

Fidelity China Special Situations PLC

Half-Yearly Report

For the 6 months ended 30 September 2015



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The Investment Objective and Performance

The investment objective of the Company is to achieve long-term capital growth from an actively managed portfolio made up primarily of securities issued by companies listed in China or Hong Kong and Chinese companies listed elsewhere. The Company may also invest in listed companies with significant interests in China and Hong Kong.

Investment Performance

	Six months ended 30 September 2015
Net Asset Value ("NAV") per Share total return	-14.1%
Share Price total return	-16.2%
Benchmark Index - MSCI China Index total return (in UK sterling terms)	-19.7%

Standardised Performance Total Return¹ %

	01/10/2014 to 30/09/2015	01/10/2013 to 30/09/2014	01/10/2012 to 30/09/2013	01/10/2011 to 30/09/2012	01/10/2010 to 30/09/2011	Since launch ² to 30/09/2015
NAV	+6.9	+25.9	+36.8	+7.5	-30.5	+48.2
Share Price	+2.6	+22.7	+35.0	-3.1	-33.1	+24.6
MSCI China Index (in UK sterling terms)	+1.6	+4.4	+12.4	+13.4	-23.1	+5.5

¹ Includes reinvested dividends

² Date of launch: The Company launched on 19 April 2010

Sources: Fidelity and Datastream

Past performance is not a guide to future returns

Summary of Results

	30 September 2015	31 March 2015
Assets		
Gross Asset Exposure	£1,012.4m	£1,189.1m
Net Assets	£786.0m	£944.1m
Gearing	28.8%	25.9%
Net Asset Value per Ordinary Share	141.07p	165.27p
Number of Ordinary Shares held outside Treasury	557,179,480	571,254,480
Share price data		
Share Price at the period/year end	119.40p	143.60p
Share Price period/year high	177.30p	144.00p
Share Price period/year low	112.00p	97.20p
Discount at the period/year end	15.4%	13.1%
Discount period/year high	23.3%	14.1%
Discount period/year low	10.1%	5.0%
Earnings for the six months ended 30 September¹		
	2015	2014
Revenue earnings per Ordinary Share	2.23p	1.52p
Capital (loss)/earnings per Ordinary Share	(25.03p)	17.65p
Total (loss)/earnings per Ordinary Share	(22.80p)	19.17p
Ongoing charges for the six months ended 30 September²		
	2015	2014
Ongoing Charges excluding performance fees	1.14%	1.29%
Performance fees	0.56%	0.75%
Ongoing Charges including performance fees	1.70%	2.04%

¹ Based on the weighted average number of Ordinary Shares held outside Treasury in issue during the period

² Annualised ongoing charges (excluding finance costs and taxation) as a percentage of the average Net Asset Value for the period (prepared in accordance with the methodology recommended by the Association of Investment Companies)

Sources: Fidelity and Datastream

Past performance is not a guide to future returns

Portfolio Manager's Half-Yearly Review



In the highly volatile market conditions that prevailed in the six months to 30 September 2015 under review, the NAV of your Company fell by 14.1% and the share price by 16.2%. This

compared to a 19.7% fall in the Benchmark MSCI China Index.

In the most recent shareholder Annual Report, I said that, although there are many exciting long-term investment opportunities in China's stock markets, I was expecting some short-term volatility. Signs of over-optimism and pockets of stretched valuations led me to reduce the Company's net gearing in the second quarter of the year. Since the beginning of June, the market has proved to be very volatile – perhaps more volatile than was expected. This was driven by a number of events, including: (i) the unwinding of margin finance (people borrowing money to invest in markets); (ii) investor reaction to the government's response to a falling market; and (iii) a growing focus on China's slowing growth. These three points I will deal with later in this report.

I also mentioned in my last Annual Report that the slowing GDP rate is a natural process for China's economy as it transitions from a government-spending and investment-led model to a consumer-driven model. The final GDP growth number hides great variations between different sectors of the economy. While we continue to see declines in areas of heavy industrials, sectors such as services have maintained close to double-digit growth and continue to grow in importance. The majority of the portfolio's investments is focused in these areas as I believe they offer long-term structural opportunities. The companies I meet on a day-to-day basis only reaffirm this view.

Performance since launch



Prices rebased to 100 at 19 April 2010

Sources: Datastream

Why did the market fall?

There is rarely one specific episode that drives market direction; a number of events changed investor perception and made the headlines:

The rise and subsequent unwinding of margin finance clearly impacted the market. The Shanghai-Hong Kong Stock Connect programme was launched in November 2014 to enable foreign investors to buy mainland listed stocks through the Hong Kong Exchange. Some mainland Chinese investors bought A-Shares in anticipation of rising foreign demand by borrowing money both from their brokers as well as from other "informal" channels. As a result, share prices rose and encouraged more borrowing to buy shares, creating an upward spiral. Although the Chinese regulator took some steps to stem the flow of margin finance, they were too late and not sufficient. In May, we reached a point where we think that the total margin balance approached 10% of the total A-Share market capitalisation. Clearly concerned, the government imposed stricter rules in June and banned a number of brokers from engaging further in margin financing. With a correction in the market, some existing investors were forced to sell their shareholdings to

Portfolio Manager's Half-Yearly Review

unwind their margin finance positions, triggering an indiscriminate sell-off that spilled over to the Hong Kong market. This generated negative headlines, but I believe this was essentially a technical issue and did not fundamentally change the general market outlook. There was talk that the decline in the market could create a negative wealth effect and lead to a slowdown in consumption. However, the general public has relatively low exposure to the stock market and there was little evidence of a consumption boost when markets were on the rise.

The primary concern during this episode was the government's response to the sell-off in the market. While authorities have indicated that they are pro-reform and are looking for markets to play a greater role in China's financial future, when the market faced its first real test, investors were left disappointed. Rather than allowing the market to find a natural bottom, hundreds of companies suspended their shares (the portfolio only held two companies that suspended trading and both quickly resumed trading) and the government enlisted financial companies, including security brokers, to set up a multi-billion renminbi fund with instructions to buy the market at predetermined levels. It also imposed quotas on shorting, which significantly reduced liquidity in the equity future market. Such action appears to go against the spirit of free-market reform and has brought about a level of distrust from foreign investors. It will take some time to rebuild that trust and investors will want to see concrete reforms and action before re-entering the market. However, with the exception of security companies, the fundamental drivers of the companies in the portfolio did not change. A key part of the rationale for investing in these companies was the development of capital markets – the outlook on this front is now clearly less compelling.

In addition to the above, there was significant concern over a slowdown in China. This followed a perceived devaluation of the renminbi after weak export data in July. However, the slowdown in China's economy is not unexpected as it transitions to a consumer-driven model. Meanwhile, the Chinese authorities widened the daily band that the renminbi can trade in against other currencies, which led to its depreciation against the US dollar. The timing and communication of this move could have been better – I believe it wasn't really a move to support the economy, but rather for the renminbi to be included in the International Monetary Fund's ("IMF") Special Depository Rights basket. Earlier in the quarter, the IMF had stated that China needed to relax its foreign exchange controls, so this should be seen as a step in the right direction.

Where is the good news?

All of the above paint a gloomy picture for China, but there was some positive news for investors over the quarter. Property companies posted positive results and we saw both a rise in property prices and a reduction of inventory in tier one and some tier two cities. I expect this to play out eventually in lower tier cities. In addition, property developers indicated that they are looking for more land banks for future development – which points to their increasing confidence in the market. The portfolio owns a limited number of developers, but the main beneficiaries are through property related positions such as Dongpeng Holdings, a leading ceramic tile manufacturer and Aupu, a bathroom appliances company. At the time of writing, the government has reduced the deposit requirements for mortgages, which is likely to stimulate the property sector.

Retail sales have also remained resilient, consistently posting 10% annual growth, as consumer spending is increasingly moving online. This is a positive story for the portfolio's

Portfolio Manager's Half-Yearly Review

e-commerce-related stocks. Retail sales actually rose despite a fall in automobile sales; this is an encouraging sign that general consumption demand remains strong. Automobile sales have fallen compared to last year, albeit from a high base; we are still seeing around 1.5 million new automobile sales per month, and recent data indicates that things are turning around. For instance, the tax rate for cars with engines below 1.6 litres has recently been halved, which is likely to boost demand. The portfolio has an overweight stance in automobile and component companies such as Dongfeng Motor and Huayu Automotive Systems, which are trading at attractive valuations.

Other areas relevant to the portfolio, such as insurance, have continued to post strong results despite negative market sentiment. Companies such as Ping An and China Pacific Insurance continue to make headway in selling high margin protection-type insurance products, which is an underpenetrated market in China.

Finally, valuations look attractive. As mentioned above, my fundamental view for Chinese companies has remained relatively unchanged despite the volatility. Structural drivers such as rising wealth, increased spending and improving healthcare are supportive for the portfolio, but many stocks related to these themes appeared to be relatively expensive. While a market fall is not welcomed by equity investors, it has pared some of the over-optimism. Looking ahead, I see some exceptional value in Chinese equities. In particular, I find value in smaller Hong Kong listed companies and larger A-Share companies. The volatility has given me the opportunity to add to favoured holdings at reasonable valuations.

How has the portfolio changed?

In May, I became concerned about the sharp rally in Chinese equities as valuations were generally looking stretched. As a result, some strong

performing long positions, such as China Lodging and SAIC Motor were trimmed and a few short positions were added in stocks whose valuations were at extreme levels. In addition, a significant short position on the A-Share index was opened given the risk of a correction. These short positions supported performance when the market declined. Towards the end of the reporting period, valuations were priced on an overly negative scenario and many indicators suggested that the market was oversold. Consequently, many of the short holdings were unwound and long positions once again added.

With regard to specific stocks, a holding in VIPShop was made, an online discount retailer that dominates the inventory clearance category and has exceptional operational capabilities. A new position in Dongfeng Motor was purchased, the largest manufacturer of small trucks which has joint ventures with Nissan and Peugeot. The stock was trading at a low valuation that failed to price in any turnaround in sales despite new model launches slated for later this year. A new unlisted position of US\$15.5m in Didi Kuaizhi was made in the portfolio. This is China and the world's largest social transportation network. Through its online network and apps, users can hail taxis, private cars and arrange ride-sharing. There is a huge unmet demand in China for more efficient commuting and Didi Kuaizhi aims to position itself as a transportation solution provider. Both Alibaba and Tencent are strategic investors in the company.

Portfolio performance

For reasons already outlined, the market lost nearly 20% of its value over the reporting period. The portfolio's net asset value and share price outperformed the index, despite gearing and a bias towards small and mid-cap stocks. This was primarily due to strong stock selection. For instance, US-listed Chinese companies China

Portfolio Manager's Half-Yearly Review

Lodging and NetEase supported returns. China Lodging, a low budget hotel chain, rallied after it recorded an improvement in profits. NetEase, a leading information technology company with online games and email services, saw strong revenue growth following an acceleration in online gaming growth and strong growth in e-commerce. Café and bakery chain Gourmet Master rallied due to a turnaround in its profit margins on the back of strong cost controls, a pick-up in same store sales growth and higher margins at its US business. The position in China Hutchison Meditech also added value as its oncology drugs which continue to record strong clinical trial data, are getting closer to receiving regulatory approval.

Conversely, positions in the financial sector hurt returns. CITIC Securities was significantly impacted by the tightening and unwinding of margin finance, although the position was substantially reduced during the period. Insurance companies China Pacific Insurance and Ping An Insurance also detracted from returns despite posting good results. Investors took profits in these stocks following a strong run.

What would I like to see?

Margin finance, the government's market intervention, renminbi depreciation and growth concerns have dominated sentiment, but much of this is short-term market noise. I would like to see more focus on the execution of the long-term reform agenda, including state-owned enterprise reform. State-owned enterprise reform is an area that has been disappointing. I think even a few small changes have strong potential to drive improved operating efficiency, which will eventually boost returns for shareholders. Overall, there are many interesting long-term opportunities underpinned by secular changes and reform in China, but that have seen their share price impacted by short-term concerns. Such

circumstances mean valuations are compelling for investors. I am positive about the prospects for China and the Company's investments.

Dale Nicholls

Portfolio Manager

17 November 2015

Interim Management Report and Responsibility Statement

DISCOUNT AND PREMIUM

The Board recognises that the Company's share price is affected by the interaction of supply and demand in the market and investor sentiment towards China, as well as the performance of the NAV per share. Recognising these factors, the Board regularly reviews the difference between the market price of the shares and the NAV per share, and may repurchase or issue shares according to market conditions. Repurchase of shares will only be made in the market at prices below the prevailing NAV per share, thereby resulting in an increased NAV. Any shares issued would be at NAV per share, or in the case of Treasury shares, at a premium to NAV per share.

During the reporting period, the Board authorised the repurchase of 14,075,000 Ordinary shares by the Company. These shares are held in Treasury. Since the period end and as at the date of this report, the Company has not repurchased or issued any further Ordinary Shares.

GEARING

The Company has a multi-currency revolving credit facility agreement with Scotiabank Europe PLC for US\$150,000,000. This facility has been fully drawn down.

To achieve further gearing, the Company uses Contracts For Difference on a number of holdings in its portfolio.

At 30 September 2015, the Company's gearing, defined as Gross Asset Exposure in excess of Net Assets, was 28.8% (31 March 2015: 25.9%; 30 September 2014: 20.6%).

INVESTMENT MANAGEMENT AND PERFORMANCE FEES

The Investment Managers are entitled to a management fee of 1% of the NAV per annum,

payable quarterly in arrears. For the six months ended 30 September 2015 fees were £4,510,000 (six months ended 30 September 2014: £3,570,000).

The Investment Managers are entitled to an annual performance fee of 15% of any change in NAV attributable to performance which is more than 2% above the returns on the MSCI China Index, subject to a maximum performance fee payable in any year equal to 1.0% of the arithmetic mean of the value of assets with valuations calculated at the end of each month during the year. Any out-performance above this cap cannot be carried forward. If the Company under-performs, the under-performance must be made good before any further performance fee becomes payable.

For the six months ended 30 September 2015 a provision has been made on a time apportioned basis of £2,738,000 (six months ended 30 September 2014: £2,558,000).

PRINCIPAL RISKS AND UNCERTAINTIES

The Board, with the assistance of the Manager, has developed a risk matrix which, as part of the internal controls process, identifies the key risks faced by the Company. The Board believes that the principal risks and uncertainties faced by the Company continue to fall into the following categories: market, performance, discount control, gearing and currency. Information on each of these risks is detailed in the Company's Annual Report for the year ended 31 March 2015 together with a risk matrix listing the specific top risks identified by the Board. The Annual Report is available for inspection on the Company's pages of the Manager's website www.fidelity.co.uk/its.

Interim Management Report and Responsibility Statement

RELATED PARTY TRANSACTIONS

During the reporting period there were no transactions with related parties that materially affected the financial position or the performance of the Company.

GOING CONCERN

The Directors have considered the Company's investment objective, policy and strategy and the Company's projected income and expenditure. The Company's portfolio of investments is considered to be mainly readily realisable. For these reasons, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing these Financial Statements.

CHANGE OF INDEPENDENT AUDITOR

In line with emerging best corporate governance practice and EU regulations on mandatory audit rotation which requires the appointment of new auditors or an audit tender, a formal audit tender process was undertaken in this reporting period by the Company. A number of audit firms were considered and Ernst & Young LLP was selected as the Company's new independent Auditor for the year ending 31 March 2016.

The Board would like to thank Grant Thornton UK LLP for their contribution as the Company's Auditor since 2010.

By order of the Board.

FIL Investments International

17 November 2015

DIRECTORS' RESPONSIBILITY STATEMENT

The Directors confirm to the best of their knowledge that:

- a) the condensed set of Financial Statements contained within the Half-Yearly Report has been prepared in accordance with the International Accounting Standards 34: "Interim Financial Reporting";
- b) the Interim Management Report (which incorporates the Portfolio Manager's Half-Yearly Review on pages 3 to 6) includes a fair review of the information required by Rules 4.2.7R and 4.2.8R of the FCA's Disclosure and Transparency Rules.

The Half-Yearly Report has not been audited by the Company's independent Auditor.

The Half-Yearly Report was approved by the Board on 17 November 2015 and the above responsibility statement was signed on its behalf by John Owen, Chairman.

Twenty Largest Holdings at 30 September 2015

Twenty Largest Holdings	Gross Asset Exposure ¹ £'000	% ²	Balance Sheet Value £'000
Long Exposures – shares, equity linked notes and derivative instruments			
Tencent Holdings Limited³ Internet, mobile and telecommunications services provider	71,535	9.1	48,997
Ping An Insurance (Group) Company of China³ Insurance company	44,067	5.6	31,816
China Pacific Insurance (Group) Co³ Insurance company	35,088	4.5	23,375
Shanghai International Airport Co Shanghai's primary international airport operator	24,840	3.2	24,840
Hutchison China MediTech Limited⁴ Pharmaceutical and healthcare group	22,210	2.8	22,210
China Lodging Group Economy hotels chain operator	19,360	2.5	19,360
CITIC Telecom³ A telecom operator	19,223	2.4	12,501
NetEase, Inc Internet company	18,751	2.4	18,751
Lee's Pharmaceutical Holdings Limited Pharmaceutical and healthcare group	14,708	1.9	14,708
New Oriental Education & Technology Group Private educational services provider	14,443	1.8	14,443
WuXi Pharma Tech Pharmaceutical, biotechnology and medical device research company	13,977	1.8	13,977
21Vianet Group Carrier-neutral internet data centre services provider	13,963	1.8	13,963
Gourmet Master Cafe stores chain operator	13,281	1.7	13,281
Huaneng Renewables Corporation³ Wind and solar power generator	13,240	1.7	(1,270)
Far East Horizon Limited³ Financial service company	13,010	1.7	9,703

Twenty Largest Holdings at 30 September 2015

Twenty Largest Holdings	Gross Asset Exposure ¹ £'000	% ²	Balance Sheet Value £'000
CT Environmental Group			
Wastewater treatment and industrial water supply service provider	12,821	1.6	12,821
China Cinda Asset Management (long CFD)			
Asset manager	11,595	1.5	(6,849)
Sinosoft Technology Group			
e-Government solutions developer	11,422	1.4	11,422
Li-Ning Company³			
Sports brand manufacturer	11,282	1.4	8,635
Midea Group Company			
Electrical appliances manufacturer	11,274	1.4	11,274
Twenty largest long exposures	410,090	52.2	317,958
Other long exposures (119 holdings)	593,453	75.5	537,738
Total long exposures before hedges	1,003,543	127.7	855,696
Less: Hedging Exposures			
Index futures and put options (3 holdings)	(28,955)	(3.7)	2,250
Total long exposures after the netting of hedges	974,588	124.0	857,946
Short Exposures			
Short CFDs and put options (7 holdings)	37,815	4.8	6,541
Total Gross Asset Exposure after the netting of hedges	1,012,403	128.8	
Total Portfolio Fair Value⁵			864,487
Net current liabilities (excluding derivative assets and liabilities)			(78,470)
Shareholders' Funds			786,017

¹ Gross Asset Exposure measures exposure to market price movements as a result of owning shares, equity linked notes and derivative instruments

² Gross Asset Exposure expressed as a percentage of Shareholders' Funds

³ Includes investment via shares and long CFDs

⁴ Listed on AIM

⁵ Total Portfolio Fair Value comprises Investments of £861,989,000 plus derivative assets of £25,414,000 less derivative liabilities of £22,916,000 (per the Balance Sheet on page 16)

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Income Statement

		Six months ended 30 September 2015 unaudited		
	Notes	revenue £'000	capital £'000	total £'000
Revenue				
Investment income	3	15,447	-	15,447
Derivative income	3	1,715	-	1,715
Other income	3	17	-	17
Total income		<u>17,179</u>	<u>-</u>	<u>17,179</u>
(Losses)/gains on investments designated at fair value through profit or loss		-	(128,707)	(128,707)
(Losses)/gains on derivative instruments held at fair value through profit or loss		-	(8,043)	(8,043)
Foreign exchange (losses)/gains on other net assets		(56)	(130)	(186)
Foreign exchange gains/(losses) on bank loans		-	1,777	1,777
Total revenue		<u>17,123</u>	<u>(135,103)</u>	<u>(117,980)</u>
Expenses				
Investment management fee		(2,255)	(2,255)	(4,510)
Performance fee		-	(2,738)	(2,738)
Other expenses		(1,068)	-	(1,068)
Profit/(loss) before finance costs and taxation		<u>13,800</u>	<u>(140,096)</u>	<u>(126,296)</u>
Finance costs	4	(763)	(763)	(1,526)
Profit/(loss) before taxation		<u>13,037</u>	<u>(140,859)</u>	<u>(127,822)</u>
Taxation		(470)	46	(424)
Net profit/(loss) after taxation for the period		<u>12,567</u>	<u>(140,813)</u>	<u>(128,246)</u>
Earnings/(loss) per Ordinary Share	5	<u>2.23p</u>	<u>(25.03p)</u>	<u>(22.80p)</u>

* Restated following a change in accounting policy as disclosed in Note 2(a) below.

The Company does not have any income or expenses that are not included in the net profit/(loss) for the period. Accordingly the "Net profit/(loss) after taxation for the period" is also the "Total comprehensive income for the period" and no separate Statement of Comprehensive Income has been presented.

The total column of this statement represents the Income Statement of the Company and is prepared in accordance with International Financial Reporting Standards. The revenue return and capital return columns are supplementary and presented for information purposes as recommended by the Statement of Recommended Practice issued by the Association of Investment Companies.

All of the profit and total comprehensive income is attributable to the equity shareholders of the Company. There are no minority interests.

All items in the above statement derive from continuing operations. No operations were acquired or discontinued in the period.

Year ended 31 March 2015 audited			Six months ended 30 September 2014 unaudited (as restated)*		
revenue £'000	capital £'000	total £'000	revenue £'000	capital £'000	total £'000
14,613	-	14,613	11,801	-	11,801
796	-	796	720	-	720
29	-	29	9	-	9
<u>15,438</u>	<u>-</u>	<u>15,438</u>	<u>12,530</u>	<u>-</u>	<u>12,530</u>
-	273,943	273,943	-	106,028	106,028
-	32,136	32,136	-	1,901	1,901
14	2,102	2,116	(5)	377	372
-	(11,051)	(11,051)	-	(2,518)	(2,518)
<u>15,452</u>	<u>297,130</u>	<u>312,582</u>	<u>12,525</u>	<u>105,788</u>	<u>118,313</u>
(4,047)	(4,047)	(8,094)	(1,785)	(1,785)	(3,570)
-	(4,744)	(4,744)	-	(2,558)	(2,558)
<u>(1,763)</u>	<u>-</u>	<u>(1,763)</u>	<u>(865)</u>	<u>-</u>	<u>(865)</u>
9,642	288,339	297,981	9,875	101,445	111,320
<u>(1,064)</u>	<u>(1,064)</u>	<u>(2,128)</u>	<u>(517)</u>	<u>(517)</u>	<u>(1,034)</u>
8,578	287,275	295,853	9,358	100,928	110,286
<u>(515)</u>	<u>(663)</u>	<u>(1,178)</u>	<u>(492)</u>	<u>(245)</u>	<u>(737)</u>
<u>8,063</u>	<u>286,612</u>	<u>294,675</u>	<u>8,866</u>	<u>100,683</u>	<u>109,549</u>
<u>1.41p</u>	<u>50.17p</u>	<u>51.58p</u>	<u>1.55p</u>	<u>17.62p</u>	<u>19.17p</u>

Statement of Changes in Equity

	Notes	share capital £'000
Six months ended 30 September 2015		
Equity shareholders' funds at 31 March 2015		5,713
Repurchase of Ordinary Shares	9	-
Net (loss)/profit after taxation for the period		-
Dividend paid	6	-
Equity shareholders' funds at 30 September 2015		5,713
Year ended 31 March 2015		
Equity shareholders' funds at 31 March 2014		5,713
Repurchase of Ordinary Shares	9	-
Net profit after taxation for the year		-
Dividend paid	6	-
Equity shareholders' funds at 31 March 2015		5,713
Six months ended 30 September 2014		
Equity shareholders' funds at 31 March 2014		5,713
Net profit after taxation for the period*		-
Dividend paid	6	-
Equity shareholders' funds at 30 September 2014		5,713

* Restated following a change in accounting policy as disclosed in Note 2(a) below.

share premium account £'000	capital redemption reserve £'000	other reserve £'000	capital reserve £'000	revenue reserve £'000	total equity £'000
211,569	914	366,249	346,743	12,947	944,135
-	-	(22,566)	-	-	(22,566)
-	-	-	(140,813)	12,567	(128,246)
-	-	-	-	(7,306)	(7,306)
<u>211,569</u>	<u>914</u>	<u>343,683</u>	<u>205,930</u>	<u>18,208</u>	<u>786,017</u>
211,569	914	366,370	60,131	11,455	656,152
-	-	(121)	-	-	(121)
-	-	-	286,612	8,063	294,675
-	-	-	-	(6,571)	(6,571)
<u>211,569</u>	<u>914</u>	<u>366,249</u>	<u>346,743</u>	<u>12,947</u>	<u>944,135</u>
211,569	914	366,370	60,131	11,455	656,152
-	-	-	100,683	8,866	109,549
-	-	-	-	(6,571)	(6,571)
<u>211,569</u>	<u>914</u>	<u>366,370</u>	<u>160,814</u>	<u>13,750</u>	<u>759,130</u>

Balance Sheet

Company number 7133583

	Notes	30.09.15 unaudited £'000	31.03.15 audited £'000	30.09.14 unaudited (as restated)* £'000
Non current assets				
Investments designated at fair value through profit or loss	7	<u>861,989</u>	<u>1,001,043</u>	<u>814,479</u>
Current assets				
Derivative assets held at fair value through profit or loss	7	25,414	43,907	14,645
Amounts held at futures clearing houses and brokers		14,030	1,383	1,070
Other receivables		3,991	3,388	1,547
Cash and cash equivalents		<u>13,312</u>	<u>14,932</u>	<u>37,537</u>
		<u>56,747</u>	<u>63,610</u>	<u>54,799</u>
Current liabilities				
Derivative liabilities held at fair value through profit or loss	7	(22,916)	(2,134)	(5,384)
Bank loans	7	(99,236)	(101,014)	(92,481)
Overseas capital gains tax payable		(1,254)	(1,300)	(882)
Other payables	8	<u>(9,313)</u>	<u>(16,070)</u>	<u>(11,401)</u>
		<u>(132,719)</u>	<u>(120,518)</u>	<u>(110,148)</u>
Net current liabilities		<u>(75,972)</u>	<u>(56,908)</u>	<u>(55,349)</u>
Net assets		<u>786,017</u>	<u>944,135</u>	<u>759,130</u>
Equity attributable to equity shareholders				
Share capital	9	5,713	5,713	5,713
Share premium account		211,569	211,569	211,569
Capital redemption reserve		914	914	914
Other reserve		343,683	366,249	366,370
Capital reserve		205,930	346,743	160,814
Revenue reserve		<u>18,208</u>	<u>12,947</u>	<u>13,750</u>
Total equity shareholders' funds		<u>786,017</u>	<u>944,135</u>	<u>759,130</u>
Net asset value per Ordinary Share	10	<u>141.07p</u>	<u>165.27p</u>	<u>132.86p</u>

* Restated following a change in accounting policy as disclosed in Note 2(a) below.

Cash Flow Statement

	Six months ended 30.09.15 unaudited £'000	Year ended 31.03.15 audited £'000	Six months ended 30.09.14 unaudited (as restated)* £'000
Net cash inflow from operating activities before servicing of finance	<u>29,823</u>	<u>5,945</u>	<u>29,066</u>
Servicing of finance			
Cash outflow from loan interest paid	(711)	(1,376)	(645)
Cash outflow from CFD interest paid	(346)	(546)	(195)
Cash outflow from short CFD dividends paid	(384)	(178)	(172)
Cash outflow from servicing of finance	<u>(1,441)</u>	<u>(2,100)</u>	<u>(1,012)</u>
Net cash inflow from operating activities and servicing of finance	<u>28,382</u>	<u>3,845</u>	<u>28,054</u>
Financing activities			
Cash outflow from the repurchase of Ordinary Shares	(22,566)	(1,106)	(985)
Dividends paid to shareholders	(7,306)	(6,571)	(6,571)
Net cash outflow from financing activities	<u>(29,872)</u>	<u>(7,677)</u>	<u>(7,556)</u>
(Decrease)/increase in cash and cash equivalents	<u>(1,490)</u>	<u>(3,832)</u>	<u>20,498</u>
Cash and cash equivalents at the beginning of the period	14,932	16,662	16,662
Effect of foreign exchange movements	(130)	2,102	377
Cash and cash equivalents at the end of the period	<u>13,312</u>	<u>14,932</u>	<u>37,537</u>

* Restated following a change in accounting policy as disclosed in Note 2(a) below.

Notes to the Financial Statements

1 PRINCIPAL ACTIVITY

The principal activity of the Company is that of an investment trust company within the meaning of Section 1159 of the Corporation Tax Act 2010.

2 ACCOUNTING POLICIES

The Interim Condensed Financial Statements have been prepared in accordance with International Accounting Standards (“IAS”) 34 “Interim Financial Reporting”. The accounting policies adopted in the preparation of the Half-Yearly Financial Statements are the same as those applied in the Company’s Annual Report for the year ended 31 March 2015.

a) Change in accounting policy and disclosures – There was a change of accounting policy disclosed in the Company’s Annual Report for the year ended 31 March 2015 (Accounting Policies, Note 2b). Interest paid on CFDs and dividends paid on short CFDs are a component of gearing and as the substance of these costs is that of an interest expense they are categorised as ‘Finance costs’ in the Income Statement, rather than as a deduction from ‘Derivative income’ as they were categorised in the Financial Statements for the six months ended 30 September 2014. The effect of this change of accounting policy on the corresponding figures for the six months ended 30 September 2014 is to increase finance costs by £378,000 and to increase derivative income by the same amount and to transfer £189,000 of finance costs from revenue to capital, which is 50% of these costs. There is no effect on the net profit after taxation, the net assets of the Company or the increase in cash and cash equivalents in the period.

	Six months ended 30.09.15 unaudited £’000	Year ended 31.03.15 audited £’000	Six months ended 30.09.14 unaudited (as restated)* £’000
3 INCOME			
Investment income			
Overseas dividends	15,422	14,548	11,801
Overseas scrip dividends	25	65	–
	<u>15,447</u>	<u>14,613</u>	<u>11,801</u>
Derivative income			
Dividends received on long CFDs	<u>1,715</u>	<u>796</u>	<u>720</u>
Other income			
Deposit interest	<u>17</u>	<u>29</u>	<u>9</u>
Total income	<u>17,179</u>	<u>15,438</u>	<u>12,530</u>

* Restated following a change of accounting policy as disclosed in Note 2(a) above.

Notes to the Financial Statements

	revenue £'000	capital £'000	total £'000
4 FINANCE COSTS			
Six months ended 30 September 2015 (unaudited)			
Interest and fees on bank loans	362	362	724
Interest paid on CFDs	209	209	418
Dividends paid on short CFDs	192	192	384
	<u>763</u>	<u>763</u>	<u>1,526</u>
Year ended 31 March 2015 (audited)			
Interest and fees on bank loans	693	693	1,386
Interest paid on CFDs	282	282	564
Dividends paid on short CFDs	89	89	178
	<u>1,064</u>	<u>1,064</u>	<u>2,128</u>
Six months ended 30 September 2014 (unaudited)			
Interest and fees on bank loans	328	328	656
Interest paid on CFDs (as restated)*	103	103	206
Dividends paid on short CFDs (as restated)*	86	86	172
	<u>517</u>	<u>517</u>	<u>1,034</u>

* Restated following a change in accounting policy as disclosed in Note 2(a) above.

Notes to the Financial Statements

	Six months ended 30.09.15 unaudited	Year ended 31.03.15 audited	Six months ended 30.09.14 unaudited (as restated)*
5 EARNINGS PER ORDINARY SHARE			
Revenue earnings per Ordinary Share	2.23p	1.41p	1.55p
Capital (loss)/earnings per Ordinary Share	(25.03p)	50.17p	17.62p
Total (loss)/earnings per Ordinary Share	(22.80p)	51.58p	19.17p
Revenue net profit after taxation (£000's)	12,567	8,063	8,866
Capital net (loss)/profit after taxation (£000's)	(140,813)	286,612	100,683
Total net (loss)/profit after taxation (£000's)	(128,246)	294,675	109,549
Weighted average number of Ordinary Shares held outside Treasury in issue	562,484,261	571,313,658	571,354,480

The revenue, capital and total (loss)/earnings per Ordinary Share are based on the net (loss)/profit after taxation in the period divided by the weighted average number of Ordinary Shares held outside Treasury in issue during the period, as shown above.

* Restated following a change in accounting policy as disclosed in Note 2(a) above.

	Six months ended 30.09.15 unaudited £'000	Year ended 31.03.15 audited £'000	Six months ended 30.09.14 unaudited £'000
6 DIVIDEND			
Dividend paid			
Dividend paid of 1.30 pence per Ordinary Share for the year ended 31 March 2015	7,306	-	-
Dividend paid of 1.15 pence per Ordinary Share for the year ended 31 March 2014	-	6,571	6,571
	7,306	6,571	6,571

No dividend has been declared for the six month period to 30 September 2015.

Notes to the Financial Statements

7 FAIR VALUE HIERARCHY

Under IFRS 13 "Fair Value Measurement", the International Accounting Standards Board requires investment companies to disclose the fair value hierarchy that classifies financial instruments measured at fair value at one of three levels, according to the relative reliability of the inputs used to estimate the fair values.

Classification Input

Level 1	Valued using quoted prices in active markets for identical assets
Level 2	Valued by reference to valuation techniques using observable inputs other than quoted prices included within level 1
Level 3	Valued by reference to valuation techniques using inputs that are not based on observable market data

Categorisation within the hierarchy has been determined on the basis of the lowest level input that is significant to the fair value measurement of the relevant asset. The valuation techniques used by the Company are explained in the Company's Annual Report for the year ended 31 March 2015 (Accounting Policies, notes 2j and 2k). The table below sets out the Company's fair value hierarchy:

	30 September 2015 (unaudited)			
	level 1 £'000	level 2 £'000	level 3 £'000	total £'000
Financial assets/(liabilities) at fair value through profit or loss				
Assets:				
Investments – shares	814,648	-	28,482	843,130
Investments – equity linked notes	-	18,859	-	18,859
Total Investments	814,648	18,859	28,482	861,989
Derivative instruments – assets	-	21,743	3,671	25,414
Liabilities:				
Derivative instruments – liabilities	-	(22,916)	-	(22,916)
	814,648	17,686	32,153	864,487
Financial liabilities at amortised cost				
Bank loan	-	(99,611)	-	(99,611)

Notes to the Financial Statements

7 FAIR VALUE HIERARCHY *continued*

	31 March 2015 (audited)			total £'000
	level 1 £'000	level 2 £'000	level 3 £'000	
Financial assets/(liabilities) at fair value through profit or loss				
Assets:				
Investments – shares	946,209	-	160	946,369
Investments – equity linked notes	-	54,674	-	54,674
Total Investments	946,209	54,674	160	1,001,043
Derivative instruments – assets	138	43,769	-	43,907
Liabilities:				
Derivative instruments – liabilities	-	(2,134)	-	(2,134)
	<u>946,347</u>	<u>96,309</u>	<u>160</u>	<u>1,042,816</u>
Financial liabilities at amortised cost				
Bank loan	-	(101,382)	-	(101,382)
	<u>-</u>	<u>(101,382)</u>	<u>-</u>	<u>(101,382)</u>
	30 September 2015 (unaudited)			total £'000
	level 1 £'000	level 2 £'000	level 3 £'000	
Financial assets/(liabilities) at fair value through profit or loss				
Assets:				
Investments – shares	787,030	-	-	787,030
Investments – equity linked notes	-	27,449	-	27,449
Total Investments	787,030	27,449	-	814,479
Derivative instruments – assets	-	14,645	-	14,645
Liabilities:				
Derivative instruments – liabilities	-	(5,384)	-	(5,384)
	<u>787,030</u>	<u>36,710</u>	<u>-</u>	<u>823,740</u>
Financial liabilities at amortised cost				
Bank loan	-	(92,820)	-	(92,820)
	<u>-</u>	<u>(92,820)</u>	<u>-</u>	<u>(92,820)</u>

Notes to the Financial Statements

	30.09.15 unaudited £'000	31.03.15 audited £'000	30.09.14 unaudited £'000
8 OTHER PAYABLES			
Securities purchased for future settlement	3,715	8,180	6,266
Performance fee payable	2,738	4,744	2,558
Investment management and secretarial fees payable	2,116	2,509	2,050
Accrued expenses	744	637	527
	<u>9,313</u>	<u>16,070</u>	<u>11,401</u>

	Six months ended 30.09.15 unaudited Number of Shares £'000	Year ended 31.03.15 audited Number of Shares £'000	Six months ended 30.09.14 unaudited Number of Shares £'000
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9 SHARE CAPITAL

Issued, allotted and fully paid

Ordinary Shares of 1 penny held outside Treasury

Beginning of the period	571,254,480	5,712	571,354,480	5,713	571,354,480	5,713
Ordinary Shares repurchased into Treasury	(14,075,000)	(141)	(100,000)	(1)	-	-
End of the period	<u>557,179,480</u>	<u>5,571</u>	<u>571,254,480</u>	<u>5,712</u>	<u>571,354,480</u>	<u>5,713</u>

Ordinary Shares of 1 penny held in Treasury*

Beginning of the period	100,000	1	-	-	-	-
Ordinary Shares repurchased into Treasury	14,075,000	141	100,000	1	-	-
End of the period	<u>14,175,000</u>	<u>142</u>	<u>100,000</u>	<u>1</u>	<u>-</u>	<u>-</u>
Total share capital		<u>5,713</u>		<u>5,713</u>		<u>5,713</u>

* The shares held in Treasury carry no rights to vote, to receive a dividend or to participate in a winding up of the Company.

Notes to the Financial Statements

10 NET ASSET VALUE PER ORDINARY SHARE

The net asset value per Ordinary Share is based on net assets of £786,017,000 (31.03.15: £944,135,000; 30.09.14: £759,130,000) and on 557,179,480 (31.03.15: 571,254,480; 30.09.14: 571,354,480) Ordinary Shares, being the number of Ordinary Shares held outside Treasury in issue at the period end.

11 UNAUDITED FINANCIAL STATEMENTS

The results for the six month periods to 30 September 2015 and 30 September 2014, which are unaudited, constitute non-statutory accounts within the meaning of Section 435 of the Companies Act 2006. The figures and financial information for the year to 31 March 2015 are extracted from the latest published Financial Statements, on which the independent Auditor gave an unqualified report, and they have been delivered to the Registrar of Companies.

Glossary of Terms

AIF

Alternative Investment Fund. The Company is an [AIF](#).

AIFM

Alternative Investment Fund Manager. The Board has appointed FIL Investment Services (UK) Limited to act as the Company's [AIFM](#).

AIFMD

The Alternative Investment Fund Managers Directive 2011/61/EU is a European Union Directive that came into force on 22 July 2013. The implementation date was 22 July 2014.

BENCHMARK INDEX

The [Benchmark Index](#) is MSCI China Index total return (net) – in UK sterling and is a composite of China “B”, “H”, “Red Chip” and “P Chip” share classes.

CHINA “A” SHARES

Shares traded on the Chinese Stock Exchanges in [Chinese renminbi](#). Foreign investors were unable to participate in the [China “A” Shares](#) market until the introduction of the [QFII](#) program in 2002 which provided a legal framework for licensed [QFIs](#) to invest in [China “A” shares](#) on the [Chinese Stock exchanges](#) and certain other securities previously not eligible for investment by foreign investors.

CHINA “B” SHARES

Shares traded on the Shenzhen Stock Exchange and Shanghai Stock Exchange in Hong Kong dollars and US dollars, respectively. The shares were originally intended to be available only to foreign individuals and institutional investors, however, since February 2001 they have been available to domestic individual investors who trade through legal foreign currency accounts.

CHINA “H” SHARES

Shares in companies incorporated in the [PRC](#) and listed on the Hong Kong Stock Exchange. They are available to non-Chinese investors and are traded in Hong Kong dollars on the Hong Kong Stock Exchange.

CHINESE RENMINBI

Currency of the [PRC](#).

CHINESE STOCK EXCHANGES

The Shanghai Stock Exchange, the Shenzhen Stock Exchange and any other stock exchange located within the [PRC](#) from time to time.

CONTRACT FOR DIFFERENCE (CFD)

A [Contract For Difference](#) is a [derivative](#). It is a contract between the Company and an investment bank at the end of which the parties exchange the difference between the opening price and the closing price of the underlying asset of the specified financial instrument. It does not involve the Company

Glossary of Terms

buying or selling the underlying asset, only agreeing to receive or pay the movement in its share price. A **Contract For Difference** allows the Company to gain access to the movement in the share price by depositing a small amount of cash known as margin. The Company may reason that the asset price will rise, by buying ("long" position) or fall, by selling ("short" position). If the Company holds long positions, dividends are received and interest is paid. If the Company holds short positions, dividends are paid.

DEBT

Bank borrowings and long **Contracts For Difference**.

DERIVATIVES

Financial instruments whose value is derived from the value of an underlying asset or other financial instruments such as stocks, bonds, currency exchange rates, real estate and commodities, or market benchmarks such as interest rates. The main categories of derivatives are **Contracts For Difference**, **warrants**, **futures** and **options**.

DISCOUNT

If the share price of the Company is lower than the **Net Asset Value per Ordinary Share**, the Company's shares are said to be trading at a **discount**. It is shown as a percentage of the **Net Asset Value per Ordinary Share**.

EARNINGS

The **earnings** generated in a given period from the **portfolio** after deducting expenses, finance costs and taxation:

- **Revenue Earnings** reflect dividend and other income less attributed expenses, finance costs and taxation;
- **Capital Earnings/(losses)** reflect gains/(losses) on investments and **derivatives** sold and held less attributed expenses, finance costs and taxation; and
- **Total Earnings/(losses)** reflect the aggregate of revenue and capital earnings/(losses).

EQUITY LINKED NOTES OR ELN

Debt instruments whose return on investment is linked to specific equities or equity markets. The return on **equity linked notes** may be determined by an equity index, a basket of equities, or a single equity.

FAIR VALUE

The carrying value in the Balance Sheet which represents the amount that would be received or paid on disposal of the financial asset or liability.

FORWARD CURRENCY CONTRACT

An agreement to buy or sell a currency, commodity or other asset at a specified future date and at a predetermined price. It is not standardised and is not traded on organised exchanges.

Glossary of Terms

FUTURE OR FUTURE CONTRACT

An agreement to buy or sell a stated amount of a security, currency or commodity at a specific future date and at a pre-agreed price.

GEARING

Gross Asset Exposure in excess of Net Assets.

GROSS ASSETS

Net Assets plus borrowings.

GROSS ASSET EXPOSURE

The value of the portfolio to which the Company is exposed, whether through direct or indirect investment (including the economic value of the exposure in the underlying asset of the [derivatives](#), but excluding [forward currency contracts](#)).

HEDGING

A hedge position will demonstrate risk reduction qualities by delivering short exposure to an asset which has regional congruence and a correlation of at least 80% to long exposures in the Company's portfolio. It therefore distinguishes itself from a "short" which is a position not opened with the objective of reducing the long exposure in the portfolio. Qualifying hedge exposures do not count towards the short exposure limits. For the purposes of calculating [Gross Asset Exposure](#), the exposure attributed to the hedge positions will be deducted from the exposure of the corresponding long positions. Short positions are added to long positions in arriving at the [Gross Asset Exposure](#).

INDEX LINKED SECURITIES

Debt instruments whose return on investment is linked to changes in interest rates, stock exchanges, or other price indices.

INVESTMENT MANAGER

FIL Investment Management (Hong Kong) Limited.

INVESTMENT MANAGERS

Together, represents the [Investment Manager](#) and the [Unlisted Investment Manager](#).

MANAGEMENT FEE

The annual management fee is 1.0% of the [Net Asset Value](#) of the Company.

MSCI CHINA INDEX

The [Benchmark Index](#) of the investment performance of the Company, UK sterling equivalent.

Glossary of Terms

NET ASSET VALUE (NAV)

Net Asset Value is sometimes described as “Shareholders’ Funds” and is the total value of the Company’s assets less the total value of its liabilities. For valuation purposes, it is common to express the **Net Asset Value** on a per share basis.

NET ASSET VALUE (NAV) PER ORDINARY SHARE

The **NAV per Ordinary Share** is calculated as **Shareholders’ Funds** divided by the number of Ordinary Shares in issue.

OPTIONS

An **option** is a contract which gives the right but not the obligation to buy or sell an underlying asset at an agreed price on or before an agreed date. **Options** may be call or put and are used to gain or reduce exposure to the underlying asset on a conditional basis.

P CHIPS

Companies controlled by mainland individuals, with the establishment and origin of the company in mainland China. **P Chips** are incorporated outside of the **PRC** and traded on the Stock Exchange of Hong Kong with a majority of revenues or assets derived from Mainland China.

PERFORMANCE FEE

The **Investment Managers** are entitled to an annual performance fee of 15% of any change in NAV attributable to performance which is more than 2% above the returns on the **MSCI China Index** total return – in UK sterling (after making good any cumulative under-performance, including the 2% hurdle, carried forward from previous years), subject to a maximum performance fee payable in any year equal to 1.0% of the arithmetic mean of the value of assets with the valuation calculated at the end of each month during the year.

PORTFOLIO

The Company’s **portfolio** which may be made up of equities, **index linked securities**, **equity linked notes** and other debt securities, cash deposits, money market instruments, foreign currency exchange transactions and other interests including **derivative** instruments (such as **futures**, **options** and **Contracts For Difference**).

PRC

The People’s Republic of China (excluding Taiwan, Hong Kong and the Macau Special Administrative Region of the **PRC**).

PREMIUM

If the share price of the Company is higher than the **Net Asset Value per Ordinary Share**, the Company’s shares are said to be trading at a **premium**. The **premium** is shown as a percentage of the **Net Asset Value per Ordinary Share**.

Glossary of Terms

QFII

The **Investment Manager** is a **QFII** (a Qualified Foreign Institutional Investor) and as such has been granted a **QFII** licence by the China Securities Regulatory Commission ("CSRC") which permits the Company to invest in **China A Shares** through the **Investment Manager** and has received an allocation of quota for onshore investment from the State Administration of Foreign Exchange of the ("SAFE").

RED CHIPS

Companies incorporated outside China but which are based in mainland China. **Red Chips** are listed on, and are required to observe the filing and reporting requirements of, the Hong Kong Stock Exchange. **Red Chips** typically have a significant portion of their business interests located in mainland China and many are owned, either directly or indirectly, by organisations or enterprises controlled by the Chinese state, provinces or municipalities.

SHAREHOLDERS' FUNDS

Also described as **Net Asset Value**, **Shareholders' Funds** represent the total value of the Company's assets less the total value of its liabilities as shown in the balance sheet.

SHORT STOCK EXPOSURE

The position of the Company when it has sold a security or **derivative** that it does not own but is now committed to eventually purchase in order to satisfy its obligation to sell. It is a strategy used to capitalise on an expected decline in the security's or **derivative's** price.

TREASURY SHARES

Ordinary Shares of the Company that have been repurchased by the Company and not cancelled but held in Treasury. These shares do not pay dividends, have no voting rights and are excluded from the **Net Asset Value** calculation.

UNLISTED INVESTMENT MANAGER

FIL Investment Services (UK) Limited.

UNLISTED SECURITIES

Securities which are not listed on a regulated stock exchange. These are stated at best estimate of **fair value**, based on recognised valuation techniques which may take account of recent arm's length transactions in the investments.

WARRANTS

A **derivative** security that gives the Company the right to purchase securities (usually equity) from the issuer at a specific price and within a certain time frame.

Directory

BOARD OF DIRECTORS

John Owen CMG MBE DL (Chairman)
Nicholas Bull FCA (Senior Independent Director)
David Causer FCA
(Chairman of the Audit Committee)
The Hon. Peter Pleydell-Bouverie DL
(Chairman of the Investment Committee)
Elisabeth Scott
Andrew Wells

ALTERNATIVE INVESTMENT FUND MANAGER (AIFM)

FIL Investment Services (UK) Limited
Oakhill House
130 Tonbridge Road
Hildenborough
Tonbridge
Kent
TN11 9DZ

INVESTMENT MANAGER

FIL Investment Management (Hong Kong) Limited
Level 21
Two Pacific Place
88 Queensway
Admiralty
Hong Kong

UNLISTED INVESTMENT MANAGER, SECRETARY AND REGISTERED OFFICE

FIL Investments International
Beech Gate
Millfield Lane
Lower Kingswood
Tadworth
Surrey
KT20 6RP

FINANCIAL ADVISERS AND STOCKBROKERS

Cenkos Securities plc
6,7,8 Tokenhouse Yard
London
EC2R 7AS

INDEPENDENT AUDITOR

Grant Thornton UK LLP
Chartered Accountants and Registered Auditor
30 Finsbury Square
London
EC2R 7AS

BANKER AND CUSTODIAN

JPMorgan Chase Bank (London Branch)
125 London Wall
London
EC2Y 5AJ

DEPOSITARY

J.P. Morgan Europe Limited
25 Bank Street
London
E14 5JP

REGISTRAR

Capita Asset Services
The Registry
34 Beckenham Road
Beckenham
Kent
BR3 4TU

LAWYER

Speechly Bircham LLP
6 New Street Square
London
EC4A 3LX

Information for Investors

CONTACT INFORMATION

Private investors:

call free on 0800 41 41 10, 9am to 6pm,
Monday to Saturday.

Financial advisers:

call free on 0800 41 41 81, 8am to 6pm,
Monday to Friday.

Website: www.fidelity.co.uk/its

Existing shareholders who have a specific query regarding their holding or need to provide update information, for example a change of address, should contact the appropriate administrator.

Holders of ordinary shares

Capita Asset Services, Registrars to Fidelity
China Special Situations PLC, The Registry,
34 Beckenham Road, Beckenham, Kent BR3 4TU.

Telephone: 0871 664 0300 (calls cost
10p per minute plus network extras.
Lines are open 8.30am to 5.30pm, Monday to
Friday) Email: shareholderenquiries@capita.co.uk

Details of individual shareholdings and other
information can also be obtained from the
Registrars' website: www.capitaregistrars.com

Fidelity Share Plan investors

Fidelity Investment Trust Share Plan, PO Box 12062,
Mellon House, Ingrave Road, Brentwood, Essex
CM14 9LX. Telephone: 0845 358 1107 (calls to this
number are charged at 3.95p per minute from a BT
landline. Other telephone service providers' costs
may vary).

Fidelity ISA investors

Private Investors call free on 0800 41 41 10 and
Financial Advisers call free on 0800 41 41 81, or by
writing to: UK Customer Service, Fidelity Worldwide
Investment, Oakhill House, 130 Tonbridge Road,
Hildenborough, Tonbridge, Kent TN11 9DZ.

General enquiries should be made to FIL
Investments International, the Secretary, at the
Company's registered office:

FIL Investments International, Investment Trusts,
Beech Gate, Millfield Lane, Lower Kingswood,
Tadworth, Surrey KT20 6RP.

Telephone: 01732 36 11 44

Fax: 01737 83 68 92

Website: www.fidelity.co.uk/its

FINANCIAL CALENDAR 2015/2016

- 30 September 2015** – Half-Yearly period end
- November 2015** – Announcement of
Half-Yearly results
- November 2015** – Publication of Half-Yearly
Report
- 31 March 2016** – Financial year end
- June 2016** – Publication of Annual
Report
- July 2016** – Annual General Meeting

Information for Investors

FURTHER INFORMATION

The Fidelity Individual Savings Account (“ISA”) is offered and managed by Financial Administration Services Limited. The Fidelity Investment Trust Share Plan is managed by FIL Investments International. Both companies are authorised and regulated by the Financial Conduct Authority. The Fidelity Investment Trust Share Plan is administered by The Bank of New York Mellon and shares will be held in the name of The Bank of New York Nominees Limited.

The value of savings and eligibility to invest in an ISA will depend on individual circumstances and all tax rules may change in the future. Fidelity investment trusts are managed by FIL Investment Services (UK) Limited. Fidelity only gives information about its own products and services and does not provide investment advice based on individual circumstances. Should you wish to seek advice, please contact a Financial Adviser.

Please note that the value of investments and the income from them may fall as well as rise and the investor may not get back the amount originally invested. Past performance is not a guide to future returns. For funds that invest in overseas markets, changes in currency exchange rates may affect the value of your investment. Investing in small and emerging markets can be more volatile than other more developed markets.

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Warning to Shareholders

SHARE FRAUD WARNING

Share fraud includes scams where investors are called out of the blue and offered shares that often turn out to be worthless or non-existent, or an inflated price for shares they own. These calls come from fraudsters operating in 'boiler rooms' that are mostly based abroad.

While high profits are promised, those who buy or sell shares in this way usually lose their money.

The Financial Conduct Authority (FCA) has found most share fraud victims are experienced investors who lose an average of £20,000, with around £200m lost in the UK each year.

PROTECT YOURSELF

If you are offered unsolicited investment advice, discounted shares, a premium price for shares you own, or free company or research reports, you should take these steps before handing over any money:

1. Get the name of the person and organisation contacting you.
2. Check the FCA Register at www.fca.org.uk/register to ensure they are authorised.
3. Use the details on the FCA Register to contact the firm.
4. Call the FCA Consumer Helpline on **0800 111 6768** if there are no contact details on the Register or you are told they are out of date.
5. Search the FCA's website list of unauthorised firms and individuals to avoid doing business with.
6. **REMEMBER: if it sounds too good to be true, it probably is!**

If you use an unauthorised firm to buy or sell shares or other investments, you will not have access to the Financial Ombudsman Service or Financial Services Compensation Scheme (FSCS) if things go wrong.

REPORT A SCAM

If you are approached about a share scam you should tell the FCA using the share fraud reporting form at www.fca.org.uk/scams, where you can find out about the latest investment scams. You can also call the Consumer Helpline on **0800 111 6768**.

If you have already paid money to share fraudsters you should contact Action Fraud on

0300 123 2040



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