

Fidelity Asian Values PLC

Annual Report

For the year ended 31 July 2009



Managed by



Contents

Objective and Highlights	1
Financial Summary	2
Chairman's Statement	3
Manager's Review	5
Ten Largest Investments	8
Summary of Performance	9
Corporate Information	12
Board of Directors	12
Directors' Report including Business Review	14
Statement of Directors' Responsibilities	21
Corporate Governance Statement	22
Directors' Remuneration Report	28
Independent Auditor's Report	29
Financial Statements	30
Full Portfolio Listing	46
Distribution of the Portfolio	48
Notice of Meeting	50
Financial Calendar	53
Capital Gains Tax Information	53
Investing in Fidelity Asian Values PLC	54

Objective and Highlights



Sir Victor Garland

To achieve long term capital growth through investment principally in the stockmarkets of the Asian Region (excluding Japan)

Performance	Year ended 31 July 2009
Net Asset Value ("NAV") Total Return	+15.7%
Share Price Total Return	+20.6%
MSCI All Countries (Combined) Far East Free ex Japan Index Total Return – sterling adjusted	+11.0%
Equity Shareholders' Funds	£92.1m
Market Capitalisation	£85.6m
Ordinary shares of 25p in issue at 31 July 2009	60,942,501

Standardised Performance (on a total return basis) % change

	31/7/2004 to 31/7/2005	31/7/2005 to 31/7/2006	31/7/2006 to 31/7/2007	31/7/2007 to 31/7/2008	31/7/2008 to 31/7/2009
NAV – Undiluted	+47.2	+11.7	+47.4	-15.6	+15.7
NAV – Diluted	+47.2	+10.6	+48.9	n/a	n/a
Share price	+58.2	+11.8	+40.6	-13.0	+20.6

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

Financial Summary

	2009	2008	% change
Assets at 31 July			
Total assets employed ¹	£98.7m	£145.0m	-31.9 ²
Shareholders' funds	£92.1m	£135.9m	-32.2 ²
NAV per share	151.18p	131.78p	+14.7
Borrowings as % of shareholders' funds	7.1%	6.7%	
Borrowings less cash as % of shareholders' funds	6.7%	0.1%	
Results for the year to 31 July			
Capital return/(loss) per ordinary share	14.85p	(25.57p)	
Revenue return per ordinary share	1.49p	1.43p	
Dividend proposed for the year per ordinary share	1.00p	0.81p	
Stockmarket data at 31 July			
MSCI All Countries (Combined) Far East Free ex Japan Index ³	245.00	226.14	+8.3
Share price year end	142.25p	119.00p	+19.5
high	142.25p	171.00p	
low	71.00p	108.50p	
Discount year end	5.91%	9.70%	
high	17.79%	12.87%	
low	1.23%	2.62%	
Total returns (includes reinvested income) for the year to 31 July (%)			
NAV per share	+15.7	-15.6	
Share price	+20.6	-13.0	
MSCI All Countries (Combined) Far East Free ex Japan Index ³	+11.0	-10.7	
Total expense ratios for the year to 31 July⁴			
As a % of shareholders' funds (cost of running the Company)	1.65	1.34	

¹ total assets less current liabilities, excluding fixed term loan liability

² total assets employed and shareholders' funds include £53.1m which related to the Tender offer on 5 September 2008 and represented 39% of the Company on that date

³ price index, sterling adjusted

⁴ operating expenses (excluding interest and tax) based on average daily shareholders' funds

Sources: Fidelity and Datastream

Past performance is not a guide to future returns

PERFORMANCE

Over the 12 months to 31 July 2009, the net asset value per share of Fidelity Asian Values PLC increased by 15.7% compared with an increase in the benchmark MSCI All Countries (Combined) Far East Free ex Japan Index 11.0%. The share price increased by 20.6% over the period. (All figures in sterling terms and on a total return basis.) Over the three and five years to 31 July 2009 the Company's net asset value rose by 43.9% and 136.5% respectively against rises of 40.1% and 115.9% by the benchmark. The discount at which ordinary shares traded to the net asset value of the Company widened slightly to 5.91% at the end of the period from 5.42% six months ago.

MARKETS

Equities in the Far East ex Japan region registered double-digit gains in sterling terms over the 12 month review period. The collapse of Lehman Brothers precipitated the ongoing global financial turmoil leading to a steep decline in world markets in October. Dismal economic data and subdued earnings results drove share prices lower. Subsequently, governments across the region took several policy measures aimed at increasing liquidity and promoting growth. These provided some support to equities. In particular, China announced a RMB 4 trillion stimulus package and supplemented the move by lowering its cash reserve ratio and interest rates. Mid-March onwards, investors started to respond positively to growing evidence of an economic rebound in China, an improvement in global credit markets and expansionary fiscal and monetary policies. Foreign investors returned to the region encouraged by optimism about an overall recovery underpinned by tentative signs of firmer industrial activity in some areas. Earnings expectations, which had been cut sharply at the end of 2008, were revised upwards, boosting share prices. Consequently, Far East ex Japan equities outperformed their developed as well as emerging markets peers over the review period. In this environment, information technology stocks benefited the most as confidence among US consumers, improved. Consumer discretionary companies, particularly automobile manufacturers, advanced. Non-bank financials including insurance, property and diversified financials were other beneficiaries of an improvement in investor sentiment. Healthcare and industrials were the only two sectors that retreated. In particular, shipping companies suffered due to a drop in cargo rates. The export-oriented markets of Korea and Singapore fell behind the regional benchmark. On the economic front, interest rates were reduced in countries across the region to spur domestic demand. However, towards the end of the period, most central banks opted to keep rates unchanged in light of deflationary pressures. Real GDP growth in China, Korea, Taiwan, Indonesia and Singapore in the second quarter of 2009 exceeded expectations. In July the Purchasing Managers' Index in China, an indicator of the health of

the manufacturing sector remained above the expansionary threshold of 50 for a fifth consecutive month. Property and automobile sales growth were better than expected and industrial production expanded on a month-on-month basis in many economies in the region. Although regional exports failed to recover, they appeared to stabilise in Korea, Taiwan and Singapore.

OUTLOOK

In recent months, signs of stabilisation have emerged in many Asian countries, suggesting that the economic downturn may be past its worst and the recession is starting to ease. However, overseas demand for the region's products remains subdued and in particular continues to weigh on export-driven economies such as Korea, Malaysia, Singapore and Taiwan. A lower than expected rise in unemployment, coupled with sustained industrial activity indicates that domestic demand is helping to compensate for a decline in exports and there is growing evidence of an economic recovery.

Asian equity markets have outperformed the global indices since the beginning of 2009; analysts have been raising their corporate earnings forecasts for many companies in the region resulting in a recovery in stock valuations. Although it may still be early to talk of green shoots, investor confidence is improving and the increasing evidence of a recovery in the Far East region, ex Japan, should continue to drive stock markets.

DIVIDEND

Subject to shareholders' approval at the 2009 Annual General Meeting the Directors recommend that a final dividend in respect of the year to 31 July 2009 of 1.00p pence per share (2008: 0.81p) be paid to shareholders on the register at close of business on 16 October 2009 (ex dividend date 14 October 2009) on the 16 December 2009. As the Company's objective is long term capital growth any revenue surplus is a function of a particular year's business and it should not be assumed that dividends will continue to be paid in future.

TENDER OFFER AND REDUCTION IN CAPITAL

During the year under review, a Tender offer was made for up to 40% of the Company's issued share capital. The Board took this action to avoid the potentially destabilising effect on the share price of certain shareholders wishing to realise their holdings. Following shareholders' approval at an Extraordinary General Meeting of the Company held on 5 September 2008 and completion of the Tender offer a total of 41,262,764 ordinary shares were cancelled from the Register of Members. This equated to 40% of the issued share capital immediately prior to the offer being made. Exiting shareholders bore the costs involved and the remaining shareholders received the benefit of an uplift in the net asset value of some 2% on the day the Tender offer was completed.

Chairman's Statement

GEARING

The Lloyds TSB Bank PLC loan of US\$11 million was repaid on 25 September 2009. The current net gearing parameters set by the Board are between 0% and 10%.

DIRECTORATE

This year three Directors will retire, two of whom will offer themselves for re-election. As detailed in the biographies on pages 12 and 13 the Directors have a wide range of appropriate skills and experience to make up a balanced Board for your Company.

I am subject to annual re-election due to my tenure on the Board exceeding nine years and Miss Matthews is subject to annual re-election under the Listing Rules due to her recent employment relationship with the Manager. Miss Matthews will retire from employment with the Manager in October 2009.

Sir Robin McLaren will retire from the Board after the Annual General Meeting. He has served as a Director since 1997 and I would like to thank Sir Robin for his contribution to the Company and personally for the quality and independence of advice that he has given me over the years. His experience in Asia and his work as Senior Independent Director have been extremely valuable. A successor for the role of Senior Independent Director will be appointed in due course.

A selection process for a new member of the Board is currently underway.

ANNUAL GENERAL MEETING

The 2009 Annual General Meeting will be held on Monday 7 December 2009 at Fidelity's Cannon Street office commencing at 11.00 am. All shareholders and Fidelity Savings Plan and ISA Scheme investors are invited to attend. The Portfolio Manager will be making a presentation on the year under review and immediate prospects for the Company.



Sir Victor Garland
Chairman
28 September 2009

Manager's Review



FIL INVESTMENTS INTERNATIONAL

The Company is managed by FIL Investments International (which is authorised and regulated by the Financial Services Authority), in conjunction with FIL Investment Management (Hong Kong) Limited. Both are part of the FIL Limited group, which, at 30 June 2009, had total assets under management of £109.3 billion. Fidelity was one of the first Western groups to establish a research presence in the Asian region.



JOHN LO (age 41)

is a Portfolio Manager with FIL Investment Management (Singapore) Limited. He joined Fidelity in 1993 having worked previously as a consultant with General Portfolio until 1991 and then with Ernst and Young. He gained an MBA (distinction) at Manchester Business School in 1993. John is also involved with the portfolio management of a number of Fidelity funds investing in Asia.

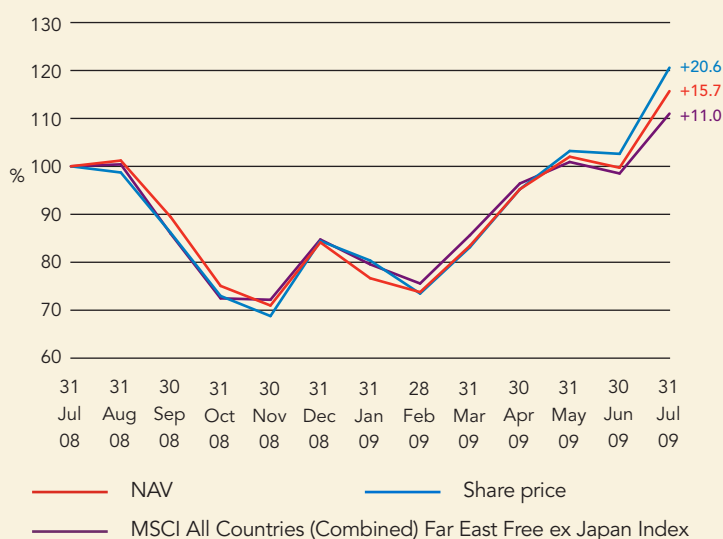
MARKETS

Over the last 12 months, equities in the Asia Pacific region rose outperforming the global and other emerging and developed markets. However, in October, stocks were dragged down by global financial woes and the continuing stream of weak economic data. Concerns about the reduced availability of funds and a moderating domestic economy weighed upon property stocks, particularly in Hong Kong. Shares in resource firms corrected sharply when it became apparent that developed countries were on the verge of a recession and when demand from emerging economies softened. Over this period health care and utilities sectors, which are seen to provide more stable returns, were favoured over those considered cyclical. This trend reversed in the first quarter of 2009 as equities rebounded, as risk aversion among investors declined due to hopes of a tentative revival in growth. Optimism that government stimulus packages and interest rate cuts will pull the global economy out of recession lent support. Investors responded positively to growing evidence of an economic rebound in China, an improvement in global credit markets and inflationary fiscal and monetary policies. A restocking induced boost in demand, strong foreign investor buying and progressive reforms drove share prices higher. Favourable political developments, such as closer ties between Taiwan and China and a second term for pro-reform government in India boosted investor sentiment. For most Asian economies, activity continued to contract in the first quarter, with a number of countries registering a steep fall. While weak data for first quarter GDP indicated that the region was feeling the strain of the global downturn, recent evidence of improving growth in the second quarter and an upturn in industrial production in many economies in the region were positive signs of a recovery.

PORTFOLIO REVIEW

The Company outperformed its benchmark over the review period, with the net asset value rising by 15.7% against the index return of 11.0%. Positive stock

Total return performance for the year to 31 July 2009



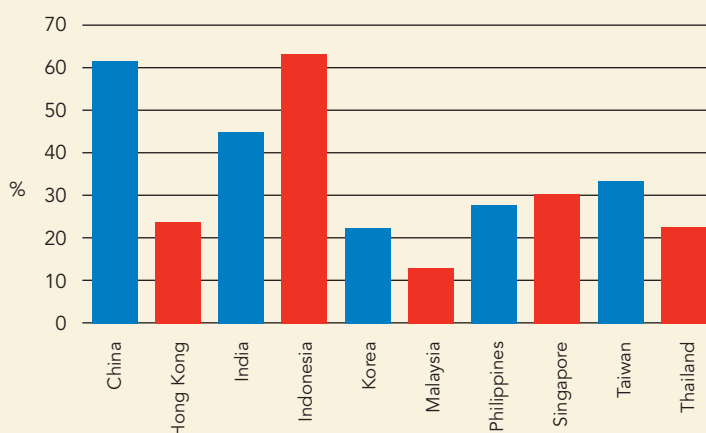
Sources: Fidelity and Datastream

Past performance is not a reliable indicator of future results
Share price high and low during the year not shown above

selection within the information technology and consumer staples sectors were the largest contributors to performance. Of note, an overweight stance in software & services companies enhanced returns. A position in Tencent Holdings, operator of China's leading internet networking service, contributed as it reported better than expected profits for the first quarter. Similarly, an overweight allocation to semiconductor and semiconductor equipment companies proved rewarding. Notably, a holding in MediaTek enhanced returns, after benefiting from continuous market share expansion and potential benefits from the roll-out of the China 3G platform.

Manager's Review

Local Market Returns for the year to 31 July 2009



Sources: Fidelity and Datastream

Within the consumer staples sector, overweight exposure to Olam International, a supply chain management company involved in agricultural commodities and food ingredients, contributed to returns. The company is one of the world's leading supply chain managers within agriculture; its share price over the period was boosted by favourable sentiment towards potential acquisitions, its strong balance sheet and the introduction of new product segments into its product mix.

Although holdings in a number of shipbuilders weighed on absolute returns as the weaker economic environment negatively impacted orders and revenue levels, our underweight positions in these stocks meant that our industrial sector exposure added value relative to the benchmark. Concerns regarding potential order cancellations and rising steel prices were further negatives. Similarly, an underweight allocation to utilities, due to high valuations and limited growth potential proved favourable. These stocks were out of favour, as investors chased sectors that were previously oversold.

Select exposure to the consumer discretionary sector added value. Amongst the leading contributors over the review period was a holding in China Dongxiang Group. The stock performed well given its access to high quality sports marketing resources and product positioning. Furthermore the Company continues to see strong new store and sales growth. A holding in Li & Fung, also contributed as consumer spending increased, supported by a drop in crude oil prices. The stock price was further buoyed as a Singapore-

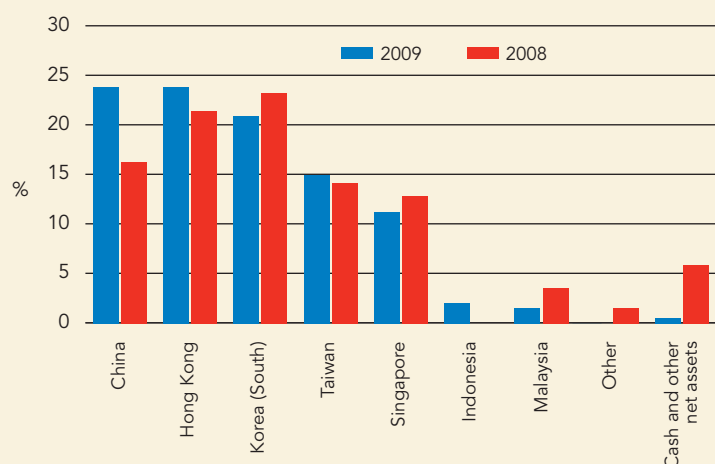
based investment company increased its stake in the business. Overall, exposure to the sector was raised over the period, particularly in retail companies with strong market positions, which should prove beneficial as market conditions improve.

The financials sector was the worst performing sector. In particular, shares in Hang Seng Bank came under pressure due to a weak loan growth outlook and falling fee income. Meanwhile, increasing credit costs weighed on the earnings of Shinhan Financial Group. In addition, underweight holdings in the telecommunications sector detracted from returns. The Portfolio Manager trimmed exposure to the telecommunications sector given unattractive valuations and better opportunities elsewhere.

Materials as a sector detracted from absolute returns due to concerns that the spreading financial crisis might lower demand. An underweight exposure in this sector enhanced relative returns. However, an overweight position in China-based, Huabao International Holdings, China's largest tobacco flavour supplier did add value.

At a country level, the weighting in China was increased. The country continues to lead the region's economic rebound, while the developed world has gone into recession. In addition exposure to Taiwan was raised amid improved market sentiment and optimistic expectations that the island is going to benefit from the improved cross strait relationship with China.

Geographical Portfolio Allocation as at 31 July 2009 and 2008



Sources: Fidelity

OUTLOOK FOR THE REGION

Increasing evidence of a recovery in the Asia region should continue to drive its stockmarkets higher however over the short term they are likely to remain volatile. A lower than expected rise in unemployment and sustained industrial activity indicates final demand should help compensate for a decline in exports. Favourable policy measures and low borrowing costs together with the region's high savings rate and low debt levels bode well. Firms with strong balance sheets and solid management should grow their market share and emerge stronger.

The improvements in economic data in the Asia Pacific ex Japan region in the past few months have increased investors' conviction that the recovery is sustainable. Essentially, evidence on stabilisation in industrial activity remains strong but the sustainability of the pick-up depends on final demand. Concurrently, fiscal policy seems to be gaining traction and households are expected to continue to benefit from government support. The upturn in consumer confidence in the region bodes well for an anticipated upturn, partially offsetting the weakness in exports. A better investment climate and thawing global markets should buoy growth, while regional governments continue to provide short term fiscal support. However, a rapid global recovery seems unlikely and uncertainty remains as world trade decelerates. Here, government influenced investment should prove helpful during 2009. The region is likely to outperform global equities over the longer term given its structural growth, favourable demographics and high savings rate.

FIL Investments International

28 September 2009

Ten Largest Investments as at 31 July 2009

Ten Largest Investments as at 31 July 2009 (the full portfolio is set out on pages 46 and 47)		Fair Value £'000	% ¹
CHINA	China Merchants Bank A commercial bank offering corporate banking, retail banking and treasury businesses. It is headquartered in Shenzhen.	5,092	5.2
	Tencent Holdings The Company provides internet, mobile and telecommunications value-added services in China. It has an instant messaging community in China. It also provides advertising services.	3,116	3.2
	China Mobile An investment holding company providing mobile telecommunications and related services in 31 provinces, autonomous regions and directly administered municipalities in mainland China and Hong Kong.	3,081	3.1
HONG KONG	Hong Kong Exchanges & Clearing The company owns and operates the only stocks and futures exchanges in Hong Kong, and their related clearing houses.	3,886	3.9
	Esprit Holdings The company designs, manufactures and distributes fashion products. Other activities include licensing, sourcing and selling cosmetics and skin and general body care products. It has operations in Hong Kong, China, Singapore, Taiwan, Germany and other European countries.	3,364	3.4
	Swire Pacific The company operates through five business divisions: property, marine services, aviation, beverages and trading and industrial. It holds large developed and underdeveloped commercial and residential real estate, distributes the products of The Coca Cola Company and operates a fleet of speciality vessels.	3,095	3.1
KOREA	Samsung Electronics The company specialises in the provision of communication products. It operates its businesses through five business divisions: communication, semiconductor, digital media, liquid crystal display (LCD) and home appliances.	5,046	5.1
	Shinhan Financial Group A holdings company that provides a full range of financial services. Its main operations include banking, credit cards, brokerage, trust banking, insurance and asset management for individuals, businesses and other financial institutions.	3,237	3.3
TAIWAN	Taiwan Semiconductor Manufacturing The company is engaged in the manufacturer, selling, packaging, testing and computer-aided design of integrated circuits (ICs) and other semiconductor devices and the manufacturing of masks. It manufactures semiconductors for customers based on their own or third parties' IC design.	4,923	5.0
	MediaTek The company designs, manufactures and markets compact disk-read only memory (CD-ROM) and digital versatile disk-read only memory (DVD-ROM) chip sets. It sells its products in Taiwan and exports to other countries in Asia.	3,265	3.3
Ten largest investments (2008: 37.1%)		38,105	38.6
Other holdings (53) (2008: 56.9%)		60,026	60.8
		98,131	99.4
Cash & other net current assets (2008: 6.0%)		587	0.6
		98,718	100.0

¹ % of total assets less current liabilities, excluding loan liability.

Summary of Performance

Historical record as at 31 July	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
Total assets employed	£98.7m	£145.0m	£179.6m	£108.7m	£99.0m	£78.1m	£78.8m	£81.2m	£84.6m	£123.6m	£94.2m
Shareholders' funds	£92.1m	£135.9m	£170.7m	£99.1m	£88.7m	£60.4m	£58.9m	£60.7m	£62.2m	£102.3m	£94.2m
NAV – undiluted	151.18p	131.78p	156.13p	105.95p	94.86p	64.63p	63.02p	64.95p	64.50p	101.83p	93.00p
NAV – diluted	n/a	n/a	156.13p	104.88p	94.86p	64.63p	63.02p	64.95p	64.50p	101.83p	93.00p
Share price	142.25p	119.00p	136.75p	97.25p	87.00p	55.00p	57.00p	59.75p	52.25p	90.25p	81.75p
Warrant price	n/a	n/a	n/a	4.50p	6.37p	2.25p	7.75p	10.00p	8.75p	28.00p	28.75p
Discount – undiluted	5.9%	9.7%	12.4%	8.2%	8.3%	14.9%	9.6%	8.0%	19.0%	11.4%	12.1%
Discount – diluted	n/a	n/a	12.4%	7.3%	8.3%	14.9%	9.6%	8.0%	19.0%	11.4%	12.1%
Revenue return/(loss) per ordinary share	1.49p	1.43p	0.63p	(0.06p)	0.58p	(0.18p)	(0.36p)	(0.85p)	(1.31p)	(1.22p)	0.64p
Dividend per ordinary share	1.00p	0.81p	nil	nil	nil	nil	nil	nil	nil	nil	0.42p
Cost of running the Company (total expense ratio)	1.65%	1.34%	1.51%	1.71%	1.76%	1.68%	1.86%	1.77%	1.76%	1.64%	1.59%
Actual gearing ratio – net of cash	6.7%	0.1%	2.4%	8.0%	10.1%	6.0%	20.4%	14.3%	30.5%	19.9%	nil
NAV – undiluted total return	+15.7%	-15.6%	+47.4%	+11.7%	+47.2%	+2.6%	-3.0%	+0.7%	-36.7%	+10.0%	+71.9%
NAV – diluted total return	n/a	n/a	+48.9%	+10.6%	+47.2%	+2.6%	-3.0%	+0.7%	-36.5%	+9.7%	+71.9%
Share price total return	+20.6%	-13.0%	+40.6%	+11.8%	+58.2%	-3.5%	-4.6%	+14.4%	-42.1%	+10.9%	+79.7%
Index total return	+11.0%	-10.7%	+41.3%	+9.2%	+41.1%	+2.7%	+3.2%	-0.3%	-27.5%	+3.2%	+86.0%

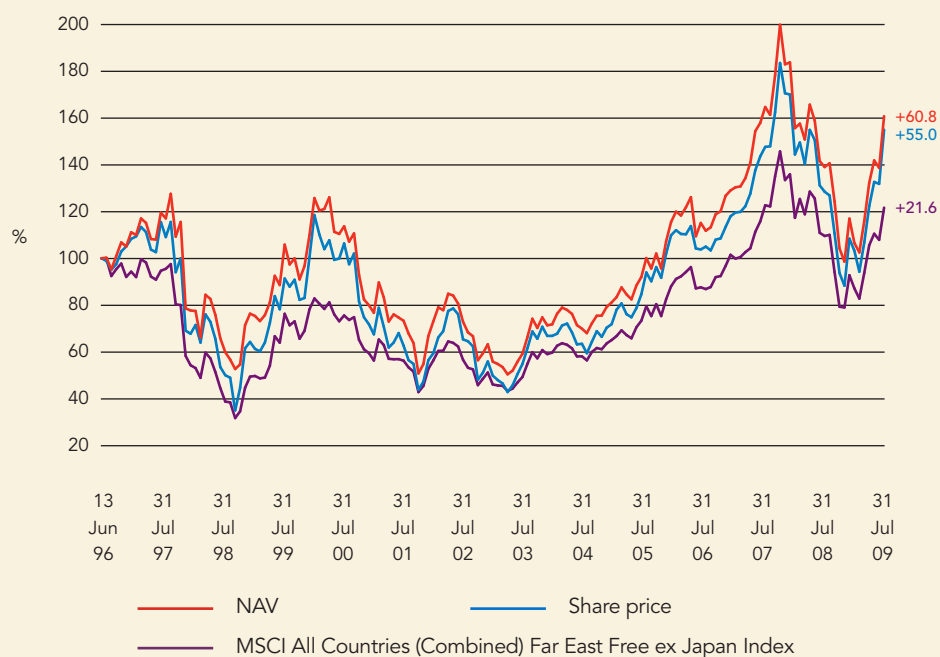
NAV information to 2007 is shown both diluted and undiluted. In December 2006, the final exercise of all warrants took place and thereafter no dilution was relevant. In the following graphs the pre 2007 NAV figures are those previously shown as undiluted.

Sources: Fidelity and Datastream

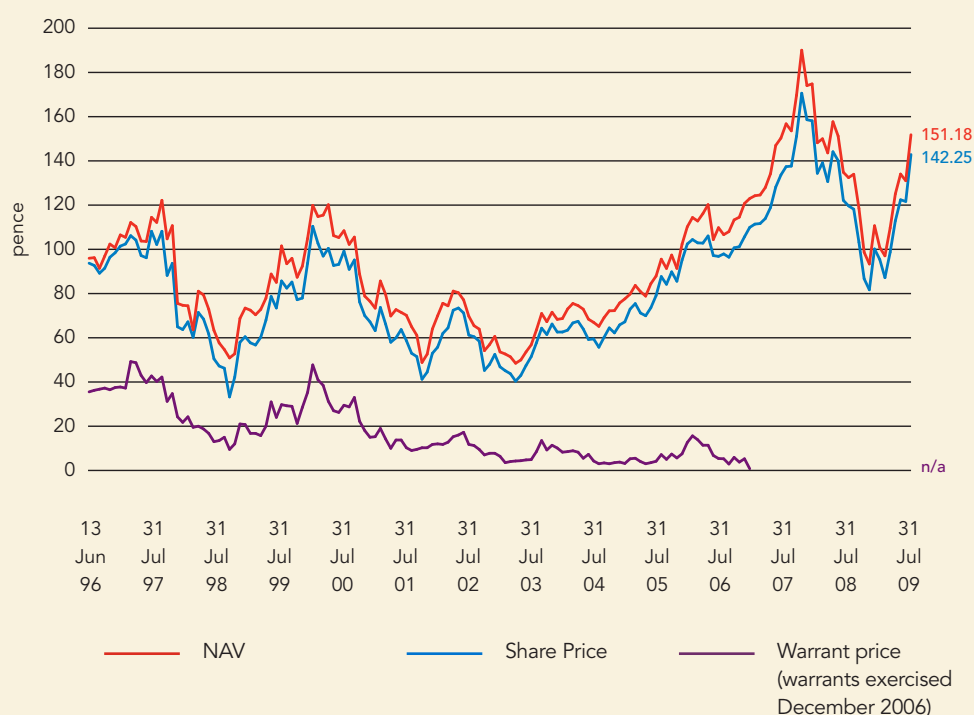
Past performance is not a guide to future returns

Summary of Performance

Total return performance from launch to 31 July 2009



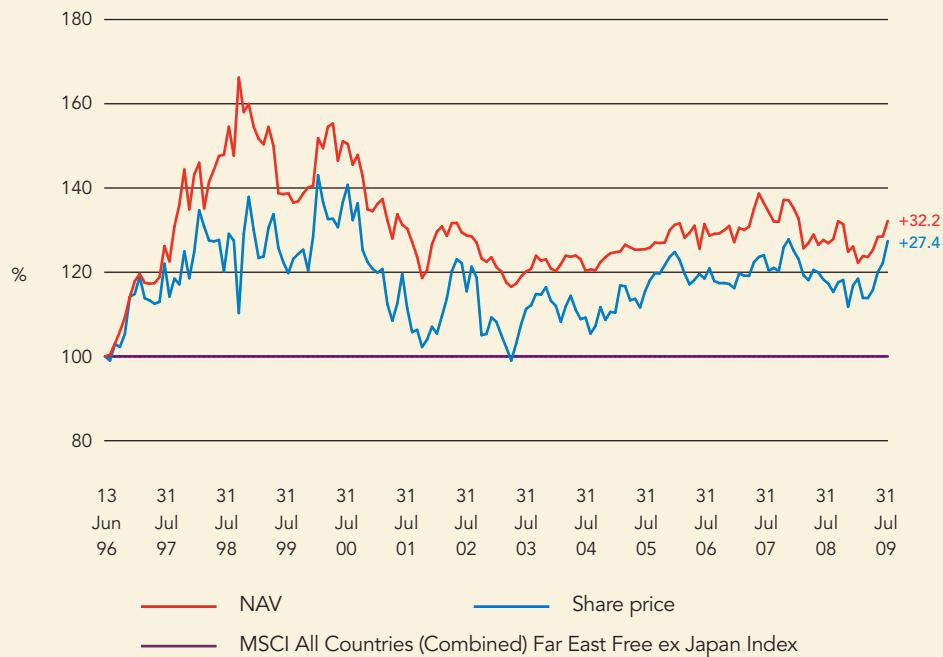
NAV, share price and warrant price from launch to 31 July 2009



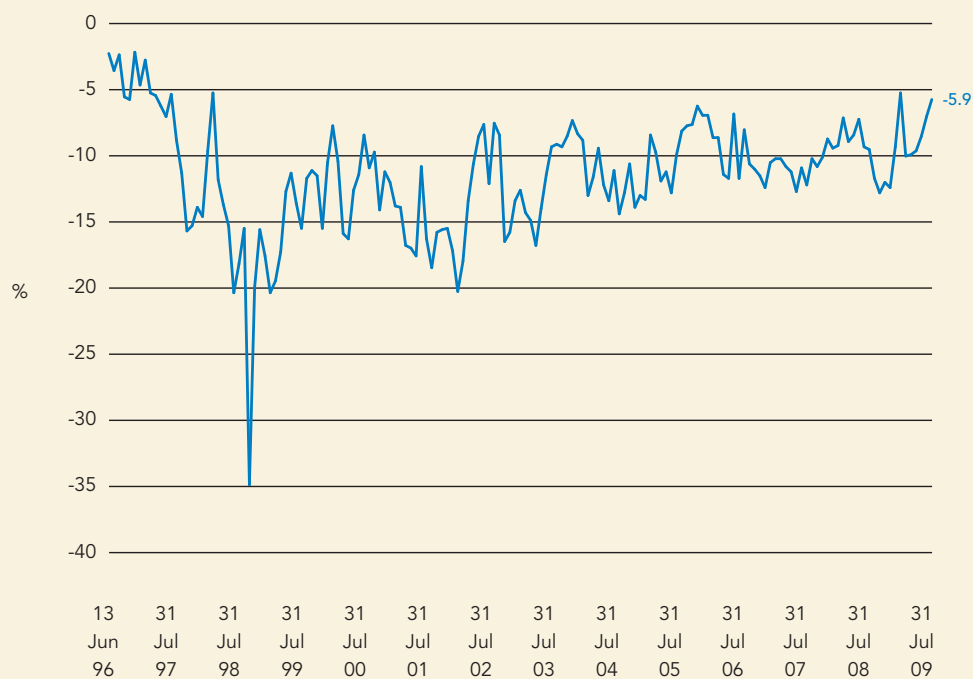
Sources: Fidelity and Datastream
Past performance is not a guide to future returns

Summary of Performance

Total return performance relative to the benchmark Index from launch to 31 July 2009



Share price discount to NAV from launch to 31 July 2009



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

Corporate Information

Manager, Secretary and Registered Office

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

Financial Advisers and Stockbrokers

JPMorgan Cazenove
20 Moorgate
London EC2R 6DA

Independent Auditor

Grant Thornton UK LLP
Chartered Accountants and Registered Auditor
30 Finsbury Square
London EC2P 2YU

Bankers and Custodian

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

Registrars

Capita Registrars
Northern House
Woodsome Park
Fenay Bridge
Huddersfield
West Yorkshire HD8 0GA

Lawyers

Slaughter and May
One Bunhill Row
London EC1Y 8YY



The Hon Sir Victor Garland KBE¹

(age 75, date of appointment: 11.04.96) was formerly on the board of many companies and investment trusts including being non-executive chairman of Henderson Far East Income Trust plc, director of the

Prudential Corporation plc of the UK and vice-chairman of the South Bank Board (the Royal Festival Hall complex). Before that he held various ministerial offices in Australian governments and was High Commissioner for Australia in the UK.



Hugh Bolland²

(age 63, date of appointment: 11.03.04) An economist, his 30 year career with Schroders began in 1970 after working in Australia in the financial services industry. During the 1980s he was Managing Director of Schroders Asia in Hong Kong,

and then Chief Executive of Schroders Australia. During the 1990s he was head of Schroders' UK institutional business, and later, Chief Executive of Schroder Investment Management, a business with worldwide assets under management of £110 billion. He is also a director of JPMorgan Indian Investment Trust plc and Alliance Trust plc.

Board of Directors



William Knight³

(age 66, date of appointment: 09.02.05) is a founder member and director of Emerisque Capital an "east west" private equity management "buy-in" company. During an eighteen year period with Lloyds Bank International he worked in

project finance, was head of global syndicated lending and then head of its investment banking activities for Asia. He was a founding director of Lloyds Merchant Bank and then managing director of Lloyds Bank Fund Management. In recent years he has acted as adviser to companies and governments on investment and development strategy and his directorships include JPMorgan Chinese Investment Trust plc.



Sir Robin McLaren KCMG³

(age 75, date of appointment: 10.09.97; appointed Senior Independent Director 16.06.04) retired from the Diplomatic Service in 1994. Much of his official career was spent in, or dealing with, the Asia Pacific region, particularly China and

Hong Kong. His last post was as Ambassador to China (1991-94); he was also Ambassador to the Philippines in the mid 1980s. Among other appointments, he was Chairman of the Council of Royal Holloway, University of London from 1999 to 2004. Sir Robin McLaren will retire following the Annual General Meeting.



Kathryn Matthews⁴

(age 49, date of appointment: 09.02.05) retires from her executive responsibilities at Fidelity in October 2009. Over sixteen years at Baring Asset Management she worked in several senior positions including head of institutional business in

Europe, rising to be a main board director. She was a founding partner and Chief Investment Officer of Santander Global Advisors. From 2000 she headed the global institutional business of AXA Investment Managers and then was an asset management consultant with Mercer Manager Advisory Services before joining Fidelity in 2003 as head of Global Equities and Portfolio Strategies. She was Chief Investment Officer Asia ex Japan equities from September 2005 until end March 2009 and was based in Hong Kong. She is currently a non executive director of Hermes Fund Managers Limited.

All the Directors are non-executive and, with the exception of Kathryn Matthews, are also independent.

¹ Chairman of the Management Engagement Committee and Nomination Committee, member of the Audit Committee

² Chairman of the Audit Committee, member of the Management Engagement Committee and Nomination Committee

³ Member of the Audit Committee, Management Engagement Committee and Nomination Committee

⁴ Member of the Nomination Committee

Directors' Report

The Directors present their report together with the audited financial statements of the Company for the year ended 31 July 2009.

The Company was incorporated in England and Wales as a public limited company on 2 April 1996 with the registered number 3183919 and commenced business as an investment trust on 13 June 1996.

BUSINESS AND STATUS

The Company carries on business as an investment trust and was approved as such by HM Revenue and Customs under Section 842 of the Income and Corporation Taxes Act 1988 ("ICTA") for the year ended 31 July 2007. HM Revenue and Customs has granted provisional approval for the year ended 31 July 2008, although this approval may be subject to review should there be any subsequent enquiry under Corporation Tax Self Assessment. The Directors are of the opinion that the Company has conducted its affairs in a manner which will enable it to satisfy the conditions for approval as an investment trust in respect of the year ended 31 July 2009 and which will satisfy the conditions for continued approval as an investment trust under that Section.

The Company is registered as an investment company under Section 833 of the Companies Act 2006 and operates as such. It is not a closed company and has no employees.

BUSINESS REVIEW

INTRODUCTION

This section of the Directors' Report provides a fair review and description of the Company's business and describes the principal risks and uncertainties it faces. An analysis of the performance of the Company during the financial year and at the year end is included taking into account its objective, strategy and risks and how these are measured using Key Performance Indicators ("KPIs").

OBJECTIVE AND STRATEGY

The Company's objective is to enhance shareholder value through long term capital growth. The Company aims to achieve this with an actively managed portfolio of investments principally in the stockmarkets of the Asian region, excluding Japan. The Board has delegated the management of the portfolio and certain other services to FIL Investments International. The Manager seeks to achieve a capital return on the Company's total assets over the long term in excess of the MSCI All Countries (Combined) Far East Free ex Japan Index as expressed in sterling.

ACTIVITY

The Company pursues the objective through operating as an investment trust company. A review of the year's activities and an indication of likely future developments are given in the Chairman's Statement on pages 3 and 4 and in the Manager's Review on pages 5 to 7. The Board supports these views.

Both the objective and principal activity have remained unchanged throughout the year ended 31 July 2009.

INVESTMENT POLICY

The Company primarily invests in a diversified portfolio of companies listed on stockmarkets in the Asian Region, but investments may be made in companies listed elsewhere which, in the opinion of the Portfolio Manager, have significant interests in the Asian Region.

In order to diversify the Company's portfolio the Board has set broad guidelines for the Manager, which the Board reserves the right to amend as it sees fit, in respect of the country weightings of the portfolio. Investment of up to 10% of the Company's total assets less current liabilities, excluding the fixed term loan liability (referred to as total assets in this section) is permitted in any one company or other investment entity.

The Company principally invests in equities but may also invest in equity related instruments; up to 15% in convertible bonds, 10% in warrants and 35% in debt or money market instruments or money market funds. The Company may invest up to 5% of total assets of the Company in securities which are not listed on any stock exchange but the Portfolio Manager will not normally make any such investment, except where it is expected that the securities will become listed on a stock exchange in the foreseeable future. In addition, the Company may invest up to 15% of total assets of the Company in other investment funds (whether listed or unlisted) where such funds offer the only practicable means of gaining exposure to a particular market in the Asia Region.

Investment in Non-Voting Depository Receipts, American Deposit Receipts, Global Deposit Receipts and Equity Linked Notes is permitted by the Board, any such investment being included in the aggregate relevant country weighting. While it is not expected that the Company will undertake any foreign exchange hedging of its portfolio, it reserves the right to do so.

The current investment approach is detailed in the Manager's Review on pages 5 to 7.

A breakdown of the current distribution of the Company's portfolio is detailed on pages 48 and 49.

FIDELITY'S INVESTMENT MANAGEMENT PHILOSOPHY, STYLE AND PROCESS

The portfolio is primarily built on a stock by stock basis following the Portfolio Manager's assessment of the fundamental value available in individual securities, with geographical weightings largely the result of stock selection, rather than macro-economic considerations. The charts and graphs provided in this annual report should therefore be read with this in mind. The portfolio's geographical weightings may vary significantly from the weightings within its benchmark Index and the

concentration on the identification of fundamental value in individual stocks within the Asian Region may result in investments made against prevalent trends and local conventions. The Portfolio Manager invests in securities of companies which are considered by the Portfolio Manager to have fundamental value.

PREMIUM/DISCOUNT MANAGEMENT: ENHANCING SHAREHOLDER VALUE

The Board seeks authority from shareholders each year to issue new shares at a premium or repurchase shares for cancellation at a discount to the net asset value. It will only use these authorities to enhance the net asset value and to protect or improve the premium/discount rating of the shares. Details of shares repurchases may be found on page 17.

BORROWING

It is the policy of the Company that the total amount of borrowings will not exceed an amount equal to 30% of the value of the Company's net assets at the date on which the borrowing is incurred. As detailed in the Chairman's Statement, the Portfolio Manager is currently permitted by the Board to maintain net gearing between 0% and 10% depending on the strength or weakness of the markets.

KEY PERFORMANCE INDICATORS

The Key Performance Indicators ("KPIs") used to determine the progress and performance of the Company over time and which are comparable to those reported by other investment trusts are set out below.

	2009	2008
NAV ¹	+15.7%	-15.6%
Share price ²	+20.6%	-13.0%
MSCI All Countries (Combined)		
Far East Free ex Japan Index	+11.0%	-10.7%
Discount to NAV	5.9%	9.7%
Revenue return per share	1.49p	1.43p
Actual gearing ratio	6.7%	0.1%
Total expense ratio	1.65%	1.34%

All figures are calculated on a total return basis (ie cum income)

¹ Calculated in accordance with AIC guidelines

² Calculated on a mid to mid basis with income reinvested

Source: Datastream

The Summary of Performance table and graphs on pages 9 to 11 indicate the relative historic performance of the Company since its launch relative to its benchmark Index.

Some of the KPIs are beyond the Board's control but they are measures of the Company's absolute and relative performance and the Board monitors them

regularly. Indices and ratios which assist in managing performance and compliance are regularly reviewed including the total expense ratio. Expenses themselves are reviewed at each Board meeting enabling the Board, amongst other things, to review costs and consider any expenditure outside that of its normal operations. Apart from the KPIs set out above the Board also regularly reviews the performance of the Company against its AIC Asia Pacific ex Japan sector of twelve investment trusts. The principal risks and uncertainties section below includes descriptions of other performance indicators and their monitoring and management which are key to the business of the Company. Long term performance is also monitored and the total return performance graphs on pages 10 and 11 shows this information. The Board also monitors the various factors contributing to investment results as in the attribution analysis below.

ATTRIBUTION ANALYSIS

The attribution analysis table enables the contributions from various sources of income and costs to be determined.

Analysis of change in NAV during the year (pence per share)	
NAV as at 31 July 2008	131.78
Impact of :	
Change in the MSCI All Countries (Combined)	
Far East Free ex Japan Index	+14.55
UK Tax	+0.90
Stock Selection	+0.39
Gearing	+0.69
Share Repurchases	+0.63
Charges	-2.45
Cash	+3.21
Other	+1.48
NAV as at 31 July 2009	151.18

PRINCIPAL RISKS AND UNCERTAINTIES

Due to the current economic climate, shareholders will have concerns about the current reduction in the value of some of their investments. The Board confirms that there is an ongoing process for identifying, evaluating and managing the principal risks which fall under the general headings of strategic, operational and management. This process is regularly reviewed by the Board in accordance with the Financial Reporting Council's document Internal Control: Revised Guidance for Directors on the Combined Code.

An internal controls report, which includes a risk matrix and the assessment of risks applicable to the Company,

Directors' Report

is prepared by the Manager and considered by the Audit Committee. Risks are identified, introduced and graded and this process, together with the policies and procedures for the mitigation of risks, is updated and the report is reviewed at least once a year.

The Board reviews and agrees policies, which have remained unchanged since the beginning of the accounting period, for managing risks and summaries of these are set out below.

Market risks

The Company's assets consist mainly of listed securities and the principal risks are therefore market related such as market recessions, interest rate movements, deflation/inflation, terrorism and protectionism.

Risks to which the Company is exposed and which form part of the market risks category are included in Note 18 to the financial statements on pages 41 to 45 together with summaries of the policies for managing these risks. These comprise: equity price risk; market price risk; foreign currency risk; interest rate risk; liquidity risk and credit risk.

The Company had a fixed term, fixed rate loan facility in place which was repaid on 25 September 2009. The extent to which any loan facilities are retained or renewed is always kept under the most careful scrutiny. In addition a day to day overdraft facility can be used if required.

The impact of limited finance from counterparties including suppliers has not affected the Company to date, however there are alternative suppliers available in the market place should the need arise.

The Company relies on a number of main counterparties, namely the Manager, Registrar, Custodian and Auditor. The Manager is a member of a privately owned group of companies on which a regular report is provided to the Board. The Manager, Registrar and Custodian are subject to regular audits by Fidelity's internal controls team and the counterparties' own internal controls reports are received by the Board and any concerns investigated.

Performance risks

The achievement of the Company's performance objective relative to the market involves risk. Strategy, asset allocation and stock selection might lead to underperformance of the benchmark Index and target. Management of these risks is carried out by the Board which, at each Board meeting, considers the asset allocation of the portfolio and the risks associated with particular countries and industry sectors within the parameters of the investment objective. The Portfolio Manager is responsible for actively monitoring the portfolio selected in accordance with the asset allocation

parameters and seeks to ensure that individual stocks meet an acceptable risk-reward profile. The NAV of the Company is published each working day.

Income – dividends risks

The Company's objective of long term capital growth relies less on income to support dividends than investment trust companies with a more income oriented target. Nevertheless, generating income to meet expenses and provide adequate reserves is subject to the risk that income generation from its investments fails to meet the level required. The Board monitors this risk through the receipt of detailed income reports and forecasts which are considered at each meeting.

Share price risks

The price of the Company's shares relative to the benchmark Index and in absolute terms, as well as its discount to NAV, are not factors the Company is able to control. Some short term influence over the discount may be exercised by the use of share repurchases at acceptable prices.

The Company's share price, NAV and discount volatility are monitored daily by the Manager and considered by the Board at each of its meetings.

Gearing risks

The Company has the option to invest up to the total of any loan facilities held in equities. In a rising market the Company would benefit but in a falling market the impact would be detrimental.

In order to manage the level of gearing the Board regularly considers this item and sets gearing limits accordingly. The Portfolio Manager follows these and may invest part of the loan facility in Fidelity Institutional Cash Fund plc and short term cash deposits to control the level of net gearing.

Control systems risks

The Company is dependent on the Manager's control systems and those of its Custodian and Registrars, both of which are monitored and managed by the Manager in the context of the Company's assets and interests on behalf of the Board. The security of the Company's assets, dealing procedures and the maintenance of investment trust status under s842 of ICTA, among other things, rely on the effective operation of such systems. These are regularly tested and a programme of internal audits is carried out by the Manager to maintain standards.

Other risks

Other risks monitored on a regular basis include loan covenants, which are subject to daily monitoring when loans are in place, together with the Company's cash position, and the continuation vote (at a time of poor performance).

ENVIRONMENTAL, EMPLOYEE, SOCIAL AND COMMUNITY MATTERS

The Company is an investment trust which is managed by FIL Investments International. The Company has no employees and all of its Directors are non-executive, the Company's day to day activities being carried out by third parties. There are therefore no disclosures to be made in respect of employees. The Board fully endorses Fidelity's strong procedures which are involved in the making of its investments.

The Company's financial reports are printed by a company which has won awards for its environmental awareness and further details of this may be found on the back cover of its report. Financial reports and other publicly available documentation are also available on the Company's website www.fidelity.co.uk/its. Details about Fidelity's own community involvement may be found on its website www.fidelity.co.uk.

SOCIALLY RESPONSIBLE INVESTMENT

The Manager's primary objective is to produce superior financial returns to investors. It believes that high standards of corporate social responsibility ("CSR") make good business sense and have the potential to protect and enhance investment returns. Consequently, its investment process takes social, environmental and ethical issues into account when, in its view, these have a material impact on either investment risk or return.

The Manager recognises and supports the view that social, environmental and ethical best practice should be encouraged so long as the potential for financial return is not reduced. It favours companies committed to high standards of CSR and the principles of sustainable development. The Manager does not screen out companies from its investment universe purely on the grounds of poor social, environmental or subjective ethical records. Instead it adopts a positive engagement approach whereby social, environmental and ethical matters are discussed with management with the aim of improving procedures and attitudes. The Manager believes that this is the most effective way to improve the attitude of business towards CSR and the Board endorses this approach.

DIRECTORS' REPORT – GENERAL NET ASSET VALUE

Investments were valued at £98,131,000 as at 31 July 2009. Shareholders' funds amounted to £92,134,000 resulting in a NAV per share of 151.18p. Changes to investments are shown in Note 9 to the financial statements on page 38.

DIVIDEND

The Directors recommend that a final dividend of 1.00p (2008: 0.81p) per share be paid on 16 December 2009 to shareholders on the register at the close of business on 16 October 2009 (ex dividend date 14 October 2009).

SHARE CAPITAL

The Company's authorised share capital comprises 200,000,000 ordinary shares of 25 pence each. As at 31 July 2009 the issued share capital was 60,942,501 shares (2008: 103,157,200 shares). Each share in issue carries one vote. Deadlines for the exercise of voting rights and details of arrangements by which someone other than the shareholder can exercise voting rights in respect of this year's Annual General Meeting are detailed in the Notes to the Notice of Meeting on pages 52 and 53.

SHARE REPURCHASES

Shares may be repurchased when, in the opinion of the Directors, the discount appears high or further from the peer group average than desired and shares are available on the market. The principal purpose of share repurchases is to enhance net asset value for remaining shareholders. Additionally, they address the imbalance between the supply of and demand for the Company's shares and thereby reduce the scale and volatility of the discount at which the shares trade in relation to the underlying net asset value.

At the Annual General Meeting held on 5 December 2008 the Company's shareholders passed a special resolution which granted the Directors authority to purchase up to 9,135,280 ordinary shares in the market for cancellation. During the year under review 951,935 shares were repurchased at a cost of £52,153,000 and cancelled under this authority (at a cost of £988,000) and 41,262,764 shares were repurchased as part of the Tender offer. The aggregate cost of the shares repurchased during the year was £53,465,489.

The authority to purchase shares expires on 7 December 2009 and a special resolution to renew the authority in respect of 14.99% of the issued share capital of the Company at the date of the resolution will be put to shareholders for approval at the forthcoming Annual General Meeting. Since the year end no shares have been repurchased.

GEARING

The Company repaid the balance of the fixed rate unsecured US\$11,000,000 loan from Lloyds TSB Bank PLC on 25 September 2009. The Company's approach to gearing is explained in the Chairman's Statement on page 4 and the gearing risk is outlined on page 16.

PAYMENT OF CREDITORS

The Company's principal supplier is the Manager which is paid in the month following the end of each calendar quarter in accordance with the terms of the Management Agreement (see overleaf). The Company's policy for the years to 31 July 2009 and 31 July 2010, for all suppliers, is to fix terms of payment when agreeing the terms of each business transaction, to ensure that the supplier is aware of these terms and to abide by the agreed terms of payment. The Company did not have any trade creditors in the year under review and there are none to date in the current year.

Directors' Report

MANAGEMENT COMPANY

A management and secretarial services agreement (the "Management Agreement") was agreed by the Company and Fidelity Investments International, now FIL Investments International, (the "Manager") on 6 February 2006. The Manager has agreed to provide investment management, accounting, administrative and secretarial services to the Company for a quarterly fee of an amount equal to 0.25 per cent of the value of the Company's assets under management (as defined in the Management Agreement, which excludes investments in other funds managed by the Manager – with the exception of the Fidelity Institutional Cash Fund plc where a reduced fee of 0.2125% per quarter is payable). The fee is payable quarterly in arrear and calculated as of the last business day of March, June, September and December in each year. In addition the Company has agreed to pay to the Manager a fee for secretarial and administration services, payable quarterly in arrear, at the rate of £25,000 per annum subject, as from 1 January 1997, to annual indexation. For the year to 31 July 2009 £35,000 was paid in this regard (2008: £33,000).

The Management Agreement will continue unless and until terminated by either party giving to the other not less than six months' notice in writing. However, it may be terminated without compensation if the Company is liquidated in 2011, or in any subsequent year thereafter, pursuant to the procedures laid down in the Articles of Association of the Company. The Management Agreement may also be terminated forthwith as a result of a material breach of the Agreement or on the insolvency of the Manager or the Company. In addition, the Company may terminate the Management Agreement by 60 days' notice if the Manager ceases to be a subsidiary of FIL Limited.

The Manager also provides certain services, including marketing and administration, in connection with the Fidelity Investment Trust Share Plan and the Fidelity Individual Savings Account ("ISA") under an agreement dated 15 May 1996. The amount payable under this agreement for the year to 31 July 2009 was £88,000 (2008: £69,000).

An amount of £135,000 (2008: £535,000) was due to the Manager under the above agreements at 31 July 2009 and is included in creditors.

Fidelity actively manages commission through both commission recapture and commission sharing arrangements with "core" brokers in each trading location. Fidelity's traders are not required to deal solely or mainly with core brokers but experience has shown that because of their trading ability the majority of trades will naturally gravitate towards these core brokers and offer the best service in terms of overall execution. In accordance with applicable law, Fidelity may use a

percentage of trading commission to pay for certain independent research services that assist in the investment decision making process. This is done under commission sharing or similar arrangements. The proprietary commission recapture program allows the Company to recapture a portion of commission paid to participating brokers, where the overall commission payment to a core broker exceeds the value attributed to research paid out of commission plus the value of execution provided. Amounts received by the Company under this arrangement are credited to capital. In the year to 31 July 2009 £16,000 was received (2008: £85,000). Fidelity adopts a best execution policy that applies to all transactions in all instruments, regardless of the fund or account or location of the trading desk.

The Company participates in the Manager's interfund programme whereby Fidelity's traders, on occasion, identify situations where one fund managed by Fidelity is buying the same security that another fund is selling. If a trader can confirm that it would be in the interests of both accounts to execute a transaction between them rather than in the market then an interfund transaction is executed.

There is a regulatory requirement on the Manager to obtain best execution and no individual deal is entered into which prevents compliance with this requirement.

FIL Limited, the ultimate parent company of the Manager, currently has an interest of 1,739,700 shares (2.85%) in the Company.

RESPONSIBILITY AS AN INSTITUTIONAL SHAREHOLDER

The Board has adopted the Manager's Principles of Ownership in relation to investments. These principles include the pursuit of an active investment policy through portfolio management decisions, voting on resolutions at general meetings and maintaining a continuing dialogue with the management of investee companies. The Manager, in its Principles of Ownership, expressly declares that it supports the Statement of Principles drawn up by the Institutional Shareholders' Committee setting out the responsibilities of institutional shareholders and agents.

ARTICLES OF ASSOCIATION

At the Extraordinary General Meeting of the Company held on 5 September 2008 shareholders approved the adoption of new Articles of Association of the Company, required largely to reflect the implementation of the Companies Act 2006. Further changes will be required in 2010.

DIRECTORS

The Directors who served during the year to 31 July 2009 are listed on pages 12 and 13 together with a brief description of their careers, each of which indicates

Directors' Report

	Held at 31 July 2009 Ordinary shares	Held at 31 July 2008 Ordinary shares
Sir Victor Garland	5,000	5,000
Hugh Bolland	10,000	10,000
William Knight	3,300	3,300
Kathryn Matthews	–	–
Sir Robin McLaren	4,500	4,500

their qualifications for Board membership. All Directors served throughout the year. There were no changes to the Board during the year. Any changes to the Board of Directors must be made in accordance with the Companies Act and the Company's Articles of Association. Information on the appointment, re-appointment and replacement of Directors and amendments to the Company's Articles of Association is included in the Corporate Governance Statement on pages 23 and 24.

Miss Matthews will retire from Fidelity in October 2009, however due to her recent employment relationship with the Manager she is subject to annual re-appointment.

Sir Victor Garland, the Chairman, is subject to annual re-appointment having served as a Director for over nine years since his appointment on 11 April 1996.

Sir Robin McLaren will be retiring from the Company following the Annual General Meeting.

A successor for the role of Senior Independent Director will be appointed in due course.

No Director is under a contract of service with the Company and no contracts existed during or at the end of the financial period in which any Director was materially interested and which was significant in relation to the Company's business. There have been no other related party transactions requiring disclosure under Financial Reporting Standard ("FRS") 8.

The names of the Directors and their holdings in the Company's shares as at 31 July 2009 and 2008 are set out in the table above. There were no changes to the Directors' holdings during the year under review nor have there been any changes since the year end.

DIRECTORS' FEES

The Articles of Association of the Company prescribe that the maximum aggregate annual fees paid to Directors shall be limited to £100,000. Details of fees paid may be found in the Directors' Remuneration Report on page 28.

POLITICAL AND CHARITABLE DONATIONS

The Company has not made any political or charitable donations in the year (2008: nil).

ANNUAL GENERAL MEETING

THIS SECTION IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

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

At the 2009 Annual General Meeting resolutions will be proposed to renew the Directors' authority to allot securities in the Company. The authorities sought by these resolutions are to replace the existing powers of the Directors which expire on the date of the Annual General Meeting and to provide the Directors with the flexibility to issue further ordinary shares if they deem it appropriate to do so. Up to the date of this report no shares have been allotted but your Directors consider that the reasons for asking shareholders for such authority still apply.

Resolution 8 provides the Directors with a general authority to allot securities in the Company up to an aggregate nominal value of £761,780. If passed, this resolution will enable the Directors to allot a maximum of 3,047,120 ordinary shares which represents approximately 5% of the issued ordinary share capital of the Company as at 28 September 2009.

Directors' Report

This authority provides the Directors with a degree of flexibility to increase the assets of the Company by the issue of new shares should any favourable opportunities arise to the advantage of shareholders. If new ordinary shares are allotted for cash, Section 568(1) of the Companies Act 2006 requires such new shares to be offered to existing holders of ordinary shares ("pre-emption rights"). In certain circumstances it is beneficial for the Directors to allot shares for cash otherwise than pro rata to existing shareholders and the Companies Act 2006 provides for shareholders to give such power to the Directors by waiving their pre-emption rights.

Resolution 9 is a special resolution disapplying pre-emption rights and granting authority to the Directors, without the need for further specific shareholder approval, to make allotments of equity securities for cash up to an aggregate nominal value of £761,780 (approximately 5%).

The Directors would not issue ordinary shares pursuant to this power at less than the then current net asset value per share.

The authority to issue ordinary shares for cash under Resolution 8 will enable the Directors to issue additional new ordinary shares to participants in the Fidelity Investment Trust Share Plan and the Fidelity ISA in the event that the ordinary shares are trading at a premium to their net asset value. The Directors would not intend to use this power unless such a premium were in excess of 2% and unless they considered that it was in the interests of shareholders to do so.

Resolution 10 is a special resolution which renews the Directors' authority to repurchase the Company's shares for cancellation. It is proposed that the Board be authorised to make arrangements to purchase through the London Stock Exchange up to 14.99% of ordinary shares in issue at the date of the resolution. By utilising the power to repurchase shares when they are trading at a discount to net asset value the Company will increase the resulting net asset value per share for remaining shareholders. Purchases of shares will be made at the discretion of the Board and within guidelines set from time to time by the Board in the light of prevailing market conditions. Purchases will only be made in the market at prices below the prevailing net asset value per share. Further details may be found in the section on Share Repurchases above.

The full text of the resolutions is set out in the Notice of Meeting contained on pages 50 and 51.

Recommendation: The Board considers that resolutions 1 to 10 are likely to promote the success of the Company and are in the best interests of the Company and its shareholders as a whole. The Directors unanimously recommend that you vote in favour of the resolutions and they intend to do in respect of their own beneficial holdings which amount in aggregate to 22,800 shares representing approximately 0.04% of the existing issued ordinary share capital of the Company.

CONTINUATION VOTE

In accordance with the Company's Articles of Association a continuation vote is required every 5 years. The next continuation vote will be required in 2011.

CORPORATE GOVERNANCE

Full details are given in the Corporate Governance Statement on pages 22 to 27.

AUDITOR'S RIGHT TO INFORMATION

As required by Section 418 of the Companies Act 2006, the Directors in office as at the date of approval of this Directors' Report each confirm that, so far as they are aware, there is no relevant audit information of which the Company's Auditor is unaware and each Director has taken all the steps that they ought to have taken as a Director to make themselves aware of any relevant audit information and to establish that the Auditor is aware of that information.

RE-APPOINTMENT OF AUDITOR

Resolutions will be put to this year's AGM for the re-appointment of Grant Thornton UK LLP as Auditor to the Company and to authorise the Directors to determine the Auditor's remuneration.

By order of the Board

FIL Investments International

Secretary

28 September 2009

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 year. Under that law they have elected to prepare the financial statements in accordance with UK Generally Accepted Accounting Practice.

The financial statements are required by law to give a true and fair view of the state of affairs of the Company and of the profit or loss for the period.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards 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 presume that the Company will continue in business.


The Directors are responsible for ensuring that proper 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 its 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 Directors' Report, including a Business Review, a Directors' Remuneration Report and a Corporate Governance Statement that comply with that law and those regulations.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website www.fidelity.co.uk/its. Visitors to the website need to be aware that legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

We confirm that to the best of our knowledge: the financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company; and the Directors' 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.

Approved by the Board on 28 September 2009 and signed on its behalf by



Sir Victor Garland
Chairman

Corporate Governance Statement

The Company is committed to high standards of corporate governance and is accountable to the shareholders. Accordingly, the Board has put in place a framework for corporate governance which it believes is appropriate for an investment trust company.

AIC CODE

The Board of Fidelity Asian Values PLC has considered the principles and recommendations of the Association of Investment Companies ("AIC") Code of Corporate Governance ("the AIC Code") by reference to the AIC Corporate Governance Guide ("the AIC Guide"). The AIC Code, as explained by the AIC Guide, addresses all the principles set out in Section 1 of the Combined Code 2008 as well as setting out additional principles and recommendations on issues that are of specific relevance to the Company. The AIC Code and the AIC Guide may be found at www.theaic.co.uk.

The Board considers that reporting against the principles and recommendations of the AIC Code, and by reference to the AIC Guide (which incorporates the Combined Code), will provide better information to shareholders.

The Company has complied with the recommendations of the AIC Code and the relevant provisions of Section 1 of the Combined Code, except as set out below.

- The Nomination Committee is chaired by the Chairman of the Board.
- The Combined Code includes provisions relating to the role of the chief executive, executive directors' remuneration and the need for an internal audit function.

For the reasons set out in the AIC Guide, and the preamble to the Combined Code, the Board considers that these issues are not relevant to the position of Fidelity Asian Values PLC, being an externally managed investment company. The Company has therefore not reported further in respect of these provisions.

DIRECTORS

The Board of Directors has overall responsibility for the Company's affairs. It delegates through the Management Agreement and through specific instructions the day to day management of the Company to the Manager, FIL Investments International. The Company has no executives or employees.

All matters not delegated to the Manager are reserved for the Board's decision. These include, inter alia, decisions on strategy, management, gearing, Company structure, capital (including the power to issue and repurchase shares), financial reporting, risk management, investment performance, share price discount, corporate governance, communication with shareholders, Board appointments and the appointment of the Manager and the Company Secretary.

In common with most investment trusts there is no Chief Executive as the management function has been delegated as set out above and is supervised by the Chairman and the Board.

The Board currently consists of five non-executive Directors, all of whom are independent with the exception of Miss Matthews who is not considered to be independent due to her recent employment relationship with the Manager.

The Senior Independent Director is Sir Robin McLaren who will be retiring at the 2009 Annual General Meeting. A successor for the role of Senior Independent Director will be appointed in due course.

In considering the independence of the Chairman, who has served as a Director for more than nine years, the Board has concluded that lengthy service on a board does not of itself compromise independence and experience and knowledge is of positive benefit to the Board. The Board considers that the Chairman's continuity of service as a Director is a benefit to the Company. All of the Directors are considered by the Board to be independent of management other than Kathryn Matthews as detailed above and all are considered to be free from any business or other relationship which could materially interfere with the exercise of their independent judgement. The Board does not limit the time a Director may serve. Nonetheless, in the light of the provisions of the AIC Code the Chairman seeks annual re-appointment. Due to Miss Matthews' recent relationship with the Manager she will also seek re-election. The Board follows a procedure of notification of other interests that may arise as part of considering any potential conflicts.

The independent Directors form the membership of the Audit Committee and the Management Engagement Committee. All the Directors form the Nomination Committee. The Directors believe that the Board has a balance of skills, experience and length of service to provide effective strategic leadership and proper governance of the Company. In particular they have a wide knowledge and experience of fund management, investment trust management and business in Asia. Biographical details of all the Directors are given on pages 12 and 13 of this report.

The Board meets formally at least four times a year and between these meetings there is regular contact with the Manager. Other meetings are arranged as necessary. Additionally, Board Committees and sub-groups meet to pursue matters referred from the Board and the Chairman is in contact with the other Directors regularly without representatives of the Manager being present. The Board considers that it meets sufficiently regularly to discharge its duties effectively and the table on page 23 gives the attendance record for the formal meetings held

Corporate Governance Statement

	Board Meetings	Nomination Committee Meetings	Audit Committee Meetings	Management Engagement Committee Meetings
Sir Victor Garland	4/4	1/1	2/2	1/1
Hugh Bolland	4/4	1/1	2/2	1/1
William Knight	4/4	1/1	2/2	1/1
Kathryn Matthews	4/4	0/1	n/a	n/a
Sir Robin McLaren	3/4	1/1	2/2	0/1

Regular meetings

Figures include those meetings for which each Director was eligible to attend and attended in the year.

in the year. The Board ensures that at all times it conducts its business with the interests of all shareholders in mind and in accord with Directors' duties.

The Company Secretary is a corporate secretary. The appointment of the Company Secretary is a matter for the Board as a whole. The Directors have access to the advice and services of the Company Secretary through its appointed representative who is responsible to the Board for ensuring that Board procedures are followed and that applicable rules and regulations are complied with. Each of the Directors of the Company is entitled to take independent professional advice, at the Company's expense, in the furtherance of their duties.

Supply and Agenda of Information

The Chairman is responsible for ensuring that the Directors receive accurate, timely and clear information. The Board receives in due time information in a form and of a quality appropriate to enable it to discharge its duties. The Board meeting papers are the key source of regular information for the Board, the contents of which are determined by the Board and contain sufficient information on the financial condition of the Company. Key representatives of the Manager attend each Board meeting, enabling the Board to probe further on matters of concern or seek clarification on certain issues.

The Board has delegated its corporate governance responsibilities to the Audit, Management Engagement and Nomination Committees, membership of which is set out on pages 12 and 13. Key representatives of the Manager attend meetings by invitation, enabling Directors to probe further on matters of concern or to seek clarification if required.

Nomination Committee

All appointments to the Board and replacements of Directors take place in accordance with the Companies Act and the Company's Articles of Association. The Company complies with the AIC Code in respect of appointments to the Board.

There is a formal and transparent procedure for the appointment of new Directors to the Board. The Nomination Committee consists of all the Directors (as there is no reason to exclude any Director) and is chaired by Sir Victor Garland.

The Committee meets on an annual basis and at such other times as may be required. The Committee has written terms of reference and is responsible, amongst other things, for identifying and nominating, for the approval of the Board, candidates to fill Board vacancies taking into account the need to maintain a balanced Board. Only the independent Directors on the Committee vote on the recommendation of candidates for appointment as new independent Directors. Care is taken to ensure that appointees have enough time to devote to the role. External consultants may be used to identify future potential candidates. However, it is felt that due to the nature of the Company's business the Board has access to a sufficiently wide pool of candidates. The Committee also considers whether Directors should be recommended for re-appointment by shareholders.

The Committee's terms of reference are available on the Company's website www.fidelity.co.uk/its. Letters of appointment, which specify the terms of appointment, are issued to new Directors on appointment and include details of the time commitment required and expected duration of appointment. The terms and conditions of appointment of Directors are available for inspection at the registered office of the Company and will be available prior to the forthcoming Annual General Meeting.

Changes to the Board and the Company's Articles of Association

All appointments to the Board and replacements of Directors take place in accordance with the Companies Act and the Company's Articles of Association. Any amendments to the Company's Articles of Association must be made by Special Resolution.

Training

When a new Director is appointed to the Board, he or she is provided with all relevant information regarding

Corporate Governance Statement

the Company and his or her duties and responsibilities as a Director. In addition, a new Director will also spend some time with representatives of the Manager whereby he or she will become familiar with the various processes which the Manager considers necessary for the performance of its duties and responsibilities to the Company. The Company's policy is to encourage Directors to keep up to date and attend training courses on matters which are directly relevant to their involvement with the Company. The Directors also receive regular briefings from, among others, the AIC, the Auditor and the Company Secretary regarding any proposed developments or changes in law or regulations that could affect the Company and/or the Directors.

Re-appointment

A Director appointed during the year is required to retire and seek appointment by shareholders at the next Annual General Meeting. Any non-independent Director or Director who has served on the Board for over nine years is subject to annual re-appointment. A Director who held office at the time of the two preceding annual general meetings and who did not retire at either of them is required to do so and seek re-appointment at the next Annual General Meeting.

The names of Directors submitted for appointment or re-appointment are accompanied by sufficient biographical details to enable shareholders to make an informed decision.

Directors' Remuneration

Levels of remuneration are competitive and sufficient to attract and retain the standard of Directors needed to manage the Company successfully. The level of Directors' fees is considered and recommended by the Board within the limit governed by the Articles of Association.

Directors' fees are disclosed fully in the annual report (see the Directors' Remuneration Report on page 28). The limit on aggregate fees is governed by the Company's Articles of Association. Shareholdings by Directors are encouraged and the Directors' share interests are disclosed in the Directors' Report on page 19.

Performance Evaluation

An annual process for the evaluation of the Board, its Committees, its Directors and their independence is in place. This takes the form of written questionnaires and, if appropriate, interviews. The performance of the Chairman is evaluated by the other Directors on an annual basis. The Company Secretary and Manager also participate in these processes to provide all round feedback to the Board. The results of these evaluations are issued to and discussed by the Board. The process is considered to be constructive in terms of identifying areas for improving the functioning and performance of the Board.

The Nomination Committee has considered the performance and contribution to the Company of each Director and concluded that in each case they have been effective and that they continue to demonstrate commitment to their roles. Accordingly, the Committee has recommended their continued service and this has been endorsed by the Board as a whole which commends the re-appointment of those Directors so standing at the forthcoming Annual General Meeting to shareholders.

ACCOUNTABILITY AND AUDIT

Financial Reporting

The Directors explain their responsibility for preparing the financial statements in the Statement of Directors' Responsibilities on page 21 and the Auditor's reporting responsibilities are set out in the Independent Auditor's Report on page 29.

The Board has a responsibility to present a balanced and understandable assessment of annual and half yearly reports, interim management statements, other price sensitive public reports and reports to regulators, as well as to provide information required to be presented by statutory requirements. All such reports are reviewed and approved by the Board prior to their issue to ensure that this responsibility is fulfilled.

Going Concern

The Company's business activities and the factors likely to affect its future performance and position are set out in the Business Review on pages 14 to 17. Further details on the management of financial risk may be found in Note 18 to the Financial Statements on pages 41 to 45.

The Board receives regular reports from the Manager and the Directors believe that, as no material uncertainties leading to significant doubt about going concern have been identified, it is appropriate to continue to adopt the going concern basis in preparing the financial statements.

The assets of the Company consist mainly of securities which are readily realisable and, accordingly, the Company has adequate financial resources to continue in operational existence for the foreseeable future. The next continuation vote will be put to the shareholders at the Annual General Meeting to be held in 2011.

Internal Control

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

The Board confirms that there is an ongoing process for identifying, evaluating and managing the Company's principal business and operational risks, that it has been

Corporate Governance Statement

in place for the year ended 31 July 2009 and up to the date of approval of the annual report and financial statements, that it is regularly reviewed by the Board and accords with the FRC's Internal Control: Revised Guidance.

The Board is responsible for the design, implementation and maintenance of controls and procedures to safeguard the assets of the Company although these tasks have been delegated on a day to day basis to the Manager. The system extends to operational and compliance controls and risk management. Clear lines of accountability have been established between the Board and the Manager and regular reports on controls and compliance issues are provided to the Audit Committee and the Board. In carrying out its review, the Audit Committee has had regard to the activities of the Manager, the Manager's compliance and risk functions and the external Auditor. The Audit Committee's and Board's review also includes consideration of internal controls and similar reports issued by the Manager and other service providers.

The Board has reviewed the need for an internal audit function. The Board has decided that the systems and procedures employed by the Manager, including its internal audit function and the work carried out by the Company's external Auditor, provide sufficient assurance that a sound system of internal control, which safeguards shareholders' investments and the Company's assets, is maintained. An internal audit function, specific to the Company, is therefore considered unnecessary. The Audit Committee meets the Manager's Head of Internal Audit at least twice a year. The Chairman of the Audit Committee has direct access to the Manager's Head of Internal Audit and vice versa.

By the means of the procedures set out above the Directors have maintained their review of the effectiveness of the Manager's internal controls systems throughout the period.

Whistle-blowing Procedure

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

Audit Committee and Auditor

The Audit Committee is chaired by Hugh Bolland and comprises all the independent Directors including the Chairman. The qualifications of the members of the

Audit Committee are included in their biographies on pages 12 and 13. The Committee considers that collectively its members have sufficient recent and relevant financial experience to discharge their responsibilities fully.

The Committee meets at least three times a year and its authority and duties are clearly defined in its written terms of reference which are available on the Company's website. These duties include: responsibility for making recommendations on the appointment, re-appointment and removal of the external Auditor, discussing with the external Auditor the nature and scope of the audit and reviewing the external Auditor's quality control procedures; considering the risks associated with Audit firms withdrawing from the market, considering the scope of work undertaken by the Manager's internal audit department; reviewing the Company's procedures for detecting fraud; monitoring the integrity of the financial statements of the Company; reviewing the half-yearly and annual financial statements of the Company prior to their submission to the Board; and reviewing the effectiveness of the internal control systems (including financial, operational and compliance controls and risk management). They also include responsibility for reviewing and monitoring the effectiveness of the audit process and the external Auditor's independence and objectivity with particular regard to the provision of non-audit services taking into consideration relevant UK professional and regulatory requirements and by seeking appropriate disclosures and comfort by the Auditor. The provision of non-audit services is also subject to prior Board approval.

The last review of alternative audit service providers took place in 2006 resulting in a change of audit firm. The Auditor's continued appointment is reviewed each year and audit partners change at least once every five years. There are no contractual obligations that restrict the Committee's choice of Auditor.

Shareholders have the opportunity at each Annual General Meeting to vote on the re-appointment of the external Auditor for the forthcoming year and to authorise the Directors to determine the level of Auditor's remuneration.

The Committee also reviews corporate governance issues, the existence and performance of all controls operating in the Company (including the adherence to Section 842 status and Principal Risks and Uncertainties in particular relating to Financial Reporting on pages 14 to 17 and Note 18 on pages 41 to 45), the relationship with and the performance of third party service providers (such as the Registrars and Custodians) and the risks associated with audit firms withdrawing from the market which is considered in the Committee's risk evaluation and planning.

Corporate Governance Statement

In the year to 31 July 2009 the Audit Committee discharged its responsibilities by, among other things:

- Reviewing the Company's draft annual and half-yearly financial statements prior to Board approval and reviewing the external Auditor's reports thereon
- Reviewing the appropriateness of the Company's accounting policies
- Reviewing the potential impact of any new Financial Reporting Standards
- Reviewing and approving the audit fee and reviewing any non-audit fees payable to the Company's external Auditor
- Reviewing the external Auditor's terms of engagement including the appointment, re-appointment or removal of the Auditor as appropriate
- Reviewing the external Auditor's plan for the audit of the Company's financial statements
- Reviewing the external Auditor's quality control procedures
- Reviewing and monitoring the effectiveness of the external audit process and the external Auditor's independence and objectivity
- Considering the scope of work undertaken by the Manager's internal audit department
- Reviewing a semi-annual report on internal controls and reporting to the Board as described above
- Recommending the re-appointment of the external Auditor

Management Engagement Committee

The Management Engagement Committee was established in 1997 and meets at least once a year. The Committee's terms of reference are available on the Company's website. The Committee consists of all the independent Directors and is chaired by Sir Victor Garland who is considered to be independent of the Manager. The Committee meets at least annually and reports to the Board of Directors making recommendations where appropriate.

Details of the Management Agreement are set out in the Directors' Report on page 18.

The Committee met on 4 June 2009 and the Board, on the recommendation of the Committee, is of the opinion that the continued appointment of FIL Investments International as Investment Manager and Secretary, on the terms in the Management Agreement, is in the interests of the shareholders as a whole and the Company.

The criteria which are taken into consideration in reviewing the performance of the Manager are set out below:

- Quality of the team – the skills and particularly the experience of the team involved in managing all aspects of the Company's business

- Commitment of the Manager to the investment trust business generally and to the Company in particular
- Managing the Company – in running and controlling the administration, the accounting and the secretaryship of the Company
- Investment management – portfolio management skills, experience and track record and other investment related considerations
- Shareholders – shareholder consciousness and relations, discount management and commitment to the Company's goals
- Management Agreement – consideration of fees, notice period and duties

DIRECTORS AND OFFICERS' LIABILITY INSURANCE

In addition to benefits enjoyed under the Manager's global Directors and Officers' liability insurance arrangements, the Company maintained insurance cover for its Directors and Officers under its own policy as permitted by the Companies Act 2006. The Board reviews the cover and terms on an annual basis.

SUBSTANTIAL SHARE INTERESTS

At the date of this report notification had been received that the shareholders listed in the table below hold more than 3% of the voting rights of the Company.

Shareholder	Number of ordinary shares	%
FIL Limited	1,739,700 direct 13,268,550 indirect ²	24.63 ¹
City of London Investment Management Limited ³	7,422,692	12.18

¹ 21.28% of the issued share capital was held in aggregate by investors in the Fidelity ISA Scheme and the Fidelity Investment Trust Share Plan

² Including investments through the Fidelity ISA and the Fidelity Investment Trust Share Plan

³ Indirect holding on behalf of City of London Management Limited clients

Analysis of Ordinary Shareholders as at 31 July 2009 % of issued share capital	
Private individuals ¹	74.08
Mutual funds	14.94
Insurance companies	5.47
Pension funds	3.82
Charities	1.32
Trading companies	0.26
Hedge funds	0.11

¹ Includes Share Plan and ISA investors

Corporate Governance Statement

SHARE CAPITAL

The Company's authorised share capital comprises 200,000,000 ordinary shares of 25 pence each. As at 31 July 2009 the total number of shares in issue was 60,942,501 (2008: 103,157,200 shares). Each share in issue carries one vote. Deadlines for the exercise of voting rights and details of arrangements by which someone other than the shareholder can exercise voting rights in respect of this year's Annual General Meeting are detailed in the Notes to the Notice of Meeting on pages 52 and 53.

RELATIONS WITH SHAREHOLDERS

The shareholder profile of the Company is regularly monitored and the Board liaises with the Manager and the Company's broker to canvass shareholder opinion and communicate views to shareholders. The Company is concerned to provide the maximum opportunity for dialogue between the Company and shareholders. It is believed that shareholders have proper access to the Manager at any time and to the Board if they so wish. If any shareholder wishes to contact a member of the Board directly they should contact the Company Secretary whose details are given on page 12. All shareholders, particularly individual shareholders, are encouraged to attend the Annual General Meeting at which there will be a presentation of the past year's results and the forthcoming year's prospects, followed by the opportunity to meet representatives of the Manager and the Board. Analyst and broker meetings with the Portfolio Manager and members of the Board are held throughout the year.

At general meetings all proxy votes are counted and, except where a poll is called, proxy voting is reported for each resolution after it has been dealt with on a show of hands. Proxy votes are disclosed on the Company's website.

The Notice of Meeting on pages 50 and 51 sets out the business of the meeting and the special resolutions are explained more fully in the Directors' Report on pages 19 and 20. A separate resolution is proposed on each substantially separate issue including the annual report and financial statements.

The Chairman of the Board, the Chairman of the Audit Committee and other Directors will be available to answer questions at the Annual General Meeting.

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

On behalf of the Board



Sir Victor Garland
28 September 2009

Directors' Remuneration Report

This report has been prepared in accordance with the requirements of Sections 420 – 422 of the Companies Act 2006 in respect of the year ended 31 July 2009. An ordinary resolution for the approval of this report will be put to the members at the forthcoming Annual General Meeting. The law requires the Company's Auditor to audit certain of the disclosures provided.

Where disclosures have been audited they are indicated as such. The Auditor's opinion is included in their report on page 29.

REMUNERATION POLICY

The level of Directors' fees is determined by the whole Board and Directors do not vote on their own fees. The remuneration policy is that the level of remuneration of the non-executive Directors should be fair and sufficient to attract and retain the Directors needed to oversee the Company properly, to fulfil the duties and responsibilities of Directors, to reflect the Company's specific circumstances and to provide value for the amount of time committed to the Company's affairs. The Company's Articles of Association limit the aggregate fees payable to the Board of Directors to a total of £100,000 pa. Subject to this overall limit, the determination of fees takes regard of the matters set out above and the level of fees payable to non-executive directors in the industry generally.

Non-executive Directors are not eligible for participation in any performance related fees, bonuses, pension benefits, share options, long term incentive schemes or other benefits. It is intended that this policy will continue for the year ending 31 July 2010 and for subsequent years.

DIRECTORS' SERVICE CONTRACTS

No Director has a service contract with the Company. New Directors are provided with a letter of appointment which, amongst other things, provides that their appointment is subject to the Companies Act and the Articles of Association of the Company. The Company does not make payments to Directors on termination or compensation upon early termination of appointment. No Director received any bonus, taxable expenses, compensation for loss of office or non-cash benefits for the year ended 31 July 2009, the year ended 31 July 2008 or for any previous period.

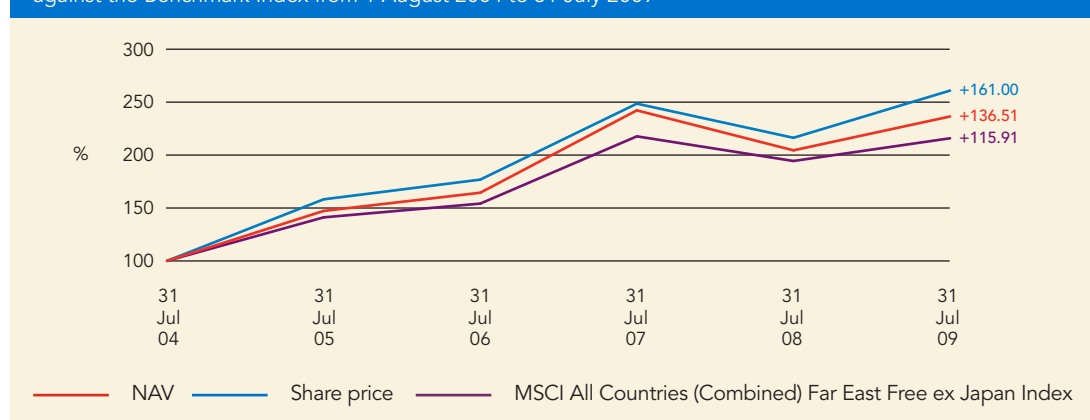
COMPANY PERFORMANCE

The Company's performance is measured against the MSCI All Countries (Combined) Far East Free ex Japan Index as this is the most appropriate in respect of its asset allocation and reflects the stated objective of the Company as set out on page 1.

Directors' Emoluments for the year (audited)	2009 £	2008 £
Sir Victor Garland	23,000	22,000
Hugh Bolland	20,000	19,000
William Knight	18,000	17,000
Kathryn Matthews ¹	–	–
Sir Robin McLaren	18,000	17,000
Total	79,000	75,000

¹ Kathryn Matthews has agreed to waive her fees for the year under review: £18,000 (2008: £17,000 waived).

Comparison of NAV and Share Price Total Return Performance against the Benchmark Index from 1 August 2004 to 31 July 2009



Sir Victor Garland
28 September 2009

Independent Auditor's Report to the Shareholders of Fidelity Asian Values PLC

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FIDELITY ASIAN VALUES PLC

We have audited the financial statements of Fidelity Asian Values PLC for the year ended 31 July 2009 which comprise the income statement, the balance sheet, the reconciliation of movements in shareholders' funds, the cash flow statement and the related Notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Company's members, as a body, in accordance with Sections 495, 496 and 497 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an Auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITOR

As explained more fully in the Statement of Directors' Responsibilities set out on page 21 the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/UKP.

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 July 2009 and of its return for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion:

- the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006; and
- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

We have nothing to report in respect of the following: Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

Under the Listing Rules, we are required to review:

- the Directors' statement, (set out on page 24) in relation to going concern; and
- the part of the Corporate Governance Statement relating to the Company's compliance with the nine provisions of the June 2008 Combined Code specified for our review.

Marcus Swales

Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
London
28 September 2009

Income Statement

for the year ended 31 July 2009

	Notes	revenue £'000	2009 capital £'000	total £'000	revenue £'000	2008 capital £'000	total £'000
Gains/(losses) on investments	9	–	9,210	9,210	–	(26,390)	(26,390)
Income	2	2,767	–	2,767	4,579	–	4,579
Investment management fee	3	(861)	–	(861)	(1,688)	–	(1,688)
Other expenses	4	(402)	–	(402)	(474)	–	(474)
Exchange gains/(losses) on other net assets	14	153	1,972	2,125	(14)	(26)	(40)
Exchange losses on loans	14	–	(1,409)	(1,409)	–	(247)	(247)
Net return/(loss) before finance costs and taxation		1,657	9,773	11,430	2,403	(26,663)	(24,260)
Interest payable	5	(444)	–	(444)	(516)	–	(516)
Net return/(loss) on ordinary activities before taxation		1,213	9,773	10,986	1,887	(26,663)	(24,776)
Taxation on return/(loss) on ordinary activities	6	(233)	–	(233)	(398)	–	(398)
Net return/(loss) on ordinary activities after taxation for the year		980	9,773	10,753	1,489	(26,663)	(25,174)
Return/(loss) per ordinary share	8	1.49p	14.85p	16.34p	1.43p	(25.57p)	(24.14p)

A Statement of Total Recognised Gains and Losses has not been prepared as there are no gains and losses other than those reported in this Income Statement.
The total column of the Income Statement is the profit and loss account of the Company.
All revenue and capital items in the above statement derive from continuing operations.
No operations were acquired or discontinued in the year.

The Notes on pages 34 to 45 form an integral part of these financial statements.

Reconciliation of Movements in Shareholders' Funds

for the year ended 31 July 2009

	Notes	called up share capital £'000	share premium account £'000	capital redemption reserve £'000	other non- distributable reserve £'000	other reserve £'000	capital reserve £'000	revenue reserve £'000	total equity £'000
Opening shareholders' funds: 1 August 2007		27,336	15,359	3,487	7,367	53,749	64,413	(990)	170,721
Net recognised capital losses for the year	14	–	–	–	–	–	(26,663)	–	(26,663)
Repurchase of ordinary shares		(1,547)	–	1,547	–	(9,606)	–	–	(9,606)
Net revenue after taxation for the year		–	–	–	–	–	–	1,489	1,489
Closing shareholders' funds: 31 July 2008		25,789	15,359	5,034	7,367	44,143	37,750	499	135,941
Net recognised capital gains for the year	14	–	–	–	–	–	9,773	–	9,773
Share premium account cancelled	14	–	(15,359)	–	–	15,359	–	–	–
Capital redemption reserve cancelled	14	–	–	(13,803)	–	13,803	–	–	–
Repurchase of ordinary shares	14	(238)	–	238	–	(988)	–	–	(988)
Ordinary shares cancelled on completion of the Tender offer*	14	(10,316)	–	10,316	–	(52,153)	–	–	(52,153)
Costs associated with the Tender offer *	14	–	–	–	–	(842)	–	–	(842)
Loan redemption costs*	14	–	–	–	–	(83)	–	–	(83)
Net revenue after taxation for the year	14	–	–	–	–	–	–	980	980
Dividend paid to shareholders	7	–	–	–	–	–	–	(494)	(494)
Closing shareholders' funds: 31 July 2009		15,235	–	1,785	7,367	19,239	47,523	985	92,134

* See Note 21 on page 45 for a breakdown of the costs in relation to the Tender offer and the cash paid to exiting shareholders.

The Notes on pages 34 to 45 form an integral part of these financial statements.

Balance Sheet as at 31 July 2009

	Notes	2009 £'000	2008 £'000
Fixed assets			
Investments at fair value through profit or loss	9	98,131	136,356
Current assets			
Debtors	10	1,161	634
Cash at bank		425	8,954
		1,586	9,588
Creditors – amounts falling due within one year			
Fixed rate unsecured loan	11	(6,584)	–
Other creditors	11	(999)	(916)
		(7,583)	(916)
Net current (liabilities)/assets		(5,997)	8,672
Total assets less current liabilities		92,134	145,028
Creditors – amounts falling due after more than one year			
Fixed rate unsecured loan	12	–	(9,087)
Total net assets		92,134	135,941
Capital and reserves			
Called up share capital	13	15,235	25,789
Share premium account	14	–	15,359
Capital redemption reserve	14	1,785	5,034
Other non-distributable reserve	14	7,367	7,367
Other reserve	14	19,239	44,143
Capital reserve	14	47,523	37,750
Revenue reserve	14	985	499
Total equity shareholders' funds		92,134	135,941
Net asset value per ordinary share	15	151.18p	131.78p

The financial statements on pages 30 to 45 were approved by the Board of Directors on 28 September 2009 and were signed on its behalf by:



Sir Victor Garland
Chairman

The Notes on pages 34 to 45 form an integral part of these financial statements.

Cash Flow Statement for the year ended 31 July 2009

	Notes	2009 £'000	2008 £'000
Operating activities			
Investment income received		2,655	3,546
Deposit interest received		68	154
Investment management fee paid		(1,268)	(1,272)
Directors' fees paid		(93)	(60)
Other cash payments		(337)	(566)
Net cash inflow from operating activities	16	1,025	1,802
Returns on investments and servicing of finance			
Interest paid		(495)	(511)
Net cash outflow from returns on investments and servicing of finance		(495)	(511)
Financial investment			
Purchase of investments		(47,992)	(84,344)
Disposal of investments		97,560	96,901
Net cash inflow from financial investment		49,568	12,557
Dividend paid to shareholders	7	(494)	–
Net cash inflow before financing		49,604	13,848
Financing			
Repurchase of ordinary shares	14	(988)	(9,606)
Ordinary shares cancelled on completion of the Tender offer	14	(52,995)	–
Loan redemption costs on completion of the Tender offer	14	(83)	–
5.60% fixed rate unsecured loan part repaid	17	(3,912)	–
Net cash outflow from financing		(57,978)	(9,606)
(Decrease)/increase in cash	17	(8,374)	4,242

The Notes on pages 34 to 45 form an integral part of these financial statements.

Notes to the Financial Statements

1. ACCOUNTING POLICIES

The Company has prepared its financial statements in accordance with United Kingdom Generally Accepted Accounting Practice ("UK GAAP") and the AIC Statement of Recommended Practice ("SORP") for Investment Trusts issued in January 2009.

As a result of the technical guidance by the Institute of Chartered Accountants in England and Wales in TECH 01/08: Distributable Profits, 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. As a result of the new SORP, capital reserves realised and unrealised are now shown in aggregate as capital reserve in the reconciliation of movements in shareholders' funds and the balance sheet. At the balance sheet date all investments held by the Company were listed on a recognised stock exchange and were considered to be readily convertible into cash.

a) Basis of accounting – The financial statements have been prepared on a going concern basis and under the historical cost convention, modified to include fixed asset investments at fair value and on the assumption that approval as an investment trust will be granted.

b) Income – Income from equity investments is credited to the Income Statement on the date on which the right to receive the payment is established. Interest receivable on fixed interest securities is accounted for on an accruals basis so as to reflect the effective interest rate on the security. Franked dividends are accounted for net of any tax credit. Unfranked investment income includes tax deducted at source. Interest receivable on short term loans and deposits is dealt with on an accruals basis. Where the Company has elected to receive its dividends in the form of additional shares rather than cash foregone, 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 is recognised in the capital column of the Income Statement.

c) Special dividends – Special dividends are treated as a capital receipt or a revenue receipt depending on the facts and circumstances of each particular case.

d) Expenses and finance costs – All expenses are accounted for on an accruals basis and are charged in full to the revenue column of the Income Statement with the exception of the performance fee which is charged wholly to capital reserve realised as it arises mainly from capital returns on the portfolio. Finance costs are accounted for using the effective interest method and in accordance with the provisions of Financial Reporting Standard ("FRS") 26 "Financial Instruments: Recognition and Measurement".

e) Taxation – Deferred taxation is recognised in respect of all timing differences that have originated, but not reversed, at the balance sheet date, where transactions or events that result in an obligation to pay more, or a right to pay less tax in the future have occurred. A deferred tax asset is recognised when it is more likely than not that the asset will be recoverable.

f) Foreign currency – The Directors, having regard to the currency of the Company's share capital and the predominant currency in which its investors operate, have determined the functional currency to be sterling. Transactions denominated in foreign currencies are calculated in sterling at the rate of exchange ruling as at the date of transactions. Assets and liabilities in foreign currencies are translated at the rates of exchange ruling at the balance sheet date. Realised and unrealised capital gains and losses, including exchange differences on the translation of foreign currency assets and liabilities, are dealt with in capital reserve.

g) Valuation of investments – The Company's business is investing in financial assets with a view to profiting from their total return in the form of income and capital growth. This 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 internally on that basis to the Company's Board of Directors and other key management personnel. Accordingly, upon initial recognition the investments are designated by the Company as "at fair value through profit or loss". They are included initially at fair value, which is taken to be their cost and subsequently, the investments are valued at "fair value", which is measured as follows:

- Listed investments are valued at bid prices, where the bid price is available, or otherwise at fair value based on published price quotations;
- Unlisted investments where there is not an active market are valued using an appropriate valuation technique so as to establish what the transaction price would have been at the balance sheet date.

Transaction costs – FRS26: "Financial Instruments: Recognition and Measurement" requires that the cost of purchasing investments be recognised and accounted for as a separate item from investment gains. However in accordance with the AIC SORP the Company includes these costs in the cost of investments purchased and has disclosed them in Note 9 on page 38.

h) Loans – Loans are initially included in the financial statements at cost, being the fair value of the consideration received, net of any issue costs relating to the borrowing. After initial recognition, the loans are measured at amortised cost using the effective interest method. The amortised cost is calculated by taking into account any issue costs and any discount or premium on settlement.

i) Capital reserve – Gains and losses on the realisation of investments and changes in fair value of investments are accounted for in the capital reserve, via the capital column of the Income Statement.

j) Dividends – In accordance with FRS21: "Events after the Balance Sheet Date" dividends declared and approved by the Company after the balance sheet date have not been recognised as a liability of the Company at the balance sheet date.

Notes to the Financial Statements

	2009 £'000	2008 £'000
2. INCOME		
Income from investments		
Overseas dividends	2,626	4,188
Overseas scrip dividends	84	241
	<u>2,710</u>	<u>4,429</u>
Other income		
Deposit interest	55	150
Interest on VAT recovered on investment management fees*	2	–
	<u>2,767</u>	<u>4,579</u>

* This is interest received on VAT on investment management fees reclaimed following the decision of the European Court of Justice in the JPMorgan Claverhouse Investment Trust/AIC case (C-363/05) (see Note 3 below).

	2009 £'000	2008 £'000
3. INVESTMENT MANAGEMENT FEE		
Investment management fee	873	1,688
VAT recovered*	(12)	–
	<u>861</u>	<u>1,688</u>

* The decision of the European Court of Justice in the JPMorgan Claverhouse Investment Trust/AIC case (C-363/05) confirmed that the VAT exemption applicable to the management of special investment funds will also extend to investment trust companies. Although the Company had virtually recovered all the VAT charged, as a result of this case it has further recovered £12,385. A summary of the terms of the Management Agreement is given in the Directors' Report on page 18.

	2009 £'000	2008 £'000
4. OTHER EXPENSES		
AIC fees	14	14
Custody fees	57	142
Directors' fees	79	75
Directors' expenses*	8	(7)
Legal and professional fees	4	23
Marketing expenses	88	69
Printing and publication expenses	54	65
Registrars' fees	36	35
Other expenses	42	41
Fees payable to the Company's Auditor for the audit of the annual financial statements	20	17
	<u>402</u>	<u>474</u>

* The Directors' expenses for the prior year are a credit balance due to the release of previous accruals.

Details of the breakdown of Directors' fees are provided on page 28 within the Directors' Remuneration Report.

Notes to the Financial Statements

	2009 £'000	2008 £'000
5. INTEREST PAYABLE		

Loan repayable within five years

Fixed rate unsecured loan

444 516

2009
£'000 2008
£'000

6. TAXATION ON RETURN/(LOSS) ON ORDINARY ACTIVITIES

	revenue £'000	2009 capital £'000	total £'000	revenue £'000	2008 capital £'000	total £'000
a) Analysis of charge in the year						
Corporation tax	60	–	60	144	–	144
Double taxation relief	(60)	–	(60)	(144)	–	(144)
	–	–	–	–	–	–
Overseas taxation suffered	233	–	233	398	–	398
Total current taxation for the year (see note 6b)	233	–	233	398	–	398

b) Factors affecting the taxation charge for the year

The taxation assessed for the year is lower than the standard rate of corporation tax in the UK for an investment trust company of 28% (2008: 29.33%).

The differences are explained below.

	2009 £'000	2008 £'000
Return/(loss) on ordinary activities before taxation	10,986	(24,776)
Return/(loss) on ordinary activities multiplied by the standard rate of corporation tax of 28% (2008: 29.33%)	3,076	(7,267)
Effects of:		
(Losses)/gains on investments not taxable	(2,736)	7,821
Income not deductible for taxation purposes	(162)	(71)
Non-trading deficit utilised	(113)	(304)
Double taxation relief	(60)	(144)
Overseas taxation expensed	(5)	(35)
Overseas taxation	233	398
Current taxation charge (Note 6a)	233	398

Investment trust companies are exempt from taxation on capital gains if they meet the HM Revenue & Customs criteria set out in s842 Income and Corporation Taxes Act 1988 for a given period.

Notes to the Financial Statements

Overseas taxation is made up as follows:

	2009 £'000	2008 £'000
Taxation on ordinary activities	216	350
Taiwan scrip dividends	17	48
	<u>233</u>	<u>398</u>

c) The deferred tax assets of £544,000 in respect of unutilised expenses and non-trade deficits at 31 July 2009 (2008: £664,000) have not been recognised as it is unlikely that these assets will be utilised.

2009 £'000	2008 £'000
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7. DIVIDENDS

Final dividend of 0.81 pence per share paid for the year ended 31 July 2008 (2007: nil)	<u>494</u>	<u>–</u>
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The Directors have proposed a final dividend of 1.00 pence per share which is subject to approval by the shareholders at the Annual General Meeting and has not been included as a liability in these financial statements. The total dividend payable in respect of the year ended 31 July 2009, which is the basis on which the requirements of s842 Income and Corporation Taxes Act 1988 are considered, is stated below:

2009 £'000	2008 £'000
---------------	---------------

Proposed final dividend of 1.00 pence per share for the year ended 31 July 2009 (2008: 0.81 pence) based on number of shares in issue as at the date of the annual report	<u>609</u>	<u>494</u>
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	revenue	2009 capital	total	revenue	2008 capital	total
8. RETURN/(LOSS) PER ORDINARY SHARE						
Basic	<u>1.49p</u>	<u>14.85p</u>	<u>16.34p</u>	<u>1.43p</u>	<u>(25.57p)</u>	<u>(24.14p)</u>

Returns/(losses) per ordinary share are based on the net revenue return on ordinary activities after taxation of £980,000 (2008: £1,489,000), the capital return in the year of £9,773,000 (2008: capital loss £26,663,000) and the total return in the year of £10,753,000 (2008: total loss £25,174,000) and on 65,827,251 ordinary shares (2008: 104,262,596) being the weighted average number of ordinary shares in issue during the year.

Notes to the Financial Statements

	2009 £'000	2008 £'000
9. INVESTMENTS		
Listed overseas	98,131	136,356
	2009 listed overseas £'000	
Opening book cost	120,489	
Opening investment holding gains	15,867	
Opening fair value of investments	136,356	
Movements in the year		
Purchases at cost	49,066	
Sales – proceeds	(96,501)	
Sales – realised gains on sales	5,588	
Movement in investment holding gains during the year	3,622	
Closing fair value of investments	98,131	
Closing book cost	78,642	
Closing investment holding gains	19,489	
Closing fair value of investments	98,131	
	2009 £'000	2008 £'000
Net gains/(losses) on investments		
Gains on sales of investments	5,588	10,530
Movement in investment holding gains/(losses) in the year	3,622	(36,920)
	9,210	(26,390)
The portfolio turnover rate for the year was 84.3% (2008: 50.4%).		
Gains/(losses) on investments are shown net of costs of investment transactions as summarised below:		
	2009 £'000	2008 £'000
Purchase expenses	114	162
Sales expenses	245	250
	359	412

Notes to the Financial Statements

	2009 £'000	2008 £'000
10. DEBTORS		
Securities sold for future settlement	368	17
Currency receivable	368	82
Accrued income	413	492
Other debtors	12	43
	<u>1,161</u>	<u>634</u>

	2009 £'000	2008 £'000
11. CREDITORS – AMOUNTS FALLING DUE WITHIN ONE YEAR		
Securities purchased for future settlement	273	–
Currency payable	368	82
Loan interest payable	130	181
Other creditors	228	653
Fixed rate unsecured loan @ 5.60% per annum	6,584	–
	<u>7,583</u>	<u>916</u>

A fixed rate unsecured loan from Lloyds TSB Bank PLC of US\$18,000,000 was drawn down on 27 September 2006 for a period of three years at an interest rate of 5.60% per annum. US\$7,000,000 of this loan was repaid on 12 September 2008 as part of the Tender offer to shareholders. The balance of US\$11,000,000 was repaid on 25 September 2009.

	2009 £'000	2008 £'000
12. CREDITORS – AMOUNTS FALLING DUE AFTER ONE YEAR		
Fixed rate unsecured loan @ 5.60% per annum	<u>–</u>	<u>9,087</u>

Notes to the Financial Statements

	2009 £'000	2008 £'000
13. CALLED UP SHARE CAPITAL		
Authorised:		
200,000,000 (2008: 200,000,000) ordinary shares of 25 pence each	50,000	50,000
Issued, allotted and fully paid:		
Beginning of year		
103,157,200 (2007: 109,347,200) ordinary shares of 25 pence each	25,789	27,336
1 August 2008 to 31 July 2009: repurchase of 951,935 ordinary shares (2008: 6,190,000)	(10,316)	(1,547)
Cancellation of 41,262,764 ordinary shares on completion of the Tender offer	(238)	–
End of year		
60,942,501 (2008: 103,157,200) ordinary shares of 25 pence each	15,235	25,789

	share premium account £'000	capital redemption reserve £'000	other non- distributable reserve £'000	other reserve £'000	capital reserve £'000	revenue reserve £'000
14. RESERVES						
Beginning of year	15,359	5,034	7,367	44,143	37,750	499
Exchange gains on other net assets	–	–	–	–	1,972	–
Net gains on investments for the year	–	–	–	–	9,210	–
Exchange losses on loan	–	–	–	–	(1,409)	–
Share premium account cancelled*	(15,359)	–	–	15,359	–	–
Capital redemption reserve cancelled*	–	(13,803)	–	13,803	–	–
Repurchase of ordinary shares	–	238	–	(988)	–	–
Ordinary shares cancelled on completion of the Tender offer**	–	10,316	–	(52,153)	–	–
Costs associated with the Tender offer**	–	–	–	(842)	–	–
Loan redemption costs**	–	–	–	(83)	–	–
Net revenue after taxation for the year	–	–	–	–	–	980
Dividend paid to shareholders	–	–	–	–	–	(494)
End of year	–	1,785	7,367	19,239	47,523	985

* Following the cancellation of the Company's share premium account and a reduction in the capital redemption reserve, both via a court order, £15,359,000 from the share premium account and £13,803,000 from the capital redemption reserve were transferred to other reserve. This other reserve is a distributable reserve for the purpose of buying back shares.

** See Note 21 on page 45 for a breakdown of the costs in relation to the Tender offer and the cash paid to exiting shareholders.

15. NET ASSET VALUE PER SHARE

The net asset value per ordinary share is based on net assets of £92,134,000 (2008: £135,941,000) and on 60,942,501 (2008: 103,157,200) ordinary shares, being the number of ordinary shares in issue at the year end.

Notes to the Financial Statements

16. RECONCILIATION OF NET RETURN BEFORE FINANCE COSTS AND TAXATION TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2009 £'000	2008 £'000
Net return/(loss) before finance costs and taxation	11,430	(24,260)
Capital (loss)/return for the year	(9,773)	26,663
Net revenue return before finance costs and taxation	1,657	2,403
Scrip dividends	(84)	(241)
Decrease in other creditors	(139)	(3,961)
(Increase)/decrease in other debtors	(176)	3,999
Overseas taxation suffered	(233)	(398)
Net cash inflow from operating activities	1,025	1,802
	2009 £'000	2008 £'000

17. RECONCILIATION OF NET CASH MOVEMENTS TO MOVEMENT IN NET (DEBT)/RESOURCES

Net debt at the beginning of the year	(133)	(4,144)
Net cash (outflow)/inflow	(8,374)	4,242
5.60% fixed rate unsecured loan repaid	3,912	–
Unrealised foreign exchange movement on other assets	(155)	16
Foreign exchange movement on fixed rate unsecured loans – realised and unrealised	(1,409)	(247)
Change in net (debt)/resources	(6,026)	4,011
Net debt at the end of the year	(6,159)	(133)

	2009 £'000	cash flows £'000	exchange movements £'000	2008 £'000
Analysis of balances				
Cash at bank	425	(8,374)	(155)	8,954
Fixed rate unsecured loan	(6,584)	3,912	(1,409)	(9,087)
End of year	(6,159)	(4,462)	(1,564)	(133)

18. FINANCIAL INSTRUMENTS

Management of risk

The general risk analysis undertaken by the Board and its overall policy approach to risk management are set out in the Business Review on pages 15 and 16. This Note is incorporated in accordance with FRS29 and refers to the identification, measurement and management of risks potentially affecting the value of financial instruments.

The Company's financial instruments comprise:

- Equity shares held in accordance with the Company's investment objective and policies
- Cash, liquid resources and short term debtors and creditors that arise from its operations
- US dollar borrowings to finance operations

Notes to the Financial Statements

The risks identified by FRS29 arising from the Company's financial instruments are market risk (which comprises equity price risk, interest rate risk and foreign currency exposure), liquidity risk and credit risk. The Board reviews and agrees policies for managing each of these risks, which are summarised below. These policies have remained unchanged from the previous accounting period.

Other price risk

Other price risk arises mainly from uncertainty about future prices of financial instruments used in the Company's business. It represents the potential loss the Company might suffer through holding market positions in the face of price movements and changes in exchange rates. 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 existing portfolio selected in accordance with the overall asset allocation parameters described above and seeks to ensure that individual stocks also meet an acceptable risk/reward profile.

Foreign currency risk

The Company's total return and balance sheet can be affected by foreign exchange movements because the Company has assets and income which are denominated in currencies other than the Company's base currency which is sterling.

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

- Movements in rates affecting the value of investments and the loan
- Movements in rates affecting short term timing differences
- Movements in rates affecting the income received

The Company does not hedge the sterling value of investments or other net assets priced in other currencies by the use of derivatives. However, it has increased finance available to the Company for its investment activities with US dollar borrowings, thereby hedging part of the movements which are a result of exchange movements.

The Company might also be subject to short term exposure from exchange rate movements, for example between the date when an investment is bought or sold and the date when settlement of the transaction occurs. Income denominated in foreign currencies is converted to sterling on receipt.

Interest rate risk

The Company finances its operations through share capital raised. In addition, financing has been obtained through a US dollar denominated fixed rate unsecured bank loan, which was repaid on 25 September 2009. The Company is exposed, therefore, to a fair value interest rate risk if US dollar interest rates change. The Board imposes borrowing limits to ensure gearing levels are appropriate to market conditions.

Liquidity risk

The Company's assets comprise readily realisable securities, which can be sold easily to meet funding commitments if necessary. Short term flexibility is achieved by the use of overdraft facilities as required. Details of the Company's borrowing commitments are explained in Note 11 on page 39 to the financial statements.

Credit risk

Investments may be adversely affected if any of the institutions with which money is deposited suffers insolvency or other financial difficulties. All transactions are carried out with a large number of brokers and are settled on a delivery versus payment basis and limits are set on the amount that may be due from any one broker. All security transactions are through brokers which have been approved as an acceptable counterparty. This is reviewed on an ongoing basis. At the year end, the exposure to credit risk includes cash at bank and outstanding securities transactions.

Financial Assets

The Company's financial assets comprise equity investments, short term debtors and cash. The currency cash flow profile of these financial assets is shown below:

2009

	investments at fair value through profit or loss £'000	short term debtors book value £'000	cash at bank £'000	total £'000
Chinese yuan renminbi	12,061	57	–	12,118
Hong Kong dollar	35,560	368	–	35,928
Indian rupee	2,107	–	–	2,107
Korean won	20,676	3	–	20,679
Malaysian ringgit	1,590	–	–	1,590
Singapore dollar	11,184	17	–	11,201
Taiwan dollar	14,953	336	–	15,289
US dollar	–	368	399	767
UK sterling	–	12	26	38
	<u>98,131</u>	<u>1,161</u>	<u>425</u>	<u>99,717</u>

Notes to the Financial Statements

2008	investments at fair value through profit or loss £'000	short term debtors book value £'000	cash at bank £'000	total £'000
Hong Kong dollar	54,178	50	–	54,228
Indian rupee	2,313	–	135	2,448
Korean won	34,191	5	–	34,196
Malaysian ringgit	5,193	33	–	5,226
Singapore dollar	19,840	17	–	19,857
Taiwan dollar	20,641	436	1	21,078
US dollar	–	81	8,748	8,829
UK sterling	–	12	70	82
	<u>136,356</u>	<u>634</u>	<u>8,954</u>	<u>145,944</u>

Financial Liabilities

The Company finances its investment activities through its ordinary share capital, reserves and borrowings.

The Company's financial liabilities comprise its US dollar denominated fixed rate unsecured bank loan (repaid 25 September 2009) and other short term creditors.

The currency cash flow profile of these financial liabilities is shown below.

	2009			2008		
	US dollar denominated unsecured loan £'000	short term creditors £'000	total £'000	US dollar denominated unsecured loan £'000	short term creditors £'000	total £'000
Hong Kong dollar	–	368	368	–	–	–
Korean won	–	273	273	–	–	–
Singapore dollar	–	–	–	–	17	17
Taiwan dollar	–	–	–	–	3	3
US dollar	6,584	130	6,714	9,087	244	9,331
UK sterling	–	228	228	–	652	652
	<u>6,584</u>	<u>999</u>	<u>7,583</u>	<u>9,087</u>	<u>916</u>	<u>10,003</u>

Foreign currency risk sensitivity analysis

At 31 July 2009, if sterling had strengthened by 10% in relation to the larger currency exposures, then with all other variables held constant, total net assets and total return on ordinary activities would have decreased by the amounts shown below. A 10% weakening of sterling against the larger currency exposures, with all other variables held constant, would have had an equal but opposite effect on the financial statement amounts. The analysis for 2008 is performed on the same basis.

	2009 £'000	2008 £'000
Chinese yuan renminbi	1,212	–
Hong Kong dollar	3,556	5,422
Korean won	2,041	3,420
Singapore dollar	1,120	1,984
Taiwan dollar	1,529	2,108

Notes to the Financial Statements

Interest rate risk profile of financial assets and liabilities

The analysis below summarises the extent to which the Company's assets and liabilities are affected by changes in interest rates.

2009	cash flow interest rate risk £'000	fair value interest rate risk* £'000	no interest rate risk £'000	total £'000
Investments at fair value through profit or loss	–	–	98,131	98,131
Other debtors	–	–	1,161	1,161
Cash balances	425	–	–	425
Total financial assets	425	–	99,292	99,717
Other creditors	–	–	(999)	(999)
Fixed rate unsecured loan	–	(6,584)	–	(6,584)
Total financial liabilities	–	(6,584)	(999)	(7,583)
Total financial assets/(liabilities)	425	(6,584)	98,293	92,134

* The Company's US dollar denominated unsecured bank loan was subject to a fair value interest rate risk if US dollar interest rates change.

2008	cash flow interest rate risk £'000	fair value interest rate risk £'000	no interest rate risk £'000	total £'000
Investments at fair value through profit or loss	–	–	136,356	136,356
Other debtors	–	–	634	634
Cash balances	8,954	–	–	8,954
Total financial assets	8,954	–	136,990	145,944
Other creditors	–	–	(916)	(916)
Fixed rate unsecured loan	–	(9,087)	–	(9,087)
Total financial liabilities	–	(9,087)	(916)	(10,003)
Total financial assets/(liabilities)	8,954	(9,087)	136,074	135,941

Interest rate risk sensitivity analysis

At 31 July 2009, if interest rates would have increased by 1.0% the total return on ordinary activities would have increased by £4,000 (2008: £90,000). A decrease in the interest rates by 1.0% would have had an equal but opposite effect. The sensitivity is based on the Company's total cash balance held on 31 July 2009, with all other variables held constant. The analysis for 2008 is performed on the same basis.

Other price risk

Changes in market prices other than those arising from interest rate risk may also affect the value of the Company's net assets. Details of how the Board sets risk parameters and performance objectives can be found on pages 14 to 16 of the Directors' Report.

Notes to the Financial Statements

Other price risk sensitivity analysis

A full list of the Company's investments is shown on pages 46 and 47. In addition, a list of the ten largest investments is shown on page 8.

All of the Company's investments are invested in quoted equities. An increase of 10% in the fair value of the investments at 31 July 2009 would have increased total return on ordinary activities and total assets by £9,813,000 (2008: £13,636,000). A decrease of 10% in the fair value of investments would have had an equal but opposite effect. The analysis for 2008 is performed on the same basis.

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 Note 1 on page 34 investments are shown at fair value which is bid market price. In the case of cash, book value approximates to fair value due to the short maturity of the instruments. The exception is the US dollar denominated fixed rate unsecured bank loan, whose fair value as at 31 July 2009, given below, has been calculated by discounting future cash flows at current US dollar interest rates.

	2009		2008	
	fair value £'000	book value £'000	fair value £'000	book value £'000
Fixed rate unsecured loan @ 5.60% per annum	6,710	6,584	9,510	9,087

Capital management

The Company does not have any externally imposed capital requirements. The capital of the Company is managed in accordance with its investment policy in pursuit of its investment objective, both of which are detailed on page 14 of the Directors' Report. The principal risks and their management are disclosed above.

19. CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS

There were no contingent liabilities or capital commitments as at 31 July 2009 (2008: nil).

20. TRANSACTIONS WITH THE MANAGER

The Directors have complied with the provisions of FRS8 which require disclosure of related party transactions and balances. FIL Investments International is the Manager and Secretary of the Company and details of the services provided and fees paid are given on page 18.

21. TENDER OFFER

On completion of the Tender offer a total of 41,262,764 ordinary shares were cancelled from the Register of Members. Below are details of the costs and expenses incurred in relation with the Tender offer and which were deducted in calculating the Tender offer price. These costs were borne solely by the exiting shareholders.

	2009 £'000
Assets attributable to the Tender offer	53,078
Costs directly attributable to the Tender offer and borne by exiting shareholders:	
Legal and professional costs	(517)
Commission paid to JPMorgan Cazenove	(64)
Stamp duty paid on the cost of shares repurchased	(261)
Loan redemption costs incurred	(83)
Cash paid to exiting shareholders	52,153

Full Portfolio Listing as at 31 July 2009

Holding	Fair Value £'000	% ¹
China Merchants Bank	5,092	5.2
Samsung Electronics	5,046	5.1
Taiwan Semiconductor Manufacturing	4,923	5.0
Hong Kong Exchanges & Clearing	3,886	3.9
Esprit Holdings	3,364	3.4
MediaTek	3,265	3.3
Shinhan Financial Group	3,237	3.3
Tencent Holdings	3,116	3.2
Swire Pacific	3,095	3.1
China Mobile	3,081	3.1
Hon Hai Precision	2,644	2.7
Li & Fung	2,501	2.5
China Dongxiang Group	2,397	2.4
BYD	2,347	2.4
Sun Hung Kai Properties	2,335	2.4
Huabao International Holdings	2,309	2.3
China National Offshore Oil Corporation (CNOOC)	2,231	2.2
DBS Group Holdings	1,939	2.0
Bank of China Hong Kong	1,931	2.0
NHN Corporation	1,761	1.8
Belle International	1,744	1.8
Advanced Semiconductor Engineering	1,663	1.7
Singapore Exchange	1,656	1.7
Keppel	1,475	1.5
Ports Design	1,455	1.5
China State Construction	1,346	1.3
Olam International	1,229	1.2
United Overseas Bank	1,227	1.2
Cheung Kong Holdings	1,201	1.2
Raffles Education	1,101	1.1
Indofood Sukses Makmur	1,098	1.1
Hyflux	1,076	1.1
Techtronic Industries	1,052	1.1
Li Ning	1,019	1.0
Gudang Garam	1,009	1.0
OCI	990	1.0
CDL Hospital Trusts Stapled	945	1.0
AmorePacific Corporation	939	1.0
Parkson Holdings	891	0.9
Hyundai Engineering & Construction	849	0.9
Hite Holdings	808	0.8

Full Portfolio Listing as at 31 July 2009

Holding	Fair Value £'000	% ¹
First Financial Holding	800	0.8
Shinsegae	800	0.8
Samsung Fire & Marine	769	0.8
Samsung Card	750	0.8
Doosan Heavy Industry & Construction	745	0.8
KB Financial Group	737	0.7
Doosan Infracore	736	0.7
Hutchison Whampoa	715	0.7
Gamuda	699	0.7
Yuanta Financial Holdings	639	0.6
Au Optronics	618	0.6
KT & G	553	0.6
Hankook Tire	550	0.6
Parkway Holdings	536	0.5
China Communications Construction	487	0.5
BYD Electronic International	468	0.5
Foxconn International	451	0.5
Ncsoft	418	0.4
Siliconware Precision Industries	401	0.4
Interpark	392	0.4
LG Household and Healthcare	333	0.3
Hyundai Mobis	261	0.3
Total holdings	98,131	99.4
Cash & other net current assets	587	0.6
	98,718	100.0

¹ % of total assets less current liabilities, excluding loan liability

Distribution of the Portfolio¹ at 31 July 2009

Equities (including convertibles)	China	Hong Kong	Korea	Taiwan	Singapore	Other	Total	Index ²	31 July 2008
Financials									
Commercial Banks	5.2	2.0	4.0	0.8	3.2	–	15.2	17.6	15.9
Real Estate Management & Development	–	6.7	–	–	–	–	6.7	8.6	4.7
Diversified Financial Services	–	3.9	–	–	1.7	–	5.6	2.0	1.3
Real Estate Investment Trusts	–	–	–	–	1.0	–	1.0	0.5	–
Consumer Finance	–	–	0.8	–	–	–	0.8	0.1	1.2
Insurance	–	–	0.8	–	–	–	0.8	3.9	2.9
Capital Markets	–	–	–	0.6	–	–	0.6	1.1	–
	5.2	12.6	5.6	1.4	5.9	–	30.7	33.8	26.0
Information Technology									
Semiconductors & Semiconductor Equipment	–	–	5.1	10.4	–	–	15.5	9.6	12.9
Electronic Equipment, Instruments & Components	2.4	0.5	–	3.3	–	–	6.2	4.3	6.7
Internet Software & Services	3.2	–	1.8	–	–	–	5.0	1.3	2.9
Communications Equipment	–	0.5	–	–	–	–	0.5	0.1	–
Software	–	–	0.4	–	–	–	0.4	0.1	–
Computer & Peripherals	–	–	–	–	–	–	–	2.8	–
IT Services	–	–	–	–	–	–	–	–	1.3
	5.6	1.0	7.3	13.7	–	–	27.6	18.2	23.8
Consumer Discretionary									
Specialty Retail	1.8	3.4	–	–	–	–	5.2	0.8	4.7
Textiles, Apparel & Luxury Goods	3.4	1.5	–	–	–	–	4.9	0.4	3.1
Distributors	–	2.5	–	–	–	–	2.5	0.7	2.3
Diversified Consumer Services	–	–	–	–	1.1	–	1.1	–	1.8
Household Durables	–	1.1	–	–	–	–	1.1	0.7	–
Auto Components	–	–	0.9	–	–	–	0.9	0.6	–
Multiline Retail	–	–	–	–	–	0.9	0.9	0.5	–
Internet & Catalogue Retail	–	–	0.4	–	–	–	0.4	–	–
Automobiles	–	–	–	–	–	–	–	1.5	0.6
Other	–	–	–	–	–	–	–	1.2	–
	5.2	8.5	1.3	–	1.1	0.9	17.0	6.4	12.5
Industrials									
Construction & Engineering	1.8	–	1.7	–	–	0.7	4.2	1.7	4.5
Industrial Conglomerates	–	0.7	–	–	1.5	–	2.2	3.5	4.4
Machinery	–	–	0.7	–	–	–	0.7	1.5	–
Transportation Infrastructure	–	–	–	–	–	–	–	0.7	0.3
Trading Companies & Distributors	–	–	–	–	–	–	–	0.5	2.2
Commercial Services & Supplies	–	–	–	–	–	–	–	0.1	0.6
Other	–	–	–	–	–	–	–	2.9	–
	1.8	0.7	2.4	–	1.5	0.7	7.1	10.9	12.0

Distribution of the Portfolio¹ at 31 July 2009

Equities (including convertibles)	China	Hong Kong	Korea	Taiwan	Singapore	Other	Total	Index ²	31 July 2008
Consumer Staples									
Food & Staples Retailing	–	–	0.8	–	1.2	–	2.0	0.6	1.2
Tobacco	–	–	0.6	–	–	1.0	1.6	0.5	–
Food Products	–	–	–	–	–	1.1	1.1	1.9	–
Personal Products	–	–	1.0	–	–	–	1.0	0.3	1.9
Beverages	–	–	0.8	–	–	–	0.8	0.2	–
Household Products	–	–	0.3	–	–	–	0.3	0.2	2.9
	–	–	3.5	–	1.2	2.1	6.8	3.7	6.0
Materials									
Chemicals	2.3	–	1.0	–	–	–	3.3	2.4	–
Metals & Mining	–	–	–	–	–	–	–	3.7	0.7
Construction Materials	–	–	–	–	–	–	–	0.8	–
Paper & Forest Products	–	–	–	–	–	–	–	–	–
	2.3	–	1.0	–	–	–	3.3	6.9	0.7
Telecommunication Services									
Wireless Telecommunication Services	3.1	–	–	–	–	–	3.1	5.2	5.0
Diversified Telecommunication Services	–	–	–	–	–	–	–	3.6	1.1
	3.1	–	–	–	–	–	3.1	8.8	6.1
Energy									
Oil, Gas & Consumable Fuels	2.2	–	–	–	–	–	2.2	7.1	4.8
Energy, Equipment & Services	–	–	–	–	–	–	–	0.1	1.2
	2.2	–	–	–	–	–	2.2	7.2	6.0
Utilities									
Water Utilities	–	–	–	–	1.1	–	1.1	0.2	–
Other	–	–	–	–	–	–	–	3.7	–
	–	–	–	–	1.1	–	1.1	3.9	–
Healthcare									
Healthcare Providers & Services	–	–	–	–	0.5	–	0.5	0.1	0.9
Pharmaceuticals	–	–	–	–	–	–	–	0.1	–
	–	–	–	–	0.5	–	0.5	0.2	0.9
Total Equities - 2009	24.1	24.1	21.1	15.1	11.3	3.7	99.4	100.0	94.0
Cash & Other Net Assets	–	–	–	–	–	–	0.6	–	6.0
Total - 2009	24.1	24.1	21.1	15.1	11.3	3.7	100.0	100.0	100.0
Index - 2009	19.8	20.1	23.4	10.4	8.9	17.4	100.0	100.0	–
Total Equities - 2008	16.4	21.6	23.5	14.3	13.0	5.2	94.0	–	100.0

¹ % total assets less current liabilities, excluding loan liability

² MSCI All Countries (Combined) Far East ex Japan Index

Notice of Meeting

Notice is hereby given that the Annual General Meeting of Fidelity Asian Values PLC will be held at 25 Cannon Street, London EC4M 5TA on Monday 7 December 2009 at 11.00 am for the following purposes:

ORDINARY BUSINESS

1. To receive and adopt the Directors' Report and financial statements for the year ended 31 July 2009.
2. To approve a final dividend on the ordinary shares.
3. To re-appoint Kathryn Matthews as a Director of the Company.
4. To re-appoint Sir Victor Garland as a Director of the Company.
5. To approve the Directors' Remuneration Report for the year ended 31 July 2009.
6. To re-appoint Grant Thornton UK LLP as Auditor of the Company, to hold office until the conclusion of the next general meeting at which financial statements are laid before the Company.
7. To authorise the Directors to determine the Auditor's remuneration.

SPECIAL BUSINESS

Resolution 8 will be proposed as an ordinary resolution. Resolutions 9 and 10 will be proposed as special resolutions.

Resolutions 8 and 9 will, if approved, authorise the Directors to allot a limited number of currently unissued ordinary shares for cash without first offering such shares to existing ordinary shareholders pro rata to their existing holdings. The limit set by the Board is 5% of the number of ordinary shares of the Company in issue on 28 September 2009. The Directors will only issue new shares under this authority to take advantage of opportunities in the market as they arise and only if they believe it is advantageous to the Company's shareholders to do so.

8. THAT the Directors be and they are hereby generally and unconditionally authorised in accordance with Sections 549/551 of the Companies Act 2006 (the "Act") to exercise all the powers of the Company to allot relevant securities (as defined in that section) up to an aggregate nominal amount of £761,780 (approximately 5% of the aggregate nominal amount of the issued share capital of the Company as at 28 September 2009) such authority to expire at the conclusion of the next Annual General Meeting of the Company or the date 15 months after the passing of this resolution, whichever is the earlier, but so that this authority shall allow the Company to make offers or agreements before the expiry of this authority which would or might require relevant securities to

be allotted after such expiry as if the authority conferred by this resolution had not expired.

9. THAT, subject to the passing of Resolution 8 set out above, the Directors be and they are hereby authorised, pursuant to Sections 570-573 of the Act to allot equity securities (as defined in Sections 570-573 of the Act) pursuant to the authority given by the said Resolution 8 as if Section 568(1) of the Act did not apply to any such allotment, provided that this power shall be limited:
 - a) to the allotment of equity securities in connection with a rights issue in favour of all holders of a class of relevant equity securities where the equity securities attributable respectively to the interests of all holders of securities of such class are either proportionate (as nearly as may be) to the respective numbers of relevant equity securities held by them or are otherwise allotted in accordance with the rights attaching to such equity securities (subject in either case to such exclusions or other arrangements as the Board may deem necessary or expedient in relation to fractional entitlements or legal or practical problems under the laws of, or the requirements of, any regulatory body or any stock exchange in any territory or otherwise); and
 - b) to the allotment (otherwise than pursuant to a rights issue) of equity securities up to an aggregate nominal amount of £761,780 (approximately 5% of the aggregate nominal amount of the issued share capital of the Company as at 28 September 2009); and
 - c) to the allotment of equity securities at a price of not less than the net asset value per share

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

Resolution 10 is a special resolution which, if approved, will renew the Company's authority to purchase its shares for cancellation. The limit set by the Board is 14.99% of the number of ordinary shares in issue on the date of the resolution. Purchases of ordinary shares will be made at the discretion of the Board and within guidelines set from time to time by the Board in the light of prevailing market conditions. Purchases will only be made in the market at prices below the prevailing net asset value per share, thereby resulting in an increased net asset value per share.

Notice of Meeting

10. THAT the Company be and is hereby generally and unconditionally authorised in accordance with Sections 693/701 of the Companies Act 2006 (the "Act") to make market purchases (within the meaning of Section 693 of the Act) of shares of 25p each in the capital of the Company (the "shares") provided that:

- a) the maximum number of shares hereby authorised to be purchased is 14.99% of the issued share capital of the Company as at the date of passing this resolution;
- b) the minimum price which may be paid for a share is 25p;
- c) the maximum price which may be paid for a share is an amount equal to 105% of the average of the middle market quotations for a share taken from the London Stock Exchange Official List for the five business days immediately preceding the day on which the share is purchased;
- d) the authority hereby conferred shall expire at the conclusion of the next Annual General Meeting of the Company unless such authority is renewed prior to such time; and
- e) the Company may make a contract to purchase shares under the authority hereby conferred prior to the expiry of such authority which will or may be executed wholly or partly after the expiration of such authority and may make a purchase of shares pursuant to any such contract.

By order of the Board

FIL Investments International

Secretary
15 October 2009

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

Notes to Notice of Meeting

1. A member of the Company entitled to attend and vote at the Annual General Meeting may appoint a proxy or proxies to attend and to speak and vote instead of him. A member may appoint more than one proxy in relation to the Annual General Meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that member. A proxy need not be a member of the Company.
2. A Form of Proxy is enclosed and must be returned to the Registrars at the address on the form to arrive not later than 11.00 am on 5 December 2009. Completion and return of the form of proxy will not prevent a shareholder from subsequently attending the meeting and voting in person if they so wish. Further personalised replacement forms can be obtained from the Registrar.
3. To be effective, the instrument appointing a proxy, and any power of attorney or other authority under which it is signed (or a copy of any such authority notarially certified or in some other way approved by the Directors), must be deposited with the Company's Registrars, Capita Registrars, Registrars to Fidelity Asian Values PLC, Northern House, Woodsome Park, Fenay Bridge, Huddersfield, West Yorkshire HD8 0GA not less than 48 business hours before the time for holding the meeting or adjourned meeting or, in the case of a poll taken more than 48 business hours after it is demanded, not less than 24 business hours before the time appointed for the taking of the poll at which it is to be used.
4. In the case of joint holders, the vote of the senior who tenders the vote shall be accepted to the exclusion of the votes of the other joint holders and for this purpose, seniority shall be determined by the order in which the names stand in the Register of Members.
5. To appoint a proxy or to give or amend an instruction to a previously appointed proxy via the CREST system, the CREST message must be received by the issuer's agent RA10 by 11 am on 5 December 2009. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message. After this time any change of instructions to a proxy appointed through CREST should be communicated to the proxy by other means. CREST Personal Members or other CREST sponsored members and those CREST Members who have appointed voting service provider(s) should contact their CREST sponsor or voting service provider(s) for assistance with appointing proxies via CREST. For further information on CREST procedures, limitations and systems timings please refer to the CREST Manual. We may treat as invalid a proxy appointment sent by CREST in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001. In any case your proxy form must be received by the Company's Registrars no later than 11 am on 5 December 2009.
6. All members are entitled to attend and vote at the Annual General Meeting and ask questions. The right to vote at the meeting will be determined by reference to the Register of Members as at 11am on the 5 December 2009.
7. In accordance with Section 325 of the Companies Act 2006 ("2006 Act") the right to appoint proxies does not apply to persons nominated to receive information rights under Section 146 of the 2006 Act. Persons nominated to receive information rights under Section 146 of the 2006 Act who have been sent a copy of this notice of meeting are hereby informed, in accordance with Section 149(2) of the 2006 Act, that they may have the right under an agreement with the registered member by whom they were nominated to be appointed, or to have someone else appointed, as a proxy for this meeting. If they have no such right, or do not wish to exercise it, they may have a right under such an agreement to give instructions to the member as to the exercise of voting rights. Nominated persons should contact the registered member by whom they were nominated in respect of these arrangements.
8. If the Chairman, as a result of any proxy appointments, is given discretion as to how the votes the subject of those proxies are cast and the voting rights in respect of those discretionary proxies, when added to the interests in the Company's securities already held by the Chairman, result in the Chairman holding such number of voting rights that he has a notifiable obligation under the Disclosure and Transparency Rules, the Chairman will make the necessary notifications to the Company and the Financial Services Authority. As a result, any member holding 3 per cent or more of the voting rights in the Company who grants the Chairman a discretionary proxy in respect of some or all of those voting rights and so would otherwise have a notification obligation under the Disclosure and Transparency Rules, need not make separate notification to the Company and the Financial Services Authority.
9. Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, the Company has specified that to be entitled to attend and vote at the Annual General Meeting (and for the purpose of determining the number of votes they may cast), members must be entered on the register of members by 6.00 pm on 5 December 2009

Notes to Notice of Meeting

or 48 hours before the time of any adjourned meeting. Changes to the entries in the register of members after 6.00 pm on 5 December 2009 or, in the event that the meeting is adjourned, to the register 48 hours before the time of the adjourned meeting shall be disregarded in determining the rights of any person to attend or vote at the meeting notwithstanding any provisions to the contrary in any enactment, the Company's Articles of Association or any other instrument.

10. As at 28 September 2009 (the latest practicable date prior to the publication of this document) the Company's issued share capital consists of 60,942,501 ordinary shares carrying one vote each. Therefore, the total number of voting rights in the Company as at 28 September 2009 is 60,942,501.
11. Any corporation which is a member can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a member provided that they do not do so in relation to the same shares.

12. Shareholders and any proxies or representatives they appoint understand that by attending the meeting they are expressly agreeing that they are willing to receive any communications, including communications relating to the Company's securities, made at the meeting.
13. No Director has a service contract with the Company.
14. Information about this meeting is published on www.fidelity.co.uk/its.

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

Financial Calendar

The key dates in the Company's calendar are:

31 July – financial year end

28 September – announcement of results to 31 July 2009

October – publication of this report

7 December – Annual General Meeting 2009

31 January – half-year end

March – announcement of half-yearly results to 31 January 2010

April – publication of half-yearly report

Capital Gains Tax Information

Your Directors have been advised that, for the purposes of calculating an investor's possible liability to capital gains tax, the base cost of shares and warrants, acquired at the time of the Company's launch, is 93.04p for ordinary shares. All UK individuals are permitted to have

£10,100 of capital gains in the current tax year 2009/2010 (2008/2009 tax year: £9,600) before being liable for Capital Gains Tax ("CGT"). CGT is charged at a flat rate of 18%.

Investing in Fidelity Asian Values PLC

The Manager of the Company – FIL Investments International – offers a range of options, so that you can invest in the way that is best for you. As Fidelity Asian Values PLC is a company listed on the London Stock Exchange you can also buy its shares through a stockbroker, share shop or bank.

INVESTING INSIDE AN ISA

You may invest in the Company's shares through the Fidelity ISA ("Individual Savings Account"). A Fidelity ISA can be an excellent way to get more from your investment, because you will not have to pay income or capital gains tax on your returns.

The maximum investment in a stocks and shares ISA is £7,200 for the 2009/10 tax year.

From the 6 October 2009, investors aged 50 and over on 5 April 2010 may invest up to £10,200 in ISA accounts overall. The full amount may be invested in a Stocks and Shares ISA, or £5,100 (£3,600 prior to the 6 October 2009) in a Cash ISA and the balance in a Stocks and Shares ISA.

From the 6 April 2010, investors aged 49 and under on the 5 April 2010 may invest up to £10,200 in ISA accounts overall regardless of age (minimum 18 years old) of which up to £5,100 can be held in a cash ISA and the balance in a Stocks and Shares ISA.

The minimum investment in the Fidelity ISA is £1,000 as a lump sum, £250 as a top-up or £50 a month per company in a regular savings plan.

Charges – The standard initial charge for the Fidelity ISA is 3.5%. There are no other charges for the Fidelity ISA but the Company pays an annual management charge to Fidelity of 1.0% plus VAT as set out in the Annual Report. There is an additional annual charge of 0.5% + VAT when you invest through a Financial Adviser.

MOVING MONEY FROM ISAs

If you have opened ISAs with other investment companies, you can move them into the Fidelity ISA and invest in Fidelity Asian Values PLC without losing any tax benefits. This is known as a transfer and it can be a great way to give your portfolio a new focus, or to realign it with your current investment goals. Please note that during the transfer your money will not be invested in the stockmarket so you may miss out on any growth during this time.

Charges – The standard initial charge for a transfer is 3.5%. You will not have to pay any additional transfer costs. However, please bear in mind that your current ISA Manager may ask you to pay an exit fee.

INVESTING OUTSIDE AN ISA

If you prefer to invest outside an ISA, or have already used your full ISA allowance, the Fidelity Investment Trust Share Plan offers you a low-cost and convenient way to put money into Fidelity Asian Values PLC. The minimum investment is £1,000 as a lump sum, £250 as a top-up or £50 a month in a regular savings plan. The Manager of the Company – FIL Investments International – offers a range of options, so that you can invest in the way that is best for you. As Fidelity Asian Values PLC is a company listed on the London Stock Exchange you can also buy its shares through a stockbroker, share shop or bank.

Investing for children – The Share Plan is a flexible and inexpensive way to invest on behalf of children. All you have to do is enter the initials or name of the child in the Designation Box on the Share Plan application form. A special leaflet on investing for children through investment trusts is available from Fidelity.

Charges – There are no charges for buying, selling or holding shares through the Fidelity Investment Trust Share Plan other than Stamp duty of 0.5%, which is currently payable on all share purchases. However, if you invest through an Independent Financial Adviser, there may be an initial charge of up to 3%.

Holding shares directly – If you have shares in Fidelity Asian Values PLC that you bought through a broker or share shop you can transfer them into the Fidelity Investment Trust Share Plan. Doing this allows you to reinvest your dividends and make further investments without having to pay brokerage fees. You will also be able to set up a monthly savings plan and receive statements and valuations twice a year.

KEEPING YOU UPDATED

The share price of Fidelity Asian Values PLC appears daily in The Financial Times. Price and performance information is also available at fidelity.co.uk/its

Investors can obtain the real-time share price by phoning FT Cityline on 0905 8171 690. Calls are charged at 75p per minute from a BT landline. Average call duration will be 1 minute for one stock quote. Cost from other networks and mobile phones may be higher.

Investing in Fidelity Asian Values PLC

BENEFICIAL OWNERS OF SHARES – INFORMATION RIGHTS

Registered shareholders of fully listed companies are able to nominate the underlying beneficial owners of their shares to receive information rights. You should contact your registered shareholder direct to request to receive your information rights. Please note that beneficial owners of shares who have been nominated by the registered holder of those shares to receive information rights under Section 146 of the Companies Act 2006 are required to direct all communications to the registered holder of their shares rather than to the Company's Registrars, Capita Registrars, or to the Company direct.

INVESTING ONLINE

You can invest online in Fidelity Asian Values PLC shares via www.fidelity.co.uk/sharenetwork. Fidelity ShareNetwork enables you to buy or sell shares in any listed company during normal London Stock Exchange trading hours – between 8am and 4.30pm any working day. Shares in ShareNetwork can either be held direct or in an ISA, subject to the normal ISA limits and restrictions. You will be shown a live price and be able to buy or sell immediately. If an order is placed when the market is closed, it will be processed as soon as the market reopens. Unlike many online share dealing services, Fidelity ShareNetwork gives you personal CREST membership for shares held direct. This means that shares are registered on the CREST system in your own name and everything relating to your shares – dividends, annual reports and so on – will be sent direct to you and you will be able to attend and vote at shareholder meetings in your own name. Personal CREST membership does not apply to ISA holdings which must be held in the name of the ISA Manager's nominee under ISA regulations. Fidelity ShareNetwork has a very competitive cost structure.

Share purchases or sales are executed online for only £9 per trade. (Stamp duty is also payable on purchases at the rate of 0.5%). There is an account administration fee of £5 per month, however many different shares you own and whatever their value.

CONTACT INFORMATION

Private investors: call free to 0800 41 41 10, 9am to 6pm, Monday to Saturday.

Financial advisers: call free to 0800 41 41 81, 8am to 6pm, Monday to Friday.

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

Holders of ordinary shares

Capita Registrars, Registrars to Fidelity Asian Values PLC, Northern House, Woodsome Park, Fenay Bridge, Huddersfield, West Yorkshire HD8 0GA.
Telephone: 0871 664 0300
(calls cost 10p per minute plus network extras. Lines are open 8:30am - 5:30pm Monday to Friday)
Email: ssd@capitaregistrars.com

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

Fidelity Share Plan investors

BNP Paribas Securities Services, Block C, Western House, Lynchwood Business Park, Peterborough, PE2 6BP.

Telephone: 0845 358 1107 (calls to this number are charged at 4p per minute from a BT landline dependent on the tariff. Other telephone service providers' costs may vary.)

Fidelity ISA investors

Fidelity, using the freephone numbers given above, or by writing to: UK Customer Service, Fidelity International, Oakhill House, 130 Tonbridge Road, Hildenborough, Tonbridge, Kent TN11 9DZ
www.fidelity.co.uk/its

Fidelity ShareNetwork

<http://www.fidelity.co.uk/sharenetwork>

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

Telephone: 01732 36 11 44
Fax: 01737 83 68 92
www.fidelity.co.uk/its

ONLINE SHAREHOLDER SERVICES – SHARE PORTAL

Through the website of our Registrars, Capita Registrars, shareholders are able to manage their shareholding online by registering for the Share Portal, a free, secure, online access to your shareholding. Facilities include:

Account enquiry – Allows shareholders to access their personal shareholding, including share transaction history, dividend payment history and to obtain an up-to-date shareholding valuation.

Amendment of standing data – This allows you to change your registered postal address and add, change or delete dividend mandate instructions. You can also download from this site forms such as change of address, stock transfer and dividend mandate as well as buy and sell shares in the Company. To make use of any of these facilities, please

Investing in Fidelity Asian Values PLC

log on to the Capita Registrars website at www.capitashareportal.com and follow the links to the Share Portal.

Should you have any queries in respect of the above facilities, please do not hesitate to contact the Capita Share Portal helpline on 0871 664 0391 (calls cost 10p plus network extras), overseas +44 20 8639 3367, or by e-mail at shareportal@capita.co.uk.

Capita Share Dealing Services

You can make use of a low cost share dealing service provided by Capita Registrars to buy or sell shares. Further information is available at www.capitadeal.com, or by telephoning 0871 664 0454 (calls cost 10p per minute plus network extras. Lines are open 8:30am - 5:30pm Monday to Friday). Using Capita Share Dealing Services you will also be able to deal in the shares of other companies for which Capita acts as Registrar, provided you are already a shareholder in the relevant company, and that company offers the Share Deal facility to its shareholders.

Dividend Reinvestment Plan

This is a convenient way to build up your shareholding by using your cash dividends to buy more shares in the Company. If you prefer to receive shares for your next dividend instead of cash please complete an application form online at www.capitashareportal.com or call Capita IRG Trustees on 0871 644 0381 (calls cost 10p per minute plus network extras) from UK or +44 20 8639 3402 from overseas.

ShareGift

You may donate your shares to charity free of charge through ShareGift. Further details are available at www.sharegift.org.uk or by telephoning 020 7930 3737.

FURTHER INFORMATION

For application forms or more information about any of the investment options described here, please call the Fidelity Investment Trust Line on 0800 41 41 10 and talk to a Fidelity customer representative (9am to 6pm) Monday - Saturday.

Alternatively, you may like to visit the Fidelity London Investor Centre at 25 Cannon Street, near St Paul's Cathedral.

You can also find out more by visiting fidelity.co.uk/its or contacting your Financial Adviser.

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Please note that the value of investments and the income from them may fall as well as rise and the investor may not get back the amount originally invested. Past performance is not a guide to future returns.

For funds that invest in overseas markets, changes in currency exchange rates may affect the value of your investment. Investing in small and emerging markets can be more volatile than other more developed markets.

Reference in this document to specific securities should not be construed as a recommendation to buy or sell these securities, but is included for the purposes of illustration only. Investors should also note that the views expressed may no longer be current and may already have been acted upon by Fidelity.

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WARNING TO SHAREHOLDERS – BOILER ROOM SCAMS

Over the year, many companies have become aware that their shareholders have received unsolicited phone calls or correspondence concerning investment matters. These are typically from overseas based 'brokers' who target UK shareholders, offering to sell them what often turn out to be worthless or high risk shares in US or UK investments. These operations are commonly known as 'boiler rooms'. These 'brokers' can be very persistent and extremely persuasive, and a 2006 survey by the Financial Services Authority ("FSA") has reported that the average amount lost by investors is around £20,000.

It is not just the novice investor that has been duped in this way; many of the victims had been successfully investing for several years. Shareholders are advised to be very wary of any unsolicited advice, offers to buy shares at a discount or offers of free company reports.

If you receive any unsolicited investment advice:

- Make sure you get the correct name of the person and organisation
- Check that they are properly authorised by the FSA before getting involved by visiting www.fsa.gov.uk/register
- Report the matter to the FSA either by calling 0845 606 1234 or visiting www.moneymadeclear.fsa.gov.uk
- If the calls persist, hang up.

If you deal with an unauthorised firm, you will not be eligible to receive payment under the Financial Services Compensation Scheme. The FSA can be contacted by completing an online form at www.fsa.gov.uk/pages/doing/regulated/law/alerts/overseas.html

Details of any share dealing facilities that the Company endorses will be included in Company mailings. More detailed information on this or similar activity can be found on the FSA website www.moneymadeclear.fsa.gov.uk



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