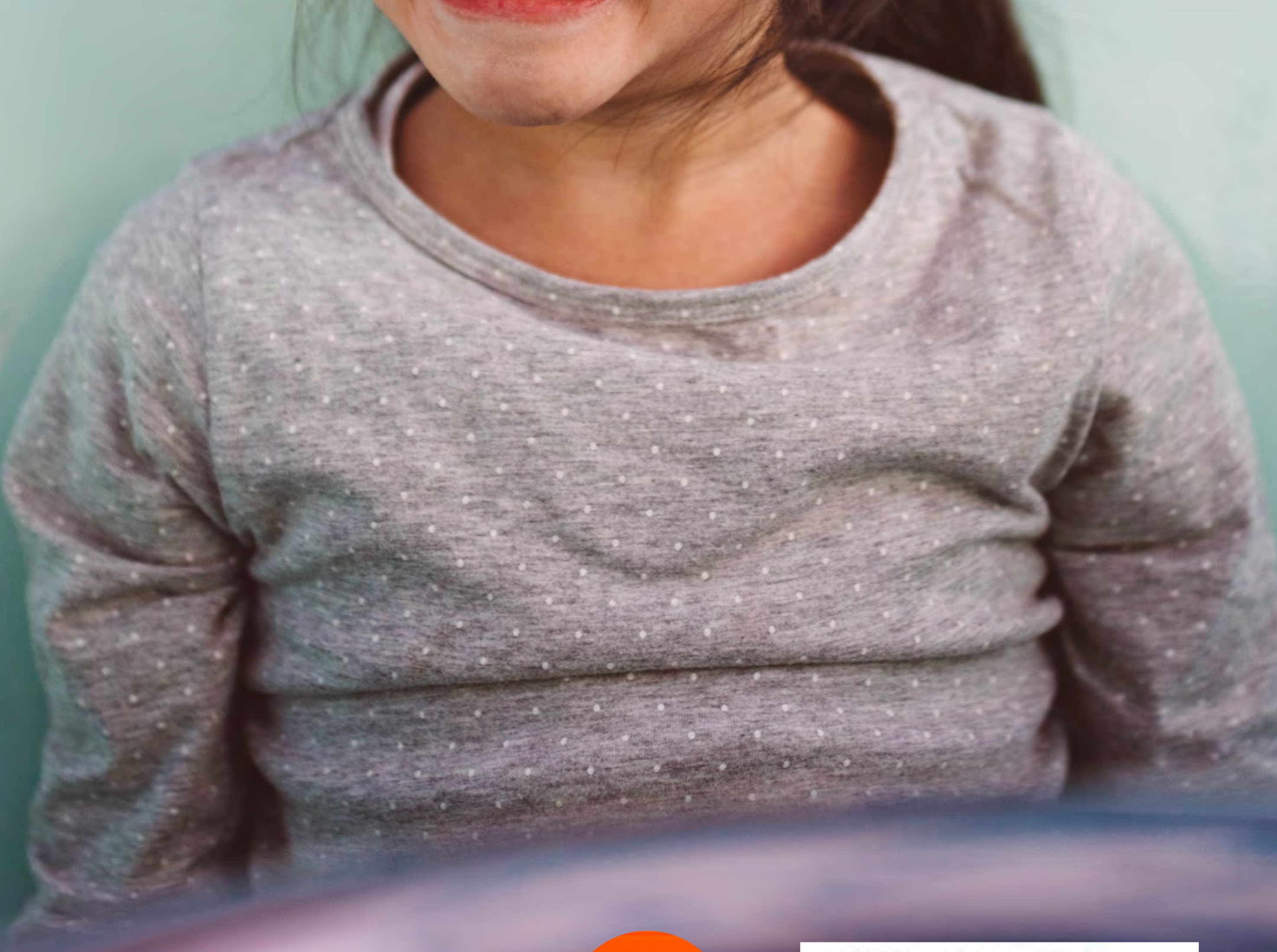
Fidelity INTERNATIONAL

FIDELITY CHINA SPECIAL SITUATIONS PLC

Annual Report for the year ended 31 March 2025

The purpose of the Company is to offer investors who are building a diversified portfolio a direct exposure to China, recognising the size and growing importance of the country within the world economy and its weighting within global stock market indices.

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 in China, both listed and unlisted, as well as Chinese companies listed elsewhere. The Company may also invest in companies with significant interests in China.



ELITE FUND rated by FundCalibre.com

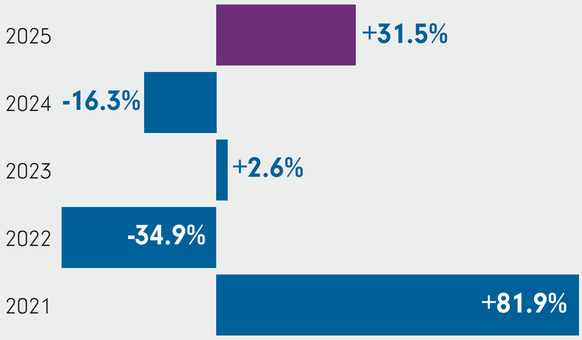
ii super 60

Kepler GROWTH 2025

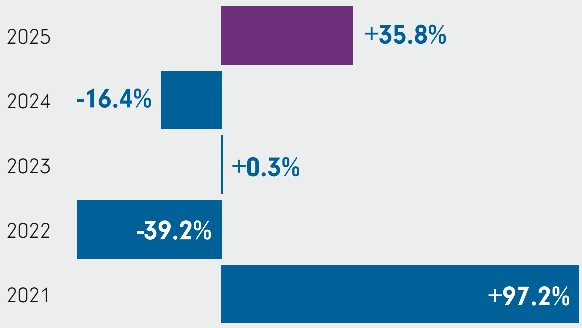
The Year at a Glance

In the reporting year, the Company's Net Asset Value per Share increased by 31.5% and the Share Price increased by 35.8%, whilst the Benchmark Index increased by 37.5% (all performance data on a total return basis).

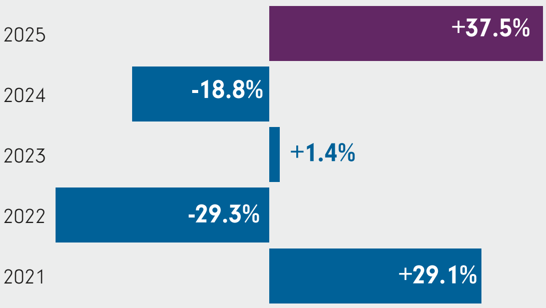
Net Asset Value per Share total return[1,2]
Year ended 31 March



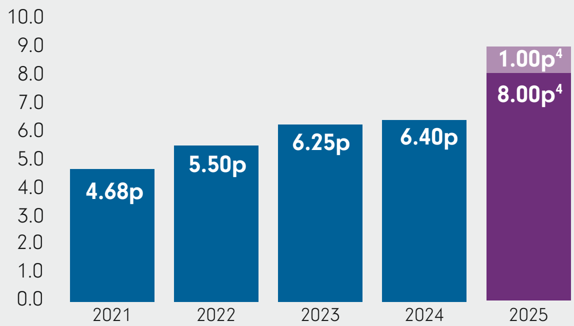
Share Price total return[1,2]
Year ended 31 March



MSCI China Index total return
(in UK sterling terms)[1,3]
Year ended 31 March



Dividend per Share
Year ended 31 March



1 Includes reinvested income.
2 Alternative Performance Measures. See pages 92 and 93.
3 The Company's Benchmark Index.
4 Representing a final ordinary dividend of 8.00 pence per share and a special dividend of 1.00 pence per share. See pages 3 and 4 for further details.

As at 31 March 2025

Shareholders' Funds

£1,413.8m

Market Capitalisation

£1,311.3m

Capital Structure
Ordinary Shares of 1 pence held outside of Treasury

494,840,250

Summary of the key aspects of the Investment Policy

The Portfolio Manager will focus on identifying companies which are most likely to benefit from China's growth and changing economy.

The Company is not restricted in terms of size or industry when including companies in the portfolio and may invest in unlisted securities.

The Company may also invest into other transferable securities, collective investment schemes, money market instruments, cash and deposits and is also able to use derivatives and bank borrowing for gearing purposes and efficient portfolio management.

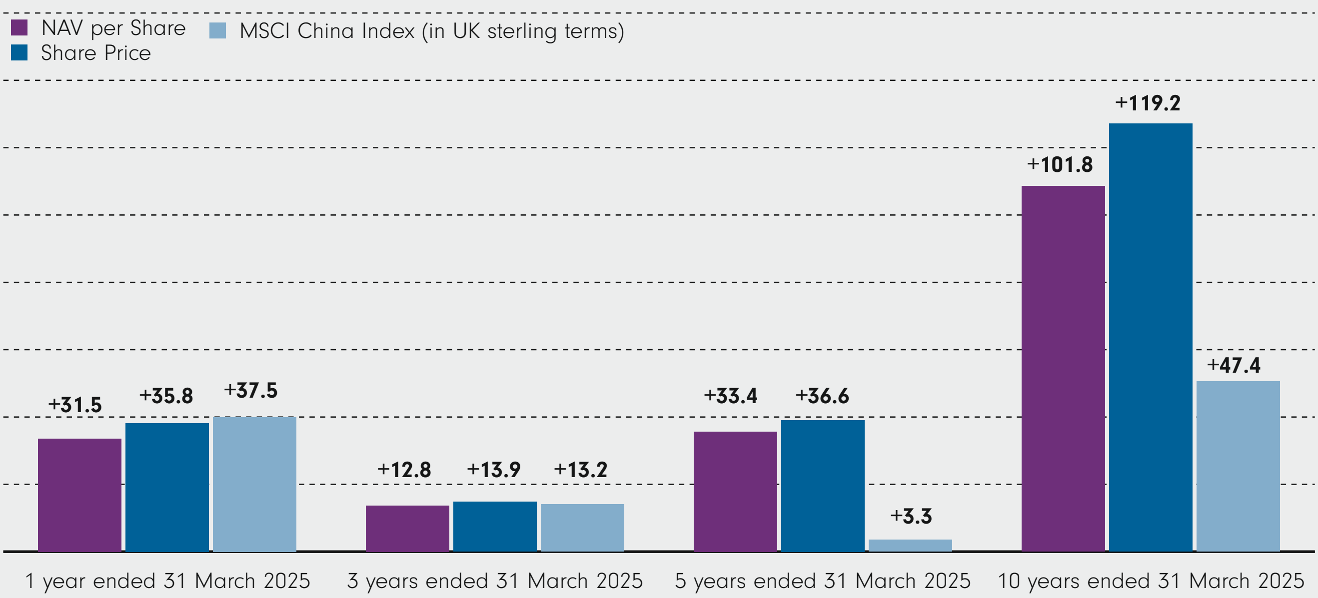
The Company operates a variable management fee arrangement which is calculated by referencing performance relative to the MSCI China Index (in UK sterling terms).

Financial Highlights

	2025	2024
Assets as at 31 March		
Gross Asset Exposure	**£1,745.9m**	£1,450.9m
Net Assets	**£1,413.8m**	£1,176.0m
Gross Gearing[1,2]	**23.5%**	23.4%
Net Gearing[1,2]	**20.9%**	20.8%
Net Asset Value ("NAV") per Share[2]	**285.71p**	223.71p
Share Price and Discount data as at 31 March		
Share Price at year end	**265.00p**	201.00p
Share Price: year high	**288.50p**	248.50p
Share Price: year low	**171.40p**	182.60p
Discount at year end[2]	**7.3%**	10.2%
Discount: year high[2]	**15.1%**	12.9%
Discount: year low[2]	**5.5%**	6.2%
Earnings for the year ended 31 March – see page 59		
Revenue Earnings per Share[2,3]	**10.18p**	5.78p
Capital Earnings/(Loss) per Share[2,3]	**55.75p**	(50.18p)
Total Earnings/(Loss) per Share[2,3]	**65.93p**	(44.40p)
Ongoing Charges Ratio for the year to 31 March		
Ongoing Charges Ratio[2,4]	**0.89%**	0.98%
Variable Management Fee	**(0.15%)**	0.15%
Ongoing Charges Ratio including Variable Management Fee[2,4]	**0.74%**	1.13%

1 See Note 18 on pages 90 and 91. Defined in the Glossary to the Annual Report on pages 99 and 100.
2 Alternative Performance Measures.
3 Based on the weighted average number of shares held outside of Treasury during the year.
4 Ongoing charges ratio (excluding finance costs and taxation) expressed as a percentage of average net asset values for the year (prepared in accordance with guidance issued by the Association of Investment Companies). The ongoing charges ratio for the year ended 31 March 2025 reflects the significant reduction of the management fees waived by the Manager in lieu of its contribution to the costs of the Company's transaction with abrdn China Investment Company Limited ("ACIC") which concluded on 14 March 2024.

Total Return Performance[1] (%)



1 Includes reinvested income.

Sources: Fidelity International and Datastream.
Past Performance is not a guide to future returns.

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Chairman's Statement

I have pleasure in presenting the Annual Report of Fidelity China Special Situations PLC for the year ended 31 March 2025.

Mike Balfour, Chairman

£1,413.8m
(As at 31 March 2025)
Shareholders' Funds

+31.5%
(Year ended 31 March 2025)
Net Asset Value per Share total return

+35.8%
(Year ended 31 March 2025)
Share Price total return

+37.5%
(Year ended 31 March 2025)
Benchmark Index total return

I have pleasure in presenting the Annual Report of Fidelity China Special Situations PLC for the year ended 31 March 2025.

After three consecutive years of flat or negative returns for UK investors in the Chinese equity market, it is pleasing to be able to look back over a more positive period. In the reporting year to 31 March 2025, the net asset value ("NAV") total return of your Company was +31.5%, while the Benchmark Index (MSCI China Index (in UK sterling terms)) returned +37.5%. The share price total return was +35.8% boosted by the share price discount to NAV narrowing from 10.2% at the beginning of the period to 7.3% at the year end.

This year marks the 15th anniversary of the Company's inception on 19 April 2010, and while returns for the year under review have modestly underperformed the Benchmark Index, in absolute terms they have been the strongest since 2021. On an annualised basis, total returns since inception have been well ahead of the Benchmark, at +8.7% for the NAV and +8.2% for the share price, compared with +4.5% for the Benchmark. This is a strong endorsement of the strategy launched by Anthony Bolton and developed over the past 11 years by your current Portfolio Manager, Dale Nicholls. To mark the occasion of the anniversary, on 22 April I was joined by Anthony, Dale, my predecessor as Chairman, Nicholas Bull, and the first Chairman of your Company, John Owen, to open the day's trading at the London Stock Exchange.

At a macroeconomic level, we have seen the investment backdrop evolve over the year under review with a change in the attitude of the Chinese government, which is looking to stimulate the economy far more overtly following its sluggish post-Covid reopening. Measures to date have included a recapitalisation of banks to support the economy, as well as government-subsidised trade-in schemes for older discretionary items such as white goods.

There have been a number of important events in the last year, but I would like to highlight three. The first is President Xi's meeting in February with Chinese entrepreneurs at a symposium of private enterprises. In the past, the Chinese government has been seen as sceptical of such businesses, but this gathering would seem to show a genuinely renewed commitment to embracing the role of private enterprise and entrepreneurs as part of China's future.

The second is DeepSeek – the headline-grabbing generative AI app that got the world's attention in January, having invested less and provided arguably a better product than US peers. Far from being an anomaly, this is a typical example of Chinese enterprise and science-based invention.

The third is electric vehicle (EV) maker BYD's revenues overtaking Tesla's for the first time recently. These factors, and others, have helped improve sentiment, which is also reflected in the 38% rise in the stock market. This strong performance is particularly encouraging given the prevailing high levels of geopolitical uncertainty.

Dividends are also becoming more of a feature of the stock market, associated with generally more shareholder-friendly behaviour by Chinese companies. This year will be a bumper year for dividends received and paid to our shareholders (see below), making a meaningful contribution to the total return.

As I have noted before, being structured as a closed-ended investment company means that Dale does not have the liquidity constraints of an open-ended fund and can use this flexibility to invest in less liquid assets with a longer-term view of returns. Up to 15% of Net Assets plus Borrowings may be invested in unquoted companies (those not yet listed on a stock exchange), allowing Dale to take advantage of the faster growth trajectory of earlier-stage businesses before they are potentially listed on the public markets. Following on from three IPOs of private holdings in the previous financial year, the autonomous driving specialist Pony.ai floated in the US stock market in November. Dale also added a new unquoted holding to the portfolio in February 2025, investing in Fujian Yangteng Innovations which sells private-labelled aftermarket auto parts online in Europe and North America. He also increased the position in ByteDance, the social media company whose assets include TikTok; it is now the largest unlisted holding in the Company's portfolio. More details of the unlisted holdings, which make up 9.6% of the total Net Assets at the year end and have added materially to your Company' performance over time, are on pages 12 to 14.

The Board feels the valuation process for our unlisted holdings is robust. They are assessed regularly by Fidelity's dedicated Fair Value Committee ("FVC"), with advice from Kroll, a third-party valuation specialist, as well as from Fidelity's unlisted investment specialist in Hong Kong and the Fidelity analysts who undertake research on the companies. The valuation process is set out in more detail on page 12 of this report. The Board receives regular updates from the FVC, with Alastair Bruce, our Audit and Risk Committee Chairman, also providing expertise in this area, having for many years been involved professionally in private equity investing.

Due Diligence Trip

In November, your Board was fortunate to visit China to see Fidelity's investment team in action and meet with some of the portfolio companies on the ground. One of our overriding impressions, which has gained even greater relevance in recent weeks, was of China being potentially better prepared than others for a more fractious global trade environment. A lot of the mitigating actions by companies to reduce the risks from increased tariffs and to diversify their production bases have already happened. That is not to say that the economy will not be harmed by a slowdown in trade with the US, but China has consciously reduced its dependence on critical US imports over the last eight years.

We were most impressed by the entrepreneurialism shining through in the management teams that we met, many of whom were young, energetic, science-based and looking to build global businesses. China is emerging as a world leader in certain sectors, such as EVs, autonomous driving and the range-finding laser technology Lidar, which is an essential tool for autonomous vehicles.

We were struck both by the strength of balance sheets of Chinese companies and the propensity of their major shareholders to reinvest in their businesses and not seek to extract value from them. Their drive and motivation seem to be to build something important and sustainable for the future.

Gearing

Your Board continues to believe that the judicious use of gearing (a benefit of the investment company structure) can enhance returns, although being more than 100% invested also means that the NAV and share price may be more volatile and can accentuate losses in a falling market, as well as being additive on the upside. Having repaid the Company's US$100m loan in the last financial year, gearing this year has been solely through contracts for difference ("CFDs"), which tend to be at lower costs than prevailing longer-dated borrowing. However, your Board continues to review the position, and we have not ruled out reintroducing an element of fixed rate gearing in the future, should the terms become favourable.

Gearing remained broadly around the 20% (net market gearing) level during the year, beginning at 20.8% and ending at 20.9%, reflecting Dale's view that the Chinese equity market remains very attractively valued and offers many interesting investment opportunities. This level of gearing is at the upper limit that is acceptable to the Board, compared with a historical range of 10-25%. The impact of gearing was positive during the year in review, adding 6.9% to returns.

Dividend

The Company's investment objective remains focused on achieving long-term capital growth; however, it has the enviable track record of having paid an increased dividend each year since inception, growing from 0.25 pence per share in 2011 to 6.40 pence in 2024, which is a compound annual growth rate of 28.3%.

As noted above, the year under review was a particularly strong one for the Company's revenue return, reflecting the increasing focus of Chinese companies on rewarding minority shareholders through dividends. Your Board is therefore pleased to recommend an increased final ordinary dividend of 8.00 pence per share, a 25.0% increase on the 6.40 pence per share paid in 2024. In addition, in light of a large exceptional dividend received from the Company's position in Lufax Holding, an online finance marketplace, we are proposing an additional special dividend of 1.00 pence per share. By choosing to pay both a final and a special dividend, your Board seeks to pass on the

Chairman's Statement continued

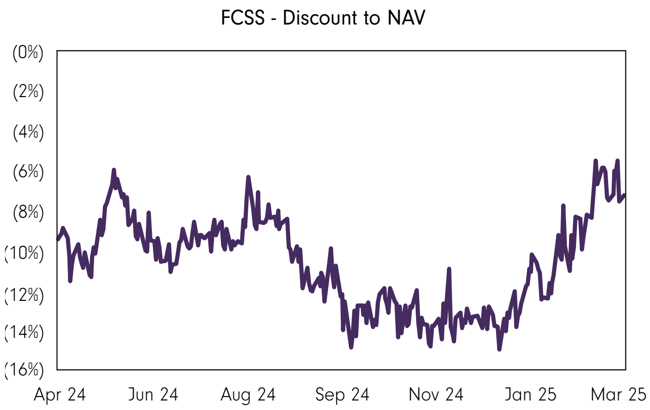
benefit of large one-off receipts, while also safeguarding the Company's ability to continue to grow its ordinary dividend at a sustainable rate in the future.

Both the ordinary and special dividends will be payable on 31 July 2025 to shareholders on the register on 20 June 2025 (ex-dividend date 19 June 2025).

The revenue per share earned by the Company during the year was 10.18 pence including the Lufax exceptional dividend, and is an increase of 76.1% compared with the 5.78 pence earned in the prior year. This year's dividend is fully covered by revenue from earnings, and we have been able to add back £7,727,000 to the revenue reserve, which now stands at 5.59 pence per share.

Discount Management

Although your Company's share price discount to NAV narrowed during the year from 10.2% to 7.3%, for much of the period it remained higher than the Board would like, and therefore we have been relatively active with share buybacks, repurchasing 30,841,184 shares (5.9% of the total at the start of the year) for cancellation. It is always our ambition that the share price should closely match the company's NAV. We remain vigilant of changes in sentiment towards China and the impact that has on demand for the Company's shares and, in turn, on the price at which they trade. In the early part of the review period, the market at large remained wary of China given the sluggish economy and ongoing issues in the property market. However, stimulus measures announced by the Chinese government in the last quarter of 2024 created a reassessment, and the discount to NAV narrowed accordingly, reaching the mid-single digits towards the year end, despite the uncertainty surrounding President Trump's trade tariff plans. It is encouraging to note that it remains in single digits at the time of writing, suggesting investors remain relatively sanguine about the potential impacts of a trade war between China and the US. The graph below shows the movement of the Company's discount during the year.



While the primary purpose of share repurchases is to limit discount volatility, they are also of benefit to existing shareholders, as the Company's NAV per share is increased by purchasing shares at a discount.

Ongoing Charges Ratio and Management Fee

The Ongoing Charges Ratio (the costs of running the Company) for the year was 0.89% (2024: 0.98%). The variable element of the management fee (due to underperformance of the Benchmark Index on a rolling three year basis) was a credit of 0.15% (2024: a charge of 0.15%). Therefore, the Ongoing Charges Ratio for the year, including this variable element, was 0.74% (2024: 1.13%).

Following a reduction in the base management fee paid to the Manager in the last financial year as a result of the combination with abrdn China Investment Company (ACIC), there have been no further changes to the fee arrangements in the year under review.

Board of Directors

There have been no changes to your Board of Directors in either of the last two financial years, and other than me, none of the Directors have served for more than five years, meaning there are no changes expected in the shorter-term. We are pleased that your Company's Board includes a real diversity and balance of relevant skills and experience, including consultancy covering Chinese businesses, accountancy, investment management (including private equity and private equity valuation) and marketing. In recent years, we have sought to pass on the benefit of our accumulated skills and knowledge by taking on a Board apprentice, a role put in place to help develop the next generation of individuals who may not otherwise find a route to becoming a non-executive director. Each apprentice serves a term of one year, during which time they attend all Board and Committee meetings as an observer. Further details are on page 42.

In accordance with the UK Corporate Governance Code for Directors of FTSE 350 companies, all Directors are subject to annual re-election at the Annual General Meeting ("AGM") on 24 July 2025, in order to continue to support and oversee the Company in the best interests of all shareholders. The Directors' biographies can be found on page 35.

Annual General Meeting

The Company's AGM is at 11.00 am on 24 July 2025. The meeting will once again be a hybrid format, with online attendance available; however, I hope to see as many of you as possible in person on the day. Alongside the direct email updates that we now provide, it is one of the few opportunities in the year to sit down together – shareholders, the Board and the Manager – to talk about your investment. Of course, this year has particular significance, as we mark the Company's 15th anniversary. Please do join us if you can. Details of the AGM are on page 6.

Outlook

A year ago, sentiment was undeniably poor – the Chinese economy, stock market and property market were all depressed, and the private sector was not outwardly being supported by the government. While a change in sentiment during the year under review has powered a very strong year for the Chinese stock market, we now need to see the follow-through.

While the macro picture remains uncertain with the property market still struggling and consumer sentiment fragile, the Chinese authorities could pull the lever of more monetary and fiscal stimulus, which could in turn provide a catalyst to unlock the high level of savings accumulated during the Covid lockdowns. The geopolitical backdrop, and particularly the trade issues between the US and China, should not be underestimated, but as confidence in American exceptionalism recedes there is potential for a genuine shift in market sentiment from the US-dominated global equity market to 'unloved' China. In the first quarter of 2025, the Nasdaq was down by 15% while Hong Kong's Hang Seng Index was up by 15%.

While the trade problems may be making headlines, I would posit that the bigger story for the long-term is the Chinese government's willingness to engage with the private sector and acknowledge the role it has to play in the country's future prosperity. From a bottom-up perspective, these businesses are vibrant, entrepreneurial and inventive, and the growing dominance of Chinese companies in certain global sectors is likely to be a continuing theme. For many years, people have been used to buying goods that are made in China but with Western brands attached, but now Chinese brands are gaining traction globally. It is no longer rare to see BYD cars on British driveways or Haier and Hisense appliances in European homes. This shows both the quality of the products and the confidence of their manufacturers, both of which are shared by your Board and the Manager. There will be bumps in the road and the Chinese stock market will remain volatile but at the micro economic or company level in China there are positive longer-term trends in place, which your Company is well placed to benefit from.

Mike Balfour
Chairman
9 June 2025

Chairman's Statement continued

Annual General Meeting – Thursday, 24 July 2025 at 11.00 am

The AGM of the Company will be held at **11.00 am on Thursday, 24 July 2025** at 4 Cannon Street, London EC4M 5AB (nearest tube stations are St Paul's or Mansion House) and virtually via the online Lumi AGM meeting platform. Full details of the meeting are given in the Notice of Meeting on pages 94 to 97.

For those shareholders who prefer not to attend in person, we will live-stream the formal business and presentations of the meeting online.

Dale Nicholls, the Portfolio Manager, will be making a presentation to shareholders discussing the performance of the past year and the prospects for the year to come. Dale and the Board will be very happy to answer any questions that shareholders may have. Copies of his presentation can be requested by email at **investmenttrusts@fil.com** or in writing to the Secretary at FIL Investments International, Beech Gate, Millfield Lane, Lower Kingswood, Tadworth, Surrey KT20 6RP.

Properly registered shareholders joining the AGM virtually will be able to vote on the proposed resolutions. Please see Note 9 to the Notes to the Notice of Meeting on page 96 for details on how to vote virtually. Investors viewing the AGM online will be able to submit live written questions to the Board and the Portfolio Manager and these will be addressed at an appropriate juncture during the meeting.

Further information and links to the Lumi platform may be found on the Company's website at **www.fidelity.co.uk/china**. On the day of the AGM, in order to join electronically and ask questions via the Lumi platform, shareholders will need to connect to the website **https://meetings.lumiconnect.com/100-135-001-078**.

Please note that investors on platforms, such as Fidelity Personal Investing, Hargreaves Lansdown, Interactive Investor or AJ Bell Youinvest, will need to request attendance at the AGM in accordance with the policies of your chosen platform. They may request that you submit electronic votes in advance of the meeting. If you are unable to obtain a unique IVC and PIN from your nominee or platform, we will also welcome your online participation as a guest. Once you have accessed **https://meetings.lumiconnect.com/100-135-001-078** from your web browser on a tablet, smartphone or computer, you should then select the 'Guest Access' option before entering your name and who you are representing, if applicable. This will allow you to view the meeting and ask questions, but you will not be able to vote.

Further information on how to vote across the most common investment platforms is available at the following link: https://www.theaic.co.uk/how-to-vote-your-shares

Portfolio Manager's Review

Dale Nicholls was appointed as Portfolio Manager of Fidelity China Special Situations PLC on 1 April 2014. He joined Fidelity in 1996 as a Research Associate in its Tokyo office. It was during his tenure as an analyst that he first began to take an interest in the dynamics of the Chinese market. He regularly visited Chinese companies to get a clear view of the key supply and demand chains of the industries he covered. In his current role, Dale spends much of his time traveling within China to meet with the management teams and competitors of companies in which he may, or already does, invest, visiting well over 100 companies a year. He also manages one other major Fidelity Fund. He has significant breadth and depth across the Asia pacific region, with 62 equity research and research support colleagues based in Hong Kong, Shanghai and Singapore, of which 40 are dedicated to covering Greater China stocks.

Question

How has the investment company performed in the year to 31 March 2025?

Answer

As Fidelity China Special Situations PLC reaches the 15th anniversary of its listing on the London Stock Exchange, I am pleased to report one of its strongest annual performances since launch, albeit a volatile one.

The Company's share price rose by 35.8% over the year, with the discount to NAV narrowing from 10.2% at the start of the period to end at 7.3%. The Company's NAV returned 31.5%, underperforming the MSCI China Index (the Benchmark Index), which delivered 37.5%. (All performance figures are on a total return basis).

The first five months of the reporting year proved challenging, with a combination of lacklustre economic stimulus, a weak property sector, and subdued consumption in China weighing on investor sentiment. During this period, the equity market eked out a marginal gain, with traditionally defensive sectors, such as energy, utilities, telecommunications, and state-owned banks outperforming. With its typical focus on growth-oriented sectors, the Company delivered a small negative return.

However, sentiment improved sharply in September following a comprehensive stimulus package from the Chinese government aimed at tackling deflation risks and reinvigorating consumption and real estate markets. I believe the size and breadth of the measures, and commitment expressed, marked a turning point in Beijing's efforts to tackle the key economic issues most on investors' minds. Equities rallied sharply in the month, led by real estate, consumer-related sectors, and healthcare.

While some of the momentum faded, a second major catalyst followed in January - the announcement of DeepSeek's ground-breaking artificial intelligence ("AI") model - reigniting enthusiasm for Chinese innovation and tech stocks. The tech sector led a broad-based rally into the end of the financial year, helping the Company to deliver a strong double-digit return.

While markets have been rocked by renewed US-China trade tensions since the financial year end, I remain confident in the resilience of the companies we own and the longer-term opportunity in Chinese equities.

Question

What stocks have been the main drivers of performance during the year and why?

Answer

Performance during the year was driven largely by domestically focused small and mid-cap stocks, financials, and several of the most innovative companies held, particularly those linked to AI and the electric vehicle ("EV") supply chain.

Portfolio Manager's Review continued

Against a backdrop of stabilising economic activity, insurers and consumer finance companies delivered strong returns. **LexinFintech Holdings**, a leading FinTech lender, stood out with robust profit growth, improved asset quality, and successful execution of its strategic shift toward a more optimised product mix and stronger platform-based revenue. Similarly, **Qifu Technology** benefited from solid earnings growth, an expanding user base, and a strong ongoing programme of capital return. As an AI-enabled platform specialising in short-term consumer credit, Qifu has built a leading market position. The stimulus package also lifted sentiment across the broader financial sector, supporting holdings such as **Ping An Insurance Company** and **China Life Insurance**.

Investor enthusiasm for AI and digital transformation supported strong returns in holdings such as **Alibaba Group Holding**, which advanced on rising expectations for cloud platform demand. However, our underweight position relative to the MSCI China Index limited the positive contribution. **VNET Group**, one of China's leading Internet Data Centre (IDC) operators, benefited from growing AI-related infrastructure demand.

Other holdings also made meaningful contributions. **Medlive Technology**, an online professional physician platform, rallied following the successful launch of new AI driven services and accelerating AI commercialisation efforts. Meanwhile, **Kingdee International Software Group**, a domestic leader in enterprise resource planning (ERP) software, gained as it continues to benefit from a broader industry shift toward SaaS (software-as-a-service) models and hope that its AI-enabled features can accelerate penetration and improve pricing.

One of the most innovative and strategically important areas continues to be the EV sector, where Chinese companies are increasingly establishing global leadership. While we acknowledge the significant growth potential for EV manufacturers, my preferred exposure has been through suppliers further up the value chain, where competition tends to be less intense, allowing margins to be more attractive and stable. Holdings in **Hesai Group**, a leading automotive LiDAR supplier, and **Precision Tsugami China**, a specialist in high-precision small-size lathe machines, performed well. Precision Tsugami in particular benefited from strong order momentum, driven by rising demand from both the BYD supply chain and from manufacturers of AI server-related cooling systems.

On the other hand, not holding automakers **BYD** and **Xiaomi** detracted from performance compared to the MSCI China benchmark index. Xiaomi's stock surged following the launch of its SU7 EV, which boosted sentiment across the EV space. However, I remain cautious given the competitive intensity in the auto sector along with relatively high valuations. In addition, we continue to believe a key differentiator of the Company – backed by Fidelity's research and private-market valuation expertise – to invest in unlisted companies broadens the opportunity set and represents an additional source of potential returns for the Company.

TikTok developer **ByteDance** attracted attention given its role in the strategic tech sector and increasing global relevance, placing it at the intersection of innovation and geopolitical scrutiny. Encouragingly, the company emerged as a strong contributor to performance and our added stake in August last year further enhanced gains. ByteDance continued to deliver solid financial results and international expansion, despite continued uncertainty around TikTok's US operations.

Conversely, leading autonomous driving player Pony.ai came under pressure post IPO in late 2024, following weaker-than-expected fourth-quarter results, despite this being less relevant given the early stage of this industry's development. We remain confident in the long-term potential of its business given its strong technology platform and integrated ecosystem.

Overall, the unlisted investments delivered positive absolute returns to the portfolio during the review period, though performance was comparatively muted relative to the benchmark index, which benefited from a sentiment-driven rally fuelled by stimulus measures and AI-related catalysts.

Question

How have you utilised the investment company structure this year? Has it been beneficial?

Answer

Net exposure to the market continues to reflect the quality and breadth of investment opportunities available, typically increasing when valuations are attractive and decreasing when opportunities become less prevalent, or valuations more stretched. I have found no shortage of attractive investment opportunities, and therefore net market exposure has fluctuated around 120% during the reporting year - at the upper end of the Company's target range (previously around 125%). Net gearing was 20.9% at the end of the reporting year, very marginally down from 20.8% at the start.

Importantly, gearing added 6.9% to performance during the year, underlining the value that prudent gearing can bring when used appropriately.

Question

Although President Trump's "Liberation Day" announcement of higher tariffs came after the reporting year end, what impact have they had so far on the Company and on Chinese equities?

Answer

US-China trade tensions were widely anticipated but escalated more than most expected. However, the recent agreement on temporary tariff reductions has offered some relief. While the headline cuts are substantial, tariffs remain materially higher than they were before the so-called "Liberation Day" and have already caused significant disruption for both consumers and companies. The base case is that tariffs will stay around these new levels after the 90-day period, but they continue to weigh on the earnings outlook, particularly for certain export-oriented industries.

Companies within the technology hardware and machinery sectors face the most direct pressure, with revenue impacts, given the uncertainty, and potential margin compression on lower utilisation levels as tariff costs ripple through supply chains. In our conversations with companies, few express concerns about losing market share, because these sectors are often already dominated by Chinese firms with similar supply chains. It is more a question of how demand will respond when prices rise.

So, a key part of our analysis centres around questions of price elasticity. I have reduced some exposure to the power equipment sector, where most companies share similar supply chains, with the bulk of manufacturing and sourcing based in China. But companies with diversified production footprints or strong market positioning may weather the impact more effectively over time.

Overall, we expect the direct tariff impact on the Company to be insignificant. The Company remains heavily invested in domestically driven sectors such as healthcare, consumer staples, and segments of industrials, which remain broadly resilient, supported by local demand and policy tailwinds, which are likely to be more significant in response to the tariff impact drag.

Lastly, some perspective is required: China is a market where sentiment can swing significantly, but underlying fundamentals tend to evolve at a much slower pace. Based on MSCI data, China's revenue exposure to the US is around 3%, so while market volatility is unsettling, the fundamental long-term opportunity for most Chinese companies remains intact. In fact, the trade friction itself in many ways reflects the rising competitiveness of Chinese companies across a range of sectors.

Question

How effective have recent Chinese government stimulus announcements been in driving economic recovery, and do you think they will be successful?

Answer

Recent stimulus measures announced by the Chinese government have helped stabilise short-term economic sentiment and provided targeted support to key sectors. Notably, the recent Two Sessions - the annual meetings of the National People's Congress and the Chinese People's Political Consultative Conference (CPPCC) held in March - reinforced a clear message: policymakers are committed to supporting growth, but through a focused and measured approach.

With interest rates already at very low levels - though there remains some room for further monetary easing - expectations are rising for more fiscal action, particularly through policies aimed at boosting household incomes and supporting consumption. Consumer incentive initiatives such as the trade-in schemes, targeted property sector easing, and focused support for the services industry have positively impacted retail sales and contributed to a more stable outlook for the property market, as reflected in improving month-on-month price trends.

However, policymakers have refrained from broad-based monetary easing or large-scale stimulus programmes, opting instead for carefully targeted and flexible interventions. This cautious approach is likely designed to balance immediate economic support with long-term stability, especially given ongoing external uncertainties. Success will ultimately depend on sustaining domestic demand and consumer confidence, supported by employment growth, rising disposable incomes, and structural economic improvements. All these are well-established long-term goals of the government's "dual circulation" strategy to create a more balanced and resilient economy. Recent policy moves have laid a strong foundation, but implementation requires ongoing monitoring.

Question

How is the regulatory landscape evolving in China, and what implications does this have for sectors like technology and consumer discretionary?

Answer

Investors may sometimes underestimate the somewhat cyclical nature of China's regulatory environment. We are seeing a clear increase in support for private enterprise and innovation. One of the most visible signs of this was President Xi's recent meeting with senior executives from China's leading technology firms - a move that made headlines and reinforced the government's more constructive tone towards the technology sector and private businesses more broadly.

As part of its long-standing "self-reliance" strategy, the government continues to prioritise key areas such as high-tech manufacturing, AI and advanced industrial automation.

Meanwhile, household balance sheets are healthy, and the vast domestic consumer market could receive further support from targeted government stimulus. We have seen exchange programmes in areas like autos and household appliances already drive increased demand. Well-positioned e-commerce platforms continue to benefit from structural growth trends, with the largest players capitalising on network effects and enhanced cost control to drive margin expansion.

Finally, government policy is also playing a constructive role in improving corporate governance. We continue to see a notable rise in shareholder-focused policies, with more companies increasing dividends and initiating buybacks. I have been spending more time engaging with companies on capital allocation, and this has already contributed to rising investment income for the Company, supporting its unbroken record of growing dividends.

Portfolio Manager's Review continued

Question

How do you assess current valuations relative to historical averages and global markets?

Answer

Chinese equity valuations remain at compelling levels, both in absolute terms and relative to other global markets. On a forward price-to-earnings basis, the MSCI China Index is trading at around 10–11x, which is well below historical averages and more than a 40% discount to the S&P 500. The Company's forward price-to-earnings ratio is slightly below that level, despite a stronger growth profile, reinforcing the value on offer.

Looking more closely, there is significant dispersion beneath the surface of the market. Many of the most exciting sectors, particularly consumer discretionary and healthcare, are still trading at multi-year lows, despite clear structural tailwinds and positive earnings momentum. Given recent global policy shifts, one wonders if we will start to see a closing of China's implied risk premium versus other markets.

Question

What are the key risks facing Chinese equities and how do you mitigate these in the portfolio?

Answer

Despite the recent temporary reductions, higher tariffs will still impact the outlook for GDP growth and corporate earnings, and the risk of another escalation in tensions cannot be ruled out. That said, the broader Chinese market is less reliant on US demand than it was during the previous trade war cycle. Today, exports to the US account for a much smaller share of China's GDP, and many companies have already adapted their operations accordingly. As a result, while export-oriented sectors remain vulnerable, the overall market impact is now likely to be more muted than first feared.

Beyond geopolitics, domestic macro challenges - including continued weakness in the property sector, subdued consumer confidence, and the ongoing transition toward more consumption-driven growth - also present near-term uncertainty. However, these are widely recognised risks and, in many cases, are well reflected in current equity valuations.

We mitigate these risks in several ways. First, as mentioned, the Company's investments are skewed toward domestically driven sectors, which are less exposed to external shocks and more aligned with China's long-term strategic objectives. Second, we maintain a focus on companies with strong pricing power, and solid cash flows and balance sheets, which are better positioned to navigate periods of volatility. We also look to own companies that are undervalued and therefore offer a solid margin of safety.

Importantly, we also manage portfolio risk through active diversification - across sectors, market caps, and business models - and dynamically adjust net gearing and exposures depending on the opportunity set.

Finally, while macro and policy risks often dominate headlines, I believe company-specific execution and fundamentals are ultimately what drive long-term value creation. That is why our investment process remains rooted in bottom-up research, with a strong emphasis on understanding competitive positioning, management quality, and business resilience through different market environments.

Question

Finally, looking forward, what are the things that excite you most and that you want to share with the Company's shareholders?

Answer

What excites me most is the opportunity to invest in outstanding companies that are executing well within growing industries, have durable competitive advantages, and are still available to the Company at attractive valuations. In China, innovation continues to thrive, supported by structural strengths such as deep research and development (R&D) capabilities, a strong base of engineering talent, and abundant data. Many companies with the right products and services are increasing market penetration, maintaining or gaining competitiveness and pricing power, and growing market share often both at home and abroad.

The Company's portfolio is well-positioned to benefit from this innovation-led growth across sectors. In AI and digital infrastructure, companies like Alibaba, Kingsoft, and Tencent Holdings are expanding cloud capabilities, while platforms such as Tuhu Car and ByteDance are driving monetisation through data-led service integration. In consumer sectors, companies like Xtep International and Chicmax are harnessing strong product innovation, digital marketing, and brand segmentation to drive solid market share gains. In the EV space, BYD and Hesai are advancing next-generation mobility through breakthroughs in battery systems and intelligent sensing, while Pony.ai represents a forward-looking investment in autonomous transport. In healthcare, HUTCHMED China and Innovent Biologics are good examples of China's growing strength in biotech, combining advanced biologics manufacturing with innovative drug development to build a globally competitive healthcare ecosystem. Meanwhile, industrial holdings such as Shenzhen Inovance Technology and Weichai Power are enhancing competitiveness through automation and component innovation. Collectively, these investments reflect the Company's focus on backing innovative leaders in areas where China is steadily gaining global influence.

While macroeconomic uncertainty and market volatility can be unsettling, they also create real opportunities for active investors, as stock prices often become disconnected from company fundamentals. Across many industries, companies are getting on with the job, executing their strategies profitably while successfully adapting to challenges. For long-term investors, such an environment presents the Company with a wealth of attractive opportunities to generate excess returns for its shareholders.

Dale Nicholls
Portfolio Manager
9 June 2025

Unlisted Investments

The Company can invest up to 15% of its Net Assets plus Borrowings in unlisted securities which carry on business, or have significant interests, in China. The limit is applied at the time of purchase.

The Directors believe that the ability to invest in unlisted securities is a differentiating factor for the Company and can be a source of additional investment performance. It allows the Portfolio Manager to take advantage of the growth trajectory of early-stage companies before they potentially become listed. This can offer good opportunities for patient and long-term investors.

In the reporting year, the following changes were made in the Company's unlisted holdings. The D shares held in DJI International were sold in April 2024 at a profit of £960,000. A purchase of ordinary shares was made in ByteDance (already held in the portfolio as preference shares) in August 2024 at a cost of £12,414,000. Pony.ai listed on the Nasdaq Global Select Market in November 2024 at an IPO price of US$13 compared to a purchase price of US$9.42. A purchase of preference shares was made in Fujian Yangteng Innovations in February 2025 at a cost of £7,837,000.

At the year end, the Company had six unlisted investments valued at £136,044,000 being 9.6% of its Net Assets (2024: six unlisted investments valued at £151,212,000 being 12.8% of Net Assets). See page 14 for details of the unlisted investments as at 31 March 2025. Shanghai Yiguo is in liquidation and continues to be valued at nil.

Overview of the Unlisted Investments Valuation Process

Unlisted investments in the Company's portfolio are held at fair value, which is defined as the value that would be paid for a holding in an open-market transaction. The Manager's Fair Value Committee ("FVC"), which is independent of the Portfolio Manager, provides recommended fair values to the Directors.

Twice yearly, ahead of the Company's interim and its year end, the Company's Audit and Risk Committee receives a detailed presentation from the FVC, Fidelity's unlisted investments specialist and Kroll (independent third-party valuers), in order to satisfy itself that the unlisted investments are carried at an appropriate value in accordance with Accounting Policies Notes 2 (e) and 2 (l) on pages 64 to 66 at the balance sheet date. The external Auditor attends the unlisted valuations meeting ahead of the Company's year end.

The work completed by the Audit and Risk Committee on the unlisted investments is set out in its report on page 50.

Workings of the Fair Value Committee

The valuation of each unlisted investment is set by the Manager's FVC and includes input from the analysts covering the securities, Fidelity's unlisted investments specialist and also advised upon by the independent third-party valuers, Kroll.

Kroll, as independent valuers, undertake a detailed review of each of the unlisted investments on a quarterly basis. The Board is provided with quarterly updates from the FVC, which include recommendations from the analysts' and Fidelity's unlisted investments specialist, enabling the Board to have oversight of and confidence in Fidelity's process. Outside of the normal quarterly cycle, the unlisted investments are monitored daily for trigger events such as funding rounds or news affecting fundamentals which may require the FVC to adjust the valuation price as soon as the Fidelity analyst has been consulted. In addition to this, the unlisted investments are monitored on a weekly basis within a comparable movement model. If the average movement of the selected proxies is +/-15%, a revaluation of the relevant investment is considered.

Value of Unlisted Investments

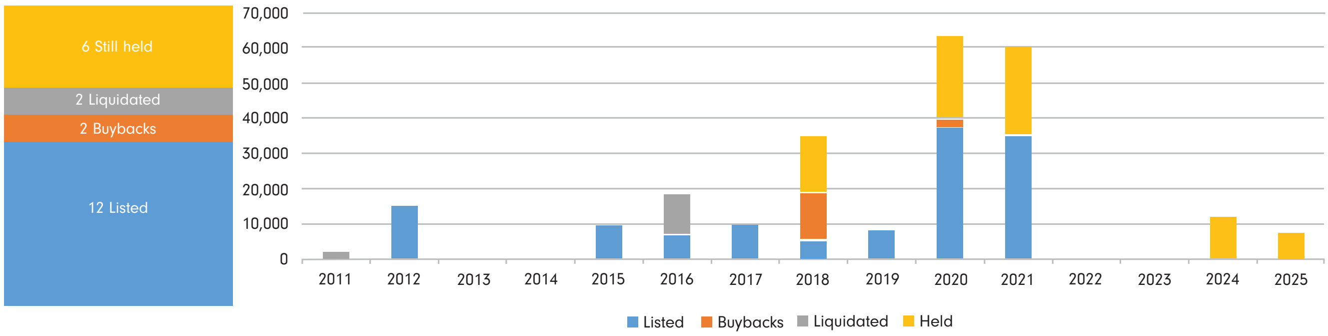
Private companies in China are staying private for longer, with their value increasing significantly in recent years. With the growth of the entrepreneurial ecosystem in China, private companies have become important contributors of the economy, especially in sectors such as technology, consumer and healthcare. As private capital markets expand, companies are staying private for longer. Today, some of the largest and most influential companies in China are unlisted. Having the flexibility to invest in unlisted companies is a differentiator for the Company and has allowed it to achieve excess returns and partner with some of the best entrepreneurs in China. The Company will continue to leverage Fidelity's on-the-ground research resources and brand to look for attractive risk-rewards in unlisted companies.

Historical Snapshot

Since our first investment in private companies in 2011, the Company has deployed £244.3m of capital across sectors such as the internet, hardware, software, healthcare and consumer sectors. 12 investments (treating follow-ons as separate investments) have since become public companies, with an average holding period in the private market of 2.4 years. We completed two management buybacks, including a partial buyback, and continue to hold six unlisted investments, with an average holding period of 3.7 years as at 31 March 2025.

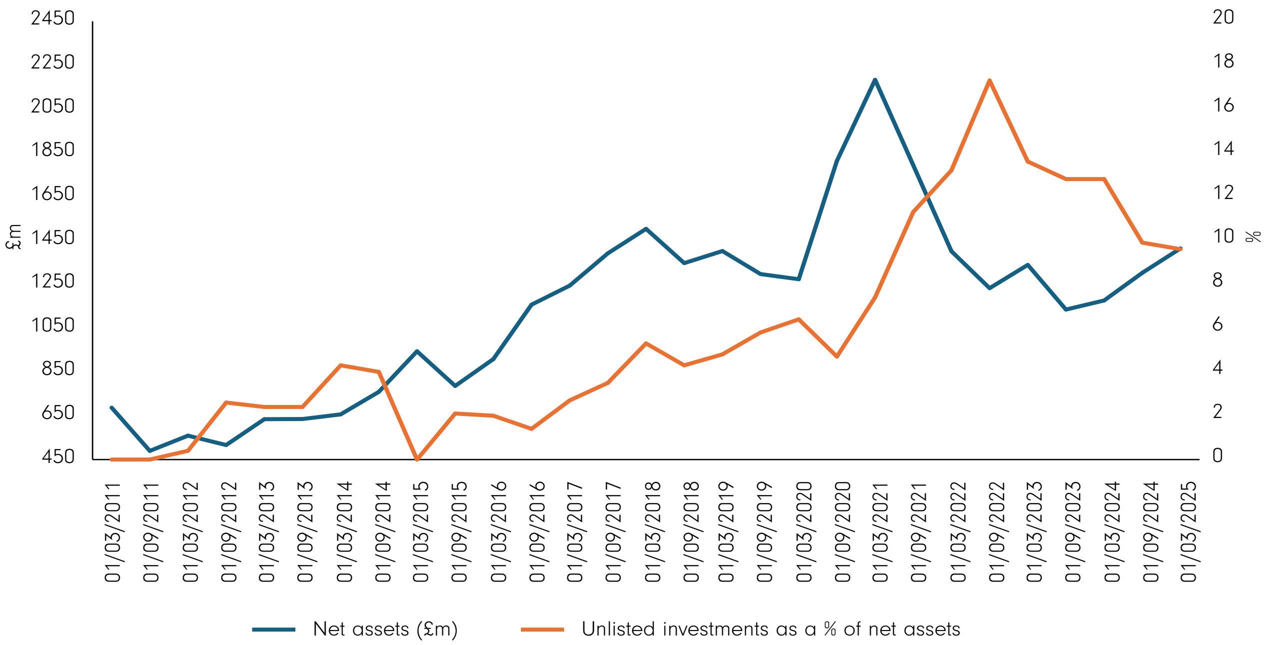
See charts on the next page.

The chart below displays the initial purchase values and dates of all transactions and the status within the portfolio as at 31 March 2025 (£'000)



Unlisted assets compared to net assets over time

The chart below displays the relationship between the percentage of unlisted assets (RHS) and value of the companies net assets (LHS).



Source: Fidelity International as at 31 March 2025.

Unlisted company exposure by size

	Number of investments	
Equity value	**At the time of investment**	**As at 31 March 2025**
Micro (<$300 million)	2	1
Small ($300 million - $2 billion)	6	2
Medium ($2 billion - $10 billion)	4	0
Large (>$10 billion)	10	3
Total	**22**	**6**

The Company has invested in private companies of a variety of sizes, with a majority of historical investments in companies that were valued at above $2 billion at the time of investment. Fidelity does not screen or evaluate potential unlisted investments by size and will continue to prioritise opportunities that it believes present the best risk-reward profiles.

Unlisted Investments continued

Unlisted companies held in the Company's portfolio as at 31 March 2025 by date of purchase

DJI International (1.2% of Net Assets)

(Purchased: May 2018)

DJI International is the world's largest manufacturer of drones. Its platforms empower creators to capture images that were once out of reach. Its flying and camera stabilisation systems redefine camera placement and motion through a commitment to research and development and a focus on transforming complex technology into easy-to-use devices worldwide. Building on the ethos of "form follows function", DJI's products combine advanced technology with dynamic designs in industries such as filmmaking, agriculture, conservation, search and rescue, and energy infrastructure. Its high-precision control modules are also widely applied to flying toys.

The D shares held by the Company in DJI were sold in April 2024.

ByteDance (3.9% of Net Assets)

(Purchased: November 2018)

ByteDance is a leading internet entertainment and social media company with hundreds of millions of users in China. Despite the threat of Baidu, Alibaba and Tencent, ByteDance is one of the few contenders able to capture significant time-spent and advertisement revenue in China. Among its best-known products are TikTok, Toutiao, BuzzVideo and Vigo Video. With products available in over 150 markets, the company has offices in 126 cities and has more than 60,000 employees and 15 research and development centres around the globe.

Despite ongoing uncertainty surrounding TikTok's US operations, ByteDance's growth prospects remain robust. This resilience is underpinned by its strong financial performance, international expansion, and leadership in AI innovation.

In August 2024, the Company made a further investment in ByteDance.

Venturous Holdings (2.1% of Net Assets)

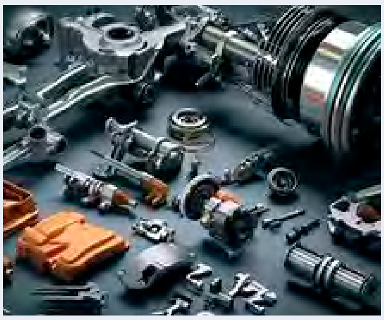
(Purchased: December 2020)

Venturous Holdings is a technology-focused investment and operating group specialising in "Citytech" solutions, aimed at making cities smarter, more sustainable, and efficient. Its portfolio spans sectors such as Smart Buildings, Smart Energy, and Smart Computing contributing to the buildout of an All-Digital Urban Economy in China. It benefits from a robust structural growth outlook, supported by its leadership in technologies like AI, IoT, and digital transformation. It is well-positioned to capitalise on the growing demand for smart city solutions, offering significant potential for long-term value creation.

Chime Biologics (1.9% of Net Assets)

(Purchased: March 2021)

Chime Biologics is a leading biologics Contract Development and Manufacturing Organization (CDMO) company. The company leverages its comprehensive capabilities and internationally recognised expertise to support its clients from early-stage biopharmaceutical development through to late-stage clinical and commercial manufacturing, catering to the needs of the biopharmaceutical industry.



Fujian Yangteng Innovations (0.5% of Net Assets)

(Purchased: February 2025)

Fujian Yangteng Innovations is a global leader in online aftermarket auto parts retail, digitalizing the massive yet heavily offline industry through production and channel innovations. Led by a team of prudent operators with a strong track record of capital allocation, Yangteng has been delivering high growth and consistent margins, with high return of equity. The investment was made at a reasonable valuation, with investor-friendly terms protecting downside exposure.

Shanghai Yiguo, purchased in December 2016 as an unlisted company in the portfolio, has not performed as expected. It is in liquidation and valued at nil.

Spotlight on the Top 10 Holdings

as at 31 March 2025

Based on Asset Exposure expressed as a percentage of Net Assets. Asset Exposure comprises the value of direct equity investments plus market exposure to derivative instruments.

Sector Communication Services

Tencent Holdings

% of Net Assets **13.8%**

Tencent Holdings has a dominant position in social networking in China and benefits from a sizeable user base. As China's internet user growth slows down and the internet industry focuses increasingly on monetisation, Tencent is one of the best-positioned companies because of its very sticky user base and strong user experience which should lead to overall margin expansion. New growth initiatives – such as Shortform Video, Mini Program Games, and E-commerce services – are growing fast in the revenue mix and delivering high incremental margins. Its increasing shareholder returns also underpin its long-term investment thesis.

Sector Consumer Discretionary

PDD Holdings

% of Net Assets **5.2%**

PDD Holdings is one of the largest e-commerce platforms by Gross Merchandise Value (GMV) in China, with outstanding efficiency in supply chain management and cost control. With its unique traffic distribution method, PDD is able to offer the cheapest version of products and continuously gains market share. The company is also expanding internationally into more than 50 countries via a new shopping app called Temu by leveraging domestic supply chains in order to meet offshore demand.

Sector Consumer Discretionary

Alibaba Group Holding

% of Net Assets **5.2%**

Alibaba Group Holding has a leading position in the e-commerce market. Its core e-commerce categories, including apparel and makeup, will benefit from any recovery and consumption upgrades in China. The management team is focused on a clear strategy of investing in technology and user experiences, including logistics, product return, and customer service. Cloud revenue is expected to accelerate significantly, driven by the increasing adoption of AI applications. As the leading cloud company, Alibaba is positioned for growth with its substantial capital expenditure plans. Its strategy to exit from non-core businesses, cut losses, and improve shareholder returns also underpins a strong growth outlook.

Sector Communication Services

ByteDance (unlisted)

% of Net Assets **3.9%**

ByteDance is a leading internet entertainment and social media company with hundreds of millions of users in China. Despite the threat of Baidu, Alibaba and Tencent, ByteDance is one of the few contenders able to capture significant time-spent and advertisement revenue in China. Among its best-known products are TikTok, Toutiao, BuzzVideo and Vigo Video. With products available in over 150 markets, the company has offices in 126 cities and has more than 60,000 employees and 15 research and development centres around the globe.

Despite ongoing uncertainty surrounding TikTok's US operations, ByteDance's growth prospects remain robust. This resilience is underpinned by its strong financial performance, international expansion, and leadership in AI innovation.

Sector Consumer Discretionary

Crystal International Group

% of Net Assets **2.7%**

Crystal International Group is a clothing manufacturer and has around 20 self-operating manufacturing facilities spanning five countries. It delivers over 470 million pieces of apparel a year to the best-in-class apparel brands in the world, offering the right product at the right time and at the right cost. Its Dongguan factory is advanced in automation and digitalisation after years of investment, which will also likely benefit its overseas factories. It has also been expanding its geographical footprint, with significant capacity growth in Vietnam and other Asian countries. The company has achieved fully local-for-local operations in China and its relationships with sportswear customers are getting stronger, supporting a robust growth outlook.

Spotlight on the Top 10 Holdings continued

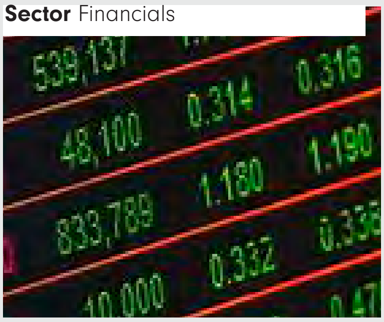
Sector Financials

Ping An Insurance Company of China

% of Net Assets **2.6%**

Ping An Insurance Company of China is a provider of insurance, banking, asset management, and other financial services. It has a strong presence in China, Hong Kong, and Macau, with expanding operations overseas. It has a robust structural growth outlook and, within the broader sector, its operations are of relatively better quality with the best distribution channels, earnings quality, and a strong management team. It trades at an attractive valuation in comparison to its historical averages and the broader index.

Sector Financials

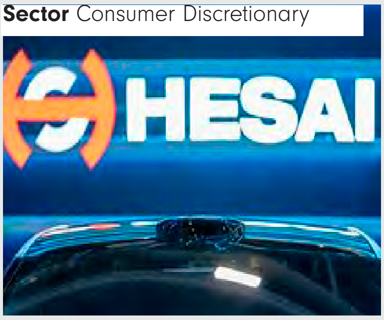


LexinFintech Holdings

% of Net Assets **2.4%**

LexinFintech Holdings is a leading fintech company specialising in online consumer finance services. It provides a range of offerings, including instalment purchases, personal loans, and buy-now-pay-later services. It has a strong presence in China, with a focus on young and prime consumers. Its innovative application of AI and big data in financial risk management further enhances its growth prospects and competitive edge.

Sector Consumer Discretionary



Hesai Group

% of Net Assets **2.3%**

Hesai Group is a leading technology company specialising in the development and production of LiDAR solutions, securing a significant market share in China. It holds a dominant position in the LiDAR industry, supported by its cutting-edge technology, innovative product offerings, and a well-established customer base. As the global adoption of autonomous vehicles and robotaxis accelerates, Hesai is well-positioned to capitalise on these trends.

Sector Consumer Discretionary

Meituan

% of Net Assets **2.2%**

Meituan is a leading online shopping platform that offers a wide range of locally sourced consumer products and retail services, including entertainment, dining, delivery, travel, and more. It has a long-term penetration story (bringing 'service online') which will drive revenue growth and market share expansion. It has delivered strong margin improvement with the stabilisation of competitive pressures. Despite macro headwinds (which has particularly impacted tier 1-2 cities), Meituan has been actively penetrating in lower tier cities and using its Shen Hui Yuan membership programme to cross-sell delivery and local services.

Sector Financials

Venturous Holdings (unlisted)

% of Net Assets **2.1%**

Venturous Holdings is a technology-focused investment and operating group specialising in "Citytech" solutions, aimed at making cities smarter, more sustainable, and efficient. Its portfolio spans sectors such as Smart Buildings, Smart Energy, and Smart Computing contributing to the buildout of an All-Digital Urban Economy in China. It benefits from a robust structural growth outlook, supported by its leadership in technologies like AI, IoT, and digital transformation. It is well-positioned to capitalise on the growing demand for smart city solutions, offering significant potential for long-term value creation.

Forty Largest Holdings
as at 31 March 2025

The Asset Exposures shown below measure the exposure of the Company's portfolio to market price movements in the shares and convertible bonds owned or in the shares underlying the derivative instruments. The Fair Value is the value the portfolio could be sold for and is the value shown on the Balance Sheet. Where a contract for difference ("CFD") is held, the fair value reflects the profit or loss on the contract since it was opened and is based on how much the share price of the underlying shares has moved.

	Asset Exposure £'000	%[1]	Fair Value £'000
Long Exposures – shares unless otherwise stated			
Tencent Holdings (shares and long CFDs) Communication Services	194,417	13.8	101,487
PDD Holdings Consumer Discretionary	73,894	5.2	73,894
Alibaba Group Holding (long CFDs) Consumer Discretionary	73,777	5.2	(4,577)
ByteDance (unlisted) Communication Services	55,005	3.9	55,005
Crystal International Group Consumer Discretionary	37,843	2.7	37,843
Ping An Insurance Company of China (long CFDs and option) Financials	36,788	2.6	(1,351)
LexinFintech Holdings Financials	33,320	2.4	33,320
Hesai Group Consumer Discretionary	32,175	2.3	32,175
Meituan (long CFDs and option) Consumer Discretionary	30,716	2.2	(2,406)
Venturous Holdings (unlisted) Financials	30,258	2.1	30,258
China Foods (shares and long CFD) Consumer Staples	26,449	1.9	4,197
Chime Biologics Convertible Bond (unlisted) Health Care	26,194	1.9	26,194
Hisense Home Appliances Group Consumer Discretionary	25,585	1.8	25,585
Tuhu Car Industrials	24,607	1.7	24,607
H World Group Consumer Discretionary	24,007	1.7	24,007
Pony.ai Information Technology	23,287	1.6	23,287
Sinotrans (shares and long CFD) Industrials	21,738	1.5	11,494
NetEase Communication Services	21,661	1.5	21,661
Lenovo Group (long CFDs) Information Technology	20,586	1.5	(1,732)
Precision Tsugami China Industrials	19,345	1.4	19,345

Forty Largest Holdings continued

	Asset Exposure £'000	Asset Exposure %[1]	Fair Value £'000
Morimatsu International Holdings Industrials	19,289	1.4	19,289
Yadea Group Holdings Consumer Discretionary	18,915	1.3	18,915
DJI International (unlisted) Information Technology	17,123	1.2	17,123
Trip.com Group Consumer Discretionary	16,854	1.2	16,854
Zhejiang Dingli Machinery (long CFD) Industrials	16,799	1.2	370
Full Truck Alliance (long CFD) Industrials	16,091	1.1	(202)
Medlive Technology Healthcare	16,026	1.1	16,026
Tsingtao Brewery Consumer Staples	15,828	1.1	15,828
China Resources Medical Holdings Healthcare	15,758	1.1	15,758
Haier Smart Home Consumer Discretionary	15,468	1.1	15,468
Noah Holdings Financials	15,139	1.1	15,139
ENN Energy Holdings Utilities	15,034	1.1	15,034
Contemporary Amperex Technology (long CFDs) Industrials	14,830	1.0	(38)
ANTA Sports Products (long CFD) Consumer Discretionary	14,521	1.0	(646)
Qingdao Port International Industrials	14,400	1.0	14,400
Tongcheng Travel Holdings Consumer Discretionary	14,033	1.0	14,033
JD Health International (long CFD) Consumer Staples	13,941	1.0	(84)
Luk Fook Holdings International (long CFD) Consumer Discretionary	13,809	1.0	(235)
Qifu Technology (long CFD) Financials	13,779	1.0	557
Kingdee International Software Group Information Technology	13,554	1.0	13,554
Forty largest long exposures (2024: 79.3%)	**1,142,843**	**80.9**	**741,436**
Other long exposures (2024: 54.6%)	787,366	55.7	586,806
Total long exposures (151 holdings)	**1,930,209**	**136.6**	**1,328,242**

	Asset Exposure £'000	%[1]	Fair Value £'000
Less: hedging exposures			
Hang Seng Index (future)	(123,198)	(8.7)	1,479
Hang Seng China Enterprises Index (future)	(79,886)	(5.7)	1,412
Total hedging exposures	**(203,084)**	**(14.4)**	**2,891**
Total long exposures after the netting of hedges	**1,727,125**	**122.2**	**1,331,133**
Short exposures			
Short CFDs (2 holdings)	18,813	1.3	205
Gross Asset Exposure[2]	**1,745,938**	**123.5**	
Portfolio Fair Value[3]			**1,331,338**
Net current assets (excluding derivative instruments)			**82,464**
Net Assets			**1,413,802**

1 Asset Exposure expressed as a percentage of Net Assets.
2 Gross Asset Exposure comprises market exposure to investments of £1,346,238,000 plus market exposure to derivative instruments of £399,700,000.
3 Portfolio Fair Value comprises investments of £1,346,238,000 plus derivative assets of £9,938,000 less derivative liabilities of £24,838,000.

A full list of the Company's holdings as at 31 March 2025 will be available on the Company's website at **www.fidelity.co.uk/china** from the day of the posting of this Annual Report.

Distribution of the Portfolio

as at 31 March 2025

Sector	Asset Exposure %[1]	Benchmark Index %
Consumer Discretionary	41.2	32.3
Industrials	23.2	4.1
Communication Services	22.1	21.8
Financials	12.5	17.2
Healthcare	10.7	3.6
Consumer Staples	10.1	3.7
Information Technology	9.5	8.1
Materials	3.2	2.8
Real Estate	2.7	1.8
Utilities	1.1	2.0
Energy	0.9	2.6
Index options	0.7	–
Total	**137.9**	**100.0**
Hedging	(14.4)	–
Total including hedging	**123.5**	**100.0**
Share Type		
Listed in Hong Kong	47.0	52.9
Listed in US	27.6	6.5
China 'H' Shares	15.1	23.9
Red Chips	11.0	–
China 'A' Shares	9.8	3.6
Unlisted	9.6	12.9
Listed in Germany	1.1	
Listed in Japan	1.0	–
Listed in UK	0.9	–
Listed in Taiwan	0.4	–
China 'B' Shares	0.0	0.2
Total	**123.5**	**100.0**
Size of Company (By Market Cap)		
Large – above £10bn	43.3	69.6
Medium – between £1bn to £10bn	42.2	12.0
Small – below £1bn	28.4	18.4
Unlisted	9.6	–
Total	**123.5**	**100.0**

1 Asset Exposure expressed as a percentage of Net Assets.

Attribution Analysis
as at 31 March 2025

Analysis of NAV total return for the year ended 31 March 2025	**%**
Impact of:	
MSCI China Index (in Hong Kong dollar terms)	+39.6
Stock Selection (in Hong Kong dollar terms)	-14.3
Gearing (in Hong Kong dollar terms)	+6.9
Currency translation into sterling	-1.6
Share Repurchases	+0.9
Other Costs	-1.0
Cash	+1.0
NAV total return for the year ended 31 March 2025	+31.5

Ten Highest Contributors to NAV total return	**%**
LexinFintech Holdings	+3.7
VNET Group	+2.6
Hesai Group	+2.4
Precision Tsugami China	+1.9
Crystal International Group	+1.2
Nio	+0.9
Qifu Technonogy	+0.8
Ping An Insurance Company of China	+0.6
China Life Insurance	+0.6
Baidu	+0.6

Ten Highest Detractors to NAV total return	**%**
Pony.ai	-3.3
Xiaomi	-3.0
Alibaba Group Holding	-1.9
Luk Fook Holdings International	-1.1
Chime Biologics	-1.1
BYD	-0.9
Xpeng	-0.8
China Oilfield Services	-0.8
Hygeia Healthcare Holdings	-0.8
iQIYI	-0.8

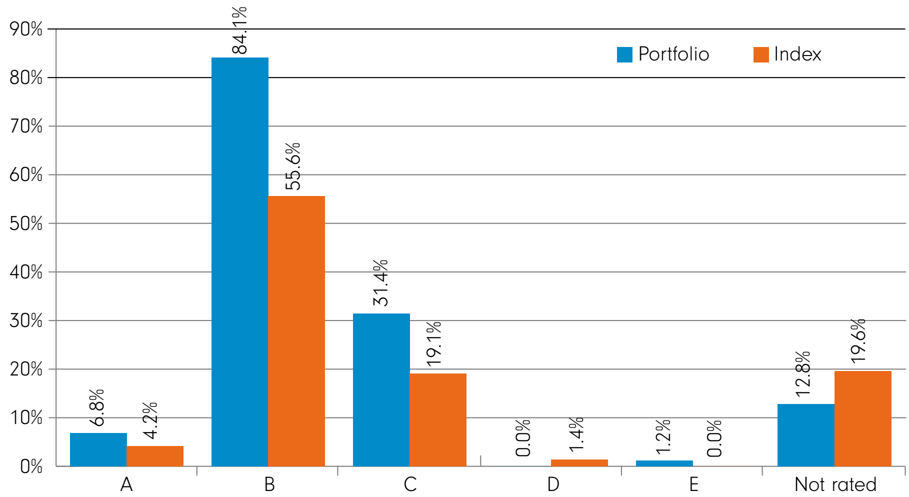
Note: Derivative positions are included in the above investment positions.
Source: Fidelity International.

ESG Ratings

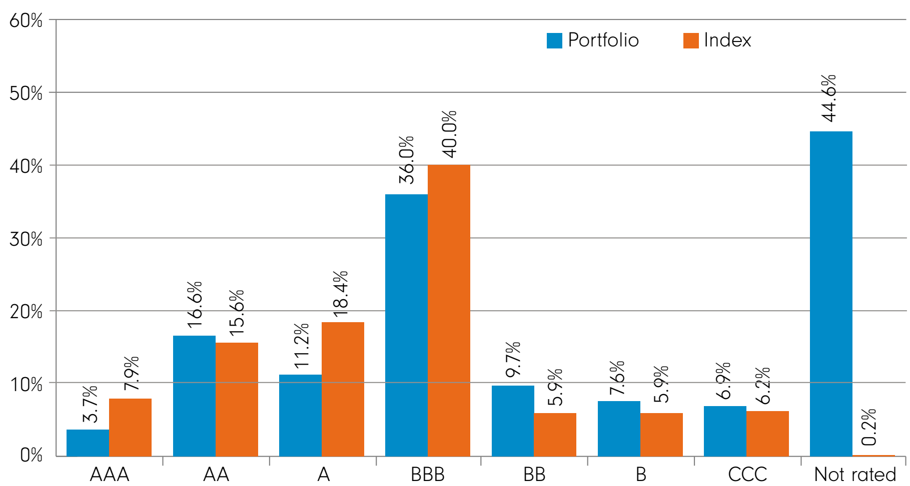
The charts below show a breakdown of the underlying stocks in the Company's portfolio using MSCI and Fidelity International's own ESG ratings. In the first chart, Fidelity's analysts rate stocks in their coverage universe on a five scale rating from A (best) to E (worst) and are based on the net asset value of holdings excluding cash, liquidity funds and derivatives, and rebased to 100%. In the second chart, MSCI rates issuers on a AAA to CCC scale according to their exposure to industry specific ESG key issues and their ability to manage those issues relative to peers. Fidelity's proprietary sustainability ratings system leverages its internal research and interactions with issuers. The ratings are designed to generate a forward-looking and holistic assessment of ESG risks and opportunities based on sector specific performance indicators.

As can be seen from the MSCI ESG ratings chart, the Company has a larger percentage of unrated companies. This is because MSCI covers the larger-cap companies whereas the Company has several small and mid-cap exposures that are given formal ESG coverage by Fidelity earlier than by MSCI. It is anticipated that as disclosures improve, the efforts of Chinese companies to address ESG concerns are likely to become more widely recognised, leading to higher ESG scores and more investor capital.

FIL Proprietary ESG ratings[3]
(% NAV exposure)



MSCI ESG ratings[1]
(% NAV exposure)



Sources: Fidelity International and MSCI ESG Research as at 31 March 2025. Portfolio = Fidelity China Special Situations PLC. Index = MSCI China Index.

Ten Year Record

For the year ended 31 March	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Investment Performance										
Net Asset Value per Share total return (%)[1]	**+31.5**	-16.3	+2.6	-34.9	+81.9	-5.9	-5.3	+22.2	+38.8	+0.0
Share Price total return (%)[1]	**+35.8**	-16.4	+0.3	-39.2	+97.2	-6.5	-0.3	+23.6	+45.8	-4.5
MSCI China Index total return (in UK sterling terms) (%)	**+37.5**	-18.8	+1.4	-29.3	+29.1	-1.0	+0.9	+23.8	+37.6	-16.2
Assets										
Gross Asset Exposure (£m)	**1,745.9**	1,450.9	1,659.1	1,765.6	2,754.9	1,594.2	1,767.1	1,806.6	1,586.9	1,155.3
Net Assets (£m)	**1,413.8**	1,176.0	1,338.4	1,400.6	2,183.0	1,273.0	1,401.6	1,502.9	1,243.8	908.5
Gross Gearing (%)[1]	**23.5**	23.4	23.9	26.1	26.2	25.2	26.1	20.2	27.6	27.2
Net Gearing (%)[1]	**20.9**	20.8	21.1	23.5	18.4	23.2	20.9	14.2	22.4	27.2
Net Asset Value per Share (pence)[1]	**285.71**	223.71	274.08	272.52	423.50	236.27	255.03	272.55	225.36	164.18
Share Price and Discount data										
Share Price (pence)	**265.00**	201.00	247.50	252.00	419.00	216.00	235.00	239.00	195.70	136.00
Discount (%)[1]	**7.3**	10.2	9.7	7.5	1.1	8.6	7.9	12.3	13.2	17.2
Earnings and Dividends paid										
Revenue Earnings per Share (pence)[1]	**10.18**	5.78	7.05	6.42	4.70	4.51	4.06	3.80	2.92	2.07
Capital Earnings/(Loss) (pence)[1]	**55.75**	(50.18)	(2.42)	(152.81)	186.11	(19.67)	(18.21)	45.86	60.01	(2.24)
Total Earnings/(Loss) per Share (pence)[1]	**65.93**	(44.40)	4.63	(146.39)	190.81	(15.16)	(14.15)	49.66	62.93	(0.17)
Ordinary Dividend per Share (pence)	**8.00**	6.40	6.25	5.50	4.68	4.25	3.85	3.50	2.50	1.80
Special Dividend per Share (pence)	**1.00**	–	–	–	–	–	–	–	–	–
Ongoing Charges Ratio										
Ongoing Charges Ratio (excluding variable element of the management fee) (%)[1]	**0.89**	0.98	0.98	0.94	0.97	0.99	1.02	1.11	1.16	1.20
Variable Management Fee (%)	**(0.15)**	0.15	0.20	0.20	0.12	(0.20)	(0.09)	0.00	n/a	n/a
Ongoing Charges Ratio (including variable management fee) (%)[1]	**0.74**	1.13	1.18	1.14	1.09	0.79	0.93	1.11	1.16	1.20

1 Alternative Performance Measures.

Sources: Fidelity International and Datastream.
Past performance is not a guide to future returns.

Strategic Report

The Directors have pleasure in presenting the Strategic Report of the Company. The Chairman's Statement and Portfolio Manager's Review on pages 2 to 11 form part of the Strategic Report.

Business and Status
The Company carries on business as an investment company and has been accepted as an approved investment trust by HM Revenue & Customs under Sections 1158 and 1159 of the Corporation Tax Act 2010, subject to the Company continuing to meet eligibility conditions. The Directors are of the opinion that the Company has conducted its affairs in a manner which will satisfy the conditions for continued approval.

The Company is registered as an investment company under Section 833 of the Companies Act 2006 and its ordinary shares are listed and traded on the London Stock Exchange. It is not a close company and it has no employees.

Purpose
The purpose of the Company is to offer investors who are building a diversified portfolio a direct exposure to China, recognising the size and growing importance of the country within the world economy and its weighting within global stock market indices.

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

Strategy
In order to achieve the investment objective, the Company operates as an investment company which has an actively managed portfolio of investments. As an investment company, it is able to gear the portfolio and the Board takes the view that long-term returns for shareholders can be enhanced by the use of gearing in a carefully considered and monitored way.

As part of the strategy, the Board has delegated the management of the portfolio and certain other services to the Manager (FIL Investment Services (UK) Limited). The Manager delegates the investment management to FIL Investment Management (Hong Kong) Limited and the company secretariat function to FIL Investments International. The Portfolio Manager, Dale Nicholls, aims to achieve a total return on the Company's Net Assets over the long-term in excess of the equivalent return on the MSCI China Index (the Benchmark Index), as expressed in UK sterling. The stock selection approach adopted by the Portfolio Manager is considered to be well suited to achieving the objective. The Board recognises that investing in equities is a long-term process and that the Company's returns will vary from year to year.

The Company's strategy and principal activity have remained unchanged throughout the year ended 31 March 2025.

Investment Management Philosophy, Style and Process
The Portfolio Manager makes full use of Fidelity International's extensive investment research presence and investment licenses in China. He focuses on undervalued companies which have good long-term growth prospects and which have been underestimated by the wider market. Company visits and management meetings comprise an important part of the investment process. He has a bias to small and medium-sized companies, where lower levels of research by competitors leads to greater opportunities for mispricing – but he is not constrained and may invest in large or mega cap companies such as state-owned enterprises where mispricing appears.

The Portfolio Manager may invest in companies listed in China and Chinese companies listed elsewhere. He may also invest in companies with significant interests in China. The Company is also able to invest up to 15% of its Net Assets plus Borrowings in unlisted companies with a view to their Initial Public Offering, thereby providing investors in the Company with very wide-ranging investment opportunities in China.

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

The Company may invest through equities, index linked, equity linked and other debt securities, cash deposits, money market instruments, foreign currency exchange transactions, equity related securities, forward transactions and other interests including derivative instruments. Forward transactions and derivatives, including futures, options and contracts for difference, may be used to enhance portfolio performance as well as for efficient portfolio management and hedging. The Company's interest in any single investment will not, on acquisition, exceed 15% of Net Assets plus Borrowings.

The Investment Manager is not required to ensure that the Company's cash resources are fully invested at all times. Accordingly, there may be times when the Company holds cash or money market instruments pending investment.

The Company may invest in China "A" Shares both directly through the Investment Manager's Qualified Foreign Institutional Investor ("QFII") license and indirectly through third parties who have a QFII facility.

Unlisted Investments
The Company is able to invest up to 15% of Net Assets plus Borrowings in unlisted securities which carry on business, or have significant interests, in China.

As at 31 March 2025, the Company held six (2024: six) unlisted investments with a fair value of £136,044,000 (2024: £151,212,000) representing 9.6% of Net Assets (2024: 12.8% of Net Assets).

Derivative Instruments

The Company can use derivative instruments for efficient portfolio management, gearing and hedging purposes. They may also be used to achieve the investment objective (i.e. to enhance portfolio performance).

The Board has adopted a policy that the Gross Asset Exposure of short positions held by the Company will not in aggregate exceed 15% of Net Assets plus Borrowings.

As at 31 March 2025, the Company's exposure to short derivative instruments represented 1.3% of Net Assets (2024: 1.3% of Net Assets, excluding hedging exposures).

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

As at 31 March 2025, the Company's largest exposure to any single counterparty from all derivative activities was 0.2% of Net Assets (2024: 0.2% of Net Assets).

Investment in other Listed Investment Companies

The Company may invest no more than 10%, in aggregate, of its Net Assets plus Borrowings at the time of acquisition in other listed investment companies (including listed investment trusts), but this restriction will not apply to investments in investment companies or investment trusts which themselves have stated investment policies to invest no more than 15% of their Net Assets plus Borrowings in other listed investment companies (including listed investment trusts).

As at 31 March 2025, the Company held no investments in other listed investment companies (2024: nil).

Borrowing and Gearing Policy

The Board considers that long-term capital growth can be enhanced by the judicious use of borrowing. The Board is responsible for the Company's gearing strategy with day-to-day decisions being made by the Investment Manager within the remit set by the Board in line with the Company's Prospectus.

The Company may borrow up to 25% of Net Assets and the Gross Asset Exposure of the Company, whether from borrowing or the use of derivatives, may not exceed the Net Assets of the Company by more than 30%. The Portfolio Manager is responsible for operating within these limits. The Board has requested that, in the future, the Portfolio Manager limits net gearing to 20% of Net Assets.

During the year, the Gross Asset Exposure of the Company did not exceed the Net Assets of the Company by more than 30%. As at 31 March 2025, Gross Asset Exposure in excess of Net Assets was 23.5% (2024: 23.4%).

As at 31 March 2025, the Company did not have any loan facilities.

Foreign Exchange Hedging Policy

The Company's Financial Statements are denominated in UK sterling, while investments are made and realised in currencies other than UK sterling, including Chinese renminbi, Hong Kong dollars and US dollars. It is the Company's policy not to hedge the underlying currencies of the holdings in the portfolio but rather to take the currency risk into consideration when making investment decisions.

Performance

The Company's performance for the year ended 31 March 2025, including a summary of the year's activities, and details on trends and factors that may impact future performance, are included in the Chairman's Statement and the Portfolio Manager's Review on pages 2 to 11. The Forty Largest Holdings, the Distribution of the Portfolio and the Attribution Analysis are on pages 17 to 21, and the Ten Year Record is on page 23.

Results and Dividends

The Company's results for the year ended 31 March 2025 are set out in the Income Statement on page 59. The revenue earnings per share was 10.18 pence and the capital gain per share was 55.75 pence, giving a total gain of 65.93 pence per share.

Under Section 1159 of the Corporation Tax Act 2010, the Company is not able to retain more than 15% of its net income in any reporting year to qualify as an investment company. The Directors recommend that a final ordinary dividend of 8.00 pence (2024: 6.40 pence) per share be paid on 31 July 2025 to shareholders who appear on the register as at close of business on 20 June 2025 (ex-dividend date 19 June 2025). In addition, the Directors recommend a special dividend of 1.00 pence per share as explained in the Chairman's Statement on pages 3 and 4.

Key Performance Indicators

The Board's intention is for the NAV and share price to outperform the Benchmark Index over the longer-term and that the discount should be maintained in single digits in normal market conditions. It regularly considers the costs of running the Company with the aim of keeping the Ongoing Charges Ratio as low as possible. The Board deems these to be the Company's key performance indicators ("KPIs") and they are also comparable to those reported by other investment companies. The Company's KPIs for the current and prior year are set out in the table below.

	Year ended 31 March 2025 %	Year ended 31 March 2024 %
Net Asset Value per Share total return[1]	**+31.5**	-16.3
Share Price total return[1]	**+35.8**	-16.4
MSCI China Index total return	**+37.5**	-18.8
Discount to Net Asset Value[1]	**7.3**	10.2
Ongoing Charges Ratio[1]	**0.89**	0.98

1 Alternative Performance Measures. See pages 92 and 93.

Strategic Report continued

The Board also monitors the factors contributing to investment results, as set out in the NAV Attribution Analysis table on page 21. Long-term performance is also monitored and is set out in the Ten Year Record on page 23.

Principal Risks and Uncertainties and Risk Management

As required by provisions 28 and 29 of the 2018 UK Corporate Governance Code, the Board has a robust ongoing process for identifying, evaluating and managing the principal risks and uncertainties faced by the Company, including those that could threaten its business model, future performance, solvency or liquidity. The Board, with the assistance of the Alternative Investment Fund Manager (FIL Investment Services (UK) Limited/ the "Manager"), has developed a risk matrix which, as part of the risk management and internal controls process, identifies the key existing and emerging risks and uncertainties that the Company faces.

The Manager also has responsibility for risk management for the Company. It works with the Board to identify and manage the principal and emerging risks and uncertainties and to ensure that the Board can continue to meet its UK corporate governance obligations.

The Board considers the risks listed below and on pages 27 to 30 as the principal risks and uncertainties faced by the Company.

Emerging Risks

The Audit and Risk Committee continues to identify any new emerging risks and take any action necessary to mitigate their potential impact. The risks identified are placed on the Company's risk matrix and graded appropriately. This process, together with the policies and procedures for the mitigation of existing and emerging risks, is updated and reviewed regularly in the form of comprehensive reports by the Audit and Risk Committee. The Board determines the nature and extent of any risks it is willing to take in order to achieve its strategic objectives.

Climate change, which refers to a large scale shift in the planet's weather patterns and average temperatures, continues to be a key emerging as well as a principal risk confronting asset managers and their investors. Globally, climate change effects are already being experienced in the form of changing weather patterns. Extreme weather events can potentially impact the operations of investee companies, their supply chains and their customers. The Board notes that the Manager includes ESG considerations, including climate change, into the Company's investment process. The Board will continue to monitor how this may impact the Company as a risk to investment valuations and potentially affect shareholder returns.

The Board, together with the Manager, is also monitoring the emerging risks posed by the rapid advancement of artificial intelligence (AI) and technology and how it may threaten the Company's activities and its potential impact on the portfolio and investee companies. AI can provide asset managers powerful tools, such as enhancing data analysis risk management, trading strategies, operational efficiency and client servicing, all of which can lead to better investment outcomes and more efficient operations. However, with these advances in computing power that will impact society, there are risks from its increasing use and manipulation with the potential to harm, including a heightened threat to cybersecurity.

Other emerging risks may continue to evolve from unforeseen geopolitical and economic events.

Principal Risks	Risk Description and Impact	Risk Mitigation	Trend
Geopolitical Risk	• Geopolitics may impact the value of investments and the Manager's ability to access markets freely. • China trade tensions with US/EU/UK and the new US administration's tariffs may impact on a transatlantic trade war, including the balance between national security and economic interests. • A challenging regulatory environment may hinder foreign investment, including US Executive Orders prohibiting transactions by US persons in certain publicly traded Chinese companies. As a result, there is an increased risk of sanctions that could be imposed by western governments on individual Chinese companies held in the portfolio, but also an increased risk of ADRs being delisted from foreign exchanges which would impact the Company, especially in cases where a local listing does not exist. • Uncertainty from the ongoing global conflicts has increased tensions between the US and Europe, elevating oil supply concerns and driving price volatility. China's exports would be vulnerable to any disruption in trade and the shipping sector. • Regional conflict in the Pacific remains a possibility. The ramifications, including potential military conflict, could have very serious economic and stock market implications. Additionally, sanctions could lead to the freezing of Chinese assets, limiting or prohibiting the Company's ability to transact in Chinese denominated assets. • The Company has exposure to a number of companies with all or part of their businesses in Variable Interest Entities ("VIEs") and there is a regulatory risk from the China Security Regulatory Commission ("CSCR") guidelines around them. Although these rules are meant to ease the regulatory uncertainty, they may impact their usage going forward as geopolitical risks remain increased.	• The Board receives insights and information, including research notes, from the Manager and independent sources on a regular basis. • The portfolio is tilted to domestic Chinese markets. • Major adverse market events are stress-tested for operational resilience and financial impact. • Regulatory and policy development is monitored by Fidelity, including any relevant executive orders or sanctions. • Whilst it is not expected that China will change the rules affecting VIEs to the extent that it will ban foreign investment, this risk is closely monitored.	**Increasing**

Strategic Report continued

Principal Risks	Risk Description and Impact	Risk Mitigation	Trend
Market and Economic Risks (including Currency Risk)	• Whilst China's outlook for "controlled stabilisation" is supported by targeted policy measures, the property sector, although showing signs of some stabilisation, is a source of uncertainty. Growth in local consumption is expected but the US tariffs will nevertheless impact economic activity. • China's economy is exposed to uncertain world growth prospects, tightening in global financial conditions, energy costs, rising food prices, currency instability and challenging regulatory environment. • China faces growing economic headwinds, including an aging population, environmental pollution, isolation of the financial system and debt concerns in its corporate and local government sectors. • The currency in which the Company reports its results is sterling and its ordinary shares trade in sterling, whilst the underlying investments are in different currencies. The Company does not hedge currencies.	• Growth is exceeding economic targets as the stable policy setting is helping to restore private sector confidence. • The Portfolio Manager and the Manager's ability to understand and predict events in China. Independent risk management insight is provided on a regular basis. • The Company holds a diversified portfolio emphasising sectors of strategic importance to China. • The Board receives and reviews reports from the Portfolio Manager on a regular basis.	**Increasing**
Investment Performance Risk (including Gearing Risk)	• The Portfolio Manager may fail to outperform the Benchmark Index and peers over the longer-term. • High gearing levels in a falling market accentuates share price weakness. NAV performance can be affected by selling stock in a falling market to keep the gearing level within pre-agreed limits.	• An investment strategy overseen by the Board to optimise returns from investing in China, as well as oversight of gearing and relevant limits. • Diversification of investments through investment restrictions and guidelines which are monitored and reported upon by the Investment Manager. • A well-resourced team of experienced analysts covering the market. • Board scrutiny of the Manager and the ability in extreme circumstances to change the Manager.	**Stable**

Principal Risks	Risk Description and Impact	Risk Mitigation	Trend
Marketplace, Competition and Discount Management Risks	• There is increased activity around mergers and acquisitions across the investment company marketplace and alternative investment offerings (including passive vehicles) which could influence the demand for the Company's shares. • There is a risk of costly shareholder activism in the investment company sector, pursuing goals that may not be in the interests of most shareholders. • The Board may fail to implement its discount management policy effectively in order to keep the level of the discount in single digits and in the face of heavy selling pressure, may exhaust its authorised buyback facility. • Changes in investor sentiment towards China, market volatility and poor performance could lead to the Company trading at a larger discount to its underlying NAV, as due to the nature of investment companies, the price of the Company's shares and its discount to NAV are factors which are not totally within the Company's control.	• The Board, the Company's Broker and the Manager closely monitor industry activity, the peer group and the share register. • An annual review of strategy is undertaken by the Board to ensure that the Company continues to offer a relevant product to investors. • The Company's discount management policy is aimed at keeping the discount in single digits during normal market conditions. • Maintaining close communications with major shareholders.	**Increasing**
Unlisted Securities Risk	• Valuations of unlisted securities may be adversely affected by market conditions, government sanctions and US trade tariffs. • Initial public offering (IPO) of the unlisted companies may face delays leading to longer holding periods. • Potential for less stringent standards of governance compared with those of listed entities.	• The Company has set a limit on the level of investments in unlisted companies and the Manager has a track record of identifying profitable opportunities. • The Board's Audit and Risk Committee scrutinises the carrying value of unlisted investments determined by the Manager, Fidelity's unlisted investments specialist and an external valuer and advisor.	**Stable**
Key Person Risk	• Loss of the Portfolio Manager or other key individuals could lead to potential performance and/or operational issues.	• The Manager has succession plans for key dependencies. • The depth of the team within Fidelity, including the experience of the analysts covering China.	**Stable**

Strategic Report continued

Principal Risks	Risk Description and Impact	Risk Mitigation	Trend
Cybercrime and Information Security Risks, including Business Continuity Risk	• Cybersecurity risk from cyberattacks or threats to the functioning of global markets and to the Manager's own business model, including its and the Company's outsourced suppliers. • Risk of cybercrime such as phishing, remote access threats, extortion and denial-of-services attacks from highly organised criminal networks and sophisticated ransomware operators. Additional risks from the increased use of artificial intelligence (AI). • Business process disruption risk from continued threats of cyberattacks, geopolitical events, outages, fire events and natural disasters, resulting in financial and/or reputational impact to the Company affecting the functioning of the business. • The Company relies on a number of third-party service providers, principally the Registrar, Custodian and Depositary who may be subject to cybercrime.	• The Manager's technology risk management teams have implemented a number of initiatives and controls to provide enhanced mitigating protection and also to address the risks of AI. • Key performance indicators and metrics have been developed by the Manager to monitor the overall efficacy of cybersecurity processes and controls and to further enhance the Manager's cybersecurity strategy and operational resilience. • Fidelity has Business Continuity and Crisis Management Frameworks in place to deal with business disruption and assure operational resilience. • All third-party service providers are subject to a risk-based programme of risk oversight and internal audits by the Manager and their own internal controls reports are received an annual basis and any concerns are investigated.	**Increasing**
Operational Risk	• Financial losses or reputational damage from inadequate or failed internal processes, people and systems or from external parties and events.	• Fidelity's Operational Risk Management Framework is designed to proactively prevent, identify and manage operational risks inherent in most activities. • Fidelity uses robust systems and procedures dedicated to its operational processes. Its risk management structure is designed according to the FCA's three lines of defence model.	**Decreasing**

Continuation Vote
A continuation vote will take place every five years with the first such vote to be held at the AGM in 2029.

Viability Statement
In accordance with provision 31 of the 2018 UK Corporate Governance Code, the Directors have assessed the prospects of the Company over a longer period than the twelve month period required by the "Going Concern" basis. The Company is an investment trust with the objective of achieving long-term capital growth. The Board considers that five years is an appropriate investment horizon to assess the viability of the Company, although the life of the Company is not intended to be limited to this or any other period.

In making an assessment on the viability of the Company, the Board has considered the following:

- The ongoing relevance of the investment objective in prevailing market conditions;
- The Company's level of gearing;
- The Company's NAV and share price performance compared to its Benchmark Index;
- The principal and emerging risks and uncertainties facing the Company and their potential impact, as set out above;
- The future demand for the Company's shares;

- The Company's share price discount to the NAV;
- The liquidity of the Company's portfolio;
- The level of income generated by the Company;
- Future income and expenditure forecasts; and
- Introduction of a continuation vote with effect from 2029 and every five years thereafter.

The Company's performance for the five year reporting period to 31 March 2025 was a NAV total return of +33.4% and a share price total return of +36.6%, both significantly outperforming the Benchmark Index total return of +3.3%. The Board regularly reviews the investment policy and considers whether it remains appropriate. The Board has concluded that there is a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the next five years based on the following considerations:

- The Investment Manager's compliance with the Company's investment objective and policy, its investment strategy and asset allocation;
- The portfolio comprises sufficient readily realisable securities which can be sold to meet funding requirements if necessary; and
- The ongoing processes for monitoring operating costs and income which are considered to be reasonable in comparison to the Company's total assets.

In preparing the Financial Statements, the Directors have considered the impact of climate change and potential emerging risks from the use of artificial intelligence as detailed on page 26. The Board has also considered the impact of regulatory changes, global trade tariffs, continuing tensions between the US and China, and China and Taiwan, unforeseen market events and the ongoing global implications of the war in Ukraine and the conflict in the Middle East and how this may affect the Company.

In addition, the Directors' assessment of the Company's ability to operate in the foreseeable future is included in the Going Concern Statement which is included in the Directors' Report on page 36.

PROMOTING THE SUCCESS OF THE COMPANY

Under Section 172(1) of the Companies Act 2006, the Directors of a company must act in a way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to the likely consequences of any decision in the long-term; the need to foster relationships with the Company's suppliers, customers and others; the impact of the Company's operations on the community and the environment; the desirability of the Company maintaining a reputation for high standards of business conduct; and the need to act fairly as between members of the Company.

As an externally managed Investment Trust, the Company has no employees or physical assets, and a number of the Company's functions are outsourced to third parties. The key outsourced function is the provision of investment management services by the Manager, but other professional service providers support the Company by providing administration, custodial, banking and audit services. The Board considers the Company's key stakeholders to be the existing and potential shareholders, the externally appointed Manager (FIL Investment Services (UK) Limited) and other third-party professional service providers. The Board considers that the interest of these stakeholders is aligned with the Company's objective of delivering long-term capital growth to investors, in line with the Company's stated objective and strategy, while providing the highest standards of legal, regulatory and commercial conduct.

The Board, with the Portfolio Manager, sets the overall investment strategy and reviews this at an annual strategy day which is separate from the regular cycle of board meetings. In order to ensure good governance of the Company, the Board has set various limits on the investments in the portfolio, whether in the maximum size of individual holdings, the use of derivatives, the level of gearing and others. These limits and guidelines are regularly monitored and reviewed and are set out on pages 24 and 25.

The Board receives regular reports from the Company's Broker which covers market activity, how the Company compares with its peers in the China sector on performance, discount and share repurchase activity, an analysis of the Company's share register and market trends.

The Board places great importance on communication with shareholders. The Annual General Meeting provides the key forum for the Board and the Portfolio Manager to present to the shareholders on the Company's performance and future plans and the Board encourages all shareholders to attend in person or virtually and raise any questions or concerns. The Chairman and other Board members are available to meet shareholders as appropriate. Shareholders may also communicate with Board members at any time by writing to them at the Company's registered office at FIL Investments International, Beech Gate, Millfield Lane, Tadworth, Surrey KT20 6RP or via the Company Secretary at the same address or by email at **investmenttrusts@fil.com**.

Strategic Report continued

The Portfolio Manager meets with major shareholders, potential investors, stock market analysts, journalists and other commentators throughout the year. These communication opportunities help inform the Board in considering how best to promote the success of the Company over the long-term.

The Board seeks to engage with the Manager and other service providers and advisers in a constructive and collaborative way, promoting a culture of strong governance, while encouraging open and constructive debate, in order to ensure appropriate and regular challenge and evaluation. This aims to enhance service levels and strengthen relationships with service providers, with a view to ensuring shareholders' interests are best served, by maintaining the highest standards of commercial conduct while keeping cost levels competitive.

Whilst the Company's direct operations are limited, the Board recognises the importance of considering the impact of the Company's investment strategy on the wider community and environment. The Board believes that a proper consideration of ESG issues aligns with the Company's investment objective to deliver long-term capital growth, and the Board's review of the Manager includes an assessment of their ESG approach.

In addition to ensuring that the Company's investment objective was being pursued, key decisions and actions taken by the Directors during the reporting year, and up to the date of this report, have included:

- The decision to once again hold a hybrid AGM this year in order to make the AGM more accessible and improve the shareholder experience;
- Meeting the Company's key shareholders during the reporting year;
- Authorising the repurchase of 30,841,184 shares for cancellation in the reporting year when the Company's discount widened, in line with the Board's intention that the ordinary share price should trade at a level close to the underlying NAV. Since the year ended 31 March 2025 and up to the latest practicable date of this report, a further 973,792 shares have been repurchased; and
- The decision to pay a final ordinary dividend of 8.00 pence per share as well as a special dividend of 1.00 pence per share as explained in the Chairman's Statement.

Board Diversity
The Board's overriding intention is to ensure that it is made up of the best combination of people in order to achieve long-term capital growth for the Company's shareholders from an actively managed portfolio of investments. To this effect, the Board, as part of its succession plan, will continue to appoint individuals who, together as a Board, will aim to ensure the continued optimal promotion of the Company in the marketplace. Due regard will be given to the benefit of diversity on the Board, including gender and ethnicity.

The Board has taken into consideration the FCA's Listing Rules requirements (LR 6.6.6(9), (10) and (11)) regarding the targets on board diversity that:

- at least 40% of individuals on the Board are women;
- at least one senior Board position (chairman, chief executive officer ("CEO"), senior independent director or chief financial officer ("CFO")) is held by a woman; and
- at least one board member should be from a non-white ethnic background, as defined by the Office of National Statistics criteria.

The Board considers that as an externally managed investment trust, with no CEO or CFO, the Chairman of the Company, the Senior Independent Director and Chairman of the Audit and Risk Committee to be senior positions.

As required by the FCA Listing Rules, the Company's reporting against these targets is set out in the tables below. The data was collected on a self-identifying basis. As at 31 March 2025, the target of at least one senior Board position held by a woman and for at least one individual to be from a minority ethnic background had been met. The target of 40% of women on the Board has not been met in the reporting year, but the Board fully intends to address and meet this target when there is a natural change to the existing Board.

Gender Reporting

	Number of Board Members	Percentage of the Board	Number of Senior Board Positions (Chair, Senior Independent Director and Committee Chairs)
Men	4	67%	2
Women	2	33%	1

Ethnic Background Reporting

	Number of Board Members	Percentage of the Board	Number of Senior Board Positions (Chair, Senior Independent Director and Committee Chairs)
White British or other White (including minority white groups)	5	83%	3
Asian/Asian British	1	17%	0

CORPORATE AND SOCIAL RESPONSIBILITY

Environmental, Social and Governance ("ESG") in the Investment Process

The Board has contracted with the Manager to provide the Company with investment management and administrative services. The Board believes that ESG considerations are an important input into the assessment of the value of its investments. The investment universe is undergoing significant structural change and is likely to be impacted by increasing regulation as a result of climate change and other social and governance factors. The Board is committed to reviewing how the Manager applies ESG factors in the investment process. The Fidelity group of companies (including the Manager and Investment Manager) sets out its commitment to responsible investing and provides a copy of its detailed Responsible Investing at **www.fidelity.co.uk/sustainable/sustainability-at-fidelity**.

Socially Responsible Investment

The Manager's primary objective is to produce superior financial returns for the Company's shareholders. It believes that high standards of corporate social responsibility (CSR) make good business sense and have the potential to protect and enhance investment returns.

Corporate Engagement

The Board believes that the Company should, where appropriate, take an active interest in the affairs of the companies in which it invests and that it should exercise its voting rights at their general meetings. It delegates the responsibility for corporate engagement and shareholder voting to the Investment Manager which updates the Board on any issues and activities. These activities are reviewed regularly by the Manager's stewardship team.

Fidelity opposed management at 11% of shareholder meetings, demonstrating its active engagement with its underlying holdings.

Streamlined Energy and Carbon Reporting (SECR)

As an investment company with all its activities outsourced to third parties, the Company's own direct environmental impact is minimal. The Company has no premises, consumes no electricity, gas or diesel fuel and consequently does not have a measurable carbon footprint. The Company is categorised as a low energy user (less than 40MWH) under the Streamlined Energy & Carbon Reporting regulations and therefore is not required to disclose any energy and carbon information in this Annual Report.

Task Force on Climate-Related Financial Disclosures (TCFD)

Product reports of Task Force on Climate-related Financial Disclosures (TCFD) can be obtained via the Additional Information section on the Company's pages from the Manager's website at **www.fidelity.co.uk/china**.

Strategic Report continued

FUTURE DEVELOPMENTS

Some trends likely to affect the Company in the future are common to many investment companies together with the impact of regulatory change and emerging risks. The factors likely to affect its future development, performance and position are set out in the Chairman's Statement and the Portfolio Manager's Review on pages 2 to 11.

On behalf of the Board

Mike Balfour
Chairman
9 June 2025

Board of Directors

Mike Balfour
Chairman (since 20 July 2022)
Appointed 1 October 2018

M N

Mr Balfour is non-executive Chairman of Smithson Investment Trust plc and non-executive Chairman of abrdn Property Income Trust Limited which is in wind down (all properties sold except one). He is Chairman of TPT Investment Management Limited and sits on the board of its parent company, TPT Retirement Solutions Limited. He was chief executive of Thomas Miller Investment Ltd until 2016 and was previously chief executive at Glasgow Investment Managers and chief investment officer at Edinburgh Fund Managers Limited. His early investment management career was focused on the nascent equity markets of Asia. He is a qualified Chartered Accountant.

Alastair Bruce
Director
Appointed 1 July 2021

A M N

Mr Bruce is a non-executive Director and Chairman of the audit committee of both ICG Enterprise Trust PLC and Barings Emerging EMEA Opportunities PLC. He was Managing Partner of Pantheon Ventures between 2006 and 2013, having joined the firm in 1996. At Pantheon Ventures, he was involved in all aspects of the firm's business, particularly the management of Pantheon International PLC, the expansion of Pantheon Ventures global platform and the creation of a co-investment business. He has over 30 years of private equity, investment management and financial experience. He is a qualified Chartered Accountant.

Vanessa Donegan
Senior Independent Director (since 1 January 2023)
Appointed 1 September 2020

A M N

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

Georgina Field
Director
Appointed 1 July 2022

A M N

Ms Field is Senior Partner at Alpha Agency, a specialist investment marketing agency. She has been in this global role since September 2024, when the business she set up and managed, White Marble Consulting, was acquired by the consultancy firm, Alpha FMC. She was previously a non-executive Director of the Perpetual Income Growth Investment Trust plc, overseeing its merger into Murray Income Trust plc. She has over 20 years' experience in the investment industry, including two senior roles leading marketing teams at asset management companies.

Gordon Orr
Director
Appointed 1 January 2023

A M N

Mr Orr is an independent non-executive Director at Hong Kong listed Lenovo Group Limited, Meituan and Swire Pacific Limited, and at Stockholm listed EQT AB. He founded McKinsey's consulting practice in mainland China in the early 1990s and led it in China and Asia until 2015, since when he has served on corporate boards.

Edward Tse
Director
Appointed 24 November 2022

A M N

Dr Tse is a non-executive Director of China Travel International Investment Limited (Hong Kong), China Oriental Group and Ping An Life Insurance Company of China as well as an Adviser of CDIB Capital International and Our Hong Kong Foundation. He is founder and Chief Executive Officer of Gao Feng Advisory Company, Professor of Managerial Practice at Cheung Kong Graduate School of Business, and Advisory Board Member cum Adjunct Professor of Institute for China Business at the University of Hong Kong. He became one of the pioneers in China's management consulting industry by building and running two leading international management consulting firms (BCG and Booz) for 20 years. He has also advised Chinese government organisations on strategies, state-owned enterprise reform and Chinese companies going overseas, as well as to the World Bank and the Asian Development Bank.

All the Directors are non-executive Directors and all are independent.

Committee membership key

A Audit and Risk M Management Engagement N Nomination and Remuneration ■ Committee Chair

Directors' Report

The Directors have pleasure in presenting their report and the audited Financial Statements of the Company for the year ended 31 March 2025.

The Company was incorporated in England and Wales as a public limited company on 22 January 2010 under the registered number 7133583 and was launched as an investment trust on the London Stock Exchange on 19 April 2010.

Management Company

FIL Investment Services (UK) Limited ("FISL") is the Company's appointed Alternative Investment Fund Manager (the "AIFM"/"Manager"). FISL, as the Manager, has delegated the investment management of the Company to FIL Investment Management (Hong Kong) Limited and the role of Company Secretary to FIL Investments International.

The Management Agreement will continue unless and until terminated by either party giving to the other not less than six months' notice in writing. However, they may be terminated without compensation if the Company is liquidated pursuant to the procedures laid down in the Articles of Association of the Company. The Management Agreement may also be terminated forthwith as a result of a material breach of the Agreement or on the insolvency of the Investment Manager or the Company. In addition, the Company may terminate the Agreement by not less than two months' notice if the Investment Manager ceases to be a subsidiary of FIL Limited.

FIL Limited has no beneficial interest in the shares of the Company (2024: nil).

The Board reviews the Management Agreement at least annually and details are included in the Corporate Governance Statement on page 42.

Management Fee

The Company has a management fee arrangement which comprises a base fee based on Net Assets and a positive or negative variable element.

Since 14 March 2024, the base management fee on the first £1.5 billion of Net Assets is 0.85% and is 0.65% on Net Assets over £1.5 billion. The variable management fee is ("VMF") of +/- 0.20%.

The VMF of +/-0.20% is based on the Company's NAV per share performance relative to the MSCI China Index (in UK sterling terms) (the Company's Benchmark Index). The VMF element is calculated daily by referencing the performance of the Company's NAV to the performance of the MSCI China Index on a three year rolling basis. The variable element of the fee increases or decreases by 0.033% for each percentage point of the three year NAV per share outperformance or underperformance over the MSCI China Index to a maximum of +0.20% or a minimum of -0.20%. In the event of outperformance, the maximum fee that the Company would pay on Net Assets up to £1.5 billion is 1.05%, but in the case of underperformance, it can fall as low as 0.65%. For Net Assets over £1.5 billion, the maximum fee payable would be 0.85% if the Company outperforms the MSCI China Index or in the case of underperformance, it could fall as low as 0.45%.

The variable management fee charge for the year ended 31 March 2025 was a credit of 0.15% (2024: charge of 0.15%).

The total management fee for the year ended 31 March 2025 was £8,041,000 (2024: £11,421,000) as detailed in Note 4 on page 68. This was made up of a base fee of £10,590,000 (2024: £9,719,000), a credit of £1,834,000 (2024: charge of £1,702,000) on the variable element based on the performance of the NAV against the MSCI China Index. This also included a reduction of £715,000 in respect of the base fee waived as part of the ACIC combination.

The Board

All Directors served on the Board throughout the year ended 31 March 2025. A brief description of all serving Directors as at the date of this report is shown on page 35 and indicates their qualifications for Board membership.

All serving Directors as at the date of this report will be seeking re-election at the AGM on 24 July 2025.

Directors' and Officers' Liability Insurance

The Company maintains insurance cover for its Directors under its own policy as permitted by the Companies Act 2006. This is in addition to benefits under the Manager's global Directors' and Officers' liability insurance arrangements.

Going Concern Statement

The Directors have considered the Company's investment objective, risk management policies, liquidity risk, credit risk, capital management policies and procedures, the nature of its portfolio and its expenditure and cash flow projections. The Directors, having considered the liquidity of the Company's portfolio of investments (being mainly securities which are readily realisable), stress testing performed, the projected income and expenditure, are satisfied that the Company is financially sound and has adequate resources to meet all of its liabilities and ongoing expenses and continue in operational existence for the foreseeable future. The Board has therefore concluded that the Company has adequate resources to continue to adopt the going concern basis for the period to 30 June 2026 which is at least twelve months from the date of approval of the Financial Statements. This conclusion also takes into account the Board's assessment of the ongoing risks from the war in Ukraine, the conflict in the Middle East, China's tensions with the US and Taiwan and significant market and geopolitical events and regulatory changes that could impact the Company's performance, prospects and operations.

Accordingly, the Financial Statements of the Company have been prepared on a going concern basis.

The prospects of the Company over a period longer than twelve months can be found in the Viability Statement on pages 30 and 31.

Auditors' Appointment
The Company is conducting an audit tender this year as the current Auditor will have been in place for 10 years in November 2025. Therefore, a resolution to reappoint Ernst & Young LLP as Auditor of the Company will not be proposed at the AGM on 24 July 2025.

Disclosure of Information to the Company's Auditor
As required by Section 418 of the Companies Act 2006, each Director in office as at the date of this Annual Report confirms that:

a) so far as each Director is aware, there is no relevant audit information of which the Company's Auditor is unaware; and

b) each Director has taken all the steps that ought to have been taken as a Director to make himself/herself aware of any audit information, and to establish that the Company's Auditor is aware of that information.

Corporate Governance
The Corporate Governance Statement forms part of this report and can be found on pages 40 to 43.

Registrar, Custodian and Depositary Arrangements
The Company has appointed MUFG Corporate Markets (name changed from Link Group on 20 January 2025) as its Registrar to manage the Company's share register; JPMorgan Chase Bank as its Custodian, which is primarily responsible for safeguarding the Company's assets; and J.P. Morgan Europe Limited as its Depositary, which is primarily responsible for oversight of the custody of investment funds and the protection of investors' interests. Fees paid to these service providers are disclosed in Note 5 on page 69.

Share Capital
The Company's share capital comprises ordinary shares of 1 pence each which are fully listed on the London Stock Exchange. As at 31 March 2025, the issued share capital was 580,469,798 (2024: 611,310,982) of which 85,629,548 (2024: 85,629,548) shares were held in Treasury. Shares in Treasury do not have voting rights, therefore the total number of shares with voting rights was 494,840,250 (2024: 525,681,434).

Premium/Discount Management: Enhancing Shareholder Value
The Board recognises the importance of the relationship between the Company's share price and the NAV per share and monitors this closely. It seeks authority from shareholders each year to issue shares at a premium or to repurchase shares at a discount to the NAV, either for cancellation or holding in Treasury. The Board will exercise these authorities to endeavour to keep the discount in single digits in normal market circumstances and as mentioned in the Chairman's Statement on page 4.

Share Issues
No ordinary shares were issued in the year to 31 March 2025. In the prior reporting year, the Company issued 59,005,997 shares as a result of the transaction with abrdn China Investment Company Limited. No shares have been issued since the year end and as at the date of this report.

The authorities to issue shares and to disapply pre-emption rights expire at the AGM on 24 July 2025 and resolutions to renew these authorities will be put to shareholders at this AGM.

Share Repurchases
The Company repurchased 30,841,184 (2024: 18,749,495) shares for cancellation and nil shares into Treasury (2024: 2,900,696) during the year ended 31 March 2025. Since the year ended 31 March 2025 and as at the latest practicable date of this report, the Company has repurchased a further 973,792 shares for cancellation.

The authority to repurchase shares expires at the AGM on 24 July 2025 and a resolution to renew the authority to repurchase shares, either for cancellation or to buy into Treasury, will be put to shareholders at this AGM.

Substantial Share Interests
As at 31 March and 30 April 2025, notification had been received that the shareholders listed in the table below held more than 3% of the voting share capital of the Company.

Shareholders	31 March 2025 %	30 April 2025 %
Fidelity Platform Investors	**18.32**	18.29
City of London Investment Management	**14.67**	14.66
Hargreaves Lansdown	**11.07**	10.99
Lazard Asset Management	**10.19**	10.36
Allan & Gill Gray Foundation	**7.39**	7.40
Interactive Investor	**5.39**	5.40
Allspring Global Investments	**3.96**	3.93

An analysis of shareholders as at 31 March 2025 is detailed in the table below.

Shareholders as at 31 March 2025	% of voting share capital
Retail Investors[1]	**56.29**
Mutual Funds	**22.88**
Pension Funds	**11.01**
Charities	**7.39**
Insurance Funds	**2.18**
Other	**0.25**
Total	**100.00**

1 Includes Fidelity Platform Investors (18.32%).

Directors' Report continued

Additional Information required in the Directors' Report
Information on proposed dividends, financial instruments, disclosure on Streamlined Energy and Carbon Reporting (SECR) and Task Force on Climate-Related Financial Disclosures (TCFD) is set out in the Strategic Report on pages 24 to 34.

ANNUAL GENERAL MEETING – THURSDAY, 24 JULY 2025 AT 11.00 AM

THIS SECTION IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

If you are in any doubt as to the action you should take, you should seek your own personal financial advice from your stockbroker, bank manager, solicitor or other financial adviser authorised under the Financial Services and Markets Act 2000.

The AGM of the Company will be held at **11.00 am on Thursday, 24 July 2025** at 4 Cannon Street, London EC4M 5AB and virtually via the online Lumi AGM meeting platform. Full details of the meeting are given in the Notice of Meeting on pages 94 to 97.

The Notice of Meeting and related papers are sent to shareholders at least 20 working days before the AGM.

For those shareholders who would prefer not to attend in person, we will live-stream the formal business and presentations of the meeting online.

Dale Nicholls, the Portfolio Manager, will be making a presentation to shareholders highlighting the achievements and challenges of the year past and the prospects for the year to come. He and the Board will be very happy to answer any questions that shareholders may have.

Properly registered shareholders joining the AGM virtually will be able to vote on the proposed resolutions. Please see Note 9 to the Notes to the Notice of Meeting on page 96 for details on how to vote virtually. Investors viewing the AGM online will be able to submit live written questions to the Board and the Portfolio Manager and these will be addressed at an appropriate juncture during the meeting.

Further information and links to the Lumi platform may be found on the Company's website **www.fidelity.co.uk/china**. On the day of the AGM, in order to join electronically and ask questions via the Lumi platform, shareholders will need to connect to the website **https://meetings.lumiconnect.com/100-135-001-078**.

We urge shareholders to vote and make use of the proxy form provided. Please note that investors on platforms such as Fidelity Personal Investing, Hargreaves Lansdown, Interactive Investor or AJ Bell Youinvest will need to request attendance at the AGM in accordance with the policies of your chosen platform. They may request that you submit electronic votes in advance of the meeting. If you are unable to obtain a unique IVC and PIN from your nominee or platform, we will also welcome online participation as a guest. Once you have accessed **https://meetings.lumiconnect.com/100-135-001-078** from your web browser on a tablet, smartphone or computer, you should then select the 'Guest Access' option before entering your name and who you are representing, if applicable. This will allow you to view the meeting and ask questions but you will not be able to vote.

Fidelity Platform Investors – Voting at AGMs
If you hold your shares in the Company through the Fidelity Platform, then Fidelity passes on to you the right to vote on the proposed resolutions at the Company's AGM. Fidelity Platform Investors are advised to vote online via the Broadridge Service (a company that specialises in investor voting facilities). Investors can sign up to this facility via their Fidelity Investor Account.

Proxy Voting
A paper Proxy Form will be sent to all shareholders who hold shares on the main share register. This will assist shareholders to vote in advance of the meeting should they decide not to attend in person.

If you have sold, transferred or otherwise disposed of all your shares in the Company, you should pass this document, together with any accompanying documents, as soon as possible to the purchaser or transferee, or to the stockbroker, bank or other agent through whom the sale or transfer was effected, for onward transmission to the purchaser or transferee.

At the AGM on 24 July 2025, resolutions will be proposed relating to the items of business set out in the Notice of Meeting on pages 94 and 95, including the items of special business summarised below and on the next page.

Authority to Allot Shares
Resolution 12 is an ordinary resolution and provides the Directors with a general authority to allot securities in the Company up to an aggregate nominal value of £579,496. If passed, this resolution will enable the Directors to allot a maximum of 57,949,600 ordinary shares which represents approximately 10% of the issued ordinary share capital of the Company (including Treasury Shares) at the latest practicable date of this report, and to impose any limits or restrictions and make any arrangements which they consider necessary or appropriate to deal with Treasury Shares, fractional entitlements, record dates, legal, regulatory or practical problems in, or under the laws of, any territory or any other matter. The Directors would not intend to use this power unless they considered that it was in the interests of shareholders to do so. Any shares issued would be at NAV per ordinary share or at a premium to NAV per ordinary share.

Authority to Disapply Pre-Emption Rights
Resolution 13 is a special resolution disapplying pre-emption rights and granting authority to the Directors, without the need for further specific shareholder approval, to make allotments of equity securities or sale of Treasury shares for cash up to an aggregate nominal value of £579,496 (including Treasury shares) (approximately 10% of the issued ordinary share capital of the Company at the latest practicable date of this report and equivalent to 57,949,600 ordinary shares).

Authority to Repurchase Shares

Resolution 14 is a special resolution which renews the Company's authority to purchase up to 14.99% (74,030,500) of the ordinary shares in issue (excluding Treasury shares) at the latest practicable date of this report, either for immediate cancellation or for retention as Treasury shares at the determination of the Directors. Once shares are held in Treasury, the Directors may only dispose of them in accordance with the relevant legislation by subsequently selling the shares for cash or by cancelling the shares. Purchases of ordinary shares will be made at the discretion of the Directors and within guidelines set from time to time by them in the light of prevailing market conditions. Purchases will only be made in the market at prices below the prevailing NAV per ordinary share.

Recommendation: The Board considers that each of the resolutions is likely to promote the success of the Company and is in the best interests of the Company and its shareholders as a whole. The Directors unanimously recommend that you vote in favour of the resolutions as they intend to do in respect of their own beneficial holdings.

By Order of the Board
FIL Investments International
Secretary
9 June 2025

Corporate Governance Statement

This Corporate Governance Statement forms part of the Directors' Report. The Company is committed to maintaining high standards of corporate governance. Accordingly, the Board has put in place a framework for corporate governance which it believes is appropriate for an investment company.

Corporate Governance Codes
The Board follows the principles and provisions of the UK Corporate Governance Code (the "UK Code") issued by the Financial Reporting Council (the "FRC") in July 2018 and the AIC Code of Corporate Governance (the "AIC Code") issued by the Association of Investment Companies (the "AIC") in February 2019. The AIC Code addresses the principles and provisions of the UK Code. The FRC has confirmed that investment companies which report against the AIC Code will meet their obligations under the UK Code and paragraph 6.6.6R (6) of the Listing Rules. This Statement, together with the Statement of Directors' Responsibilities on page 47, set out how the principles have been applied.

The AIC Code can be found on the AIC's website at **www.theaic.co.uk** and the UK Code on the FRC's website at **www.frc.org.uk**.

Statement of Compliance
The Company has complied with the recommendations of the AIC Code and the relevant provisions of the UK Code for the year under review and up to the date of this report, except in relation to the UK Code provisions relating to the role of the chief executive, executive directors' remuneration, and the need for an internal audit function. The Board considers that these provisions are not relevant to the position of the Company, as it is an externally managed investment company and has no executive directors, employees or internal operations. All of its day to day management and administrative functions are delegated to the Manager.

THE BOARD

Board Composition
As at the date of this report, the Board, chaired by Mike Balfour, consists of six non-executive Directors.

The Directors believe that, between them, they have good knowledge and wide experience of business in China, the Asia region, unlisted investments and their valuations, and of investment companies, and that the Board has an appropriate balance of skills, experience, independence and knowledge of the Company and length of service to discharge its duties and provide effective strategic leadership and proper governance of the Company.

Vanessa Donegan is the Senior Independent Director and fulfils the role as a sounding board for the Chairman and intermediary for the other Directors, and to act as a channel of communication for shareholders in the event that contact through the Chairman is inappropriate.

Biographical details of all serving Directors are on page 35.

Tenure Policy
Directors appointed to the Board are subject to election and subsequent annual re-election by shareholders at Annual General Meetings and normally serve a term of up to nine years from election.

Board Responsibilities
The Board has overall responsibility for the Company's affairs and for promoting the long-term success of the Company. All matters which are not delegated to the Company's Investment Manager under the Management Agreement are reserved for the Board's decision. Matters reserved for the Board and considered at meetings include decisions on strategy, management, structure, capital, share issues, share repurchases, gearing, financial reporting, risk management, investment performance, share price discount, corporate governance, Board appointments, and the appointment of the Investment Manager and Company Secretary. The Board also considers shareholder issues including communication and investor relations.

All Directors are independent of the Manager and Investment Manager and considered to be free from any relationship which could materially interfere with the exercise of their independent judgement. The Directors are required to disclose all potential conflicts of interests as they arise. The Board is satisfied that no conflicts have arisen in the year under review.

All Directors are able to allocate sufficient time to the Company to discharge their responsibilities fully and effectively. Each Director is entitled to take independent professional advice, at the Company's expense, in the furtherance of their duties.

Board Meetings
The Board considers that it meets sufficiently regularly to discharge its duties effectively and the table on the next page gives the attendance record for the meetings held during the reporting year. The Portfolio Manager and key representatives of the Investment Manager and Manager are in attendance at these meetings. Regular Board meetings exclude ad hoc meetings for formal approvals or to address any key issues which may have arisen.

Between these meetings there is regular contact with the Investment Manager and Manager and other meetings are arranged as necessary. Additionally, Board Committees and sub-groups meet to pursue matters referred to them by the Board and the Chairman is in contact with the other Directors regularly without representatives of the Investment Manager and Manager being present.

In addition to the formal Board and Committee meetings held in the reporting year, the Board undertook a due diligence trip in November 2024 to China in order to meet with the management of existing and potential investee companies and also meet with Fidelity's research and analysts' teams.

Board's Attendance Record for the Reporting Year

	Regular Board Meetings	Audit and Risk Committee Meetings	Management Engagement Committee Meetings	Nomination and Remuneration Committee Meetings
Mike Balfour[1]	5/5	n/a	1/1	1/1
Alastair Bruce	5/5	5/5	1/1	1/1
Vanessa Donegan	5/5	5/5	1/1	1/1
Georgina Field	5/5	5/5	1/1	1/1
Gordon Orr	5/5	5/5	1/1	1/1
Edward Tse	5/5	5/5	1/1	1/1

1 As Chairman of the Board, Mr Balfour is not a Member of the Audit and Risk Committee but is invited to attend the meetings.

Company Secretary
The Board has access to the advice and services of the Company Secretary. The Company Secretary is responsible to the Board for ensuring that Board procedures are followed and that applicable rules and regulations are complied with.

Changes to the Board
Changes to the Board take place in accordance with the Companies Act 2006, the Company's Articles of Association and the AIC Code. The Nomination and Remuneration Committee is responsible for identifying possible candidates. However, any proposal for the appointment of a new Director is discussed and approved by the entire Board. External consultants who have no connection with the Company are used to identify potential candidates.

Director Training
Upon appointment to the Board, each Director receives a full, formal and tailored induction. Directors are also regularly provided with key information on the Company's policies, regulatory and statutory requirements and internal controls. Changes affecting Directors' responsibilities are advised to the Board as they arise. Directors also regularly participate in relevant training and industry seminars. Training and development needs are considered as part of the annual Board and Committees evaluation process.

Election and Re-Election of Directors
All newly appointed Directors stand for election by the shareholders at the AGM following their appointment by the Board. As the Company is a constituent member of the FTSE 350 Index, all other Directors are subject to annual re-election. All Directors being eligible, are standing for re-election at this year's AGM and their details are listed on page 35. The terms and letters of appointment of Directors are available for inspection at the registered office of the Company

Board Evaluation
An annual evaluation of the Board, its Directors and its Committees is undertaken ahead of each AGM. It takes the form of written questionnaires and discussions, except for every third year when an external evaluation is undertaken. The process is considered to be constructive in terms of identifying areas for improving the functioning and performance of the Board and its Committees and action is taken on the basis of the results. The tenure of individual Directors is also considered as part of this process.

For the year under review, the performance and contribution to the Company of each Director was considered using a written questionnaire. The performance of the Chairman is evaluated by the other Directors in the Chairman's absence. It was concluded that the Chairman and each Director have been effective and that they continue to demonstrate commitment to their roles. The process is considered to be constructive in terms of identifying areas for improving the functioning and performance of the Board and its Committees and action is taken on the basis of the results. The Board considers the tenure of individual Directors during the evaluation process.

As a FTSE 350 Company and in accordance with provision 21 of the 2018 UK Corporate Governance Code, the Board carried out an externally facilitated evaluation in the prior reporting year. The next external Board performance review will be for the Company's year ending 2027.

Directors' Remuneration and Share Interests
Details of the Directors' remuneration and share interests are disclosed in the Directors' Remuneration Report on pages 45 and 46.

BOARD COMMITTEES

The Board has three Committees, as set out on the next page, through which it discharges certain of its corporate governance responsibilities. These are the Audit and Risk Committee, the Management Engagement Committee and the Nomination and Remuneration Committee. Terms of reference of each Committee can be found on the Company's pages of the Manager's website at **www.fidelity.co.uk/china**.

Audit and Risk Committee

The Audit and Risk Committee is chaired by Alastair Bruce and consists of all of the Directors, except for Mike Balfour which is in

Corporate Governance Statement continued

line with the recommendation of the 2018 UK Corporate Governance Code that a chairman of a board should not be a member of an audit committee. Mr Balfour will generally be invited to attend the Audit and Risk Committee meetings.

Full details of the Audit and Risk Committee are disclosed in the Report of the Audit and Risk Committee on pages 48 to 51.

Management Engagement Committee

Composition

The Management Engagement Committee (the "Committee") is chaired by Mike Balfour and consists of all of the Directors.

Role and Responsibilities

The Committee is charged with reviewing and monitoring the performance of the Manager and for ensuring that the terms of the Management Agreement remain competitive and reasonable for shareholders. It meets at least once a year and reports to the Board, making recommendations as appropriate.

Manager's Reappointment

Ahead of the AGM on 24 July 2025, the Committee has reviewed the performance of the Manager and the fee basis and concluded that it is in the interests of shareholders that the appointment of the Manager should continue. Details of the fee arrangements for the reporting year are in the Directors' Report on page 36.

Nomination and Remuneration Committee

Composition

The Nomination and Remuneration Committee (the "Committee") is chaired by Vanessa Donegan and consists of all of the Directors.

Role and Responsibilities

The Committee meets at least once a year and is charged with reviewing the composition, size and structure of the Board and makes recommendations to the Board as appropriate. It is charged with nominating new Directors for consideration by the Board, and in turn for approval by shareholders. The search for a candidate is carried out against a set of objective criteria, with due regard for the benefits of diversity on the Board, including gender, social and ethnic backgrounds. New Directors are appointed on the basis of merit.

The Committee also considers the election and re-election of Directors ahead of each AGM. For the forthcoming AGM, it has considered the performance and contribution to the Company of each Director and concluded that each Director has been effective and continues to demonstrate commitment to their role. Accordingly, the Committee has recommended their continued service to the Board.

The Committee also considers the remuneration of the Directors, and takes into account their roles, their responsibilities and the time involved in carrying out their duties effectively. It also makes itself aware of Directors' fees of other comparable investment companies. Further details can be found in The Remuneration Policy on page 44.

The Committee, on behalf of the Board, continues to appoint apprentices of the Board in order to give board exposure to aspiring non-executive directors. As a result of this process, the Board appointed a Board apprentice who started his apprenticeship on 1 January 2025 for a term of one year. He will attend all Board and Committee meetings as an observer.

Succession Planning

The Committee is responsible for succession planning and for Directors' appointments.

ACCOUNTABILITY AND AUDIT

Financial Reporting

Set out on page 47 is a statement by the Directors of their responsibilities in respect of the preparation of the Annual Report and Financial Statements. The Auditor has set out its reporting responsibilities within the Independent Auditor's Report to the Members on pages 52 to 58.

The Board has a responsibility to present fair, balanced and understandable annual and half-yearly financial statements. All financial statements are reviewed by the Audit and Risk Committee and approved by the Board prior to their issue to ensure that this responsibility is fulfilled.

Risk Management and Internal Controls

The Board is responsible for the Company's systems of risk management and of internal controls and for reviewing their effectiveness. The review takes place at least once a year. Such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable, but not absolute, assurance against material misstatement or loss.

The Board determines the nature and extent of any risks it is willing to take in order to achieve its strategic objectives. It is responsible for the design, implementation and maintenance of controls and procedures to safeguard the assets of the Company although these tasks have been delegated on a day-to-day basis to the Manager. The system extends to financial, operational and compliance controls and risk management. Clear lines of accountability have been established between the Board and the Manager. The Manager provides regular reports on controls and compliance issues to the Audit and Risk Committee and the Board.

In carrying out its review, the Audit and Risk Committee has regard to the activities of the Manager, the Manager's compliance and risk functions and the work carried out by the Company's Auditor relevant to the Company's audit. It also includes consideration of internal controls of similar reports issued by the other service providers.

The Board, assisted by the Manager, has undertaken a rigorous risk and controls assessment. This process also assists in identifying any new emerging risks and the action necessary to mitigate their potential impact. The Board confirms that there is an effective robust ongoing process in place in order to identify, evaluate and manage the Company's principal business and operational risks, and that it has been in place throughout the year ended 31 March 2025 and up to the date of this report. This process is in accordance with the FRC's "Risk Management, Internal Control and Related Financial Business Reporting" guidance.

The Board has reviewed the need for an internal audit function and has determined that the systems and procedures employed by the Manager, which are subject to inspection by the Manager's internal and external audit processes, provide sufficient assurance that a sound system of internal controls is maintained to safeguard shareholders' investments and the Company's assets. An internal audit function, specific to the Company, is therefore considered unnecessary. The Audit and Risk Committee meets the Manager's internal audit representative at least once a year. It receives a summary of the Manager's externally audited internal controls report on an annual basis.

Whistle-Blowing Procedure
Part of the Manager's role in ensuring the provision of a good service, pursuant to the Management Agreement, includes the ability for employees of Fidelity International ("Fidelity") to raise concerns through a workplace concerns escalation policy ("whistle-blowing procedure"). Fidelity has advised the Board that it is committed to providing the highest level of service to its customers and to applying the highest standards of quality, honesty, integrity and probity. The aim of the policy is to encourage employees and others working for Fidelity to assist the Company in tackling fraud, corruption and other malpractice within the organisation and in setting standards of ethical conduct. Accordingly, this policy has been endorsed by the Board.

Bribery Act 2010
The Company is committed to carrying out business fairly, honestly and openly. The Board recognises the benefits this has to reputation and business confidence. The Board, the Manager, the Manager's employees and others acting on the Company's behalf, are expected to demonstrate high standards of behaviour when conducting business.

The Board acknowledges its responsibility for the implementation and oversight of the Company's procedures for preventing bribery, and the governance framework for training, communication, monitoring, reporting and escalation of compliance together with enforcing action as appropriate. The Board has adopted a zero tolerance policy in this regard.

Criminal Finances Act 2017
The Company is subject to the Criminal Finances Act 2017 and follows a zero tolerance policy to tax evasion and its facilitation. The Directors are fully committed to complying with all legislation and appropriate guidelines which are designed to prevent tax evasion and the facilitation of tax evasion in the jurisdictions in which the Company, its service providers, counterparties and business partners operate.

Responsibility as an Institutional Shareholder
The Board has adopted the Manager's Principles of Ownership in relation to investments. These Principles include the pursuit of an active investment policy through portfolio management decisions, voting on resolutions at general meetings and maintaining a continuing dialogue with the management of investee companies. Fidelity International is a signatory to the UK Stewardship Code which sets out the responsibilities of institutional shareholders and agents. Further details of the Manager's Principles of Ownership and voting may be found at **www.fidelity.co.uk**.

Relations with Shareholders
Communication with shareholders is given a high priority by the Board and it liaises with the Manager and the Company's Broker who are in regular contact with the Company's major institutional investors to canvass shareholder opinion and to communicate its views to shareholders. All Directors are made aware of shareholders' concerns and the Chairman, the Senior Independent Director and, where appropriate, other Board Directors, are available to meet with shareholders to discuss strategy and governance. In addition, the Portfolio Manager also meets with major shareholders and investors in the UK. The Board regularly monitors the shareholder profile of the Company and receives regular reports from the Manager on meetings attended with shareholders and any concerns raised in such meetings. The Board aims to provide the maximum opportunity for dialogue between the Company and its shareholders. If any shareholder wishes to contact a member of the Board directly, they should either email the Company Secretary at **investmenttrusts@fil.com** or in writing at FIL Investments International, Beech Gate, Millfield Lane, Lower Kingswood, Tadworth, Surrey KT2 6RP. The Company Secretary will attend to any enquiries promptly and ensure that they are directed to the Chairman, the Senior Independent Director or the Board as a whole, as appropriate.

The Board encourages all shareholders to attend the Company's AGM on 24 July 2025, details of which can be found on page 6. Full details of the Notice of Meeting are on pages 94 to 97.

Voting Rights in the Company's Shares
Every person entitled to vote on a show of hands has one vote. On a poll, every shareholder who is present in person or by proxy or representative has one vote for every ordinary share held. At general meetings, all proxy votes are counted and, except where a poll is called, proxy voting is reported for each resolution after it has been dealt with on a show of hands. The proxy voting results are disclosed on the Company's pages of the Manager's website at **www.fidelity.co.uk/china** after the AGM.

Articles of Association
Any changes to the Company's Articles of Association must be made by special resolution.

On behalf of the Board
Mike Balfour
Chairman
9 June 2025

Directors' Remuneration Report

Chairman's Statement
The Directors' Remuneration Report for the year ended 31 March 2025 has been prepared in accordance with the Large & Medium-sized Companies & Groups (Accounts & Reports) (Amendment) Regulations 2013 (the "Regulations"). As the Board is comprised entirely of non-executive Directors and has no employees, many parts of the Regulations, in particular those relating to chief executive officer pay and employee pay, do not apply and are therefore not disclosed in this report.

Ordinary resolutions to approve both the Directors' Remuneration Report and the Remuneration Policy will be put to shareholders at the AGM on 24 July 2025.

The Company's Auditor is required to audit certain sections of this report and where such disclosures have been audited, the specific section has been indicated as such. The Auditor's opinion is included in its report on pages 52 to 58.

Directors' Remuneration
The annual fee structure with effect from 1 April 2025 is as follows:

Role	1 April 2025 £	1 April 2024 £
Chairman	55,500	54,000
Chairman of the Audit & Risk Committee	46,500	45,500
Senior Independent Director	43,500	42,500
Director	37,000	36,000

Levels of remuneration are reviewed on an annual basis to ensure that they remain competitive and sufficient to attract and retain the quality of Directors needed to manage the Company successfully.

The Remuneration Policy
The Company's Articles of Association limit the aggregate fees payable to the Directors to £350,000 per annum. Subject to this overall limit, and based on the recommendations of the Nomination and Remuneration Committee, it is the Board's policy to determine the level of Directors' fees having regard to the time spent by them on the Company's affairs; the level of fees payable to non-executive directors in the industry generally; the requirement to attract and retain individuals with suitable knowledge and experience; and the role individual Directors fulfil. Other than fees and reasonable travel expenses incurred in attending to the affairs of the Company, the Directors are not eligible for any performance related pay or benefits, pension related benefits, share options, long-term incentive schemes or other taxable benefits. All Directors will be entitled to claim additional remuneration in the event of significant additional work outside of normal Company affairs. The Directors are not entitled to exit payments and are not provided with any compensation for loss of office.

The level of Directors' fees is determined by the whole Board. Directors do not vote on their own individual fees. The Nomination and Remuneration Committee reviews the Company's Remuneration Policy and implementation on an annual basis. Reviews are based on information provided by the Company's Manager and research from third parties and it includes information on the fees of other similar investment trusts.

As a FTSE 350 company, and in accordance with provision 21 of the 2018 UK Corporate Governance Code, the Board is required to carry out an externally facilitated evaluation every third year of its performance and this also includes input into the appropriate level of Directors' fees from an independent source.

No Director has a service contract with the Company. New Directors are provided with a letter of appointment which, amongst other things, provides that their appointment is subject to the Companies Act 2006 and the Company's Articles of Association. Copies of the Directors' letters of appointment are available at each of the Company's Annual General Meetings and can be obtained from the Company's registered office.

In common with most investment trusts there is no Chief Executive Officer and there are no employees.

The Company's Remuneration Policy will apply to new Board members, who will be paid at the same level of fees as current Board members.

Voting on the Remuneration Policy
The Remuneration Policy (the "Policy") is subject to a binding vote at every third AGM. It was last approved at the AGM on 20 July 2022 with 99.90% of votes cast in favour, 0.07% of votes cast against and 0.03% of votes withheld. The Policy, as set out above, is being proposed at this year's AGM on 24 July 2025 and the votes cast will be disclosed on the Company's pages of the Manager's website at: **www.fidelity.co.uk/china**.

Voting on the Directors' Remuneration Report
At the AGM held on 23 July 2024, 99.86% of votes were cast in favour of the Directors' Remuneration Report for the year ended 31 March 2024, 0.10% of votes were cast against and 0.04% of votes were withheld.

The Directors' Remuneration Report for the year ended 31 March 2025 will be put to shareholders at the AGM on 24 July 2025, and the votes cast will be disclosed on the Company's pages of the Manager's website at: **www.fidelity.co.uk/china**.

Single Total Figure of Directors' Remuneration
The single total aggregate Directors' remuneration for the year ended 31 March 2025 was £255,018 (2024: £245,153). This includes expenses incurred by Directors in attending to the affairs of the Company and which are considered by HMRC to be a taxable expense.

Information on individual Directors' fees and taxable Directors' expenses are shown in the table on the next page.

	2026 Projected Total (£)	**2025 Fees (Audited) (£)**	**2025 Taxable Expenses* (Audited) (£)**	**2025 Total (Audited) (£)**	2024 Fees (Audited) (£)	2024 Taxable Expenses* (Audited) (£)	2024 Total (Audited) (£)
Remuneration of Directors							
Mike Balfour	55,500	**54,000**	**5,018**	**59,018**	52,000	5,153	57,153
Alastair Bruce	46,500	**45,500**	**–**	**45,500**	43,500	–	43,500
Vanessa Donegan	43,500	**42,500**	**–**	**42,500**	41,000	–	41,000
Georgina Field	37,000	**36,000**	**–**	**36,000**	34,500	–	34,500
Gordon Orr	37,000	**36,000**	**–**	**36,000**	34,500	–	34,500
Edward Tse	37,000	**36,000**	**–**	**36,000**	34,500	–	34,500
Total	256,500	**250,000**	**5,018**	**255,018**	240,000	5,153	245,153

* Expenses incurred in attending to the affairs of the Company.

Five Year Change Comparison in Directors' Remuneration

The table below sets out the change in Directors' fees over the last five years.

Director	**2025**	**2020**	**Change (%)**
Chairman	54,000	42,000	+28.6%
Chairman of the Audit and Risk Committee	45,500	32,000	+42.2%
Senior Independent Director	42,500	31,500	+34.9%
Director	36,000	26,500	+35.8%

Expenditure on Remuneration and Distributions to Shareholders

The table below shows the total amount paid out in Directors' remuneration and distributions to shareholders. The projected Directors' remuneration for the year ending 31 March 2026 is disclosed in the table above.

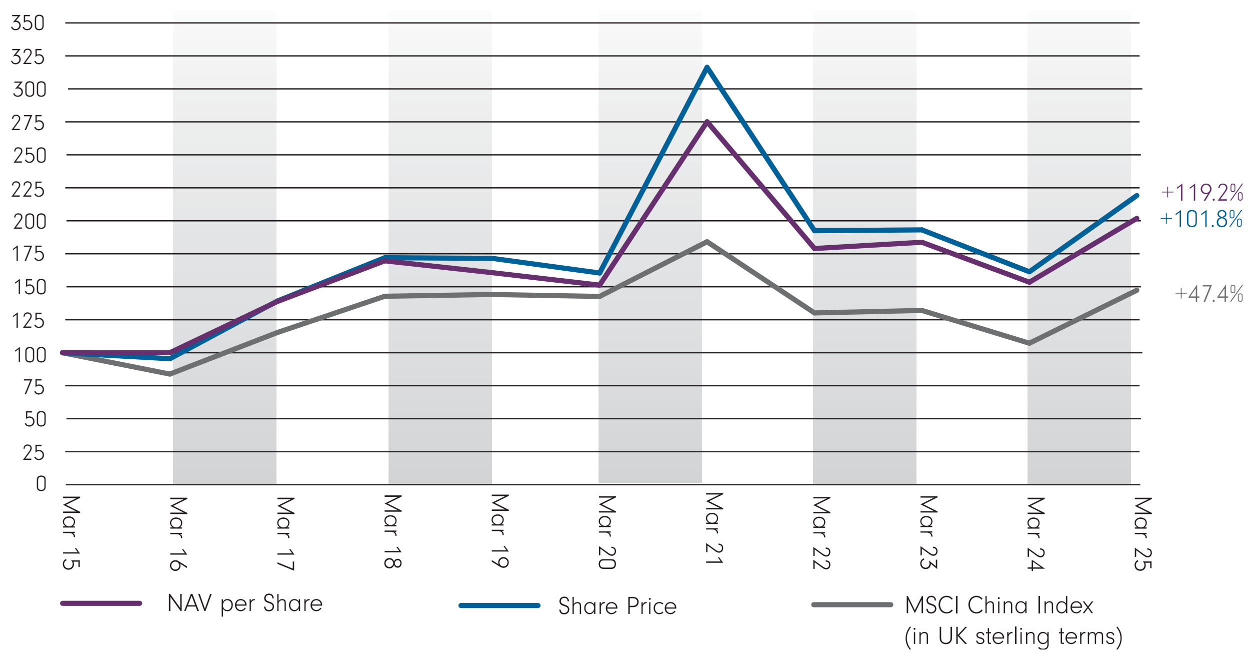
	31 March 2025 £	31 March 2024 £
Expenditure on Remuneration		
Aggregate of Directors' Fees	**255,018**	245,153
Distribution to Shareholders		
Dividend payments	**33,355,000**	30,198,000
Shares repurchased	**66,809,000**	45,933,000

Directors' Remuneration Report continued

Performance

The Company's NAV per share total return and share price total return performance are measured against the return of the MSCI China Index (in UK sterling terms) as this is the most appropriate Benchmark in respect of its objective. The graph below shows performance for ten years to 31 March 2025.

Total Return Performance for Ten Years to 31 March 2025



Directors' Interest in the Company's Ordinary Shares

Although there is no requirement for the Directors to hold shares in the Company, shareholdings by Directors are encouraged. The interests of the Directors in the shares of the Company are shown in the table below. All of the shareholdings are beneficial. The Portfolio Manager, Dale Nicholls, also holds shares in the Company.

Directors' Shareholdings (Audited)

	31 March 2025	31 March 2024	Change during year
Mike Balfour	**65,000**	65,000	–
Alastair Bruce	**43,800**	43,800	–
Vanessa Donegan	**10,000**	10,000	–
Georgina Field	**2,250**	2,250	–
Gordon Orr	**–**	–	–
Edward Tse	**–**	–	–

The above shareholdings remain unchanged as at the date of this report.

On behalf of the Board

Mike Balfour
Chairman
9 June 2025

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Annual Report and the Financial Statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Financial Statements for each financial period. Under that law they have elected to prepare the Financial Statements in accordance with UK-adopted International Accounting Standards ("IFRS") in conformity with the requirements of the Companies Act 2006 and IFRIC interpretations. Under company law the Directors must not approve the Financial Statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss for the reporting period.

In preparing these Financial Statements the Directors are required to:

- Select suitable accounting policies in accordance with IAS 8: Accounting Policies, Changes in Accounting Estimates and Errors, and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- Present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- Provide additional disclosures when compliance with the specific requirements in IFRS is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Company's financial position and financial performance;
- State whether applicable IFRS and IFRIC interpretations have been followed, subject to any material departures disclosed and explained in the Financial Statements; and
- Prepare the Financial Statements on the going concern basis unless it is inappropriate to assume that the Company will continue in business.

The Directors are responsible for ensuring that adequate accounting records are kept which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the Financial Statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Under applicable law and regulations, the Directors are also responsible for preparing a Strategic Report, a Directors' Report, a Corporate Governance Statement and a Directors' Remuneration Report that comply with that law and those regulations.

The Directors have delegated to the Manager the responsibility for the maintenance and integrity of the corporate and financial information included on the Company's pages of the Manager's website at **www.fidelity.co.uk/china**. Visitors to the website need to be aware that legislation in the UK governing the preparation and dissemination of the Financial Statements may differ from legislation in their own jurisdictions.

The Directors confirm that to the best of their knowledge:

- The Financial Statements, prepared in accordance with UK-adopted International Accounting Standards ("IFRS") and IFRIC interpretations, give a true and fair view of the assets, liabilities, financial position and loss of the Company;
- The Annual Report includes a fair review of the development and performance of the business and the position of the Company, together with a description of the principal risks and uncertainties it faces; and
- The Annual Report and Financial Statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Company's performance, business model and strategy.

The Statement of Directors' Responsibilities was approved by the Board on 9 June 2025 and signed on its behalf by:

Mike Balfour
Chairman

Report of the Audit and Risk Committee

I am pleased to present the formal report of the Audit and Risk Committee (the "Committee") to shareholders.

The primary responsibilities of the Committee are to ensure the integrity of the Company's financial reporting, the appropriateness of the risk management and internal controls processes (see pages 42 and 43 for further details) and the effectiveness of the independent audit process and how this has been assessed for the year ended 31 March 2025.

Composition of the Committee

The members of the Committee are myself as Chairman, and all of the other Directors, except for Mike Balfour. This is in line with the recommendation in the 2018 UK Corporate Governance Code that the Chairman of the Board should not be a member of the Audit and Risk Committee. He will generally be invited to attend the Committee meetings as a guest. All Committee members are independent non-executive Directors and collectively have sufficient recent and relevant financial experience to discharge their responsibilities fully.

The Committee's performance is evaluated annually as part of the overall Board evaluation process.

Role and Responsibilities of the Audit Committee

The Committee's authority and duties are clearly defined in its terms of reference which are available on the Company's pages of the Manager's website at **www.fidelity.co.uk/china**. These duties include:

- Establishing with the Auditor the nature and scope of the audit, reviewing the Auditor's quality control procedures and reporting, the effectiveness of the audit process and the Auditor's independence and objectivity with particular regard to the provision of non-audit services;
- Responsibility for making recommendations on the appointment, reappointment and removal of the Auditor;
- Reviewing the effectiveness of the Company's risk management and internal control systems (including financial, operational and compliance controls) and considering the scope and obtaining sufficient assurance of the work undertaken by the Manager's Internal Audit function;
- Monitoring the integrity of the Company's half-yearly and annual financial statements to ensure they are fair, balanced and understandable;
- Reviewing the existence and performance of controls operating in the Company, including the review of internal controls reporting of its service providers; and
- Reviewing the relationship with and the performance of third-party service providers (such as the Registrar, Custodian and Depositary).

Meetings and Business considered by the Committee

Since the date of the last Annual Report (10 June 2024), the Committee has met five times and the Auditor attended three of these meetings.

The following matters were reviewed at each Committee meeting:

- The Company's risk management and internal controls framework;
- The Company's compliance with its investment policy limits;
- The valuation of unlisted investments;
- The Depositary's oversight reporting;
- The Company's revenue and expenses forecasts and its Balance Sheet;
- The Company's ongoing charges ratio; and
- The management fee calculations.

In addition, the following matters were considered at these meetings:

September 2024	• Detailed review of the valuations of the Company's unlisted investments with the Manager's Fair Value Committee, including the Manager's unlisted investment specialist, and the independent valuer, Kroll (see further details on the next page).
December 2024	• The Half-Yearly Report and Financial Statements and recommendation of its approval to the Board. • The Going Concern Statement. • Audit Tender timeline and process. • Review of Sustainability Disclosure Requirements (SDR) and Task Force on Climate-Related Disclosures (TCFD).
February 2025	• The Auditor's engagement letter and audit plan for the Company's year ending 31 March 2025. • Review of Fidelity's Risk and Internal Control environment. • Fidelity's Internal Audit reporting, including review of the internal audit plan. • Cybersecurity and potential threats and attacks and the controls in place to mitigate the risks. • Review of the split of management fees and finance costs between revenue and capital. • Review of the Task Force on Climate-Related Disclosures (TCFD). • Review of the Audit & Risk Committee Terms of Reference.
March 2025	• Detailed review of the valuations of the Company's unlisted investments with the Manager's Fair Value Committee, including the Manager's unlisted investment specialist, and the independent valuer, Kroll (see further details on the next page).
June 2025	• The Auditor's findings from the audit of the Company. • The Auditor's performance, independence and reappointment. • Review of Fidelity's Investment Trusts AAF Controls Report from PricewaterhouseCoopers LLP • Compliance with Corporate Governance and regulatory requirements. • The Annual Report and Financial Statements and recommendation of its approval to the Board following review and conclusion by the Committee that they are Fair, Balanced and Understandable. • The Viability and Going Concern Statements, including the impact of China's tensions with the US and Taiwan, the war in Ukraine, the conflict in the Middle East, significant market and geopolitical events and regulatory changes on the Company's performance, prospects and operations. • The final dividend payment to be recommended to the Board and shareholders for approval.

Annual Report and Financial Statements

The Annual Report and Financial Statements are the responsibility of the Board and the Statement of Directors' Responsibilities can be found on page 47. The Committee advises the Board on the form and content of the Annual Report and Financial Statements, any issues which may arise in relation to these and on any specific areas which require judgement in order to ensure that the Financial Statements are fair, balanced and understandable.

Report of the Audit and Risk Committee continued

Summarised below are the most significant issues considered by the Committee in respect of these Financial Statements and how these were addressed.

Recognition of Investment Income	Investment income is recognised in accordance with Accounting Policy Note 2 (f) on pages 64 and 65. The Manager provided detailed revenue forecasts which the Committee reviewed and sought explanations for any significant variances to these forecasts. The Committee also considered the allocation of special dividends between revenue and capital and the reasons for classification of these special dividends. The Committee reviewed the internal audit and compliance monitoring reports received from the Manager, including an additional agreed upon procedures report in connection with investment trusts specific controls operated by FIL Investment Services (UK) Limited (the Manager), prepared by PricewaterhouseCoopers LLP, to satisfy itself that adequate systems were in place for properly recording the Company's investment income. The Committee also reviewed reports provided by the Auditor on its work on the recognition of investment income, including the allocation of special dividends.
Valuation, existence and ownership of investments (including derivative instruments)	The valuation of investments (including derivative instruments) is in accordance with Accounting Policies Notes 2 (l) and 2 (m) on pages 65 and 66. The Committee took comfort from the Depositary's regular oversight reports that investment related activities are conducted in accordance with the Company's investment policy. The Committee received reports from the Manager, the Depositary and an additional agreed upon procedures report in connection with investment trusts specific controls operated by FIL Investment Services (UK) Limited (the Manager), which concluded that the controls around the valuation, existence and ownership of investments operate effectively. The Committee also reviewed the reports provided by the Auditor on its work on the valuation, existence and ownership of the Company's investments, including the derivative investments.
Valuation of the Unlisted Investments	The Manager as the AIFM, is authorised and responsible for performing the valuation of the Company's unlisted investments, the valuation of which is in accordance with Accounting Policies Notes 2 (e) and 2 (l) on pages 64 to 66. The valuation of the unlisted investments is proposed by the Manager's Fair Value Committee ("FVC") to the Audit and Risk Committee, who in turn reports these to the Board to ensure that the Directors are satisfied that the process that the FVC adopts in recommending the valuation is rigorous, reasonable and independent. The reporting received from the FVC includes recommendations from Kroll, an external company that provides global financial information and also includes detailed input from the Fidelity analysts covering the unlisted companies. Fidelity's unlisted investment specialist provides further insight. The Committee reviews and challenges the proposed valuation methodologies for all of the unlisted investments in order to gain comfort on the proposed valuations. In addition, the Auditor reviewed the valuations of the unlisted investments in the Company's portfolio and reported its findings at the June 2025 Audit and Risk Committee meeting.
Management fee calculation	The Company has a variable management fee structure in place, details of which are on page 36. At each Committee meeting, the Manager reports on the accruals for the variable part of the fee that have been included in the Company's NAV and confirms that it has been calculated in accordance with the Management Agreement. These variable management fee accruals are reviewed by the Committee. It also receives reporting on the work carried out by the Auditor that the Company's variable management fee has been calculated in accordance with the terms of the Management Agreement.

The Company confirms that it has complied with the September 2014 Competition and Markets Authority Order in relation to the performance and appointment of the Auditor, as set out below.

Independence and Effectiveness of the Audit Process
Ernst & Young LLP acted as the Company's Auditor for the year ended 31 March 2025.

With regard to the independence of the Auditor, the Committee reviewed:

- The Auditor's arrangements for managing any conflicts of interest;
- The fact that no non-audit services were provided to the Company during the reporting year and as at the date of this report; and
- The statement by the Auditor that it remains independent within the meaning of the regulations and their professional standards.

With regard to the effectiveness of the audit process, the Committee reviewed:

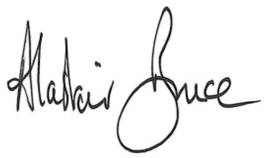
- The fulfilment by the Auditor of the agreed audit plan, including the audit team's approach to significant risks;
- The audit findings report issued by the Auditor on the audit of the Annual Report and Financial Statements for the year ended 31 March 2025; and
- Feedback from the Manager on the audit of the Company.

The Committee concluded that the Auditor continues to remain independent and the audit process remains effective.

Auditor's Appointment and Audit Tenure
Ernst & Young LLP was appointed as the Company's Auditor on 30 November 2015 following a formal audit tender process. The Committee has reviewed the Auditor's independence and the effectiveness of the audit process prior to recommending its reappointment for a further year. The Auditor is required to rotate audit partners every five years and this is the second year that the Audit Partner, Sarah Langston, has been in place. The Committee reviews the appointment of the Company's auditor each year to ensure that it is receiving an optimal level of service. There are no contractual obligations that restrict the Company's choice of auditor.

Audit Tender
The Company is required to conduct an audit tender process every ten years and an audit tender will be completed in 2025. This process will be led by the Audit & Risk Committee who will complete an assessment of external auditors' proposals. Following this assessment, a recommendation will be made to the Board as to which audit firm should be appointed to act as the Company's auditor for the next reporting year.

Audit Fees
Fees paid to the Auditor for the audit of the Company's Financial Statements are disclosed in Note 5 on page 69. The audit fee for the reporting year was £62,500 (2024: £71,000). The 2024 fee of £71,000 included £10,000 in relation to the audit work carried out for the transaction with abrdn China Investment Company Limited.



Alastair Bruce
Chairman of the Audit and Risk Committee
9 June 2025

Independent Auditor's Report to the Members of Fidelity China Special Situations PLC

Opinion
We have audited the Financial Statements of Fidelity China Special Situations PLC (the 'Company') for the year ended 31 March 2025 which comprise the Income Statement, the Statement of Changes in Equity, the Balance Sheet, the Cash Flow Statement and the related Notes 1 to 19, including material accounting policy information. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards.

In our opinion, the Financial Statements:

- give a true and fair view of the Company's affairs as at 31 March 2025 and of its profit for the year then ended;
- have been properly prepared in accordance with UK adopted international accounting standards; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion
We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the Financial Statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence
We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the Financial Statements in the UK, including the FRC's Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

The non-audit services prohibited by the FRC's Ethical Standard were not provided to the Company and we remain independent of the Company in conducting the audit.

Conclusions relating to going concern
In auditing the Financial Statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the Financial Statements is appropriate. Our evaluation of the Directors' assessment of the Company's ability to continue to adopt the going concern basis of accounting included:

- Confirming our understanding of the Company's going concern assessment process by engaging with the Directors and the Company Secretary to determine if all key factors were considered in their assessment;
- Inspecting the Directors' assessment of going concern, including the revenue and expense forecast, for the period to 30 June 2026 which is at least 12 months from the date of approval of the Financial Statements. In preparing the revenue and expense forecast, the Company has concluded that it is able to continue to meet its ongoing costs as they fall due;
- Reviewing the factors and assumptions, including the impact of the current economic environment and other significant events that could give rise to market volatility, as applied to the revenue and expense forecast and the liquidity assessment of the investments and determined, through testing of the methodology and calculations, that the methods, inputs and assumptions utilised are appropriate to be able to make an assessment for the Company;
- Consideration of the mitigating factors included in the revenue and expense forecast that are within the control of the Company. We reviewed the Company's assessment of the liquidity of investments held and evaluated the Company's ability to sell those investments in order to cover working capital requirements should revenue decline significantly; and
- Reviewing the Company's going concern disclosures included in the Annual Report in order to assess whether the disclosures were appropriate and in conformity with the reporting standards.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period to 30 June 2026 which is at least 12 months from when these Financial Statements are authorised for issue.

In relation to the Company's reporting on how they have applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the Directors' statement in the Financial Statements about whether the Directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Company's ability to continue as a going concern.

Overview of our audit approach

Key audit matters	• Risk of incomplete or inaccurate revenue recognition, including the classification of special dividends as revenue or capital items in the Income Statement • Risk of incorrect valuation and resultant impact on the unrealised gains/(losses) of the unlisted investments • Risk of incorrect valuation of the listed investments or ownership of the entire investment portfolio, including derivatives
Materiality	• Overall materiality of £14.14m which represents 1% of the Company's net asset value as at 31 March 2025.

An overview of the scope of our audit

Tailoring the scope

Our assessment of audit risk, our evaluation of materiality and our allocation of performance materiality determine our audit scope for the Company. This enables us to form an opinion on the Financial Statements. We take into account size, risk profile, the organisation of the Company and effectiveness of controls, the potential impact of climate change and changes in the business environment when assessing the level of work to be performed. All audit work was performed directly by the audit engagement team.

Climate change

Stakeholders are increasingly interested in how climate change will impact companies. The Company has determined that the impact of climate change could affect the Company's investments and their valuations and potentially shareholder returns. This is explained on page 26 in the principal and emerging risks section, which form part of the "Other information," rather than the audited Financial Statements. Our procedures on the disclosures therefore consisted solely of considering whether they are materially inconsistent with the Financial Statements, or our knowledge obtained in the course of the audit or otherwise appear to be materially misstated.

Our audit effort in considering climate change was focused on the adequacy of the Company's disclosures in the Financial Statements as set out in Note 2(a) and conclusion that there was no further impact of climate change to be taken into account as the investments are valued based on market pricing. In line with UK adopted international accounting standards, investments are valued at fair value, which for the Company are quoted bid prices for investments in active markets at the Balance Sheet date. Investments which are unlisted are priced using market-based valuation approaches. All investments therefore reflect the market participants view of climate change risk on the investments held by the Company. Based on our work we have not identified the impact of climate change on the Financial Statements to be a key audit matter or to impact a key audit matter.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the Financial Statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the Financial Statements as a whole, and in our opinion thereon, and we do not provide a separate opinion on these matters.

Independent Auditor's Report to the Members of Fidelity China Special Situations PLC continued

Risk	Our response to the risk	Key observations communicated to the Audit and Risk Committee
Risk of incomplete or inaccurate revenue recognition, including the classification of special dividends as revenue or capital items in the Income Statement *Refer to the Report of the Audit and Risk Committee (page 50); Accounting Policies (pages 64 and 65); and Note 3 of the Financial Statements (page 68)* The Company has reported revenue of £62.70m (2024: £38.94m). During the year, the Company received special dividends amounting to £10.86m (2024: £2.37m), of which £9.37m (2024: £0.91m) was classified as revenue and £1.49m (2024: £1.46m) as capital. There is a risk of incomplete or inaccurate recognition of revenue through the failure to recognise proper income entitlements or to apply an appropriate accounting treatment. In addition to the above, the Directors may be required to exercise judgement in determining whether income received in the form of special dividends should be classified as 'revenue' or 'capital' in the Income Statement.	**We have performed the following procedures:** We obtained an understanding of the processes and controls surrounding revenue recognition and classification of special dividends by performing walkthrough procedures to evaluate the design and implementation of controls; For all dividends received and accrued, we recalculated the income by multiplying the investment holdings at the ex-dividend date, traced from the accounting records, by the dividend rate as agreed to an independent data vendor. We also agreed all exchange rates to an external source and, for a sample of dividends received and dividends accrued, we agreed amounts to bank statements; For all dividends accrued, we assessed whether the dividend obligations arose prior to 31 March 2025 with reference to an external source; To test completeness of recorded income, we tested that all expected dividends for each of the investee companies had been recorded as income with reference to an external source; and For all investments held during the year, we reviewed the type of dividends paid with reference to an external data source to identify those which were special dividends. There were three special dividends above our testing threshold, we have assessed the appropriateness of the Company's classification as either revenue or capital by reviewing the rationale for the underlying distribution.	The results of our procedures identified no material misstatement in relation to the risk of incomplete or inaccurate revenue recognition, including the classification of special dividends as revenue or capital items in the Income Statement.

Risk	Our response to the risk	Key observations communicated to the Audit and Risk Committee
Risk of incorrect valuation and resultant impact on the unrealised gains/(losses) of the unlisted investments *Refer to the Report of the Audit and Risk Committee page 50; Accounting Policies (pages 64 to 67); and Note 17 of the Financial Statements (pages 89 and 90).* At 31 March 2025, the Company held six unlisted investments with a total value of £136.04m (2024: six unlisted investments with a value of £157.01m) and an unrealised gain of £2.92m (2024: unrealised loss £15.71m). We considered that the degree of subjectivity, including the level of management judgement and the risk that the valuation does not reflect the most up to date information, results in a fraud risk over misstatement of the valuation of unlisted investments. The unlisted investments are approved by the Manager's Fair Value Committee and these are reviewed and challenged by the Directors. The Manager engages Kroll to perform a valuation which is then considered by the Manager's Fair Value Committee. The unlisted investment policy applies methodologies consistent with the International Private Equity and Venture Capital Valuation guidelines ("IPEV").	**We have performed the following procedures:** We obtained an understanding of the processes and controls surrounding unlisted investment pricing and by performing walkthrough procedures to evaluate the design and implementation of controls; For a sample of unlisted investments held at the year end, our specialist valuations team reviewed and challenged the valuations. This included: • Reviewing the latest valuation papers by Kroll, a third party service provider; • Assessing whether the valuations have been performed in line with the IPEV guidelines; • Assessing the appropriateness of the data inputs and challenging the assumptions used to support the valuations; and • Assessing other facts and circumstances, such as market movement and comparative information, that could have an impact on the fair market value of the investments. We obtained and assessed the Manager's Fair Valuation Committee papers including the assumptions and judgements in determining the fair value of the unlisted investments held by the Company at the year end; Agreed the cost of the sold unlisted investments to the supporting sale agreements and traced the payments to bank statement. We also performed back testing procedures on the investments sold to assess the reasonableness of the valuations; Agreed 100% of exchange rates to a relevant independent data vendor; and We recalculated the total unrealised gains/losses on unlisted investments as at the year end using the book-cost reconciliation.	The results of our procedures identified no material misstatement in relation to the risk of incorrect valuation and resultant impact on the unrealised gains/(losses) of the unlisted investments.

Independent Auditor's Report to the Members of Fidelity China Special Situations PLC continued

Risk	Our response to the risk	Key observations communicated to the Audit and Risk Committee
Risk of incorrect valuation of the listed investments or ownership of the entire investment portfolio, including derivatives *Refer to the Report of the Audit and Risk Committee (page 50); Accounting Policies (pages 65 and 66); and Notes 10 and 11 of the Financial Statements (pages 73 and 74).* At 31 March 2025, the Company held listed investments with a value of £1,210.19m (2024: £1,005.26m). The Company also has derivative assets amounting to £9.94m (2024: £7.10m) and derivative liabilities amounting to £24.84m (2024: £13.31m). The valuation of the assets held in the investment portfolio is the key driver of the Company's net asset value and total return. Incorrect investment pricing, or a failure to maintain proper legal title to the investments held by the Company could have a significant impact on the portfolio valuation and the return generated for shareholders. The fair value of the listed investments and derivatives is determined using quoted market prices at close of business on the reporting date.	**We have performed the following procedures:** We obtained an understanding of the processes and controls surrounding investment pricing and legal title by performing walkthrough procedures; For all listed investments in the portfolio, we compared the market prices and exchange rates applied to an independent pricing vendor. For all derivatives, we compared the market prices of the underlying instrument to an independent pricing vendor and agreed cost price to the Brokers' confirmations. We recalculated the investment and derivative valuations as at the year-end; We inspected the stale pricing report to identify prices that had not changed and verified whether the quoted price is a valid fair value; and We compared the Company's investment holdings at 31 March 2025 to the independent confirmation received directly from the Company's Custodian and Depositary. We agreed all year-end open derivative positions to confirmations received independently from the Company's Brokers.	The results of our procedures identified no material misstatement in relation to the risk of incorrect valuation of the listed investments or ownership of the entire investment portfolio, including derivatives.

In the prior year, our Auditor's report included a key audit matter in relation to the risk of incorrect accounting for the transaction between the Company and abrdn China Investment Company Limited. This has been removed in the current year as this is no longer relevant.

Our application of materiality
We apply the concept of materiality in planning and performing the audit, in evaluating the effect of identified misstatements on the audit and in forming our audit opinion.

Materiality
The magnitude of an omission or misstatement that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of the Financial Statements. Materiality provides a basis for determining the nature and extent of our audit procedures.

We determined materiality for the Company to be £14.14m (2024: £11.76m), which is 1% (2024: 1%) of net asset value. We believe that net asset value provides us with materiality aligned to the key measure of the Company's performance.

Performance materiality
The application of materiality at the individual account or balance level. It is set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality.

On the basis of our risk assessments, together with our assessment of the Company's overall control environment, our judgement was that performance materiality was 75% (2024: 75%) of our planning materiality, namely £10.61m (2024: £8.82m). We have set performance materiality at this percentage due to our past experience of the audit that indicates a lower risk of misstatements, both corrected and uncorrected.

Reporting threshold
An amount below which identified misstatements are considered as being clearly trivial.

We agreed with the Audit and Risk Committee that we would report to them all uncorrected audit differences in excess of £0.71m (2024: £0.59m), which is set at 5% of planning materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

Given the importance of the distinction between revenue and capital for investment trusts, we have also applied a separate testing threshold for the revenue column of the Income Statement of £2.66m (2024: £1.43m), being 5% (2023: 5%) of the net return on ordinary activities before taxation.

We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations in forming our opinion.

Other information

The other information comprises the information included in the Annual Report other than the Financial Statements and our Auditor's Report thereon. The Directors are responsible for the other information contained within the Annual Report.

Our opinion on the Financial Statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Financial Statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the Financial Statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the Financial Statements are prepared is consistent with the Financial Statements; and
- the Strategic Report and Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or Directors' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the Financial Statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Corporate Governance Statement

We have reviewed the Directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the Company's compliance with the provisions of the UK Corporate Governance Code specified for our review by the UK Listing Rules.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the Financial Statements or our knowledge obtained during the audit:

- Directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on page 36;
- Directors' explanation as to its assessment of the Company's prospects, the period this assessment covers and why the period is appropriate set out on pages 30 and 31;
- Director's statement on whether it has a reasonable expectation that the Company will be able to continue in operation and meets its liabilities set out on page 36;
- Directors' statement on fair, balanced and understandable set out on page 47;
- Board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on page 26;
- The section of the Annual Report that describes the review of effectiveness of risk management and internal control systems set out on pages 42 and 43; and
- The section describing the work of the Audit and Risk Committee set out on page 48.

Responsibilities of Directors

As explained more fully in the Directors' Responsibilities Statement set out on page 47, the Directors are responsible for the preparation of the Financial Statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of Financial Statements that are free from material misstatement, whether due to fraud or error.

Independent Auditor's Report to the Members of Fidelity China Special Situations PLC continued

In preparing the Financial Statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Statements
Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Statements.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud
Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the Company and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Company and determined that the most significant are the UK adopted international accounting standards, the Companies Act 2006, the Association of Investment Companies Code of Corporate Governance, the Association of Investment Companies' Statement of Recommended Practice, the Listing Rules, the Corporate Governance Code, Section 1158 of the Corporation Tax Act 2010 and the Companies (Miscellaneous Reporting) Regulations 2018.

- We understood how the Company is complying with those frameworks through discussions with the Audit and Risk Committee and Company Secretary and review of Board minutes and the Company's documented policies and procedures.

- We assessed the susceptibility of the Company's Financial Statements to material misstatement, including how fraud might occur by considering the key risks impacting the Financial Statements. We identified a fraud risk with respect to the incomplete or inaccurate revenue recognition through incorrect classification of special dividends as revenue or capital items in the Income Statement and the incorrect valuation and resultant impact on the unrealised gains/(losses) of the unlisted investments. Further discussion of our approach is set out in the section on key audit matters above.

- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved review of the reporting to the Directors with respect to the application of the documented policies and procedures and review of the Financial Statements to ensure compliance with the reporting requirements of the Company.

A further description of our responsibilities for the audit of the Financial Statements is located on the Financial Reporting Council's website at **https://www.frc.org.uk/auditorsresponsibilities**. This description forms part of our Auditor's Report.

Other matters we are required to address

- Following the recommendation from the Audit and Risk Committee, we were appointed by the Company on 30 November 2015 to audit the Financial Statements for the year ending 31 March 2016 and subsequent financial periods.

  The period of total uninterrupted engagement including previous renewals and reappointments is 10 years, covering the years ending 31 March 2016 to 31 March 2025.

- The audit opinion is consistent with the additional report to the Audit and Risk Committee.

Use of our report
This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Sarah Langston
(Senior Statutory Auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London
9 June 2025

Income Statement
for the year ended 31 March 2025

		Year ended 31 March 2025			Year ended 31 March 2024		
	Notes	**Revenue £'000**	**Capital £'000**	**Total £'000**	Revenue £'000	Capital £'000	Total £'000
Revenue							
Investment income	3	**46,862**	**–**	**46,862**	26,123	–	26,123
Derivative income	3	**13,747**	**–**	**13,747**	11,154	–	11,154
Other income	3	**2,090**	**–**	**2,090**	1,659	–	1,659
Total income		**62,699**	**–**	**62,699**	38,936	–	38,936
Gains/(losses) on investments at fair value through profit or loss	10	**–**	**249,875**	**249,875**	–	(155,001)	(155,001)
Gains/(losses) on derivative instruments	11	**–**	**57,121**	**57,121**	–	(54,790)	(54,790)
Foreign exchange gains/(losses)		**–**	**1,769**	**1,769**	–	(3,858)	(3,858)
Foreign exchange gains on bank loans		**–**	**–**	**–**	–	1,517	1,517
Total income and gains/(losses)		**62,699**	**308,765**	**371,464**	38,936	(212,132)	(173,196)
Expenses							
Investment management fees	4	**(2,469)**	**(5,572)**	**(8,041)**	(2,430)	(8,991)	(11,421)
Other expenses	5	**(1,211)**	**(32)**	**(1,243)**	(1,203)	(35)	(1,238)
Profit/(loss) before finance costs and taxation		**59,019**	**303,161**	**362,180**	35,303	(221,158)	(185,855)
Finance costs	6	**(5,774)**	**(17,324)**	**(23,098)**	(6,699)	(20,098)	(26,797)
Profit/(loss) before taxation		**53,245**	**285,837**	**339,082**	28,604	(241,256)	(212,652)
Taxation	7	**(1,070)**	**–**	**(1,070)**	(812)	–	(812)
Profit/(loss) after taxation for the year		**52,175**	**285,837**	**338,012**	27,792	(241,256)	(213,464)
Earnings/(loss) per ordinary share	8	**10.18p**	**55.75p**	**65.93p**	5.78p	(50.18p)	(44.40p)

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

The total column of this statement represents the Income Statement of the Company. The revenue and capital columns are supplementary and presented for information purposes as recommended by the Statement of Recommended Practice issued by the AIC.

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

No operations were acquired or discontinued in the year and all items in the above statement derive from continuing operations.

The Notes on pages 63 to 91 form an integral part of these Financial Statements.

Statement of Changes in Equity

for the year ended 31 March 2025

	Notes	Share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Other reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total equity £'000
Total equity at 31 March 2024		**6,113**	**338,167**	**1,104**	**140,861**	**636,526**	**53,243**	**1,176,014**
Contribution in respect of the transaction with ACIC by the Manager		**–**	**100**	**–**	**–**	**–**	**–**	**100**
Costs relating to the issuance of new shares in respect to the ACIC transaction		**–**	**(160)**	**–**	**–**	**–**	**–**	**(160)**
Repurchase of ordinary shares for cancellation	14	**(308)**	**–**	**308**	**(66,809)**	**–**	**–**	**(66,809)**
Profit after taxation for the year		**–**	**–**	**–**	**–**	**285,837**	**52,175**	**338,012**
Dividend paid to shareholders	9	**–**	**–**	**–**	**–**	**–**	**(33,355)**	**(33,355)**
Total equity at 31 March 2025		**5,805**	**338,107**	**1,412**	**74,052**	**922,363**	**72,063**	**1,413,802**
Total equity at 31 March 2023		5,710	211,569	917	186,794	877,782	55,649	1,338,421
New ordinary shares issued in respect of the transaction with ACIC	14	590	126,198	–	–	–	–	126,788
Contribution in respect of the transaction with ACIC by the Manager		–	400	–	–	–	–	400
Repurchase of ordinary shares into Treasury	14	–	–	–	(6,965)	–	–	(6,965)
Repurchase of ordinary shares for cancellation	14	(187)	–	187	(38,968)	–	–	(38,968)
(Loss)/profit after taxation for the year		–	–	–	–	(241,256)	27,792	(213,464)
Dividend paid to shareholders	9	–	–	–	–	–	(30,198)	(30,198)
Total equity at 31 March 2024		6,113	338,167	1,104	140,861	636,526	53,243	1,176,014

The Notes on pages 63 to 91 form an integral part of these Financial Statements.

Balance Sheet

as at 31 March 2025
Company number 7133583

	Notes	**31 March 2025 £'000**	31 March 2024 £'000
Non-current assets			
Investments at fair value through profit or loss	10	**1,346,238**	1,162,265
Current assets			
Derivative instruments	11	**9,938**	7,103
Amounts held at futures clearing houses and brokers		**33,760**	24,589
Other receivables	12	**7,295**	10,066
Cash and cash equivalents		**49,691**	7,858
		100,684	49,616
Current liabilities			
Derivative instruments	11	**(24,838)**	(13,307)
Other payables	13	**(8,282)**	(9,802)
Bank overdrafts		**–**	(12,758)
		(33,120)	(35,867)
Net current assets		**67,564**	13,749
Net assets		**1,413,802**	1,176,014
Equity attributable to equity shareholders			
Share capital	14	**5,805**	6,113
Share premium account	15	**338,107**	338,167
Capital redemption reserve	15	**1,412**	1,104
Other reserve	15	**74,052**	140,861
Capital reserve	15	**922,363**	636,526
Revenue reserve	15	**72,063**	53,243
Total equity		**1,413,802**	1,176,014
Net asset value per ordinary share	16	**285.71p**	223.71p

The Financial Statements on pages 59 to 91 were approved by the Board of Directors on 9 June 2025 and were signed on its behalf by:

Mike Balfour
Chairman

The Notes on pages 63 to 91 form an integral part of these Financial Statements.

Cash Flow Statement

for the year ended 31 March 2025

	Year ended 31 March 2025 £'000	Year ended 31 March 2024 £'000
Operating activities		
Cash inflow from investment income	**45,209**	26,240
Cash inflow from derivative income	**14,002**	10,891
Cash inflow from other income	**2,090**	1,659
Cash outflow from Directors' fees	**(249)**	(236)
Cash outflow from other payments	**(9,433)**	(13,104)
Cash outflow from the purchase of investments	**(651,563)**	(592,266)
Cash outflow from the purchase of derivatives	**(2,242)**	(1,910)
Cash outflow from the settlement of derivatives	**(436,471)**	(301,285)
Cash inflow from the sale of investments	**716,551**	703,150
Cash inflow from the settlement of derivatives	**507,321**	260,351
Cash (outflow)/inflow from amounts held at futures clearing houses and brokers	**(9,171)**	10,224
Net cash inflow from operating activities before servicing of finance	**176,044**	103,714
Financing activities		
Cash inflow from the issuance of ordinary shares in respect of the transaction with ACIC	**–**	5,156
Cash inflow from the Fidelity contribution in respect of the transaction with ACIC	**–**	400
Cash outflow from loan interest paid	**(80)**	(5,138)
Cash outflow from the settlement of the bank loan	**–**	(79,340)
Cash outflow from CFD interest paid	**(22,478)**	(22,695)
Cash outflow from short CFD dividends paid	**(321)**	–
Cash outflow from the repurchase of ordinary shares into Treasury	**–**	(7,095)
Cash outflow from the repurchase of ordinary shares for cancellation	**(66,988)**	(38,789)
Cash outflow from dividends paid to shareholders	**(33,355)**	(30,198)
Cash outflow from financing activities	**(123,222)**	(177,699)
Net increase/(decrease) in cash at bank	**52,822**	(73,985)
Cash at bank at the start of the year	**7,858**	72,943
Bank overdraft at the start of the year	**(12,758)**	–
Effect of foreign exchange movements	**1,769**	(3,858)
Cash at bank at the end of the year	**49,691**	(4,900)
Represented by:		
Cash at bank	**49,691**	7,858
Bank overdrafts	**–**	(12,758)
	49,691	(4,900)

The Notes on pages 63 to 91 form an integral part of these Financial Statements.

Notes to the Financial Statements

1 Principal Activity

Fidelity China Special Situations PLC is an Investment Company incorporated in England and Wales that is listed on the London Stock Exchange. The Company's registration number is 7133583, and its registered office is Beech Gate, Millfield Lane, Lower Kingswood, Tadworth, Surrey KT20 6RP. The Company has been approved by HM Revenue & Customs as an Investment Trust under Section 1158 of the Corporation Tax Act 2010 and intends to conduct its affairs so as to continue to be approved.

2 Accounting Policies

The Company's Financial Statements have been prepared in accordance with UK-adopted International Accounting Standards ("IFRS"), IFRIC interpretations and as far as it is consistent with IFRS, with the Statement of Recommended Practice: Financial Statements of Investment Trust Companies and Venture Capital Trusts ("SORP") issued by the Association of Investment Companies ("AIC") in July 2022. The accounting policies adopted in the preparation of these Financial Statements are summarised below.

a) Basis of accounting – The Financial Statements have been prepared on a going concern basis and under the historical cost convention, except for the measurement at fair value of investments and derivative instruments. The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence up to 30 June 2026 which is at least twelve months from the date of approval of these Financial Statements. In making their assessment the Directors have reviewed income and expense projections, the liquidity of the investment portfolio, stress testing performed and considered the Company's ability to meet liabilities as they fall due. This conclusion also takes into account the Director's assessment of the risks faced by the Company as detailed in the Going Concern Statement on page 36.

In preparing these Financial Statements the Directors have considered the impact of climate change risk as an emerging and a principal risk as set out on page 26 and have concluded that there was no further impact of climate change to be taken into account as the investments are valued based on market pricing. In line with IFRS 13, investments are valued at fair value, which for the Company are quoted bid prices for investments in active markets at the balance sheet date. Investments which are unlisted are priced using market-based valuation approaches. All investments therefore reflect the market participants view of climate change risk on the investments held by the Company.

The Company's Going Concern Statement in the Directors' Report on page 36 takes account of all events and conditions up to 30 June 2026 which is at least twelve months from the date of approval of these Financial Statements.

Issue of Ordinary Shares in respect of the transaction with abrdn China Investment Company Limited ("ACIC")

In the prior year, the Company issued new ordinary shares which were provided to shareholders of ACIC, in connection with the combination of the assets of the Company with the assets of ACIC.

The Manager agreed to a contribution of £715,000, representing eight months of management fees, in respect of the assets transferred by ACIC to the Company, that would otherwise be payable by the enlarged Company to the Manager in the year to 31 March 2025.

Additionally, the Manager agreed to make a cash contribution to the Company equal to £500,000. In the year to 31 March 2024, the Company had recognised an initial contribution of £400,000, with a further £100,000 being recognised in the year to 31 March 2025, to align with the reduction of management fees and the recognition of expenses relating to the transaction and issuance of shares.

Transaction costs of £543,000 in relation to the combination of ACIC have been recognised in the Income Statement in Note 10. Costs of £160,000 in relation to issuing new shares have been recognised in the Statement of Changes in Equity.

The Company has recognised the additional contribution from the Manager and the expenses relating to the issuance of shares in the Share premium account as described in Note 15.

b) Adoption of new and revised International Accounting Standards – the accounting policies adopted are consistent with those of the previous financial year.

At the date of authorisation of these Financial Statements, the following revised IAS were in issue but not yet effective:

- Amendments to IAS 1 Classification of Liabilities as Current or Non-current;
- Amendments to IAS 7 and IFRS 7 Supplier finance arrangements;
- Amendments to IFRS 9 and IFRS 7 Classification and Measurement of Financial Instruments; and
- IFRS 18 Presentation and Disclosure in Financial Statements.

The Directors do not expect that the adoption of the above Standards will have a material impact on the Financial Statements of the Company in future periods.

Notes to the Financial Statements continued

2 Accounting Policies continued

c) Segmental reporting – The Company is engaged in a single segment business and, therefore, no segmental reporting is provided.

d) Presentation of the Income Statement – In order to reflect better the activities of an investment company and in accordance with guidance issued by the AIC, supplementary information which analyses the Income Statement between items of a revenue and capital nature has been prepared alongside the Income Statement. The revenue profit after taxation for the year is the measure the Directors believe appropriate in assessing the Company's compliance with certain requirements set out in Section 1159 of the Corporation Tax Act 2010.

e) Significant accounting estimates, assumptions and judgements – The preparation of the Financial Statements requires the use of estimates, assumptions and judgements. These estimates, assumptions and judgements affect the reported amounts of assets and liabilities at the reporting date. While estimates are based on best judgement using information and financial data available, the actual outcome may differ from these estimates.

The key sources of estimation and uncertainty relate to the fair value of the unlisted investments.

Judgements

The Directors consider whether each fair value is appropriate following detailed review and challenge of the pricing methodology. The judgement applied in the selection of the methodology used (see Note 2 (l) below) for determining the fair value of each unlisted investment can have a significant impact upon the valuation.

Estimates

The key estimate in the Financial Statements is the determination of the fair value of the unlisted investments by the Manager's Fair Value Committee ("FVC"), with support from an external valuer and Fidelity's unlisted investments specialist, for detailed review and appropriate challenge by the Directors. This estimate is key as it significantly impacts the valuation of the unlisted investments at the Balance Sheet date. When no recent primary or secondary transaction in the company's shares have taken place, the fair valuation process involves estimation using subjective inputs that are unobservable (for which market data is unavailable). The estimates involved in the valuation process may include the following:

(i) The selection of appropriate comparable companies. Comparable companies are chosen on the basis of their business characteristics and growth patterns;

(ii) The selection of a revenue metric (either historical or forecast);

(iii) The selection of an appropriate illiquidity discount factor to reflect the reduced liquidity of unlisted companies versus their listed peers;

(iv) The estimation of the likelihood of a future exit of the position through an initial public offering ("IPO") or a company sale;

(v) The selection of an appropriate industry benchmark index to assist with the valuation; and

(vi) The calculation of valuation adjustments derived from milestone analysis and future cash flows (i.e. incorporating operational success against the plans/forecasts of the business into the valuation).

As the valuation outcomes may differ from the fair value estimates a price sensitivity analysis is provided in Other Price Risk Sensitivity in Note 17 to illustrate the effect on the Financial Statements of an over or under estimation of fair value.

The risk of an over or under estimation of fair value is greater when methodologies are applied using more subjective inputs.

Assumptions

The determination of fair value by the FVC involves key assumptions dependent upon the valuation techniques used. The valuation process recognises that the price of a recent investment may be an appropriate starting point for estimating fair value. The Multiples approach involves subjective inputs and therefore presents a greater risk of over or under estimation, particularly in the absence of a recent transaction.

f) Income – Income from equity investments and long contracts for difference ("CFDs") is credited to the revenue column of the Income Statement on the date on which the right to receive the payment is established, normally the ex-dividend date. Overseas dividends are accounted for gross of any tax deducted at source. Where the Company has elected to receive its dividends in the form of additional shares rather than cash, the amount of the cash dividend foregone is recognised as income. Any excess in the value of the shares received over the amount of the cash dividend foregone is recognised as a gain in the capital column of the Income Statement. Special dividends are treated as a revenue receipt or a capital receipt depending on the facts and circumstances of each particular case.

2 Accounting Policies continued

Interest on securities, interest for CFDs, collateral and bank deposits are accounted for on an accruals basis and credited to the revenue column of the Income Statement. Interest received on CFDs represent the finance costs calculated by reference to the notional value of the CFDs.

g) Functional currency and foreign exchange – The functional and reporting currency of the Company is UK sterling, which is the currency of the primary economic environment in which the Company operates. Transactions denominated in foreign currencies are reported in UK sterling at the rate of exchange ruling at the date of the transaction. Assets and liabilities in foreign currencies are translated at the rates of exchange ruling at the Balance Sheet date. Foreign exchange gains and losses arising on translation are recognised in the Income Statement as a revenue or a capital item depending on the nature of the underlying item to which they relate.

h) Investment management and other expenses – These are accounted for on an accruals basis and are charged as follows:

- The base investment management fee is allocated 25% to revenue and 75% to capital;
- The variable investment management fee is charged/credited to capital as it is based on the performance of the net asset value per share relative to the Benchmark Index; and
- All other expenses are allocated in full to revenue with the exception of those directly attributable to share issues or other capital events.

i) Finance costs – Finance costs comprise interest on the bank loan and overdrafts and finance costs paid on CFDs, which are accounted for on an accruals basis, and dividends paid on short CFDs, which are accounted for on the date on which the obligation to incur the cost is established, normally the ex-dividend date. Finance costs are allocated 25% to revenue and 75% to capital.

j) Taxation – The taxation charge represents the sum of current taxation and deferred taxation.

Taxation currently payable is based on the taxable profit for the year. Taxable profit differs from profit before taxation, as reported in the Income Statement, because it excludes items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's liability for current taxation is calculated using taxation rates that have been enacted or substantially enacted by the Balance Sheet date.

Deferred taxation is the taxation expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the Financial Statements and the corresponding taxation bases used in the computation of taxable profit based on tax rates that have been enacted or substantively enacted when the taxation is expected to be payable or recoverable, and is accounted for using the balance sheet liability method. Deferred taxation liabilities are recognised for all taxable temporary differences and deferred taxation assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

Taxation is charged or credited to the revenue column of the Income Statement, except where it relates to items of a capital nature, in which case it is charged or credited to the capital column of the Income Statement. Where expenses are allocated between revenue and capital any tax relief in respect of the expenses is allocated between revenue and capital returns on the marginal basis using the Company's effective rate of corporation tax for the accounting period. The Company is an approved Investment Trust under Section 1158 of the Corporation Tax Act 2010 and is not liable for UK taxation on capital gains.

k) Dividend paid to shareholders – Dividends payable to equity shareholders are recognised when the Company's obligation to make payment is established.

l) Investments – The portfolio of financial assets is managed and its performance evaluated on a fair value basis, in accordance with a documented investment strategy, and information about the portfolio is provided on that basis to the Company's Board of Directors. Under IFRS 9 investments are held at fair value through profit or loss, which is initially taken to be their cost, and is subsequently measured at bid or last traded prices, depending upon the convention of the exchange on which they are listed, where available, or otherwise at fair value based on published price quotations.

Investments which are not quoted, or are not frequently traded, are stated at the best estimate of fair value. The Manager's Fair Value Committee ("FVC"), which is independent of the Portfolio Manager's team, and with support from the external valuer and Fidelity's unlisted investments specialist, provides recommended fair values to the Directors. These are based on the principles outlined in Note 2 (e). The unlisted investments are valued at fair value following a detailed review and appropriate challenge by the Directors of the pricing methodology proposed by the FVC.

Notes to the Financial Statements continued

2 Accounting Policies continued

The techniques applied by the FVC when valuing the unlisted investments are predominantly market-based approaches. The market based approaches are set out below and are followed by an explanation of how they are applied to the Company's unlisted portfolio:

- Multiples;
- Industry Valuation Benchmarks; and
- Available Market Prices.

The nature of the unlisted investment will influence the valuation technique applied. The valuation approach recognises that the price of a recent investment, if resulting from an orderly transaction, generally represents fair value as at the transaction date and may be an appropriate starting point for estimating fair value at subsequent measurement dates. However, consideration is given to the facts and circumstances as at the subsequent measurement date, including changes in the market or performance of the investee company. Milestone analysis and future cash flows are used where appropriate to incorporate the operational progress of the investee company into the valuation. Consideration is also given to the input received from the Fidelity International analyst that covers the company, Fidelity's unlisted investments specialist and from an external valuer. Additionally, the background to the transaction must be considered. As a result, various multiples-based techniques are employed to assess the valuations particularly in those companies with established revenues. An absence of relevant industry peers may preclude the application of the Industry Valuation Benchmarks technique and an absence of observable prices may preclude the Available Market Prices approach.

The unlisted investments are valued according to a three month cycle of measurement dates. The fair value of the unlisted investments will be reviewed before the next scheduled three monthly measurement date on the following occasions:

- At the year end and half year end of the Company; and
- Where there is an indication of a change in fair value (commonly referred to as 'trigger' events).

In accordance with the AIC SORP, the Company includes transaction costs, incidental to the purchase or sale of investments within gains/(losses) on investments held at fair value through profit or loss in the capital column of the Income Statement and has disclosed them in Note 10 below.

m) Derivative instruments – When appropriate, permitted transactions in derivative instruments are used. Derivative transactions into which the Company may enter include CFDs, futures, options, warrants and forward currency contracts. Under IFRS 9 derivatives are classified at fair value through profit or loss – held for trading, and are initially accounted and measured at fair value on the date the derivative contract is entered into and subsequently measured at fair value as follows:

- CFDs – the difference between the strike price and the value of the underlying shares in the contract, calculated in accordance with accounting policy 2 (l);
- Futures – the difference between contract price and the quoted trade price; and
- Options – the quoted trade price for the contract.

Where such transactions are used to protect or enhance income, if the circumstances support this, the income derived is included in derivative income in the revenue column of the Income Statement. Where such transactions are used to protect or enhance capital, if the circumstances support this, the gains and losses derived are included in gains/(losses) on derivative instruments held at fair value through profit or loss in the capital column of the Income Statement. Any positions on such transactions open at the year end are reflected on the Balance Sheet at their fair value within current assets or current liabilities.

The Company obtains equivalent exposure to equities through the use of CFDs. All gains and losses in the fair value of the CFDs are included in gains/(losses) on derivative instruments held at fair value through profit or loss in the capital column of the Income Statement.

n) Amounts held at futures clearing houses and brokers – Cash deposits are held in segregated accounts on behalf of brokers as collateral against open derivative contracts. These are carried at amortised cost.

o) Other receivables – Other receivables include securities sold for future settlement, amounts receivable on settlement of derivatives, accrued income, taxation recoverable and other debtors and prepayments incurred in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business, if longer) they are classified as current assets. If not, they are presented as non-current assets. Other receivables are recognised initially at fair value and, where applicable, subsequently measured at amortised cost using the effective interest rate method and as reduced by appropriate allowance for estimated irrecoverable amounts.

2 Accounting Policies continued

p) Other payables – Other payables include securities purchased for future settlement, amounts payable on settlement of derivatives, investment management fees, amounts payable for repurchase of shares, finance costs payable and expenses accrued in the ordinary course of business. Other payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business, if longer). If not, they are presented as non-current liabilities. Other payables are recognised initially at fair value and, where applicable, subsequently measured at amortised cost using the effective interest rate method.

q) Other reserve –The full cost of ordinary shares repurchased and held in Treasury and ordinary shares repurchased for cancellation is charged to the Other reserve.

r) Capital reserve – The following are transferred to capital reserve:

- Gains and losses on the disposal of investments and derivatives instruments;
- Changes in the fair value of investments and derivative instruments, held at the year end;
- Foreign exchange gains and losses of a capital nature;
- Variable investment management fees;
- 75% of base investment management fees;
- 75% of finance costs;
- Dividends receivable which are capital in nature;
- Taxation charged or credited relating to items which are capital in nature; and
- Other expenses which are capital in nature.

Technical guidance issued by the Institute of Chartered Accountants in England and Wales in TECH 02/17BL, guidance on the determination of realised profits and losses in the context of distributions under the Companies Act 2006, states that changes in the fair value of investments which are readily convertible to cash, without accepting adverse terms at the Balance Sheet date, can be treated as realised. Capital reserves realised and unrealised are shown in aggregate as capital reserve in the Statement of Changes in Equity and the Balance Sheet. At the Balance Sheet date, the portfolio of the Company consisted of investments listed on a recognised stock exchange and derivative instruments contracted with counterparties having adequate credit rating, and the portfolio was considered to be readily convertible to cash, with the exception of the level 3 investments which had unrealised investment holding gains of £24,731,000 (2024: unrealised investment holding gains of £10,288,000). See Note 17 on pages 88 to 90 for further details on the level 3 investments.

Notes to the Financial Statements continued

3 Income

	Year ended 31 March 2025 £'000	Year ended 31 March 2024 £'000
Investment income		
Overseas dividends	**46,590**	26,052
Overseas scrip dividends	**272**	–
Interest on securities	**–**	71
	46,862	26,123
Derivative income		
Dividends received on long CFDs	**13,152**	10,525
Interest received on CFDs	**595**	629
	13,747	11,154
Other income		
Interest received on collateral, bank deposits and money market funds	**2,090**	1,659
Total income	**62,699**	38,936

Special dividends of £1,493,000 (2024: £1,458,000) have been recognised in capital.

4 Investment Management Fees

	Year ended 31 March 2025			Year ended 31 March 2024		
	Revenue £'000	**Capital £'000**	**Total £'000**	Revenue £'000	Capital £'000	Total £'000
Investment management fee - base	**2,648**	**7,942**	**10,590**	2,430	7,289	9,719
Investment management fee - variable	**–**	**(1,834)**	**(1,834)**	–	1,702	1,702
Investment management fee - base (waived in respect of ACIC combination)	**(179)**	**(536)**	**(715)**	–	–	–
	2,469	**5,572**	**8,041**	2,430	8,991	11,421

FIL Investment Services (UK) Limited is the Company's Alternative Investment Fund Manager ("the Manager") and has delegated portfolio management to FIL Investment Management (Hong Kong) Limited ("the Investment Manager"). Both companies are Fidelity group companies.

Since 14 March 2024, the base investment management fee has been charged at an annual rate of 0.85% (previously 0.90%) on the first £1.5 billion of Net Assets, reducing to 0.65% (previously 0.70%) of Net Assets over £1.5 billion.

The Manager agreed to a contribution of £715,000, representing eight months of management fees, in respect of the assets transferred by ACIC to the Company (in March 2024), that would otherwise be payable by the enlarged Company to the Manager being recognised in the year to 31 March 2025.

In addition, there is a +/-0.20% variable fee based on the Company's NAV per share performance relative to the Company's Benchmark Index measured daily over a three year rolling basis.

Fees are payable monthly in arrears and are calculated on a daily basis. The base investment management fee has been allocated 75% to capital reserve in accordance with the Company's accounting policies.

Further details of the terms of the Management Agreement are given in the Directors' Report on page 36.

5 Other Expenses

	Year ended 31 March 2025 £'000	Year ended 31 March 2024 £'000
Allocated to revenue:		
AIC fees	**22**	21
Custody fees	**45**	101
Depositary fees	**55**	52
Directors' expenses	**89**	79
Directors' fees[1]	**250**	240
Legal and professional fees	**104**	143
Marketing expenses	**327**	269
Printing and publication expenses	**52**	39
Registrars' fees	**71**	63
Other expenses	**133**	125
Fees payable to the Company's Independent Auditor for the audit of the Financial Statements	**63**	71
	1,211	1,203
Allocated to capital:		
Legal and professional fees	**32**	35
Other expenses	**1,243**	1,238

1 Details of the breakdown of Directors' fees are provided within the Directors' Remuneration Report on page 45.

6 Finance Costs

	Year ended 31 March 2025			Year ended 31 March 2024		
	Revenue £'000	**Capital £'000**	**Total £'000**	Revenue £'000	Capital £'000	Total £'000
Interest paid on bank loan and overdrafts	**20**	**60**	**80**	1,117	3,352	4,469
Interest paid on CFDs	**5,674**	**17,023**	**22,697**	5,582	16,746	22,328
Dividends paid on short CFDs	**80**	**241**	**321**	–	–	–
	5,774	**17,324**	**23,098**	6,699	20,098	26,797

Finance costs have been allocated 75% to capital reserve in accordance with the Company's accounting policies.

Notes to the Financial Statements continued

7 Taxation

	Year ended 31 March 2025			Year ended 31 March 2024		
	Revenue £'000	**Capital £'000**	**Total £'000**	Revenue £'000	Capital £'000	Total £'000
a) Analysis of the taxation charge for the year						
Overseas taxation	**1,070**	**–**	**1,070**	812	–	812
Taxation charge for the year (see Note 7b)	**1,070**	**–**	**1,070**	812	–	812

b) Factors affecting the taxation charge for the year

The taxation charge for the year is lower than the standard rate of UK corporation tax for an investment trust company of 25% (2024: 25%). A reconciliation of the standard rate of UK corporation tax to the taxation charge for the year is shown below:

	Year ended 31 March 2025			Year ended 31 March 2024		
	Revenue £'000	**Capital £'000**	**Total £'000**	Revenue £'000	Capital £'000	Total £'000
Profit/(loss) before taxation	**53,245**	**285,837**	**339,082**	28,604	(241,256)	(212,652)
Profit/(loss) before taxation multiplied by the standard rate of UK corporation tax of 25% (2024: 25%)	**13,311**	**71,459**	**84,770**	7,151	(60,314)	(53,163)
Effects of:						
Capital (gains)/losses not taxable[1]	**–**	**(77,191)**	**(77,191)**	–	53,033	53,033
Income not taxable	**(11,643)**	**–**	**(11,643)**	(6,406)	–	(6,406)
Expenses not deductible	**–**	**4,316**	**4,316**	–	4,604	4,604
Excess expenses	**(1,668)**	**1,416**	**(252)**	(745)	2,677	1,932
Overseas taxation	**1,070**	**–**	**1,070**	812	–	812
Taxation charge (Note 7a)	**1,070**	**–**	**1,070**	812	–	812

1 The Company is exempt from UK corporation tax on capital gains as it meets the HM Revenue & Customs criteria for an investment company set out in Section 1159 of the Corporation Tax Act 2010.

c) Deferred taxation

A deferred tax asset of £39,263,000 (2024: £39,515,000), in respect of excess expenses of £157,052,000 (2024: £158,059,000) has not been recognised as it is unlikely that there will be sufficient future taxable profits to utilise these expenses.

8 Earnings/(Loss) per Ordinary Share

	Year ended 31 March 2025	Year ended 31 March 2024
Revenue earnings per ordinary share	**10.18p**	5.78p
Capital earnings/(loss) per ordinary share	**55.75p**	(50.18p)
Total earnings/(loss) per ordinary share	**65.93p**	(44.40p)

The earnings/(loss) per ordinary share is based on the profit/(loss) after taxation for the year divided by the weighted average number of ordinary shares held outside of Treasury during the year, as shown below:

	£'000	£'000
Revenue profit after taxation for the year	**52,175**	27,792
Capital earnings/(loss) after taxation for the year	**285,837**	(241,256)
Total profit/(loss) after taxation for the year	**338,012**	(213,464)

	Number	Number
Weighted average number of ordinary shares held outside of Treasury	**512,652,970**	**480,806,725**

9 Dividends Paid to Shareholders

	Year ended 31 March 2025 £'000	Year ended 31 March 2024 £'000
Dividend paid		
Ordinary dividend of 6.40 pence per share paid for the year ended 31 March 2024	**33,355**	–
Ordinary dividend of 6.25 pence per share paid for the year ended 31 March 2023	**–**	30,198
	33,355	30,198
Dividend proposed		
Special dividend proposed of 1.00 pence per share for the year ended 31 March 2025	**4,939**	–
Ordinary dividend proposed of 8.00 pence per share for the year ended 31 March 2025	**39,509**	–
Ordinary dividend proposed of 6.40 pence per share for the year ended 31 March 2024	**–**	33,471
	44,448	33,471

The Directors have proposed the payment of a final ordinary dividend for the year ended 31 March 2025 of 8.00 pence per share and also a special dividend of 1.00 pence per share which is subject to approval by shareholders at the Annual General Meeting on 24 July 2025 and has not been included as a liability in these Financial Statements. The dividends will be paid on 31 July 2025 to shareholders on the register at the close of business on 20 June 2025 (ex-dividend date 19 June 2025).

Notes to the Financial Statements continued

10 Investments at Fair Value through Profit or Loss

	2025 £'000	2024 £'000
Total investments[1]	**1,346,238**	1,162,265
Opening book cost	**1,398,894**	1,514,572
Opening investment holding losses	**(236,629)**	(195,808)
Opening fair value of investments	**1,162,265**	1,318,764
Movements in the year		
Purchases at cost	**648,076**	586,707
Assets acquired in respect of the transaction with ACIC	**–**	120,754
Costs in respect to the transaction with ACIC	**543**	–
Sales – proceeds	**(714,521)**	(708,959)
Gains/(losses) on investments	**249,875**	(155,001)
Closing fair value	**1,346,238**	1,162,265
Closing book cost	**1,354,515**	1,398,894
Closing investment holding losses	**(8,277)**	(236,629)
Closing fair value of investments	**1,346,238**	1,162,265

1 The fair value hierarchy of the investments is shown in Note 17.

The Company received £714,521,000 (2024: £708,959,000) from investments sold in the year. The book cost of these investments when they were purchased was £692,455,000 (2024: £823,139,000). These investments have been revalued over time and until they were sold any unrealised gains/losses were included in the fair value of the investments.

Investment transaction costs incurred in the acquisition and disposal of investments, which are included in the gains/(losses) on investments were as follows:

	Year ended 31 March 2025 £'000	Year ended 31 March 2024 £'000
Purchases transaction costs	**773**	720
Sales transaction costs	**812**	740
	1,585	1,460

11 Derivative Instruments

	Year ended 31 March 2025 £'000	Year ended 31 March 2024 £'000
Net change to gains/(losses) on derivative instruments		
Realised gains/(losses) on CFDs	**130,822**	(74,311)
Realised (losses)/gains on futures	**(65,414)**	27,951
Realised gains/(losses) on options	**1,765**	(4,632)
Movement in investment holding losses on CFDs	**(13,424)**	(11,900)
Movement in investment holding gains on futures	**3,366**	6,382
Movement in investment holding gains on options	**6**	1,720
	57,121	(54,790)

	2025 Fair value £'000	2024 Fair value £'000
Fair value of derivative instruments recognised on the Balance Sheet[1]		
Derivative instrument assets	**9,938**	7,103
Derivative instrument liabilities	**(24,838)**	(13,307)
	(14,900)	(6,204)

1 The fair value hierarchy of the derivative instruments is shown in Note 17.

	Fair value £'000	2025 Asset exposure £'000	Fair value £'000	2024 Asset exposure £'000
At the year end the Company held the following derivative instruments				
Long CFDs	**(19,358)**	**583,496**	(4,483)	412,237
Short CFDs	**205**	**18,813**	(1,246)	14,766
Futures (hedging exposure)	**2,891**	**(203,084)**	(475)	(138,402)
Call options	**1,761**	**9,442**	–	–
Call options (hedging exposure)	**(399)**	**(8,967)**	–	–
	(14,900)	**399,700**	(6,204)	288,601

Notes to the Financial Statements continued

12 Other Receivables

	2025 £'000	2024 £'000
Securities sold for future settlement	**3,926**	5,957
Amounts receivable on settlement of derivatives	**1,280**	2,161
Accrued income	**1,783**	1,726
Taxation recoverable	**11**	12
Other receivables	**295**	210
	7,295	10,066

13 Other Payables

	2025 £'000	2024 £'000
Securities purchased for future settlement	**3,084**	6,843
Amounts payable on settlement of derivatives	**2,986**	1,078
Investment management fees	**1,023**	678
Finance costs payable	**830**	610
Accrued expenses	**359**	414
Amounts payable for repurchase of shares for cancellation	**–**	179
	8,282	9,802

14 Share Capital

	2025 Number of shares	2025 Nominal value £'000	2024 Number of shares	2024 Nominal value £'000
Issued, allotted and fully paid				
Ordinary shares of 1 pence each held outside of Treasury				
Beginning of the year	**525,681,434**	**5,258**	488,325,628	4,884
New ordinary shares issued in respect of the transaction with ACIC	–	–	59,005,997	590
Ordinary shares repurchased into Treasury	–	–	(2,900,696)	(29)
Ordinary shares repurchased for cancellation	**(30,841,184)**	**(308)**	(18,749,495)	(187)
End of the year	**494,840,250**	**4,950**	525,681,434	5,258
Ordinary shares of 1 pence each held in Treasury[1]				
Beginning of the year	**85,629,548**	**855**	82,728,852	826
Ordinary shares repurchased into Treasury	–	–	2,900,696	29
End of the year	**85,629,548**	**855**	85,629,548	855
Total share capital		**5,805**		6,113

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

During the year, the Company repurchased nil (2024: 2,900,696) ordinary shares and held them in Treasury. The cost of repurchasing these shares of £nil (2024: £6,965,000) was charged to the Other reserve.

The Company also repurchased 30,841,184 (2024: 18,749,495) ordinary shares for cancellation. The cost of repurchasing these shares of £66,809,000 (2024: £38,968,000) was charged to the Other reserve.

Notes to the Financial Statements continued

15 Capital and Reserves

	Share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Other reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total equity £'000
At 1 April 2024	**6,113**	**338,167**	**1,104**	**140,861**	**636,526**	**53,243**	**1,176,014**
Gains on investments (see Note 10)	–	–	–	–	249,875	–	249,875
Gains on derivative instruments (see Note 11)	–	–	–	–	57,121	–	57,121
Foreign exchange gains	–	–	–	–	1,769	–	1,769
Investment management fees (see Note 4)	–	–	–	–	(5,572)	–	(5,572)
Other expenses (see Note 5)	–	–	–	–	(32)	–	(32)
Finance costs (see Note 6)	–	–	–	–	(17,324)	–	(17,324)
Revenue profit after taxation for the year	–	–	–	–	–	52,175	52,175
Dividend paid to shareholders (see Note 9)	–	–	–	–	–	(33,355)	(33,355)
Contribution in respect of the transaction with ACIC by the Manager (see Note 2 (a))	–	100	–	–	–	–	100
Costs relating to the ACIC transaction (inclusive of VAT recovered) (see Note 2 (a))	–	(160)	–	–	–	–	(160)
Repurchase of ordinary shares for cancellation (see Note 14)	(308)	–	308	(66,809)	–	–	(66,809)
At 31 March 2025	**5,805**	**338,107**	**1,412**	**74,052**	**922,363**	**72,063**	**1,413,802**

15 Capital and Reserves continued

	Share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Other reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total equity £'000
At 1 April 2023	5,710	211,569	917	186,794	877,782	55,649	1,338,421
Losses on investments (see Note 10)	–	–	–	–	(155,001)	–	(155,001)
Losses on derivative instruments (see Note 11)	–	–	–	–	(54,790)	–	(54,790)
Foreign exchange losses	–	–	–	–	(3,858)	–	(3,858)
Foreign exchange gains on bank loan	–	–	–	–	1,517	–	1,517
Investment management fees (see Note 4)	–	–	–	–	(8,991)	–	(8,991)
Other expenses (see Note 5)	–	–	–	–	(35)	–	(35)
Finance costs (see Note 6)	–	–	–	–	(20,098)	–	(20,098)
Revenue profit after taxation for the year	–	–	–	–	–	27,792	27,792
Dividend paid to shareholders (see Note 9)	–	–	–	–	–	(30,198)	(30,198)
New ordinary shares issued in respect of the transaction with ACIC (see Note 14)	590	126,198	–	–	–	–	126,788
Contribution in respect of the transaction with ACIC by the Manager (see Note 2 (a))	–	400	–	–	–	–	400
Repurchase of ordinary shares into Treasury (see Note 14)	–	–	–	(6,965)	–	–	(6,965)
Repurchase of ordinary shares for cancellation (see Note 14)	(187)	–	187	(38,968)	–	–	(38,968)
At 31 March 2024	6,113	338,167	1,104	140,861	636,526	53,243	1,176,014

The capital reserve balance at 31 March 2025 includes investment holding losses on investments of £8,277,000 (2024: losses of £236,629,000) as detailed in Note 10 above. See Note 2 (r) for further details. The revenue, capital and other reserves are distributable by way of dividend.

16 Net Asset Value per Ordinary Share

The calculation of the net asset value per ordinary share is based on the net assets divided by the number of ordinary shares held outside of Treasury.

	2025	2024
Net assets	**£1,413,802,000**	£1,176,014,000
Ordinary shares held outside of Treasury at year end	**494,840,250**	525,681,434
Net asset value per ordinary share	**285.71p**	223.71p

It is the Company's policy that shares held in Treasury will only be reissued at net asset value per share or at a premium to net asset value per share so that shares held in Treasury have no dilutive effect.

Notes to the Financial Statements continued

17 Financial Instruments

Management of risk

The Company's investing activities in pursuit of its investment objective involve certain inherent risks. The Board confirms that there is an ongoing process for identifying, evaluating and managing the risks faced by the Company. The Board with the assistance of the Investment Manager, has developed a risk matrix which, as part of the internal control process, identifies the risks that the Company faces. Risks are identified and graded in this process, together with steps taken in mitigation, and are updated and reviewed on an ongoing basis. Risks identified are shown in the Strategic Report on pages 26 to 30.

This Note is incorporated in accordance with IFRS 7: Financial Instruments: Disclosures and refers to the identification, measurement and management of risks potentially affecting the value of financial instruments.

The Company's financial instruments may comprise:

- Equity shares (listed and unlisted), equity linked notes, convertible bonds and rights issues;
- Derivative instruments including CFDs, warrants, futures and options written or purchased on stocks and equity indices and forward currency contracts;
- Cash, liquid resources and short-term receivables and payables that arise from its operations; and
- Bank borrowings.

The risks identified by IFRS 7 arising from the Company's financial instruments are market price risk (which comprises interest rate risk, foreign currency risk and other price risk), liquidity risk, counterparty risk, credit risk and derivative instrument risk. The Board reviews and agrees policies for managing each of these risks, which are summarised below. These policies are consistent with those followed last year.

Market price risk

Interest rate risk

The Company principally finances its operations through its share capital and reserves. In addition, the Company has gearing through the use of derivative instruments. The level of gearing is reviewed by the Board and the Portfolio Managers. The Company is exposed to a financial risk arising as a result of any increases in interest rates associated with the funding of the derivative instruments.

Interest rate risk exposure

The values of the Company's financial instruments that are exposed to movements in interest rates are shown below:

	2025 £'000	2024 £'000
Exposure to financial instruments that bear interest		
Long CFDs – exposure less fair value	**602,854**	416,720
Bank overdrafts	**–**	12,758
	602,854	429,478
Exposure to financial instruments that earn interest		
Short CFDs – exposure plus fair value	**19,018**	13,520
Amounts held at futures clearing houses and brokers	**33,760**	24,589
Cash at bank	**49,691**	7,858
	102,469	45,967
Net exposure to financial instruments that bear interest	**500,385**	383,511

17 Financial Instruments continued

Foreign currency risk

The Company's profit/(loss) after taxation and its net assets can be affected by foreign exchange movements because the Company has income, assets and liabilities which are denominated in currencies other than the Company's functional currency which is UK sterling.

Three principal areas have been identified where foreign currency risk could impact the Company:

- Movements in currency exchange rates affecting the value of investments;
- Movements in currency exchange rates affecting short-term timing differences, for example, between the date when an investment is bought or sold and the date when settlement of the transaction occurs; and
- Movements in currency exchange rates affecting income received.

Currency exposure of financial assets

The Company's financial assets comprise of investments, long positions on derivative instruments, short-term debtors and cash at bank. The currency exposure profile of these financial assets is shown below:

Currency	Investments held at fair value through profit or loss £'000	Asset exposure of long derivative instruments[1] £'000	Other receivables[2] £'000	Cash at bank £'000	2025 Total £'000
Chinese renminbi	29,850	–	–	–	29,850
Euro	15,468	–	–	–	15,468
Hong Kong dollar	873,075	127,296	5,850	2,731	1,008,952
Japanese yen	–	13,585	1,084	–	14,669
Taiwan dollar	5,006	–	–	–	5,006
UK sterling	12,725	–	295	–	13,020
US dollar	410,114	240,006	33,826	46,960	730,906
	1,346,238	380,887	41,055	49,691	1,817,871

1 The asset exposure of long CFDs after the netting of hedging exposures.
2 Other receivables include amounts held at futures clearing houses and brokers.

Notes to the Financial Statements continued

17 Financial Instruments continued

Currency	Investments held at fair value through profit or loss £'000	Asset exposure of long derivative instruments[1] £'000	Other receivables[2] £'000	Cash at bank £'000	2024 Total £'000
Chinese renminbi	92,336	–	–	1,372	93,708
Euro	10,903	–	–	–	10,903
Hong Kong dollar	704,175	148,557	18,153	–	870,885
Japanese yen	5,787	22,134	125	341	28,387
Taiwan dollar	7,603	–	12	–	7,615
Thai baht	439	–	–	–	439
UK sterling	17,752	–	209	–	17,961
US dollar	323,270	103,144	16,156	6,145	448,715
	1,162,265	273,835	34,655	7,858	1,478,613

1 The asset exposure of long CFDs after the netting of hedging exposures.
2 Other receivables include amounts held at futures clearing houses and brokers.

Currency exposure of financial liabilities
The Company finances its investment activities through its ordinary share capital and reserves. The Company's financial liabilities comprise short positions on derivative instruments, other payables and bank overdrafts. The currency profile of these financial liabilities is shown below:

Currency	**Asset exposure of short derivative instruments[1] £'000**	**Other payables £'000**	**Bank overdrafts £'000**	**2025 Total £'000**
Hong Kong dollar	**–**	**6,570**	**–**	**6,570**
Japanese yen	**–**	**7**	**–**	**7**
UK sterling	**–**	**1,382**	**–**	**1,382**
US dollar	**18,813**	**323**	**–**	**19,136**
	18,813	**8,282**	**–**	**27,095**

Currency	Asset exposure of short derivative instruments[1] £'000	Other payables £'000	Bank overdrafts £'000	2024 Total £'000
Hong Kong dollar	–	5,994	12,744	18,738
UK sterling	–	1,271	14	1,285
US dollar	14,766	2,537	–	17,303
	14,766	9,802	12,758	37,326

1 The asset exposure of short derivative instruments excluding hedging exposures.

17 Financial Instruments continued

Other price risk

Other price risk arises mainly from uncertainty about future prices of financial instruments. It represents the potential loss the Company might suffer through price movements in its investment positions. The Board meets quarterly to consider the asset allocation of the portfolio and the risk associated with particular industry sectors within the parameters of the investment objective.

The Investment Manager is responsible for actively monitoring the portfolio selected in accordance with the overall asset allocation parameters and seeks to ensure that individual stocks also meet an acceptable risk/reward profile. Other price risks arising from derivative positions, mainly due to the underlying exposures, are assessed by the Investment Manager's specialist derivative instruments team.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulties in meeting obligations associated with financial liabilities. The Company's assets mainly comprise readily realisable securities and derivative instruments which can be sold easily to meet funding commitments if necessary. Short-term flexibility is achieved by the use of a bank overdraft, if required.

Counterparty risk

Certain derivative instruments in which the Company may invest are not traded on an exchange but instead will be traded between counterparties based on contractual relationships, under the terms outlined in the International Swaps and Derivatives Association's ("ISDA") market standard derivative legal documentation. These are known as Over The Counter ("OTC") trades. As a result, the Company is subject to the risk that a counterparty may not perform its obligations under the related contract. In accordance with the risk management process which the Investment Manager employs, this risk is minimised by only entering into transactions with counterparties which are believed to have an adequate credit rating at the time the transaction is entered into, by ensuring that formal legal agreements covering the terms of the contract are entered into in advance, and through adopting a counterparty risk framework which measures, monitors and manages counterparty risk by the use of internal and external credit agency ratings and evaluates derivative instrument credit risk exposure.

Collateral

	2025		2024	
	collateral received £'000	**collateral pledged £'000**	collateral received £'000	collateral pledged £'000
Goldman Sachs International Ltd	**–**	**–**	2,613	–
HSBC Bank plc	**–**	**3,037**	198	–
UBS AG	**–**	**23,770**	–	15,689
J.P. Morgan Securities plc	**–**	**6,953**	–	5,186
Morgan Stanley & Co. International Ltd	**1,109**	**–**	–	3,714
	1,109	**33,760**	2,811	24,589

Offsetting

To mitigate counterparty risk for OTC derivative transactions, the ISDA legal documentation is in the form of a master agreement between the Company and the broker. This allows enforceable netting arrangements in the event of a default or termination event. Derivative instrument assets and liabilities that are subject to netting arrangements have not been offset in preparing the Balance Sheet.

The Company's derivative instrument financial assets and liabilities recognised in the Balance Sheet and amounts that could be subject to netting in the event of a default or termination are shown on the next page:

Notes to the Financial Statements continued

17 Financial Instruments continued

Financial assets	Gross amount £'000	Gross amount of recognised financial liabilities set off on the balance sheet £'000	Net amount of financial assets presented on the balance sheet £'000	Related amounts not set off on balance sheet: Financial instruments £'000	Related amounts not set off on balance sheet: Margin account received as collateral £'000	2025 Net amount £'000
CFDs	5,286	–	5,286	(4,087)	(1,109)	90
Options	1,761	–	1,761	–	–	1,761
Futures (exchange traded)	2,891	–	2,891	–	–	2,891
	9,938	–	9,938	(4,087)	(1,109)	4,742

Financial liabilities	Gross amount £'000	Gross amount of recognised financial assets set off on the balance sheet £'000	Net amount of financial liabilities presented on the balance sheet £'000	Related amounts not set off on balance sheet: Financial instruments £'000	Related amounts not set off on balance sheet: Margin account pledged as collateral £'000	2025 Net amount £'000
CFDs	(24,439)	–	(24,439)	4,087	12,870	(7,482)
Options	(399)	–	(399)	–	–	(399)
	(24,838)	–	(24,838)	4,087	12,870	(7,881)

Financial assets	Gross amount £'000	Gross amount of recognised financial liabilities set off on the balance sheet £'000	Net amount of financial assets presented on the balance sheet £'000	Related amounts not set off on balance sheet: Financial instruments £'000	Related amounts not set off on balance sheet: Margin account received as collateral £'000	2024 Net amount £'000
CFDs	7,103	–	7,103	(3,844)	(2,389)	870

Financial liabilities	Gross amount £'000	Gross amount of recognised financial assets set off on the balance sheet £'000	Net amount of financial liabilities presented on the balance sheet £'000	Related amounts not set off on balance sheet: Financial instruments £'000	Related amounts not set off on balance sheet: Margin account pledged as collateral £'000	2024 Net amount £'000
CFDs	(12,832)	–	(12,832)	3,844	8,900	(88)
Futures (exchange traded)	(475)	–	(475)	–	475	–
	(13,307)	–	(13,307)	3,844	9,375	(88)

17 Financial Instruments continued

Credit risk

Financial instruments may be adversely affected if any of the institutions with which money is deposited suffer insolvency or other financial difficulties. All transactions are carried out with brokers that have been approved by the Investment Manager and are settled on a delivery versus payment basis. Limits are set on the amount that may be due from any one broker and are kept under review by the Investment Manager. Exposure to credit risk arises on outstanding security transactions and derivative instrument contracts and cash at bank.

Derivative instrument risk

A Derivative Instrument Charter, including an appendix entitled Derivative Risk Measurement and Management, details the risks and risk management processes used by the Investment Manager. This Charter was approved by the Board and allows the use of derivative instruments for the following purposes:

- To gain exposure to equity markets, sectors or individual investments;
- To hedge equity market risk in the Company's investments with the intention of mitigating losses in the events market falls;
- To enhance portfolio returns by writing call and put options; and
- To take short positions in equity markets, which would benefit from a fall in the relevant market price, where the Investment Manager believes the investment is overvalued. These positions distinguish themselves from other short exposures held for hedging purposes since they are expected to add risk to the portfolio.

The risk and investment performance of these instruments are managed by an experienced, specialist derivative team of the Investment Manager using portfolio risk assessment tools for portfolio construction.

RISK SENSITIVITY ANALYSIS

Interest rate risk sensitivity analysis

Based on the financial instruments held and interest rates at the Balance Sheet date, an increase of 1.00% in interest rates throughout the year, with all other variables held constant, would have decreased the net profit after taxation for the year and decreased the net assets of the Company by £5,004,000 (2024: increased the net loss after taxation and decreased the net assets by £3,835,000). A decrease of 1.00% in interest rates throughout the year would have had an equal but opposite effect.

Foreign currency risk sensitivity analysis

Based on the financial assets and liabilities held and currency exchange rates ruling at the Balance Sheet date, a strengthening of the UK sterling exchange rate by 10% against other currencies, with all other variables held constant, would have decreased the net profit after taxation for the year and decreased the net assets of the Company (2024: increased the net loss after taxation and decreased the net assets) by the following amounts:

Currency	**2025 £'000**	2024 £'000
Chinese renminbi	**2,714**	8,519
Euro	**1,406**	991
Hong Kong dollar	**91,125**	77,468
Japanese yen	**1,333**	2,581
Taiwan dollar	**455**	692
Thai baht	**–**	40
US dollar	**64,707**	39,219
	161,740	129,510

Notes to the Financial Statements continued

17 Financial Instruments continued
Based on the financial assets and liabilities held and the exchange rates ruling at the Balance Sheet date, a weakening of the UK sterling exchange rate by 10% against other currencies would have increased the net profit after taxation for the year and increased the net assets of the Company (2024: decreased the net loss after taxation and increased the net assets) by the following amounts:

Currency	**2025 £'000**	2024 £'000
Chinese renminbi	**3,317**	10,412
Euro	**1,719**	1,211
Hong Kong dollar	**111,376**	94,683
Japanese yen	**1,629**	3,154
Taiwan dollar	**556**	846
Thai baht	**–**	49
US dollar	**79,085**	47,935
	197,682	158,290

Other price risk sensitivity analysis
Changes in market prices affect the profit/(loss) after taxation for the year and the net assets of the Company. Details of how the Board sets risk parameters and performance objectives are disclosed in the Strategic Report on pages 24 to 30.

An increase of 10% in the share prices of the listed investments held at the Balance Sheet date would have increased the net profit after taxation for the year and increased the net assets of the Company by £121,019,000 (2024: decreased the net loss after taxation and increased the net assets by £100,526,000). A decrease of 10% in share prices of the investments designated at fair value through profit or loss would have had an equal but opposite effect.

An increase of 10% in the valuation of unlisted investments held at the Balance Sheet date would have increased the net profit after taxation for the year and increased the net assets of the Company by £13,604,000 (2024: decreased the net loss after taxation and increased the net assets by £15,701,000). A decrease of 10% in the valuation would have had an equal but opposite effect.

17 Financial Instruments continued

The sensitivity analysis below illustrates how the unobservable inputs used in the valuation methodologies of the unlisted assets impact the fair value as at 31 March 2025

Valuation approach	Fair value £'000	Significant unobservable inputs: Key unobservable inputs	Significant unobservable inputs: Other unobservable inputs	Range	Sensitivity to changes in significant unobservable inputs
Market approach using comparable traded multiples or calibration factors	72,128	TEV/LTM revenue multiple[1]	a,b,c,d	1.95x – 3.5x	If TEV/LTM revenue multiple moved by +/-10%, the fair value would change by £1,535,000 and -£1,534,000
		TEV/LTM EBITDA multiple[2]	a,b,c,d	7.25x – 8.25x	If TEV/LTM EBITDA multiple moved by +/-10%, the fair value would change by £931,000 and -£954,000
		TEV/FY+1 revenue multiple[3]	a,b,c,d	1.55x – 3.25x	If TEV/FY+1 revenue multiple moved by +/-10%, the fair value would change by £1,354,000 and -£1,377,000
		TEV/FY+1 EBITDA multiple[4]	a,b,c,d	5.0x – 6.0x	If TEV/FY+1 EBITDA multiple moved by +/-10%, the fair value would change by £978,000 and -£1,001,000
		P/E LTM multiple[5]	a,b,c,d	14.0x – 17.0x	If P/E LTM multiple moved by +/-10%, the fair value would change by £435,000 and -£435,000
		P/E FY+1 multiple[6]	a,b,c,d	12.0x – 15.0x	If P/E FY+1 multiple moved by +/-10%, the fair value would change by £185,000 and -£185,000
Sum of the parts[e]	30,258	Selection of comparable companies and relevant indices	c	(10.0%) – 10.0%	If the market factor of the comparable companies moved by +/-5% the fair value would change by £557,000 and -£557,000
Scenario analysis considering a range of exit scenarios[f]	26,194	Discount rate	c,d	16.5% – 17.5%	If the discount rate moved by +/- 10% the fair value would change by £353,000 and -£353,000
Recent transaction prices[g]	62,469	n/a	c	n/a	n/a

1 Total enterprise value (TEV) divided by the last twelve months (LTM) revenue.
2 Total enterprise value (TEV) divided by the last twelve months (LTM) earnings before interest, taxes, depreciation and amortisation (EBITDA).
3 Total enterprise value (TEV) divided by the next twelve months forecasted revenue (FY+1).
4 Total enterprise value (TEV) divided by the next twelve months (FY+1) forecasted earnings before interest, taxes, depreciation and amortisation (EBITDA).
5 Share Price divided by the last twelve months (LTM) earnings per share.
6 Share Price divided by the next twelve months (FY+1) forecasted earnings per share.

Notes to the Financial Statements continued

17 Financial Instruments continued

The sensitivity analysis below illustrates how the unobservable inputs used in the valuation methodologies of the unlisted assets impact the fair value as at 31 March 2024

		Significant unobservable inputs			
Valuation approach	Fair value £'000	Key unobservable inputs	Other unobservable inputs	Range	Sensitivity to changes in significant unobservable inputs
Market approach using comparable traded multiples or calibration factors	98,298	TEV/LTM revenue multiple[1]	a,b,c,d	2.30x – 4.0x	If TEV/LTM revenue multiple moved by +/-10%, the fair value would change by £1,021,000 and -£1,021,000
		TEV/FY+1 revenue multiple[2]	a,b,c,d	1.55x – 3.50x	If TEV/FY+1 revenue multiple moved by +/-10%, the fair value would change by £963,000 and -£963,000
		P/E LTM multiple[3]	a,b,c,d	19.0x – 21.0x	If P/E LTM multiple multiple moved by +/-10%, the fair value would change by £229,000 and -£229,000
		P/E FY+1 multiple[4]	a,b,c,d	17.0x – 19.0x	If P/E FY+1 multiple moved by +/-10%, the fair value would change by £236,000 and -£236,000
		Selection of comparable companies and relevant indices	c	(22.5%) – (12.5%)	If market factor of the comparable companies moved by +/-5%, the fair value would change by £2,671,000 and -£2,598,000
Sum of the parts[e]	25,602	Selection of comparable companies and relevant indices	c	n/a	If the market factor of the comparable companies moved by +/-5% the fair value would change by £512,000 and -£512,000
Scenario analysis considering a range of exit scenarios[f]	58,081	Multiple at exit	c,d	15.0x – 22.0x	If the exit multiples moved by +/-10% the fair value would change by £789,000 and -£789,000
		Discount rate	c,d	14.5% – 15.5%	If the discount rate moved by +/-10% the fair value would change by £668,000 and -£701,000
Recent transaction prices[g]	67,529	n/a	c	n/a	n/a

1 Total enterprise value (TEV) divided by the last twelve months (LTM) revenue.
2 Total enterprise value (TEV) divided by the next twelve months forecasted revenue (FY+1).
3 Share Price divided by the last twelve months (LTM) earnings per share.
4 Share Price divided by the next twelve months (FY+1) forecasted earnings per share.

a. Selection of comparable companies

The fair value is determined by examining the market valuations of similar publicly traded firms. This approach involves identifying peer companies with similar industry characteristics, size, growth prospects, and financial metrics. Key valuation multiples such as Price-to-Earnings (P/E), Enterprise Value-to-EBITDA (TEV/EBITDA), and Enterprise Value-to-Sales (TEV/revenue) are calculated for each comparable company. These multiples are then applied to the target company's corresponding financial figures to derive an estimated value range. The selection of comparable companies is evaluated at each valuation.

b. Selection of appropriate benchmarks

The fair value is influenced by the valuation of corresponding benchmarks. These benchmarks may include company indices or sector indices. The selection of appropriate benchmarks is assessed individually for each investment and updated regularly.

17 Financial Instruments continued

c. Selection of alternative valuation methodologies

Fair value is be determined using a variety of valuation methodologies, each suited to different types of investments and contexts. Common alternative approaches include the market approach, which estimates fair value based on market valuations of similar publicly traded companies, and the income approach, which estimates fair value based on the present value of expected future cash flows, utilizing discounted cash flow (DCF) models and estimated weighted average cost of capital (WACC) discount rates.

d. Estimate of sustainable earnings

The approach focuses on normalized earnings, either forecasted over the next 12 months or adjusted to reflect a sustainable, long-term level that smooths out cyclical fluctuations and one-time events. Analysts typically use forward-looking metrics such as projected net income or EBITDA, derived from management guidance, analyst forecasts, or historical trends. These earnings are then multiplied by a valuation multiple (e.g., P/E or EV/EBITDA) that reflects market expectations and industry norms. The chosen multiple may be based on comparable companies or historical averages. By focusing on earnings that are expected to persist over time, the approach aims to provide a more accurate and stable estimate of intrinsic value, especially in dynamic or transitional market environments.

e. Sum of the Parts Valuation

Sum of parts valuation (SOTP) determines the overall value of a company by assessing the individual worth of its various divisions or segments, particularly effective where a company is a conglomerate and has business units across multiple industries. The fair value of each business unit or segment is derived separately in accordance with the International Private Equity and Venture Capital 2022 ("IPEV") Valuation Guidelines determined by any number of analysis methods including discounted cash flow (DCF) valuations, asset-based valuations and multiples valuations using revenue, operating profit or profit margins.

f. Range of exit scenarios

Fair value is determined by modelling potential scenarios about how a company might be sold, or value might be realised. Analysts typically develop several plausible exit scenarios such as a strategic acquisition, initial public offering (IPO), management buyout, or liquidation each with its own assumptions about timing, valuation multiples, and transaction terms. For each scenario, the expected proceeds are estimated, often using projected financial metrics and applying relevant market-based multiples. These proceeds are then discounted back to present value using an appropriate discount rate to reflect the time value of money and risk. The final fair value is calculated as a probability-weighted average of the present values across all scenarios, incorporating both the likelihood and financial impact of each outcome.

g. Recent Transaction price

A recent transaction price itself is observable and whilst it may be the most appropriate basis for a valuation, it often only represents one input and will be used alongside other unobservable inputs to determine the fair value of an asset.

Derivative instruments exposure sensitivity analysis

The Company invests in derivative instruments to gain or reduce exposure to the equity market. An increase of 10% in the share prices of the investments underlying the derivative instruments at the Balance Sheet date would have increased the net profit after taxation for the year and increased the net assets of the Company by £36,207,000 (2024: decreased the net loss after taxation and increased the net assets by £25,907,000). A decrease of 10% in share prices of the investments underlying the derivative instruments would have had an equal but opposite effect.

Fair Value of Financial Assets and Liabilities

Financial assets and liabilities are stated in the Balance Sheet at values which are not materially different to their fair values. As explained in Notes 2 (l) and (m), investments and derivative instruments are shown at fair value. In the case of cash at bank, book value approximates to fair value due to the short maturity of the instruments.

Notes to the Financial Statements continued

17 Financial Instruments continued

Fair Value Hierarchy

The Company is required to disclose the fair value hierarchy that classifies its 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 inputs other than quoted prices included in level 1 that are observable (i.e. developed using market data) for the asset or liability, either directly or indirectly
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 Notes 2 (e), (l) and (m). The table below sets out the Company's fair value hierarchy:

Financial assets at fair value through profit or loss	**Level 1 £'000**	**Level 2 £'000**	**Level 3 £'000**	**2025 Total £'000**
Investments	**1,210,194**	**–**	**136,044**	**1,346,238**
Derivative instrument assets	**2,891**	**7,047**	**–**	**9,938**
	1,213,085	**7,047**	**136,044**	**1,356,176**
Financial liabilities at fair value through profit or loss				
Derivative instrument liabilities	**–**	**(24,838)**	**–**	**(24,838)**

Financial assets at fair value through profit or loss	Level 1 £'000	Level 2 £'000	Level 3 £'000	2024 Total £'000
Investments	980,975	24,282	157,008	1,162,265
Derivative instrument assets	–	7,103	–	7,103
	980,975	31,385	157,008	1,169,368
Financial liabilities at fair value through profit or loss				
Derivative instrument liabilities	(475)	(12,832)	–	(13,307)

17 Financial Instruments continued

Level 3 investments (unlisted and delisted investments)

	2025 £'000	2024 £'000
ByteDance	**55,005**	24,724
Venturous Holdings	**30,258**	25,602
Chime Biologics	**26,194**	27,312
DJI International	**17,123**	30,769
Fujian Yangteng Innovations	**7,464**	–
Pony.ai (moved to Level 1)	**–**	42,805
Shanghai Yiguo	**–**	–
3 listed investments whose listings are currently suspended (2024: 4 listed investments suspended)	**–**	5,796
	136,044	157,008

ByteDance

ByteDance is a technology company that develops applications for smart phones and is an unlisted company. The valuation is based on the company's financial performance, the macro-environment and benchmarking the position to a range of comparable market data. As of 31 March 2025, its fair value was £55,005,000 (book cost: £19,775,000).

Venturous Holdings

Venturous Holdings is an investment company with a focus in building and creating smart city technology companies and is an unlisted company. The valuation is based on a review of the company's portfolio including performance, the wider macro-environment and benchmarking the position to a range of comparable market data. As of 31 March 2025, its fair value was £30,258,000 (book cost: £23,701,000).

Chime Biologics

Chime Biologics is a leading biologics China-based Contract Development and Manufacturing Organization (CDMO) company that provides support to its clients from early-stage biopharmaceutical development through to late-stage clinical and commercial manufacturing and is an unlisted company. The valuation is based on analysis of the company performance, the terms of the convertible note and benchmarking the position to a range of comparable market data. As of 31 March 2025, its fair value was £26,194,000 (book cost: £25,227,000).

DJI International

DJI International is a manufacturer of drones and is an unlisted company. The valuation for the B shares is based on the company's performance, the macro-environment, product development and benchmarking the position to a range of comparable market data. As of 31 March 2025, its fair value was £17,123,000 (book cost: £8,967,000).

Fujian Yangteng Innovations

Fujian Yangteng Innovations is an online retailer for aftermarket auto parts and is an unlisted company. Given that this is a recent acquisition, the current valuation is based on cost and a full independent valuation will be completed in the next quarter. As of 31 March 2025, its fair value was £7,464,000 (book cost: £7,837,000).

Shanghai Yiguo

Shanghai Yiguo operates an e-commerce platform, selling fruit and vegetables online to customers in China and is an unlisted company. The company has commenced liquidation proceedings and following internal review, the valuation at £nil remained appropriate as of 31 March 2025 (book cost: £11,806,000).

Companies whose listings are suspended

Three listed companies in the portfolio have had their listing suspended: DBA Telecommunication (Asia) Limited (suspended July 2014), China Animal Healthcare Limited (suspended March 2015), BNN Technology Limited (suspended September 2017).

Notes to the Financial Statements continued

17 Financial Instruments continued

Significant holdings

Details of significant holdings are noted below in accordance with the disclosure requirements of paragraph 82 of the AIC SORP. The Company is required to provide a list of all investments at the balance sheet date with a value greater than 5% of its portfolio and at least the ten largest investments, including the value of each investment and for unlisted investments included in the list, additional detail is required as shown below. This disclosure includes turnover, pre-tax profits and net assets attributable to investors, as reported within the most recently audited financial statements of the investee companies.

As at 31 March 2025, there are no unlisted investments greater than 5% of the portfolio.

Movements in level 3 investments during the year	2025 Level 3 £'000	2024 Level 3 £'000
Level 3 investments at the beginning of the year	157,008	192,878
Purchases at cost – ByteDance and Fujian Yangteng Innovations	20,251	–
Sales proceeds – DJI International D shares	(14,410)	(2,943)
Sales gain – DJI International D shares	960	615
Transfers into level 3 at cost – China Renaissance Holdings	–	17,316
Transfers out of level 3 at cost[1] – China Renaissance Holdings and Pony.ai	(42,208)	(35,153)
Unrealised profit/(loss) recognised in the Income Statement	14,443	(15,705)
Level 3 investments at the end of the year	**136,044**	157,008

1 Financial instruments are transferred out of level 3 when they become listed. See page 89 for more information.

18 Capital Resources and Gearing

The Company does not have any externally imposed capital requirements. The financial resources of the Company comprise its share capital, reserves and gearing, which are disclosed on the Balance Sheet. The Company is managed in accordance with its investment policy and in pursuit of its investment objective, both of which are detailed in the Strategic Report on pages 24 and 25. The principal risks and their management are disclosed in the Strategic Report on pages 26 to 30 and in Note 17 above.

The Company's gearing at the year end is set out below:

	2025 Gross gearing Exposure £'000	2025 Gross gearing %[1]	2025 Net gearing Exposure £'000	2025 Net gearing %[1]
Investments	1,346,238	95.2	1,346,238	95.2
Long CFDs	583,496	41.3	583,496	41.3
Long options	9,442	0.7	9,442	0.7
Total long exposures before hedges	**1,939,176**	**137.2**	**1,939,176**	**137.2**
less: Hedged Future Exposures	(203,084)	(14.4)	(203,084)	(14.4)
less: Hedged Option Exposures	(8,967)	(0.6)	(8,967)	(0.6)
Total long exposures after the netting of hedges	**1,727,125**	**122.2**	**1,727,125**	**122.2**
Short CFDs	18,813	1.3	(18,813)	(1.3)
Gross Asset Exposure/Net Market Exposure*	**1,745,938**	**123.5**	**1,708,312**	**120.9**
Net Assets	**1,413,802**		**1,413,802**	
Gearing[2]		**23.5%**		**20.9%**

18 Capital Resources and Gearing continued

	2024			
	Gross gearing		Net gearing	
	Exposure £'000	%[1]	Exposure £'000	%[1]
Investments	1,162,265	98.8	1,162,265	98.8
Long CFDs	412,237	35.1	412,237	35.1
Total long exposures before hedges	1,574,502	133.9	1,574,502	133.9
less: short derivative instruments hedging the above	(138,402)	(11.8)	(138,402)	(11.8)
Total long exposures after the netting of hedges	1,436,100	122.1	1,436,100	122.1
Short CFDs	14,766	1.3	(14,766)	(1.3)
Gross Asset Exposure/Net Market Exposure*	1,450,866	123.4	1,421,334	120.8
Net Assets	1,176,014		1,176,014	
Gearing [2]		23.4%		20.8%

* Defined in the Glossary of Terms on pages 99 and 100.
1 Exposure to the market expressed as a percentage of Net Assets.
2 Gearing is the amount by which Gross Asset Exposure/net market exposure exceeds Net Assets expressed as a percentage of Net Assets.

19 Transactions with the Managers and Related Parties

FIL Investment Services (UK) Limited is the Company's Alternative Investment Fund Manager and has delegated portfolio management to FIL Investment Management (Hong Kong) Limited. Both companies are Fidelity group companies.

Details of the current fee arrangements are given in the Directors' Report on page 36. During the year, management fees of £8,041,000 (2024: £11,421,000) were payable to Fidelity. At the Balance Sheet date, management fees of £1,023,000 (2024: £678,000) were accrued and included in other payables. Fidelity also provides the Company with marketing services. The total amount payable for these services was £327,000 (2024: £269,000). At the Balance Sheet date, marketing services of £47,000 (2024: £91,000) were accrued and included in other payables.

FIL Investment Services (UK) Limited agreed to contribute towards the costs of the transaction with ACIC and an amount equal to eight months of management fees, £715,000 in the year to 31 March 2025.

The Company has recognised an additional contribution from the Manager of £100,000 in respect of the transaction with ACIC.

Disclosures of the Directors' interests in the shares of the Company and fees and taxable expenses, relating to reasonable travel expenses, payable to the Directors are given in the Directors' Remuneration Report on pages 45 and 46. In addition to the fees and taxable expenses disclosed in the Directors' Remuneration Report, £25,000 (2024: £23,000) of employers' National Insurance contributions were paid by the Company. At the Balance Sheet date, Directors' fees of £29,000 (2024: £26,000) were accrued and payable.

Alternative Performance Measures

The Company uses the following as Alternative Performance Measures which are all defined in the Glossary to the Annual Report on pages 98 to 101.

Discount/Premium
The discount/premium is the difference between the net asset value ("NAV") per ordinary share of the Company and the ordinary share price and is expressed as a percentage of the NAV per ordinary share. Details of the Company's discount are on the Financial Highlights page.

Gearing
See Note 18 on pages 90 and 91 for details of the Company's gearing (both gross and net).

Net Asset Value ("NAV") per Ordinary Share
See the Balance Sheet on page 61 and Note 16 on page 77 for further details.

Ongoing Charges Ratio
The ongoing charges ratio is considered to be an Alternative Performance Measure. It has been calculated in accordance with guidance issued by the AIC as the total of management fees and other expenses expressed as a percentage of the average net assets throughout the year.

	2025	2024
Investment management fees (£'000)	**9,875**	9,719
Other expenses (£'000)	**1,243**	1,238
Ongoing charges (£'000)	**11,118**	10,957
Variable management fees (£'000)	**(1,834)**	1,702
Ongoing charges ratio	**0.89%**	0.98%
Ongoing charges ratio including variable management fees	**0.74%**	1.13%

Revenue, Capital and Total Earnings per Share
See the Income Statement on page 59 and Note 8 on page 71 for further details.

Total Return Performance

The NAV per share total return includes reinvestment of the dividend in the NAV of the Company on the ex-dividend date. Share price total return includes the reinvestment of the net dividend in the month that the share price goes ex-dividend.

The tables below provide information relating to the NAV per share and share prices of the Company, the impact of the dividend reinvestments and the total returns for the years ended 31 March 2025 and 31 March 2024.

2025	**Net asset value per share**	**Share price**
31 March 2024	**223.71p**	**201.00p**
31 March 2025	**285.71p**	**265.00p**
Change in the year	**+27.7%**	**+31.8%**
Impact of dividend reinvestment	**+3.8%**	**+4.0%**
Total return for the year	**+31.5%**	**+35.8%**

2024	Net asset value per share	Share price
31 March 2023	274.08p	247.50p
31 March 2024	223.71p	201.00p
Change in the year	-18.4%	-18.8%
Impact of dividend reinvestment	+2.1%	+2.4%
Total return for the year	-16.3%	-16.4%

Notice of Meeting

Notice is hereby given that the Annual General Meeting of Fidelity China Special Situations PLC will be held at 4 Cannon Street, London EC4M 5AB and virtually via the Lumi AGM meeting platform on Thursday, 24 July 2025 at 11.00 am for the following purposes:

1. To receive and adopt the Annual Report and Financial Statements for the year ended 31 March 2025.
2. To declare that a final ordinary dividend for the year ended 31 March 2025 of 8.00 pence per share and a special dividend of 1.00 pence per share be paid to shareholders who appear on the register as at close of business on 20 June 2025.
3. To re-elect Mr Mike Balfour as a Director.
4. To re-elect Mr Alastair Bruce as a Director.
5. To re-elect Mrs Vanessa Donegan as a Director.
6. To re-elect Ms Georgina Field as a Director.
7. To re-elect Mr Gordon Orr as a Director.
8. To re-elect Dr Edward Tse as a Director.
9. To approve the Directors' Remuneration Report (excluding the section headed The Remuneration Policy set out on page 44) for the year ended 31 March 2025.
10. To approve the Remuneration Policy as stated in the Directors' Remuneration Report on page 44.
11. To authorise the Directors to determine the remuneration of the Company's auditor.

To consider and, if thought fit, to pass the following special business resolutions of which Resolution 12 will be proposed as an ordinary resolution and Resolutions 13 and 14 as special resolutions.

Authority to Allot Shares and Disapply Pre-Emption Rights
Resolutions 12 and 13 will, if approved, authorise the Directors to allot a limited number of ordinary shares (or sell any ordinary shares which the Company elects to hold in Treasury) for cash without first offering such shares to existing ordinary shareholders pro-rata to their existing holdings. The limit set by the Board is 10% of the number of ordinary shares of the Company (including Treasury shares) in issue at the latest practicable date of this document. The Directors will only issue new ordinary shares, or dispose of ordinary shares held in Treasury, under this authority in order to take advantage of opportunities in the market as they arise and only if they believe it is advantageous to the Company's shareholders to do so. Any ordinary shares held in Treasury would be re-issued at no less than net asset value ("NAV") per ordinary share, or at a premium to NAV per ordinary share. This would ensure that the net effect of repurchasing and then re-issuing the ordinary shares would enhance NAV per ordinary share.

12. THAT the Directors be and they are hereby generally and unconditionally authorised in accordance with Section 551 of the Companies Act 2006 (the "Act") to exercise all the powers of the Company to allot shares in the Company or to grant rights to subscribe for or to convert any securities into shares in the Company ("relevant securities") up to an aggregate nominal amount of £579,496 (approximately 10% of the aggregate nominal amount of the issued share capital of the Company (including Treasury shares) at the latest practicable date of this document) and so that the Directors may impose any limits or restrictions and make any arrangements which they consider necessary or appropriate to deal with Treasury Shares, fractional entitlements, record dates, legal, regulatory or practical problems in, or under the laws of, any territory or any other matter, such authority to expire at the conclusion of the next Annual General Meeting ("AGM") of the Company or the date 15 months after the passing of this resolution, whichever is the earlier, but so that this authority shall allow the Company to make offers or agreements before the expiry of this authority which would or might require relevant securities to be allotted after such expiry as if the authority conferred by this resolution had not expired. All previous unexpired authorities are revoked, but without prejudice to any allotment of shares or grant of rights already made, offered or agreed to be made pursuant to such authorities.
13. THAT, subject to the passing of Resolution 12, as set out above, the Directors be and they are hereby authorised, pursuant to Sections 570-573 of the Act to allot equity securities (as defined in Section 560 of the Act) for cash pursuant to the authority given by the said Resolution 12 and/or to sell ordinary shares held by the Company as Treasury shares for cash, as if Section 561 of the Act did not apply to any such allotment or sale, provided that this power shall be limited:

    a) to the allotment of equity securities or sale of Treasury shares up to an aggregate nominal amount of £579,496 (approximately 10% of the aggregate nominal amount of the issued share capital of the Company (including Treasury shares) at the latest practicable date of this document); and

    b) by the condition that allotments of equity securities or sales of Treasury shares may only be made pursuant to this authority at a price of not less than the NAV per ordinary share

    and this power shall expire at the conclusion of the next AGM of the Company or the date 15 months after the passing of this resolution, whichever is the earlier, save that this authority shall allow the Company to make offers or agreements before the expiry of this authority, and the Directors may allot equity securities in relation to such an offer or agreement as if the authority conferred by this resolution had not expired.

Authority to Repurchase Shares

Resolution 14 is a special resolution which, if approved, will renew the Company's authority to purchase up to 14.99% of the number of ordinary shares in issue (excluding Treasury shares) at the latest practicable date of this document, either for cancellation or for retention as Treasury shares, at the determination of the Board. Once shares are held in Treasury, the Directors may only dispose of them in accordance with the relevant legislation by subsequently selling the shares for cash or cancelling the shares. Purchases of ordinary shares will be at the discretion of the Directors and within guidelines set by them from time to time in the light of prevailing market conditions. Purchases will only be made in the market at prices below the prevailing NAV per ordinary share, thereby resulting in an increased NAV per ordinary share.

14. THAT the Company be and is hereby generally and unconditionally authorised in accordance with Section 701 of the Companies Act 2006 (the "Act") to make market purchases (within the meaning of Section 693 of the Act) of ordinary shares of 1 pence each (the "shares") in the capital of the Company provided that:

    a) the maximum number of shares hereby authorised to be purchased shall be 74,030,500;

    b) the minimum price which may be paid for an ordinary share is 1 pence;

    c) the maximum price (excluding expenses) which may be paid for each share is the higher of:

        (i) 5% above the average of the middle market quotations for the shares as derived from the London Stock Exchange Official List for the five business days preceding the date of purchase; and

        (ii) the higher of the price of the last independent trade and the highest current independent purchase bid on the London Stock Exchange at the time the purchase is carried out;

    d) the authority hereby conferred shall expire at the conclusion of the next AGM of the Company unless such authority is renewed prior to such time; and

    e) the Company may make a contract to purchase shares under the authority hereby conferred prior to the expiry of such authority which will or may be executed wholly or partly after the expiration of such authority and may make a purchase of shares pursuant to any such contract.

By Order of the Board
FIL Investments International
Secretary
9 June 2025

Notes to the Notice of Meeting:

1. A member of the Company entitled to attend and vote at the Annual General Meeting may appoint a proxy or proxies to attend and to speak and vote instead of him. A member may appoint more than one proxy in relation to the Annual General Meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that member. A proxy need not be a member of the Company. To appoint a proxy via the Investor Centre at **https://uk.investorcentre.mpms.mufg.com/**, you will need to log in to your Investor Centre account or register if you have not previously done so. To register you will need your Investor Code which can be found on your Form of Proxy. Alternatively, shareholders can vote via the Investor Centre app, which is a free app for smartphone and tablet provided by MUFG Corporate Markets (the company's Registrar). It allows you to securely manage and monitor your shareholdings in real time, take part in online voting, keep your details up to date, access a range of information including payment history and much more. The app is available to download on both the Apple App Store and Google Play, or by scanning the relevant QR code below.

   Download on the App Store   GET IT ON Google Play

2. A Form of Proxy is enclosed and must be returned to the Registrar at the address on the form to arrive not later than 11:00 on Tuesday, 22 July 2025. Completion and return of the form of proxy will not prevent a shareholder from subsequently attending the meeting and voting in person or virtually if they so wish.

3. To be effective, the instrument appointing a proxy, and any power of attorney or other authority under which it is signed (or a copy of any such authority certified notarially or in some other way approved by the Directors), must be deposited with the Company's Registrar, PXS 1, MUFG Corporate Markets, Central Square, 29 Wellington Street, Leeds LS1 4DL not less than 48 hours before the time for holding the meeting or adjourned meeting or, in the case of a poll taken more than 48 hours after it is demanded, not less than 24 hours before the time appointed for the taking of the poll at which it is to be used (in each case excluding non-business days).

4. In the case of joint holders, the vote of the senior who tenders the vote shall be accepted to the exclusion of the votes of the other joint holders and for this purpose, seniority shall be determined by the order in which the names stand in the Register of Members.

5. To appoint a proxy or to give or amend an instruction to a previously appointed proxy via the CREST system, the CREST message must be received by the issuer's agent RA10

Notice of Meeting continued

by 11:00 on Tuesday, 22 July 2025. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message. After this time, any change of instructions to a proxy appointed through CREST should be communicated to the proxy by other means. CREST Personal Members or other CREST sponsored members and those CREST Members who have appointed voting service provider(s) should contact their CREST sponsor or voting service provider(s) for assistance with appointing proxies via CREST. For further information on CREST procedures, limitations and systems timings please refer to the CREST Manual. We may treat as invalid a proxy appointment sent by CREST in the circumstances set out in Regulation 35(5) of the Uncertified Securities Regulations 2001. In any case your proxy form must be received by the Company's Registrar no later than 11:00 on Tuesday, 22 July 2025.

6. Proxymity Voting – If you are an institutional investor, you may also be able to appoint a proxy electronically via the Proxymity platform, a process which has been agreed by the Company and approved by the Registrar. For further information regarding Proxymity, please go to **www.proxymity.io**. Your proxy must be lodged by no later than 11:00 on Tuesday, 22 July 2025 in order to be considered valid. Before you can appoint a proxy via this process, you will need to have agreed to Proxymity's associated terms and conditions. It is important that you read these carefully as you will be bound by them and they will govern the electronic appointment of your proxy. An electronic proxy appointment via the Proxymity Platform may be revoked completely by sending an authenticated message via the platform instructing the removal of your proxy vote.

7. Unless otherwise indicated on the Form of Proxy, CREST voting, Proxymity or any other electronic voting channel instruction, the proxy will vote as they think fit or, at their discretion, withhold from voting.

8. All members are entitled to attend and vote at the AGM and ask questions. The right to vote at the meeting will be determined by reference to the Register of Members as at close of business on Tuesday, 22 July 2025. Shareholders are urged to vote using the Form of Proxy provided or electronically where permitted by your nominee or platform.

9. The Company is pleased to be able to offer facilities for shareholders to attend, ask questions and vote at the AGM electronically in real time should they wish to do so. The details are set out below.

   In order to join the AGM electronically and to vote and ask questions via the platform, shareholders will need to connect to the following site **https://meetings.lumiconnect.com/100-135-001-078**. Lumi is available as a mobile web client, compatible with the latest browser versions of Chrome, Firefox, Edge and Safari and can be accessed using any web browser on a tablet, smartphone or computer.

   Once you have accessed **https://meetings.lumiconnect.com/100-135-001-078** from your device, you will be prompted to enter your unique 11 digit Investor Code ("IVC") including any leading zeros and 'PIN'. Your PIN is the last 4 digits of your IVC. This will authenticate you as a shareholder.

   Your IVC can be found on your share certificate or as detailed on your proxy form. You can also obtain this by contacting MUFG Corporate Markets, our Registrar, by calling **+44 (0) 371 277 1020***

   Access to the AGM will be available from **30 minutes before the meeting start time**, although the voting functionality will not be enabled until the Chairman of the meeting declares the poll open. During the AGM, you must ensure you are connected to the internet at all times in order to vote when Chairman commences polling on the Resolutions. Therefore, it is your responsibility to ensure connectivity for the duration of the AGM via your wi-fi. A user guide to the Lumi platform available on the Company's pages of the Manager's website at: **www.fidelity.co.uk/china**.

   If you wish to appoint a proxy other than the Chairman of the meeting and for them to attend the virtual meeting on your behalf, please submit your proxy appointment in the usual way before contacting MUFG Corporate Markets on **+44 (0) 371 277 1020*** in order to obtain their IVC and PIN. It is suggested that you do this as soon as possible and at least 48 hours (excluding non-business days) before the meeting.

   If your shares are held within a nominee/platform and you wish to attend the electronic meeting, you will need to contact your nominee as soon as possible. Your nominee will need to present a corporate letter of representation to MUFG Corporate Markets, the Registrar, as soon as possible and at least 72 hours (excluding non-business days) before the meeting, in order that they can obtain for you your unique IVC and PIN to enable you to attend the electronic meeting.

   If you are unable to obtain a unique IVC and PIN from your nominee or platform, we will also welcome online participation as a guest. Once you have accessed **https://meetings.lumiconnect.com/100-135-001-078** from your web browser on a tablet, smartphone or computer, you should then select the 'Guest Access' option before entering your name and who you are representing, if applicable. This will allow you to view the meeting and ask questions, but you will not be able to vote.

   * Lines are open from 09:00 to 17:30 Monday to Friday, excluding public holidays in England and Wales. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the UK will be charged at the applicable international rate.

10. Any person to whom this notice is sent who is a person nominated under Section 146 of the Companies Act 2006 to enjoy information rights (a "Nominated Person") may, under an agreement between him and the member by whom he was nominated, have a right to be appointed (or to have

someone else appointed) as a proxy for the meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he may, under any such agreement, have a right to give instructions to the member as to the exercise of voting rights. The statement of the rights of members in relation to the appointment of proxies in Note 1 above does not apply to Nominated Persons. The right described in that paragraph can only be exercised by members of the Company.

11. If the Chairman, as a result of any proxy appointments, is given discretion as to how the votes which are the subject of those proxies are cast and the voting rights in respect of those discretionary proxies, when added to the interests in the Company's securities already held by the Chairman, result in the Chairman holding such number of voting rights that he has a notifiable obligation under the Disclosure and Transparency Rules, the Chairman will make the necessary notifications to the Company and the Financial Conduct Authority. As a result, any member holding 3% or more of the voting rights in the Company who grants the Chairman a discretionary proxy in respect of some or all of those voting rights and so would otherwise have a notification obligation under the Disclosure and Transparency Rules, need not make separate notification to the Company and the Financial Conduct Authority.

12. Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, the Company has specified that to be entitled to attend and vote at the AGM (and for the purpose of determining the number of votes they may cast), members must be entered on the Register of Members by close of business on Tuesday, 22 July 2025. If the meeting is adjourned then, to be so entitled, members must be entered on the Register of Members by close of business on the day two days before the time fixed for the adjourned meeting, or, if the Company gives notice of the adjourned meeting, at any other time specified in that notice.

13. As at the latest practicable date prior to the publication of this document, the Company's issued share capital consisted of 579,496,006 ordinary shares carrying one vote each. The number of shares held by the Company in Treasury was 85,629,548. Therefore, the total number of shares with voting rights in the Company was 493,866,458.

14. Any corporation which is a member can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a member provided that they do not do so in relation to the same shares.

15. Shareholders and any proxies or representatives they appoint understand that by attending the meeting they are expressly agreeing that they are willing to receive any communications, including communications relating to the Company's securities, made at the meeting.

16. It is possible that, pursuant to requests made by members of the Company under Section 527 of the Companies Act 2006, the Company may be required to publish on its website a statement setting out any matter relating to the audit of the Company's accounts (including the Auditor's report and the conduct of the audit) that is to be laid before the AGM or any circumstance connected with an Auditor of the Company ceasing to hold office since the previous meeting at which the Annual Report and Financial Statements were laid. The Company may not require the shareholders requesting any such website publication to pay its expenses in complying with such requests. Where the Company is required to place a statement on a website under Section 527 of the Companies Act 2006, it must forward the statement to the Company's Auditor not later than the time when it makes the statement available on the website. The business which may be dealt with at the AGM includes any statement that the Company has been required under Section 527 of the Companies Act 2006 to publish on its website.

17. No Director has a service contract with the Company.

18. A copy of this notice and other information required by Section 311A of the Companies Act 2006 is published on the Company's website at **www.fidelity.co.uk/china**.

Registered office: Beech Gate, Millfield Lane, Lower Kingswood, Tadworth, Surrey KT20 6RP.

Glossary to the Annual Report

AAF Report
A report prepared in accordance with the Audit and Assurance Faculty guidance issued by the Institute of Chartered Accountants in England and Wales.

ADR (American Depositary Receipt)
A negotiable certificate issued by a US bank representing a specified number of shares in a foreign stock that is traded on a US Exchange.

AIC
The Association of Investment Companies ("AIC"). The Company is a member of the AIC.

AIF
Alternative Investment Fund ("AIF"). The Company is an AIF.

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

AIFMD
The Alternative Investment Fund Managers Directive ("AIFMD") is a European Union Directive implemented on 22 July 2014.

Alternative Performance Measures
The Company uses the following Alternative Performance Measures which are all defined in this Glossary:

- Discount/Premium;
- Gearing;
- Net Asset Value (NAV) per Ordinary Share;
- Ongoing Charges Ratio;
- Revenue, Capital and Total Returns; and
- Total Return Performance (Net Asset Value Total Return or Ordinary Share Price Total Return).

Asset Exposure
The value of an underlying security or instrument to which the Company is exposed, whether through direct or indirect investment (including the economic value of the exposure in the underlying asset of derivatives).

Auditor
The Company's independent Auditor is Ernst & Young LLP.

Benchmark Index
MSCI China Index total return (in UK sterling terms) and is a composite of China "A", "B", "H", "Red Chip" and "P Chip" share classes and foreign listings (e.g. ADRs).

Broker
The Company's Broker is Jefferies International Limited.

Capital Gains Tax (CGT)
The tax that may be payable if shares are sold at a profit.

China "A" Shares
China "A" Shares are securities of companies incorporated in mainland China that trade on either the Shanghai or Shenzhen stock exchanges and trade in Chinese renminbi. They can only be traded by residents of the PRC, or for foreign investors via the Qualified Foreign Institutional Investor (QFII), the Renminbi Qualified Foreign Institutional Investor (RQFII) rules or Stock Connect programs.

China "B" Shares
China "B" Shares are securities of companies incorporated in mainland China that trade on either the Shanghai Stock Exchange (in US dollars) or Shenzhen Stock Exchange (in Hong Kong dollars). They can be traded by international investors and also residents of the PRC with appropriate foreign currency dealing accounts.

China "H" Shares
China "H" Shares are securities of companies incorporated in mainland China that trade on the Hong Kong Stock Exchange in Hong Kong dollars. Like other securities trading on the Hong Kong Stock Exchange, there are no restrictions to who can trade in China "H" Shares.

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.

ChiNext
ChiNext is a NASDAQ-style subsidiary of the Shenzhen Stock Exchange for innovative and fast-growing companies, especially high-tech companies. It started trading in October 2009. The MSCI added stocks trading on Shenzhen's ChiNext board to its indexes for the first time in May 2019, allowing foreign investors to tap the tech-focused board by investing in the indexes.

Collateral
Asset provided as security for the unrealised gain or loss under a contract for difference.

Contract For Difference (CFD)
A contract for difference is a derivative. It is a contract between the Company and an investment house at the end of which the parties exchange the difference between the opening price and the closing price of an underlying asset of the specified financial instrument. It does not involve the Company 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 collateral. 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 and interest is received.

Corporation Tax
The tax the Company may have to pay on its profits for a year. As an investment trust, the Company is exempt from corporation tax on its capital gains and does not pay tax on any UK dividends. It can also offset expenses against any taxable income and consequently it is tax efficient for the Company.

Custodian
An entity that holds (as intermediary) the Company's assets, arranges the settlement of transactions and administers income, proxy voting and corporate actions. The Company's Custodian is JPMorgan Chase Bank.

Debt
Bank borrowings and long contracts for difference. The Company does not currently have any bank loans.

Depositary
An entity that oversees the custody, cash arrangements and other AIFM responsibilities of the Company. J.P.Morgan Europe Limited act as the Company's Depositary.

Derivatives
Financial instruments (such as futures, options and contracts for difference) whose value is derived from the value of an underlying asset.

Discount
If the share price of the Company is lower than the net asset value per ordinary share, the Company is said to be trading at a discount. The discount is shown as a percentage of the net asset value per ordinary share.

Earnings
The earnings generated in a given period from investments:

- **Revenue Earnings** – reflects the dividends and interest from investments and other income, net of expenses, finance costs and taxation;
- **Capital Earnings** – reflects the return on capital, excluding any revenue earnings; and
- **Total Earnings** – reflects the aggregate of revenue and capital earnings.

Equity Linked Notes (ELNS)
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.

FIL Limited
The ultimate parent company of the FIL Group of companies.

Fidelity International (Fidelity)
FIL Investments International.

Forward Contract
An agreement to buy or sell a currency, commodity or other asset at a specified future date and at a predetermined price.

Future
An agreement to buy or sell a fixed amount of an asset at a fixed future date and a fixed price.

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 contracts).

Gross Gearing
Gross Asset Exposure in excess of Net Assets.

Hedging
A strategy aimed at minimising or eliminating the risk or loss through adverse movements, normally involving taking a position in a derivative such as a future or an option. 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.

Initial Public Offering (IPO)
An initial public offering (IPO) is the first sale of stock by a private company to the public. IPOs are often issued by smaller, younger companies seeking the capital to expand, but can also be done by large privately owned companies looking to become publicly traded.

Investment Manager
FIL Investment Management (Hong Kong) Limited.

Kroll
Kroll is an independent risk and financial solution provide. It provides an objective and independent assessment of value using sophisticated valuation methodologies. It constantly monitors changing regulations and consistently provides input to Accounting Standards Boards as they develop implementation guidance and new financial reporting rules with valuation implications.

Management Agreement
The agreement between FIL Investment Management (Hong Kong) Limited and the Company regarding the management of the Company's investments.

Glossary to the Annual Report continued

Manager
FIL Investment Services (UK) Limited is the appointed Manager under the Alternative Investment Fund Managers' Directive ("AIFMD") and has delegated the investment management of the Company to the Investment Manager.

MSCI China Index
The Benchmark Index of the investment performance of the Company, in UK sterling terms.

MSCI China Mid Cap Index
The MSCI China Mid Cap Index is designed to measure the performance of the mid cap segments of the Chinese markets. With 331 constituents, the index covers approximately 15% of the free float-adjusted market capitalisation in China.

MSCI China Small Cap Index
The MSCI China Small Cap Index is a free-float adjusted market capitalization weighted index designed to measure the performance of equity securities in the bottom 14% by market capitalisation of the Chinese equity securities markets.

NASDAQ
A global electronic marketplace for buying and selling securities.

Net Assets
The value of the Company's assets minus its liabilities.

Net Assets plus Borrowings
Net Assets plus bank loans. The Company currently has no bank loans.

Net Asset Value
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 ordinary share basis.

Net Asset Value per Ordinary Share
The net asset value divided by the number of ordinary shares in issue.

Net Gearing
Net Gearing is the total of all long exposures, less short exposures and less exposures hedging the portfolio in excess of Net Assets.

Net Market Exposure
Net Market Exposure is the total of all long exposures, less short exposures and less exposures hedging the portfolio.

Ongoing Charges Ratio (excluding Variable Management Fee)
Total operating expenses (excluding finance costs and taxation) incurred by the Company as a percentage of the average daily net asset values for the reporting year.

Option
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 calls (buy) or puts (sell) and are used to gain or reduce exposure to the underlying asset on a conditional basis.

P Chips
Companies controlled by mainland China 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.

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 derivatives (such as futures, options and contracts for difference).

Portfolio Manager
Dale Nicholls is the appointed Portfolio Manager of the Company and is responsible for managing the Company's assets.

PRC
The People's Republic of China.

Pre-Emption Rights
Section 561 of the Companies Act 2006 provides that a company offering a new issue of shares must first make an offer of these shares, on the same or more favourable terms, in proportion to the nominal value held to existing shareholders. At each Annual General Meeting, the Board seeks shareholder approval to disapply pre-emption rights provision, up to 10% of the Company's issued share capital.

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.

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.

Red Chips
Companies incorporated outside of mainland China that trade on the Hong Kong Stock Exchange. Red Chips derive the majority of revenue or assets from the PRC and are substantially owned, directly or indirectly, by mainland China state entities.

Registrar
An entity that manages the Company's shareholder register. The Company's Registrar is MUFG Corporate Markets (name changed from Link Group on 20 January 2025).

Reserves
- **Share premium account** represents the amount by which the proceeds from the issue of ordinary shares have exceeded the cost of those ordinary shares. It is not distributable by way of dividends and it cannot be used to fund share repurchases.
- **Capital redemption reserve** represents the nominal value of ordinary shares repurchased and cancelled. It cannot be used to fund share repurchases and is not distributable by way of dividends.
- **Other reserve** is a distributable premium reserve created on 21 April 2010 when High Court approval was given for the share premium account to be cancelled. As a result, £452,232,000 was transferred from the share premium account to the other reserve. It can be used to fund share repurchases.
- **Capital reserve** represents realised gains or losses on investments and derivatives sold, unrealised increases and decreases in the fair value of investments and derivatives held and other income and costs recognised in the capital column of the Income Statement. It can be used to fund share repurchases and it is distributable by way of dividends.
- **Revenue reserve** represents the net revenue surpluses recognised in the revenue column of the Income Statement that have not been distributed as dividends to shareholders. It is distributable by way of dividends.

Secretary
FIL Investments International.

Shareholders' Funds
Shareholders' funds are also described as "net asset value" and 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.

Size of Company (By Market Cap)
Large – above £5bn

Medium – between £1bn – £5bn

Small – below £1bn

Total Return Performance
The return on the share price or net asset value per ordinary share taking into account the rise and fall of share prices and the dividends paid to shareholders. Any dividends received by the shareholder are assumed to have been reinvested in additional shares (for share price total return) or the Company's assets (for net asset value total return).

Total Shareholder Return
Total shareholder return is the total return of shares to shareholders, or the capital gains, plus dividends paid.

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 per ordinary share calculation.

Unlisted Companies
Companies not listed on a regulated stock exchange. They 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.

Variable Interest Entity (VIE)
A variable interest entity (VIE) structure is designed to facilitate foreign investment in sectors of the Chinese domestic economy which prohibit foreign ownership. The essential purpose of the VIE structure is to convey the economic benefits and operational control of ownership without direct equity ownership itself. As the controlling interest is not based on having the majority of voting rights, there may be a risk to an investor of being unable to enforce their ownership rights in certain circumstances.

Variable Management Fee (VMF)
The Company has a Variable Management Fee (VMF) structure. The base fee is on a tiered basis of 0.85% on the first £1.5 billion of Net Assets, reducing to 0.65% on Net Assets over £1.5 billion per annum plus a +/- 0.20% variation fee based on performance relative to the Company's Benchmark Index (the MSCI China Index). The maximum fee that the Company could pay if it outperforms is 1.05% on Net Assets up to £1.5 billion and reducing to 0.65% on Net Assets over £1.5 billion, but if the Company underperforms against the Benchmark Index, then the overall fee could have been as low as 0.85% on Net Assets up to £1.5 billion, reducing to 0.45% on Net Assets over 1.5 billion.

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.

Shareholder Information

Investing in Fidelity China Special Situations PLC

Fidelity China Special Situations PLC is a company listed on the London Stock Exchange and you can buy its shares through a platform, stockbroker, share shop or bank. Fidelity also offers a range of options, so that you can invest in a way that is best for you. Details of how to invest and the latest Key Information Document can be found on the Company's pages of the Manager's website at **www.fidelity.co.uk/china**.

CONTACT INFORMATION

Shareholders and Fidelity's Platform Investors should contact the appropriate administrator using the contact details given below and in the next column. Links to the websites of major platforms can be found online at **www.fidelity.co.uk/its**

Shareholders on the main share register

Contact MUFG Corporate Markets, Registrar to Fidelity Japan Trust PLC, Central Square, 29 Wellington Street, Leeds LS1 4DL.

Email: **shareholderenquiries@cm.mpms.mufg.com**

Telephone: **0371 664 0300** (calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. Lines are open 9:00 – 17:30, Monday to Friday excluding public holidays in England and Wales).

Details of individual shareholdings and other information can also be obtained online from the Registrar's Investor Centre at **https://uk.investorcentre.mpms.mufg.com/**. Shareholders are able to manage their shareholding online by registering for the Investor Centre, a free and secure online access service. Facilities include:

Account Enquiry – Shareholders can access their personal shareholding, including share transaction history, dividend payment history and obtain an up-to-date shareholding valuation.

Amendment of Standing Data – Shareholders can change their registered postal address and add, change or delete dividend mandate instructions. Shareholders can also download forms such as change of address, stock transfer and dividend mandates as well as buy and sell shares in the Company.

Should you have any queries in respect of the Investor Centre, contact the helpline on **0371 664 0300** (calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. Lines are open 9:00 – 17:30, Monday to Friday excluding public holidays in England and Wales).

Fidelity Platform Investors

Contact Fidelity, using the freephone numbers given below, or by writing to: UK Customer Service, Fidelity, PO Box 391, Tadworth, Surrey KT20 9FU.

Website: **www.fidelity.co.uk**

Private investors: call free on **0800 41 41 10**, 9:00 – 18:00, Monday to Saturday.

Financial advisers: call free on **0800 41 41 81**, 8:00 – 18:00, Monday to Friday.

General Enquiries

General enquiries should be made to the Secretary, at the Company's registered office: FIL Investments International, Investment Trusts, Beech Gate, Millfield Lane, Lower Kingswood, Tadworth, Surrey KT20 6RP.

Telephone: **0207 961 4240**

Email: **investmenttrusts@fil.com**

Website: **www.fidelity.co.uk/its**

If you hold Fidelity China Special Situations PLC shares in an account provided by Fidelity International, you will receive a report every six months detailing all of your transactions and the value of your shares.

ShareGift

You may donate your shares to charity free of charge through ShareGift. Further details are available at **www.sharegift.org.uk**.

Managers and Advisors

Alternative Investment Fund Manager (AIFM/the Manager)
FIL Investment Services (UK) Limited
Beech Gate
Millfield Lane
Lower Kingswood
Tadworth
Surrey
KT20 6RP

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

Secretary and Registered Office
FIL Investments International
Beech Gate
Millfield Lane
Lower Kingswood
Tadworth
Surrey
KT20 6RP
Email: **investmenttrusts@fil.com**

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

Financial Adviser and Stockbroker
Jefferies International Limited
100 Bishopsgate
London
EC2N 4JL

Independent Auditor
Ernst & Young LLP
25 Churchill Place
London
E14 5EY

Lawyer
Simmons & Simmons LLP
1 Ropemaker Street
London
EC2Y 9SS

Registrar
MUFG Corporate Markets (name changed from Link Group on 20 January 2025)
Central Square
29 Wellington Street
Leeds
LS1 4DL

Company Information
The Company's initial public offering was on 19 April 2010. The original subscription price for each share was £1. The Company also issued "C" shares of £1 each on 1 March 2011 and these were subsequently converted into new ordinary shares.

The Company is a member of the Association of Investment Companies ("AIC") from whom general information on investment trusts can be obtained by telephoning **020 7282 5555** (email address: **enquiries@theaic.co.uk**).

Price Information
The share price of the Company is published daily in The Financial Times under the heading "Investment Companies". It is also published in the Times and The Daily Telegraph. Price and performance information is also available at **www.fidelity.co.uk/china**

Investors can also obtain current share price information by telephoning Fidelity for free on **0800 41 41 10** or FT Cityline on **0905 817 1690** (voice activated service) (calls charged at 60p per minute on a per second basis from a BT landline. Charges from other telephone networks may vary). The Reuters Code for Fidelity China Special Situations PLC is FCSS, the SEDOL is B62Z3C7 and the ISIN is GB00B62Z3C74.

Net Asset Value ("NAV") Information
The Company's NAV is calculated and released to the London Stock Exchange on a daily basis.

Data Protection

General Data Protection Regulation ("GDPR")

What personal data is collected and how it is used
The Company is an investment trust which is a public limited company and has certain regulatory obligations such as the requirement to send documents to its shareholders, for example, the Annual Report and other documents that relate to meetings of the Company. The Company will therefore collect shareholders' personal data such as names, addresses and identification numbers or investor codes and will use this personal data to fulfil its statutory obligations.

Any personal data collected will be kept securely on computer systems and in some circumstances on paper. Personal information is kept secure in line with Fidelity's Information Security policies and standards. If you are unhappy with how we have used your personal data, you can complain by contacting the UK Data Protection Officer at Fidelity International, Beech Gate, Millfield Lane, Lower Kingswood, Tadworth, Surrey KT20 6RP.

Sharing personal data
In order to assist the Company in meeting its statutory requirements, the Company delegates certain duties around the processing of this data to its third-party service providers, such as the Company's Registrar and Printers. The Company has appointed Fidelity to undertake marketing activities for the Company and their privacy statement can be found on the Company's website at **https://investment-trusts.fidelity.co.uk/security-privacy/**

The Company's agreements with the third-party service providers have been updated to be compliant with GDPR requirements. The Company confirms to its shareholders that their data will not be shared with any third-party for any other purpose, such as for marketing purposes. In some circumstances, it may be necessary to transfer shareholders' personal data across national borders to Fidelity Group entities operating in the European Economic Area ("EEA"). Where this does occur, the European standard of protections will be applied to the personal data that is processed. Where personal data is transferred within the Fidelity Group, but outside of the EEA, that data will subsequently receive the same degree of protection as it would in the EEA.

Retention Period
Personal data will be kept for as long as is necessary for these purposes and no longer than legally permitted to do so.

Requesting access, making changes to your personal data and other important information
Shareholders can access the information that the Company holds about them or ask for it to be corrected or deleted by contacting Fidelity's UK Data Protection Officer, Fidelity International, Beech Gate, Millfield Lane, Lower Kingswood, Tadworth, Surrey KT20 6RP.

Fair treatment of investors

The legal and regulatory regime to which the Company and the Directors are subject ensures the fair treatment of investors. The Listing Rules require that the Company treats all shareholders of the same class of shares equally. In particular, the Directors have certain statutory duties under the Companies Act 2006 with which they must comply. These include a duty upon each Director to act in the way she or he considers, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole.

Alternative Investment Fund Manager's Disclosure

In compliance with the Alternative Investment Fund Managers' Directive ("AIFMD"), the Board has appointed FIL Investment Services (UK) Limited ("FISL") as the Company's Alternative Investment Fund Manager ("AIFM"). FISL has delegated the investment management to FIL Investment Management (Hong Kong) Limited ("FIMHK") and the company secretarial function to FIL Investments International. Details of the current Management Agreement can be found in the Directors' Report on page 36.

The table below discloses information required by the Alternative Investment Fund Managers' Regulations 2013.

Function	AIFM Role and Responsibility	AIFMD Disclosure
Investment management	The AIFM provides portfolio management of assets and investment advice in relation to the assets of the Company. It has delegated this function to FIL Investment Management (Hong Kong) Limited. The Board remains responsible for setting the investment strategy, investment policy and investment guidelines and the AIFM operates within these guidelines.	Details of the Company's investment objective, strategy and investment policy, including limits, are on pages 24 and 25.
Risk management	AIFM has a responsibility for risk management for the Company which is in addition to the Board's corporate governance responsibility for risk management. The Company has a Risk Management Process Document which demonstrates that risk management is separated functionally and hierarchically from operating units and demonstrates independence safeguards. The Manager maintains adequate risk management systems in order to identify, measure and monitor all risks at least annually under AIFMD. The Manager is responsible for the implementation of various risk activities such as risk systems, risk profile, risk limits and testing. The Board, as part of UK corporate governance, remains responsible for the identification of significant risks and for the ongoing review of the Company's risk management and internal control processes.	The AIFM has an ongoing process for identifying, evaluating and managing the principal risks faced by the Company and this is regularly reviewed by the Board. The Board remains responsible for the Company's system of risk management and internal controls and for reviewing its effectiveness. Further details can be found in the Strategic Report on pages 26 to 30 and in Note 17 to the Financial Statements on pages 78 to 90.
Valuation of illiquid assets	The AIFMD requires the disclosure of the percentage of the Alternative Investment Fund's assets which are subject to special arrangements arising from their illiquid nature and any new arrangements for managing the liquidity of the Company.	As at the date of this report, none of the Company's assets were subject to special arrangements arising from their illiquid nature.

Alternative Investment Fund Manager's Disclosure continued

Function	AIFM Role and Responsibility	AIFMD Disclosure
Leverage	The Company uses leverage to increase its exposure primarily to the stock markets of China and currently holds long derivatives to achieve this. The AIFM has set maximum levels of leverage that are reasonable. It has implemented systems to calculate and monitor compliance against these limits and has ensured that the limits have been complied with at all times. There are two methods of calculating leverage – the Gross Method which does not reduce exposure for hedging; and the Commitment Method which does reduce exposure for hedging.	The maximum leverage limits are 1.80 for the Gross Method of calculating leverage and 1.50 for the Commitment Method. At 31 March 2025, actual leverage was 1.59 for the Gross Method and 1.44 for the Commitment Method.
Liquidity management	The AIFM, in consultation with the Board, maintains a liquidity management policy which is considered at least annually.	No new arrangements for managing the liquidity of the Company have been made. Further details can be found in Note 17 on page 81.
Remuneration of the AIFM	The AIFM operates under the terms of Fidelity's Global Remuneration Policy Statement. This ensures that the AIFM complies with the requirements of the FCA's Remuneration Code (SYSC19A); the AIFM Remuneration Code (SYSC19B) and the BIPRU Remuneration Code (SYSC19C).	Details of Fidelity International's Global Remuneration Policy can be found at **www.fidelityinternational.com/global/remuneration/default.page**

EU Securities Financing Transactions Regulation ("SFTR")
The following disclosures relate to contracts for difference ("CFDs") held by the Company which may be considered Total Return Swaps under the SFTR, which came into force on 12 January 2016.

As at 31 March 2025, all CFDs were contracted bilaterally with open maturities:

Broker	Fair Value £'000	Percentage of Net Assets	Collateral held by the broker £'000	Collateral held by the Company £'000
Goldman Sachs International (UK)	**(4,158)**	**(0.29%)**	**–**	**–**
HSBC Bank plc (UK)	**(4,908)**	**(0.35%)**	**–**	**3,037**
J.P. Morgan Securities plc (UK)	**(8,406)**	**(0.59%)**	**–**	**6,953**
Morgan Stanley & Co International (UK)	**1,199**	**0.08%**	**1,109**	**–**
UBS AG (UK)	**(2,880)**	**(0.20%)**	**–**	**4,098**

Collateral held by the broker was denominated in US dollars and held in a segregated account on behalf of the Company with a maturity of one day. The total return for the year ended 31 March 2025 from CFDs was a gain of £108,127,000.

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