sort code number in the top right hand corner. You may, if you wish, use a personal cheque drawn by someone else, in which case your full name and address should be written on the back of the other person's cheque. Any money returned will be sent by cheque crossed "Account Payee Only" in favour of the applicant.

## Money Laundering Notice

The verification of identity requirements of the Money Laundering Regulations 1993 will apply and verification of the identity of the applicant may be required. A failure to provide the necessary evidence of identity may result in your application being treated as invalid or in delay in confirming the application. In order to avoid this, if the value of the Ordinary Shares applied for exceeds £11,500 (or is one of a series of linked applications the value of which exceeds that amount) payment should be made by means of a UK clearing bank cheque drawn by the person named in Box 1 of the Application Form on an account in his or her own name. If this is not practical and you use a cheque drawn by a third party or a building society cheque or banker's draft, you should write the name, address and date of birth of the person named in Box 1 of the Application Form on the back of the cheque or bankers draft and:

- a) If a building society cheque or bankers draft is used, the building society or bank must also endorse on the cheque or draft the name and account number of the person whose account is being debited; or
- b) If a cheque is drawn by a third party, you must ensure that one of the following documents is enclosed with the form: a certified copy of your Passport or driving licence or a recent original bank or building society statement or utility bill in your name. A copy passport or driving licence should be certified by a solicitor or bank. Original documents will be returned by post at your risk.

Alternatively, verification of the applicants identity may be provided by means of a "Letter of introduction, from a UK or EC financial institution (such as a bank) or other regulated person (such as a solicitor, accountant, or a firm which is a member of a regulatory authority such as SFA, IMRO or PIA) who is required to comply with the Money Laundering Regulations 1993. Matrix-Securities Limited will supply specimen wording on request.

# Application Form

## Matrix e-Ventures Fund VCT plc

Ordinary Shares of one penny each at a price of 100 pence each.

This Application Form should be completed in full and sent by post or by hand to:

**the Receiving Agent, Matrix-Data Limited, Gossard House, 7-8 Savile Row, London W1X 1AF**

so as to arrive as soon as possible. Before completing this application form you should read the Terms and Conditions of Application and How to complete the Application Form.

The application list for the Offer will open on 11 May 2000 and will be closed at any time thereafter (provided the Issue is fully subscribed) but not later than 10.00am on 20 June 2000 (unless the closing date is extended by the Directors).

**1** Title Dr/Mr/Mrs/Miss .....

Forename(s) .....

Surname(s) .....

Address .....

..... Postcode .....

National Insurance Number ..... Date of Birth .....

Telephone (Office) ..... Telephone (Home) .....

**2** I offer to subscribe for the following number of Ordinary Shares on the Terms and Conditions of Application set out in the prospectus dated 10 May 2000 and the Memorandum and Articles of Association.

(Applications must be for a minimum of 2,500 Ordinary Shares and, thereafter, in multiples of 1,000 Ordinary Shares.)

Number of Ordinary Shares

**3** I enclose a cheque or banker's draft drawn on a UK clearing bank, made payable to **Matrix-Data Limited re Matrix e-Ventures Fund plc** and crossed "Account Payee only" for

£

(The total subscription price is an amount equal to 100 pence multiplied by the number of Ordinary Shares stated in box 2 above.)



Pin your cheque or banker's draft here

|          |           |      |
|----------|-----------|------|
| <b>4</b> | Signature | Date |
|----------|-----------|------|

|          |   |  |
|----------|---|--|
| <b>5</b> | <p><b>Name and stamp of financial intermediary or institution claiming or waiving commission</b></p>  | <p>FSA/SRO/RPB No.<br/>Contact name</p> <p>Position of contact</p> <p>Telephone</p>          |
|          | <p><b>Commission Waiver Option</b><br/>I/We agree to waive all initial commission in respect of this application <input type="checkbox"/>. Please tick if this statement can be given. If this statement is given the applicant will be treated as having offered to subscribe for the number of Ordinary Shares stated in box 2 above plus an additional 90 Ordinary Shares for every 4,000 Ordinary Shares stated in box 2 at an overall price per Ordinary Share of 0.9775 pence. (Please note that the amount to be subscribed in box 3 above does not change if the commission waiver option is taken up.)</p> | <p><b>For official use only</b></p> <p>APP No.<br/>A/C No.<br/>No. of Shares Applied for</p> |



THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt as to the action to be taken, you should consult your stockbroker, solicitor, accountant or other professional adviser authorised under the Financial Services Act 1986 immediately.

If you have sold or transferred all your shares in Matrix e-Ventures Fund VCT plc (the “Company” or “Matrix e-Ventures”), please pass this document to the stockbroker, bank or other agent through which the sale or transfer was effected for transmission to the purchaser or transferee.

## **Matrix e-Ventures Fund VCT plc**

(Incorporated in England and Wales under the Companies Act 1985  
with registered number 3946235)

---

# **SUPPLEMENTARY PROSPECTUS**

---

**Date: 20 October 2000**

On 10 May 2000 the Company published a Prospectus in connection with an offer for subscription of up to 20,000,000 ordinary shares of 1p each at 100p per share. The Prospectus was approved by the UK Listing Authority in accordance with the Listing Rules and as required by Part IV of the Financial Services Act 1986 (“the Act”) and a copy was delivered to the Registrar of Companies in England and Wales for registration.

This document constitutes a Supplementary Prospectus in relation to the Prospectus which has been approved by the UK Listing Authority in accordance with the Listing Rules and as required by Part IV of the Act a copy of this document has also been delivered to the Registrar of Companies in England and Wales for registration. Except as mentioned in this document there has been no significant change and no significant new matter has arisen in relation to any of the matters contained in the Prospectus.

The Directors of the Company whose names are set out on page 6 of the Prospectus dated 10 May 2000 accept responsibility for the information contained in this document. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that this is the case) the information contained in this document is in accordance with the facts and does not omit anything likely to affect of the import of such information.

The Company announced on 4 October 2000 that the Offer for Subscription to raise up to £20 million for the issue of new ordinary shares at 100p per share had been extended to 30 November 2000. It was also announced that at that date £11.5 million had been raised.

---

## **Matrix e-Ventures Fund VCT Announces Four New Investments**

---

The Board of Matrix e-Ventures Fund VCT Plc is pleased to announce that it has now made four investments, details of which are as follows:

---

### **Clarity Commerce Solutions plc**

---

On 26 July 2000 the Company invested £250,000 in Clarity Commerce Solutions plc at the time of its flotation on the Alternative Investment Market. The company produces EPOS solutions, CRM, products and services to the UK hospitality markets. The Ordinary Shares in Clarity Commerce Solutions plc are currently 135p per share (against a cost price of 125p per share).

---

### **e-go systems.com plc**

---

On 29 September 2000 the Company acquired 333,333 ordinary shares in e-go systems.com plc, representing 0.6 per cent. of the equity for a consideration of £500,000. e-go systems.com plc delivers innovative eCommunication solutions for the global enterprise market.

For the year ended 31 March 2000 the company reported turnover of £725,000 and a loss before taxation of £1.15 million.

---

### **Callserve Communications plc**

---

On 16 October 2000 the Company acquired 119,999 A shares and 13,334 ordinary shares for a total consideration of £299,999.25.

The company provides internet telephony services over the Internet Protocol from pc's to telephones worldwide.

---

### **Sit-up.com Limited**

---

On 17 October 2000 the Company made a £500,000 investment in the company for a 2.25 per cent. interest. In addition, Matrix e-Ventures has been granted the right to subscribe for further shares (one for every three held) at the subscription price, conditional on the flotation of Sit-up.com Limited.

The company aims to become a leading interactive broadcasting company creating a suite of programming concepts for digital television and the internet. The company's first product is Bid-up.com, an interactive TV based auction site, which launched in October 2000.