FIDELITY CHINA SPECIAL SITUATIONS PLC

Final Results for the year ended 31 March 2025

Financial Highlights:

- The Board of Fidelity China Special Situations PLC (the "Company") recommends a final ordinary dividend of 8.00 pence per share as well as a special dividend of 1.00 pence per share.
- During the year ended 31 March 2025, the Company reported a Net Asset Value (NAV) total return of +31.5% and share price total return of +35.8%.
- Over the same period, the benchmark index, the MSCI China Index, returned +37.5%.
- Improving sentiment following stimulus packages and the emergence of artificial intelligence provided catalysts to returns.

Contacts

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George Bayer
Company Secretary
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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.

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 in the Annual Report.

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 in the Annual 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 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 in the Annual Report.

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 in the Annual Report.

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 below.

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

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 in the Annual Report.

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 in the Annual Report 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

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.

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.

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

STRATEGIC REPORT

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 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 on 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.	• 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.	**Increasing**

	• 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.	• 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.	
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**
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 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**
Cybercrime and	• Cybersecurity risk from cyberattacks or threats to the functioning of global markets and to the Manager's own business model,	• The Manager's technology risk management teams have implemented a number of	**Increasing**

Information Security Risks, including Business Continuity Risk	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). • 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.	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.	
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 pro-actively 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 above. 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 below.

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 above.

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 in the Annual Report.

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.**

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.

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

FINANCIAL STATEMENTS

INCOME STATEMENT FOR THE YEAR ENDED 31 MARCH 2025

		Year ended 31 March 2025			Year ended 31 March 2024		
		Revenue	Capital	Total	Revenue	Capital	Total
	Notes	£'000	£'000	£'000	£'000	£'000	£'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 below 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 below 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 above and below were approved by the Board of Directors on 9 June 2025 and were signed on its behalf by:

MICHAEL BALFOUR
Chairman
The Notes below 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 below 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 above.

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 above 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 above 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.

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.

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.

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.

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 below for further details on the level 3 investments.

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 in the Annual Report.

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 in the Annual Report.

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.

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	Capital	Total	Revenue	Capital	Total
	£'000	£'000	£'000	£'000	£'000	£'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).

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
	=========	=========	=========	=========

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		2024	
	Number of shares	Nominal value £'000	Number of shares	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.

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)

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At 31 March 2025	5,805	338,107	1,412	74,052	922,363	72,063	1,413,802
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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)
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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.

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 above.

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
	==========	==========

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.

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	2025 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.

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 below:

				Related amounts not set off on balance sheet		2025
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	Financial instruments £'000	Margin account received as collateral £'000	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
	=========	=========	=========	=========	=========	=========

				Related amounts not set off on balance sheet		2025
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	Financial instruments £'000	Margin account pledged as collateral £'000	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)

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

		Gross amount of recognised financial assets set off on the balance sheet	Net amount of financial liabilities presented on the balance sheet	Related amounts not set off on balance sheet		2024
Financial liabilities	Gross amount £'000	£'000	£'000	Financial instruments £'000	Margin account pledged as collateral £'000	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)

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

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 above.

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.

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	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

		companies and relevant indices			
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.

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 EBITDA 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 moved by +/-10%, the fair value would change by £229,000 and -£229,000
		P/E LTM+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.

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.

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:

				2025
	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss	£’000	£’000	£’000	£’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)
	=========	=========	=========	=========

				2024
	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss	£’000	£’000	£’000	£’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)
	=========	=========	=========	=========

Level 3 investments (unlisted and delisted investments)

	2025	2024
	£'000	£'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	192,878
	=========	=========

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).

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.

	2025	2024
	Level 3	Level 3
Movements in level 3 investments during the year	£'000	£'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 above 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 Annual Report. The principal risks and their management are disclosed in the Strategic Report above and in Note 17 above.

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

	2025			
	Gross gearing		Net gearing	
	Exposure £'000	%[1]	Exposure £'000	%[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%
		=========		=========

	2024			
	Gross gearing		Net gearing	
	Exposure £'000	%[1]	Exposure P£'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 in the Annual Report.
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 in the Annual Report. 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 in the Annual Report. 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 which can be found in the Annual Report.

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 in the Annual Report.

GEARING
See Note 18 above for details of the Company's gearing (both gross and net).

NET ASSET VALUE ("NAV") PER ORDINARY SHARE
See the Balance Sheet on and Note 16 above 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 and Note 8 above 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%
	=========	=========

The Annual Financial Report Announcement is not the Company's statutory accounts. The above results for the year ended 31 March 2025 are an abridged version of the Company's full Annual Report and Financial Statements, which have been approved and audited with an unqualified report. The 2024 and 2025 statutory accounts received unqualified reports from the Company's Auditor and did not include any reference to matters to which the Auditor drew attention by way of emphasis without qualifying the reports and did not contain a statement under s.498 of the Companies Act 2006. The financial information for 2024 is derived from the statutory accounts for 2024 which have been delivered to the Registrar of Companies. The 2025 Financial Statements will be filed with the Registrar of Companies in due course.

A copy of the Annual Report will shortly be submitted to the National Storage Mechanism and will be available for inspection at: www.morningstar.co.uk/uk/NSM

The Annual Report will be posted to shareholders later this month and additional copies will be available from the registered office of the Company and on the Company's website: www.fidelity.co.uk/japan where up to date information on the Company, including daily NAV and share prices, factsheets and other information can also be found.

Neither the contents of the Company's website nor the contents of any website accessible from hyperlinks on the Company's website (or any other website) is incorporated into, or forms part of, this announcement.

ENDS