

AGREEMENT ON THE ESTABLISHMENT
OF THE ASEAN CULTURAL FUND

THE GOVERNMENTS OF THE REPUBLIC OF INDONESIA,
MALAYSIA, THE REPUBLIC OF THE PHILIPPINES, THE REPUBLIC OF
SINGAPORE AND THE KINGDOM OF THAILAND,

BEING members of the Association of Southeast Asian
Nations (hereinafter referred to as "ASEAN"),

DESIRING to accelerate and intensify the implementa-
tion of the aims and purposes of ASEAN as embodied in the
ASEAN Declaration and the Declaration of ASEAN Concord,

AND RECOGNIZING the desirability of and the necessity
for a fund to finance an ASEAN cultural cooperation programme
with an objective of preserving the cultural heritage of the
ASEAN member countries, and fostering greater cultural inter-
action and awareness of ASEAN cultures,

DO HEREBY AGREE AS FOLLOWS :

ARTICLE I

ESTABLISHMENT AND MEMBERSHIP

1. The Contracting Parties shall establish an ASEAN
CULTURAL FUND (hereinafter referred to as "the Cultural Fund").
2. Members of ASEAN shall be members of the Cultural
Fund.

ARTICLE II

CONTRIBUTIONS AND ADMINISTRATION

1. The Cultural Fund shall be open for contributions from the members of ASEAN, third countries, international bodies and other agencies. Contributions paid into the Cultural Fund shall belong to ASEAN and shall be held in the custody of the ASEAN Secretariat.

2. The Cultural Fund shall be administered solely by ASEAN.

ARTICLE III

CONTROL, DISBURSEMENT AND ACCOUNTING

The control, disbursement and accounting of the Cultural Fund shall be in accordance with the rules contained in the attached Annex, which shall form an integral part of this Agreement.

ARTICLE IV

PROJECTS

Projects to be financed by the Cultural Fund shall meet the requirements contained in the attached Annex.

ARTICLE V

AMENDMENTS

Any member of ASEAN may propose an amendment to the provisions of this Agreement or to the rules contained in the attached Annex. Such amendment shall come into force only after it has been accepted by all other members of ASEAN.

ARTICLE VI

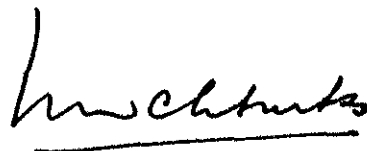
ENTRY INTO FORCE AND TERMINATION

This Agreement shall enter into force on the date of signature by all members of ASEAN and shall remain in force until it is terminated by the decision of all the ASEAN Foreign Ministers. This Agreement shall be deposited with the ASEAN Secretariat.

IN WITNESS WHEREOF the undersigned, being duly authorized thereto by their respective governments, have signed this Agreement.

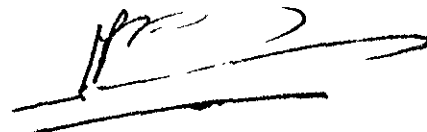
DONE at Jakarta, in a single copy in the English language this second day of December.. 1978.

For the Government of the
Republic of Indonesia



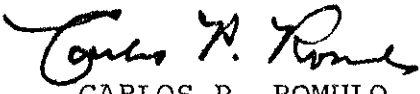
MOCHTAR KUSUMAATMADJA
Minister for Foreign Affairs

For the Government of
Malaysia



TENGGU DATUK AHMAD RITHAUDEEN
Minister for Foreign Affairs


For the Government of the
Republic of the Philippines


CARLOS P. ROMULO
Minister for Foreign Affairs

For the Government of the
Republic of Singapore


S. RAJARATNAM
Minister for Foreign Affairs

For the Government of the
Kingdom of Thailand


UPADIT PACHARI YANGKUN
Minister for Foreign Affairs

ANNEX

RULES GOVERNING THE CONTROL, DISBURSEMENT AND
ACCOUNTING OF THE ASEAN CULTURAL FUND

PURPOSE
OF THE ASEAN
CULTURAL FUND

1. The Cultural Fund shall only be used for the purpose of implementing projects which have been approved by the ASEAN Standing Committee (hereinafter referred to as "approved projects").

2. The Cultural Fund shall be used to meet the itemized expenditures as contained in the budgets for the approved projects.

APPROVED
PROJECTS

3. The responsibility for the formulation, implementation and review of the approved projects shall be vested in the ASEAN Committee on Culture and Information subject to the direction and approval of the ASEAN Standing Committee.

4. An approved project shall include a budget showing full and detailed itemization of expenditures, as well as a schedule of payments, if applicable.

DISBURSEMENT
OF THE ASEAN
CULTURAL FUND

5. For approved projects of one-time nature the amounts equivalent to the approved budgets shall be remitted to the ASEAN National Secretariat of the host governments concerned sixty (60) days before the date of commencement of implementation.

6. For approved projects other than those mentioned in Rule 5 above, fund remittance shall be made in accordance with the schedule of payments. Each remittance shall be made sixty (60) days before the date of commencement of implementation of a particular phase. In the event that the fund for the project is not fully utilized, it shall be the responsibility of the ASEAN National Secretariat concerned to inform the ASEAN Secretariat to withhold the whole or part of subsequent remittances.

7. The ASEAN National Secretariat concerned shall send to the ASEAN Secretariat a letter of acknowledgement of the remittances.

8. Remittances from the Cultural Fund shall bear the signatures of at least two of the following three officials :

- (a) the Secretary-General of the ASEAN Secretariat
- (b) the most senior of the Bureau Directors of the ASEAN Secretariat
- (c) the Administrative Officer of the ASEAN Secretariat

9. (a) The unexpended balance from any project shall be reverted to the ASEAN Secretariat by the ASEAN National Secretariat concerned within ninety (90) days after the completion of the project

- (b) The ASEAN Secretariat shall revert to the Cultural Fund the unexpended balance mentioned in Rule 9 (a) above, as soon as possible.

ACCOUNTING

- 10. (a) The Cultural Fund shall have two accounts, namely the capital fund and the operational fund. These two accounts shall be expressed in United States dollars and shall be operated and accounted in accordance with the agreed Financial Regulations and accounting system of the ASEAN Secretariat.
 - (b) The Cultural Fund shall be expressed in United States dollars and shall be deposited in a bank or banks to be determined by the ASEAN Secretariat with the approval of the ASEAN Standing Committee.
 - (c) The financial year for the Cultural Fund shall commence on the 1st of June and end on the 31st of May.
11. The ASEAN National Secretariat concerned shall forward to the ASEAN Secretariat a statement of accounts of the funds disbursed, not later than sixty (60) days from the date of completion of the project or at the end of the financial year for on-going projects.
12. The ASEAN National Secretariat of each member country shall submit an Annual Report of the account of fund disbursed to

the ASEAN Standing Committee through the ASEAN Secretariat, as soon as possible, but in any case not later than one hundred and eighty (180) days after the end of the financial year referred to in Rule 10 (c). The Annual Report shall include the Annual Financial Statement which shall be audited by the Auditor of the Government concerned.

13. The ASEAN Secretariat shall submit to the ASEAN Audit Committee an annual financial statement summarizing the financial transactions of the Cultural Fund within ninety (90) days after the end of the financial year.

14. Any proceeds accruing from the approved projects shall be credited back to the Cultural Fund. Where applicable and with the approval of the ASEAN Secretariat, the proceeds may be retained in the ASEAN National Secretariat concerned to be offset against subsequent remittances by the ASEAN Secretariat.

15. The account of the Cultural Fund shall be audited by the Audit Committee of ASEAN.

PROPERTY
OWNERSHIP

16. The ownership of any property, movable or im-movable acquired from any approved project, shall be vested in the host Government unless otherwise decided by the ASEAN Standing Committee.

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For the Government of the
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Minister for Foreign Affairs

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PROPERTY
OWNERSHIP

16. The ownership of any property, movable or im-movable acquired from any approved project, shall be vested in the host Government unless otherwise decided by the ASEAN Standing Committee.

THIS AGREEMENT is made between the Government of Brunei Darussalam, the Government of the Republic of Indonesia, the Government of Malaysia, the Government of the Republic of the Philippines, the Government of the Republic of Singapore and the Kingdom of Thailand (hereinafter jointly called "the Principal") of the one part and Overseas Union Bank Limited, a company incorporated in Singapore and having its registered office at 60 Robinson Road, Singapore 0106 (hereinafter referred to as "the Manager") of the other part.

WHEREAS:

- (1) The Principal desires to obtain investment management services for investments of the ASEAN Cultural Fund (hereinafter called "the Funds") and related custodianship for the investments in which the Funds are from time to time invested.
- (2) The Manager is willing to provide such services subject to the terms and conditions hereinafter appearing.
- (3) The Principal has duly authorised the Secretary-General of the Association of Southeast Asian countries to sign this Agreement on its behalf.

NOW IT IS AGREED as follows:

1. APPOINTMENT OF MANAGER

The Principal hereby appoints the Manager, and the Manager hereby accepts the appointment, as a manager of the Principal to manage the investment of the Funds, upon and subject to the terms and conditions hereinafter set forth.



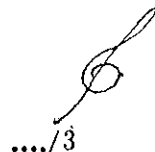
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2. TRANSFER OF FUNDS TO MANAGER

Immediately after the execution of this Agreement the Principal shall arrange for the Funds to be transferred to the Manager and thereafter the Manager will open an account or accounts with a bank or banks, such account or accounts to be designated by the Manager in the Principal's name but operable only by the Manager. All interest, if any, received on such account or accounts shall be promptly credited to the account of the Principal and shall form part of the Funds. The Manager shall keep the Funds so transferred and any uninvested cash from time to time representing income from, or the proceeds of disposal of, the investments representing or otherwise forming part of the Funds, in one or more of such accounts.

3. DUTIES OF MANAGER

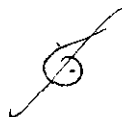
(1) Subject to the policies as set out in the Investment Policy Schedule attached hereto as Annex I which may from time to time be varied by written agreement between the Principal and the Manager and within the scope of such policies, the Manager shall during the continuance of this Agreement perform and manage the Funds, and/or the investments of the Funds or any part thereof and the Principal hereby grants to the Manager power to invest, realise and re-invest the Funds and the investments representing the Funds and discretion with regard thereto, including in particular discretion as to when to acquire and dispose of the investments and the types of investments to be acquired, held or disposed of, as if the cash to be applied in or towards such purchase of the investments to be sold, as the case may be, were held by the Manager for its own use and benefit absolutely.



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(2) In addition to the aforesaid the Manager shall attend to the following:

- (a) keeping constantly under surveillance and review the investments representing the Funds and carrying out as the circumstances may require changes in such investments;
- (b) keeping or causing to be kept such books, records and statements as may be necessary to give a complete record of all transactions carried out by the Manager on behalf of the Principal and permitting the Principal or its duly authorized representative(s) to inspect such books, records and statements at all reasonable times;
- (c) providing the following reports to the Principal:
 - (i) Quarterly reports on general economic conditions and currency and security market analysis;
 - (ii) Monthly statement of accounts, i.e. the investment Funds' balance sheet and income report;
 - (iii) Quarterly performance report specifying all elements comprising total return on the portfolio of assets, including in particular movements in the various cash and currency accounts maintained for the Funds and listing of portfolio holdings and changes for all currencies and securities held including names of counterparties for all transactions in securities.




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- (d) providing or procuring the provision of such statistical and other information on the investments representing the Funds or any part thereof and any changes therein as may be necessary to keep the Principal fully informed on the investment position;
- (e) taking of all custody and where necessary arranging for the registration of all securities acquired by the Manager on behalf of the Principal in the names of such nominees as the Manager may determine and for the bearer securities to be deposited with such authorised depositories as the Manager shall deem fit;
- (f) arrange for the collection of all dividends, interests, income and other distributions made in respect of any investment representing the Funds or any part thereof; and
- (g) advising the Principal generally in relation to investment trends, market movements and all other matters likely to affect or which might reasonably be considered to affect the investment policy of the Principal.

4. CUSTODIANSHIP OF SECURITIES

Save as provided in this Agreement the investments representing the Funds shall be held for account of the Principal in the custody of the Manager. The investments shall not be commingled with investments belonging to the Manager or other parties.



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5. OBLIGATION OF THE MANAGER



In the performance and exercise of all or any of its powers and duties hereunder the Manager shall at all times and in all respect well and faithfully serve the interest of the Principal and shall comply with all reasonable requirements of the Principal.

6. REIMBURSEMENT OF EXPENSES

All expenses incurred by the Manager in the performance of its duties hereunder shall be forthwith reimbursed by the Principal to the Manager but the Manager shall be entitled to debit the principal's account maintained by it.

Such expenses shall include:

- (a) all taxes which may be due or payable on the investments and the income of the Principal;
- (b) usual registration and other fees, stamp duty, brokerage and other charges payable in respects of the acquisition and sale of securities;
- (c) custodian fee, the registration and transfer fees;
- (d) reasonable travelling and accommodation expenses on official meetings in connection with the Funds;
- (e) solicitors and auditors charges;
- (f) bank charges and communication expenses; and
- (g) all other costs and expenses reasonably incurred.

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Claims for reimbursement of the above items of expenditure shall be supported by a statement of such expenditure.



7. TERMINATION

(1) Either party hereto may without prejudice to its right and remedies against the other terminate this Agreement forthwith by thirty (30) days notice in writing to the other.

(2) Upon the termination of this Agreement howsoever occasioned the Principal shall reimburse the Manager for all reasonable costs, expenses and disbursements as may be due at the date of termination. The Manager shall forthwith deliver up and hand over to the Principal or its duly authorised representative(s) any books and papers in its possession or control relating to any of the affairs of the Principal and the Funds, or investments representing the same, deposited with or held by it hereunder.

8. EXEMPTION FROM LIABILITY

(1) The Manager shall exercise the utmost good faith and due care and diligence in the performance of its duties hereunder and so long as it exercises such good faith, care and diligence the Manager shall not be liable to the Principal for any loss or damage howsoever caused or arising out of the performance of its duties hereunder and in particular but without prejudice to the generality of the foregoing and provided the Manager exercises such good faith, care and diligence it shall not be liable to the Principal for any loss, liability or expense suffered or incurred by the Principal or in respect of any profit or advantage of which the Principal may be deprived, nor shall the Manager be liable as a result of the effect of any fiscal revenue or

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taxation laws or as a result of the combined effect of such laws and the Manager's performance of or failure to perform its duties hereunder.

(2) Without prejudice to the foregoing, the Manager shall not be responsible for the solvency of any bank, clearing house, broker, agent, intermediary, nominee, or other agent appointed or employed by the Manager in good faith and with due care and diligence for the performance of its obligations and duties but the Manager will make available to the Principal such rights as the Manager may have against such person.

9. INDEMNITY

The Principal agrees to indemnify and hold harmless the Manager and its Directors and Officers from any and all costs, liabilities and expenses resulting directly or indirectly from acts duly performed or omitted in accordance with the provisions of this Agreement.

10. DELEGATION

(1) The Manager may appoint agents or other third parties for the performance of any of its duties related to the custodianship and management of the investments and may:

- (a) deposit the investments or any of them with any bank or with EUROCLEAR, CEDEL or other securities clearing house in the name of the Manager; and
- (b) employ the services of brokers or other agents for the transaction of any dealings in the investments in any market.

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(2) The Manager may in relation to investments represented by registered documents of title register the same in the name of the Manager or its nominees and the Principal hereby agrees to be responsible for and to indemnify the Manager or its nominees against any liability in respect of such investments as holder of record thereof.


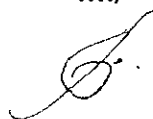
(3) The Manager will itself or through its agent present investments (or the relevant coupons) for payment of principal, interest or dividends falling due.

11. DEALING AS PRINCIPAL

The Manager may act as principal in sales to and/or purchases from the Funds provided that in its reasonable judgement the total cost or net proceeds will not be less advantageous to the Funds than the total cost or net proceeds that it would have secured if it had dealt in the market as agent on behalf of the Funds alone.

12. CONFIDENTIAL INFORMATION

The Manager shall not during the continuance of this Agreement or after its termination disclose to any person firm or company whatsoever (except with the authority of the Principal or unless ordered to do so by a court of competent jurisdiction in which case the Principal should be so informed) any information relating to the business investments, finances or other matters of a confidential nature of the Principal of which the Manager may in the course of its duties hereunder become possessed.

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13. PROHIBITION AGAINST ASSIGNMENT



The Manager shall not be entitled to assign or otherwise part with any interest in this Agreement unless prior written consent of the Principal has been obtained.

14. POWER OF ATTORNEY

The Principal shall forthwith upon the execution of this Agreement deliver to the Manager a duly executed Power of Attorney in the form set out in Annex II hereto attached and it is hereby agreed that the said Power of Attorney shall, when executed, have full force and effect as if the same were incorporated herein. The Principal hereby undertakes not to revoke the said Power of Attorney except upon the termination of this Agreement.

15. FORM AND PROCEDURES FOR INSTRUCTIONS

Instructions from the Principal to the Manager in connection with anything to be done with the Agreement should be made in writing or by telex or by cable. The names of persons authorised to give instructions on behalf of the Principal together with specimen signatures are set up in the list of authorised signatories dated 31st July 1986 . The Manager shall forward to the Principal a set of test keys for authenticating payment instructions by telex or cable from the Principal to the Manager. The test keys shall be addressed to the ASEAN Secretary-General and marked for his personal attention. The Manager is authorised to honour and act on any instruction, confirmation, or authority in writing or by telex, or by cable signed or sent or purporting to be signed or sent on behalf of the Principal's

 
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authorised signatories so that the Manager shall not be liable for so acting in good faith upon any such instruction, confirmation or authority notwithstanding that it shall subsequently be shown that the same was not given or signed or sent by any such persons.

16. NOTICES

(1) Any notice to be given by the Manager to the Principal shall be by letter, telegram or telex messages. Any such notice shall be deemed to have been duly given if sent to it addressed to the Secretary-General, or any other place at which the Principal may have its registered office.



(2) Any notice to be given by the Principal to the Manager shall be deemed to have been duly given if sent to it addressed to the address above-mentioned or any other place at which the Manager may have its registered office.

(3) Any notice so served or sent by post shall be deemed to have been served or received seven (7) days after that on which the same was posted. In proving such service it shall be sufficient to prove that the envelope or wrapper containing such notice was properly addressed, stamped and posted.

(4) The Manager shall advise the principal and vice-versa of any change in the address of its registered office.

17. CONSULTATION

Any problems which may arise as regards interpretation or implementation of this Agreement may be resolved through mutual consultation.

 
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18. GOVERNING LAW

This Agreement shall be subject to and construed in accordance with the laws of the Republic of Singapore.

IN WITNESS WHEREOF the parties hereto have hereunto set their hands on this Agreement.

Done at Jakarta in a single copy in the English language this thirty-first day of July 1986.

SIGNED BY

for and on behalf of

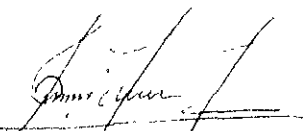


(RODERICK YONG)

10.15 a.m.

in the presence of:-

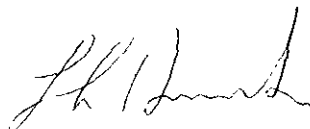

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)
)


(SOPIAN HJ. AHMAD)

SIGNED BY

for and on behalf of
OVERSEAS UNION BANK LIMITED

)
)
)
)


(LOH HOON SUN)

(EVELYN TAN)

in the presence of:-

INVESTMENT POLICY SCHEDULE

1. The primary investment policy objective should be to maximize earnings while ensuring the safety and stability in value of the capital fund. Consideration should also be given to the cash-flow requirements of the Funds.

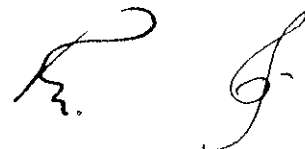
2. In order to protect the capital fund against the volatility of exchange rates and of monetary conditions in the international capital markets, there should be a policy of diversification in the choice of currencies and securities for investment. On the basis of historical experience in exchange rate movements and since the unit of account and the currency of disbursement of the Funds is the U.S. Dollar, 50 per cent of the Funds should be invested in U.S. dollars and 50 per cent in a group of currencies comprising the Deutsche Mark, the Japanese Yen and the Swiss Franc. This distribution may be re-examined and changed by the ASEAN Secretary General on the advice of the Advisory Group if circumstances warrant it.

3. Investment should be restricted to placement of deposits with banks and the purchase of fixed income securities including floating rate certificates of deposit and floating rate notes.

4. Deposits with banks and purchases of certificates of deposit including floating rate certificates of deposit should be restricted to the top 50 banks in the world ranked according to total assets. Such investments should have a remaining period to maturity not exceeding three years.

5. To minimize the risk of loss of capital through default of a borrower, purchases of fixed-income securities should be confined to the following:

- (a) securities issued or fully guaranteed by the governments or central banks and monetary authorities of the member countries of the Organization for Economic Cooperation and Development (OECD) and of the Association of South-East Asian Nations (ASEAN);



- (b) securities issued by international financial institutions, such as the International Bank for Reconstruction and Development (the World Bank), the Asian Development Bank and entities of the European Communities; and
- (c) other securities which have been rated as top grade securities by well-known rating agencies providing that holdings of such securities do not exceed 10% of the Funds at any time.

The purchases of these securities should be restricted to those having a remaining period to maturity not exceeding five years except where market conditions make it difficult to observe this restriction, in which case purchases of securities of a longer maturity may be permitted provided that the remaining period of maturity does not exceed fifteen years. Holdings of each security should not exceed two per cent of the amount outstanding. To assist in monitoring the value of investments and ensuring the liquidity of investments, preference should be given to securities which are listed on stock exchanges and which are readily marketable.

Handwritten signature and initials, possibly 'R.' and 'J.', in dark ink.