FIDELITY
ASIAN VALUES PLC

Annual Report for the year ended

31 July

2001

3183919

Company Summary

as at 31 July 2001

Investment objective	To achieve long-term capital growth through investment principally in the stockmarkets of the Asian Region (excluding Japan)
Benchmark index	MSCI All Countries Combined Far East Free ex Japan Index
Management company	Fidelity Investments International
Total assets employed	£84.6m
Total net assets	£62.2m
Market capitalisation	£50.4m
Capital structure	ordinary shares of 25p 96,370,653 in issue warrants 20,468,547 in issue
Continuation vote	If the shares have traded at an average discount in excess of 15% to the diluted net asset value for a 12 month period leading up to the board meeting at which the annual accounts and notice of the Annual General Meeting are approved, the Board intends to put forward an ordinary resolution on whether the Company should continue as an investment trust at the AGM in 2001, and at future AGMs if appropriate. The average discount for the 12 months to 27 September 2001 was 15.2%. Therefore there will be a vote on the continuation of the Company at the AGM in 2001.
Management & secretarial fee	Fidelity provides management, accounting, administrative and secretarial services to the Company under an agreement entered into on 15 May 1996, which is terminable by either party at any time by giving one year's notice in writing. The agreement provides for a fee at the rate of 0.25% per quarter (plus VAT) of the value of the total assets under management, calculated and payable quarterly in arrear, as of the last business day of March, June, September and December in each year. In computing total assets, the value of any investment in any fund which is managed by the Manager, or an Associate of the Manager, is excluded. Secretarial and accounting services are currently charged at £26,832 per calendar year (subject to annual indexation).
Investment trust status	The Inland Revenue has approved the Company as an investment trust under Section 842 of ICTA 1988 for the accounting period to 30 April 1997. The Directors are of the opinion that, since 1 August 1998, the Company has conducted its affairs in a manner which will enable it to satisfy the conditions for approval as an investment trust.The Company has now applied for status to be confirmed in respect of the years ended 31 July 1999 and 31 July 2000 and it is expected that approval will be granted in the near future.
ISA status	Investment limit £7000 in the 2001/2002 tax year.

Contents

Summary of Results

		2001	2000	% change[1]
Assets at 31 July				
Total assets employed		£84.6m	£123.6m	-31.6
Shareholders' funds		£62.2m	£102.3m	-39.2
Borrowings as % of shareholders' funds		36.1%	20.9%	
Borrowings less cash as % of shareholders' funds		30.5%	19.9%	
Undiluted net asset value per share (NAV)		64.50p	101.83p	-36.7
Fully diluted NAV		-	101.52p	
Results for the year to 31 July				
Capital (loss)/return per ordinary share		(36.38p)	9.90p	
Revenue loss per ordinary share		(1.31p)	(1.22p)	
Stockmarket Data				
MSCI AC (Combined) Far East Free ex Japan Index[2]		128.51	180.31	-28.7
Share price	year end	52.25p	90.25p	-42.1
	high	96.00p	109.75p	
	low	50.50p	72.00p	
Discount	year end	19.0%	11.4%	
	high	21.4%	17.4%	
	low	8.7%	4.9%	
Warrant price	year end	8.75p	28.00p	-68.8
	high	32.75p	46.50p	
	low	8.00p	20.00p	
Package price ie. 5 shares + 1 warrant		260.00p	479.25p	

Total Returns (includes reinvested income)%	year to 31 July 2001	since launch
NAV	-36.7	-32.1
Share price	-42.1	-43.6
MSCI AC (Combined) Far East Free ex Japan Index[2]	-27.5	-47.2

Total expense ratios for the year to 31 July[3]	2001	2000
Total assets employed	1.37%	1.45%
Shareholders' funds (cost of running trust))	1.76%	1.64%

(1) price change

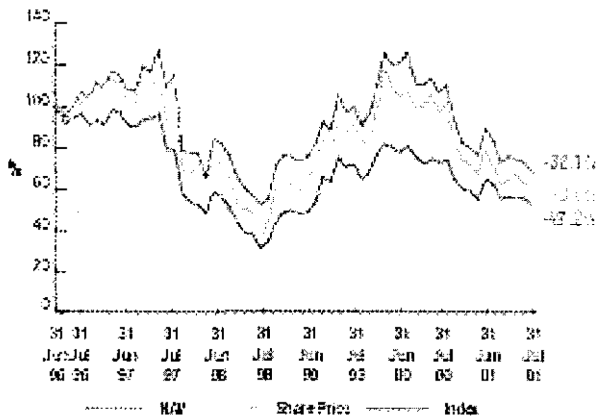
(2) sterling adjusted

(3) operating expenses (excluding interest and tax) based on average total assets less current liabilities excluding fixed-term loans and shareholders' funds at the end of each month.

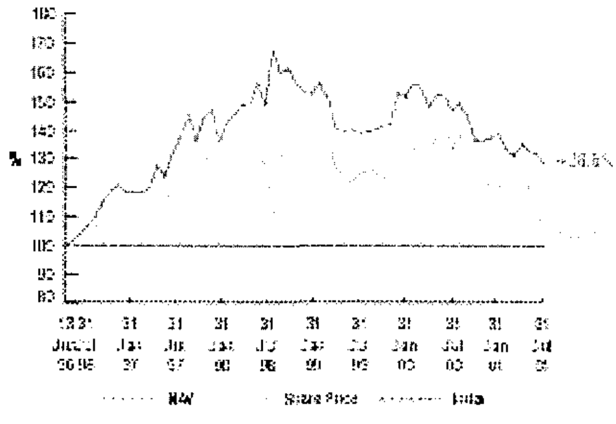
Summary of Performance

Historical Record	31 July 2001	31 July 2000	31 July 1999	31 July 1998	30 April 1997
Total assets employed	**£84.6m**	£123.6m	£94.2m	£55.6m	£125.0m
Shareholders' funds	**£62.2m**	£102.3m	£94.2m	£55.6m	£106.0m
NAV - undiluted	**64.50p**	101.83p	93.00p	54.10p	103.15p
Share price	**52.25p**	90.25p	81.75p	45.50p	95.50p
Warrant price	**8.75p**	28.00p	28.75p	14.25p	39.00p
Discount	**19.0%**	11.4%	12.1%	15.9%	7.4%
Revenue return per ordinary share	**(1.31p)**	(1.22p)	0.64p	1.10p#	0.34p*
Dividend per ordinary share	**nil**	nil	0.42p	nil	nil*
Cost of running trust†	**1.76%**	1.64%	1.59%	1.57%††	1.23%††
Actual gearing ratio - net of cash	**30.5%**	19.9%	nil	nil	16.2%
NAV - undiluted total return	**-36.7%**	+10.0%	+71.9%	-47.6%#	+8.0%*
Share price total return	**-42.1%**	+10.9%	+79.7%	-52.4%#	+2.6%*
Index total return	**-27.5%**	+8.4%	+86.0%	-57.8%#	-10.0%*

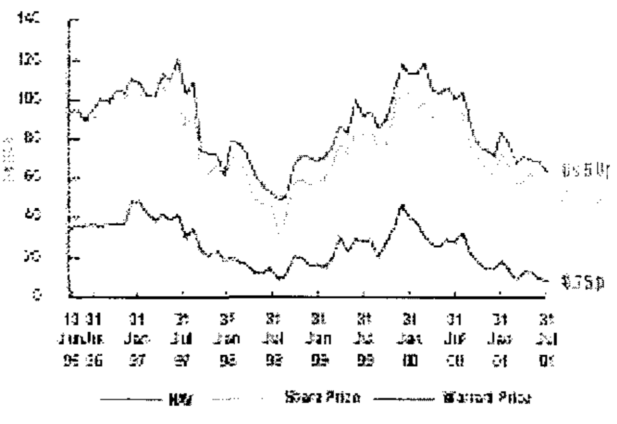
Total return performance
from launch to 31 July 2001



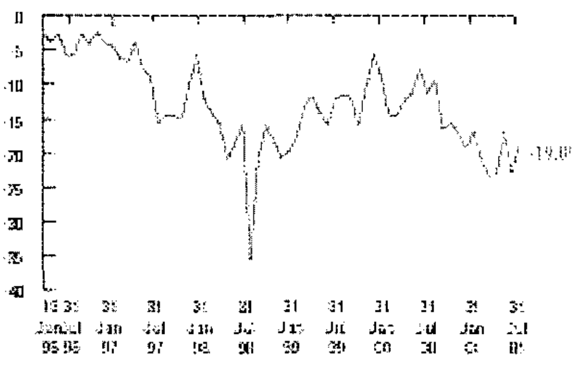
Total return performance relative to the benchmark index
from launch to 31 July 2001



NAV, share price and warrant price
from launch to 31 July 2001



Share price discount to NAV
from launch to 31 July 2001



\# for the 15 months to 31 July 1998
* for the period from 2 April 1996 to 30 April 1997
† operating expenses (excluding interest and before tax) as a percentage of average shareholder's funds at the end of each month
†† annualised

Board of Directors

The Hon Sir Victor Garland KBE *† (Chairman) (age 67, date of appointment: 11.04.96) is non-executive Chairman of Henderson Far East Income Trust plc and a non-executive director of a number of public companies in the UK including The Throgmorton Trust Plc and Govett High Income Trust. He was formerly a 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.

David FitzWilliam-Lay * (age 69, date of appointment: 11.04.96) is Chairman of the Prospect Japan Investment Trust and a non-executive director of the Eastern European Trust. He was Chairman of GT Management PLC, having previously been Chief Executive and having also held a number of other senior positions within the company, including Chief Executive of its Hong Kong subsidiary. Prior to this he was Vice President of institutional sales at Baker Weeks Inc and its successor firm, Dean Witter Reynolds Inc. He was also a Governor of the National Association of Securities Dealers (1988 - 1991).

Simon Haslam (age 44, date of appointment: 10.03.99) is a Senior Vice President and Managing Director at Fidelity International Limited. His responsibilities include oversight of relationships between Fidelity and all of the external directors in Fidelity managed Investment Trusts. Before joining Fidelity in 1995, he was an audit and consulting partner at what is now Deloitte & Touche, where he specialised in the fund management and securities industry. He is also a non-executive director of Fidelity Special Values PLC. His twenty year career in financial services has concentrated on financial, compliance and business matters affecting stockbroking, investment banking and fund management businesses internationally.

Roger Hulett * (age 54, date of appointment: 21.07.00) previously head of Investment Trusts at Dresdner Kleinwort Benson Securities, a position he held since 1995. During his 36 years in the investment trust industry he has been director of Investment Trust Sales at NatWest Securities (1988-95), worked in investment trust sales with Wood Mackenzie & Co, Hill Samuel and NatWest Securities (1976-88) and was involved in investment trust trading with Akroyd & Smithers (1964-76). He is currently a non-executive director of Henderson European Micro Trust PLC and Edinburgh Leveraged Income Trust PLC.

Sir Robin McLaren KCMG * (age 67, date of appointment: 10.09.97) is currently a non-executive director of Govett Asian Recovery Trust and INVESCO Asia Investment Trust. He retired from the Diplomatic Service in 1994. Much of his 36 year 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 1980's. Among other appointments, he is Chairman of the Council of Royal Holloway, University of London.

All of the Directors are non-executive and, with the exception of Mr Haslam, are also independent.

* members of the Audit Committee and Management Engagement Committee

† Chairman of the Audit Committee

Chairman's Statement

Sir Victor Garland
Chairman

Performance - Overall this has been a bad year for all Asian markets as it has also for the US and elsewhere. Asian economies weakened over the review period as the global economic slowdown spread. It is against this background that the region's stock markets remained volatile throughout this period. The US Federal Reserve moved aggressively to cut interest rates to counter the slowdown and most Asian central banks followed suit.

The global correction in the technology, media and telecommunications sector was the most damaging for the region due to heavy concentration of technology manufacturers in Taiwan and Korea. The investment climate remains very difficult.

Over the last 12 months the net asset value of the Company has fallen by 36.7%, the MSCI All Countries (Combined) Far East Ex Japan Index fell by 27.5% and the share price fell by 42.1%. (All figures in sterling terms and on a total return basis). The under performance remains largely attributable to the gearing which the board has maintained in expectation of market improvement and perceived longer term growth prospects. A detailed review of performance is set out in the Manager's Review on pages 9 to 11.

Gearing - Recent stock market falls have resulted in the level of gearing increasing and as at 31 July 2001, gross gearing amounted to 36.1% of shareholders funds and net gearing (i.e. after deducting cash held) amounted to 30.5%. At the time of writing gross gearing is 49.3% and net gearing is 25.7%. The Board regularly reviews the gearing position of the Company in light of investment opportunities.

The Board acknowledges that the high level of gearing in these markets has had a damaging result on the recent performance of the trust but remains convinced of the overall advantages of gearing. We have therefore entered into a loan agreement with HSBC Bank Plc for an amount of US $32 million at a fixed rate of 6.28% for a period of 5 years which will replace the existing loan for the same amount with the Chase Manhattan Bank which is due to be repaid on 27 September 2001 and was at a fixed rate of 7.03%.

Fund Manager - We are very pleased that our management team is to be strengthened by the appointment of Mr John Lo as associate portfolio manager. It is expected that he will shortly succeed Yosawadee Polcharoen as portfolio manager. Mr Lo has been with Fidelity for 8 years and is involved with the management of a number of Fidelity funds investing in Asia including the Asian portion of the Global Emerging Markets Funds and a number of other institutional portfolios.

Purchase of Shares - In the year to 31 July 2001 the Company purchased and cancelled 4,056,000 shares. Full details of these purchases and the renewal of the Company's authority to purchase shares are set out in the Directors' Report on page 15. Purchases are made by the Manager within guidelines laid down by the Board and are only made if they will result in an uplift in the net asset value.

A further 1,950,000 shares have been purchased for cancellation since the year end.

Dividend - The Company's objective is to achieve long-term capital growth and a dividend will only be paid if necessary to retain investment trust status. Since the Company has revenue losses this year it is not required to pay a dividend.

Continuation Vote - Our stated policy is that in the event of the average discount remaining in excess of 15% to the net asset value for a 12 month period leading up to the board meeting at which the annual accounts are approved, a resolution for continuation will be proposed at the forthcoming AGM.

The average discount in the 12 month period leading up to the approval of this report and accounts was 15.2%. Accordingly the text of such a resolution is set out in the Notice of Meeting on page 41.

Your Board continues to believe that an investment trust is an attractive long-term investment vehicle which offers a number of advantages over an open ended fund, including the ability to borrow monies for investment over the medium and longer-term and the freedom to invest without the distraction of potential cash inflows and outflows. Although the short-term outlook for Asian markets is clouded we believe that in the longer-term there is potential for capital appreciation in the region and that Asian economies will do well in the future.

Your Board, therefore recommends that you vote in favour of the continuation of the trust.

Outlook - At the time of writing it is too soon to assess fully the impact of the recent terrorist activities in the United States on the economies and stock markets of the US and other industrialised countries, and on those in the Asia Pacific region. The short-term impact has been severe and the likelihood of military action and the possible responses to it make the outlook particularly uncertain. In the medium term, continuing volatility in the region could offer good investment opportunities. Investors' expectations of further interest rate cuts should also be positive for the regional markets. Meanwhile, longer - term prospects for the region will hinge on the global growth momentum and on how well domestic economies weather this very difficult period. But your Board remains convinced that the Asia Pacific region offers excellent prospects for growth, and that well chosen investments there will benefit from the recovery in the economies of the developed world when this comes, as it will.

Annual General Meeting - The AGM is due to take place on 29 November 2001 at Fidelity's London Cannon Street office at midday and all shareholders, ISA, Share Plan and PEP investors are invited to attend. The investment manager will be making a presentation on Asia and the prospects for Fidelity Asian Values. Light refreshments will be available. Full details of the meeting are given on pages 41 to 43.

Sir Victor Garland
Chairman
27 September 2001

Investment Manager

Fidelity Investments International

The Company is managed by Fidelity Investments International (regulated by IMRO and the Personal Investment Authority), in conjunction with Fidelity Investments Management (Hong Kong) Limited. Both of these companies are part of the Fidelity Organisation, which, as at 30 June 2001, had total assets under management exceeding £700 billion. Fidelity has developed into the world's largest independent investment management organisation and was one of the first Western groups to establish a research presence in the Asian region.

Yosawadee Polcharoen (age 38)
is currently a fund manager with Fidelity Investments Management (Hong Kong) Limited. She joined Fidelity in 1992 having worked as a securities analyst with Thai Investment and Securities Company Limited until 1990 and as a senior investment analyst with Peregrine Brokerage Limited until 1992. Yosawadee manages a number of other Fidelity Funds that invest in Asia.

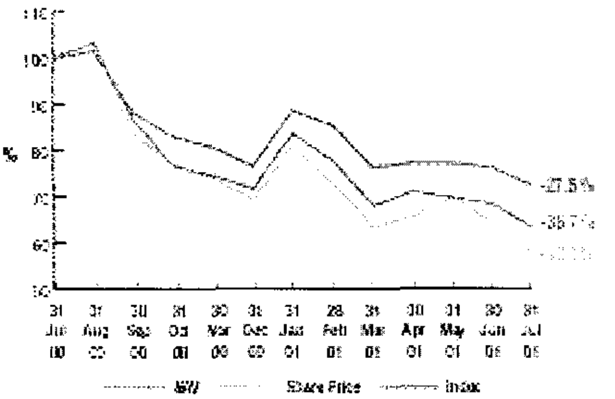
John Lo (age 33)
is currently a fund manager with Fidelity Investments Management (Hong Kong) Limited. He joined Fidelity in 1993 having worked previously as a consultant with General Portfolio until 1991 and then with Ernst and Young. He gained an MBA (distinction) at Manchester Business School in 1993. John is also involved with the management of a number of Fidelity funds investing in Asia.

Investment Manager's Report

Performance - Asian markets were volatile over the review period and registered a wide range of returns. Thailand had the best performance and fell by only 0.6%. Taiwan was the worst performing market and fell by 49.7%. During the period the benchmark MSCI All Country Far East Free ex Japan index fell by 27.5% (All figures in sterling terms.).

Markets - The markets of Taiwan and Korea, which are dominated by technology companies, were among the poorest performing markets. The performance of these markets was heavily influenced by the technology-rich Nasdaq Index in the US, which fell by 43.3% over the same period. A deterioration in the economic and corporate outlook also caused share prices in the region to fall.

Total return performance
for the year to 31 July 2001



At the beginning of the review period, the larger markets of Singapore and Hong Kong benefited from their "safe haven" appeal and expectations that the US Federal Reserve would move to lower interest rates. This boosted the banking and property sectors, which are seen to be the prime beneficiaries of lower interest rates. However, investors seemed to have anticipated the beneficial impact of lower rates, which occurred from late December through the first half of 2001, and share prices fell back during this period. Although the markets of Hong Kong and Singapore declined by 23.1% and 17.9% respectively, they performed better than the benchmark index.

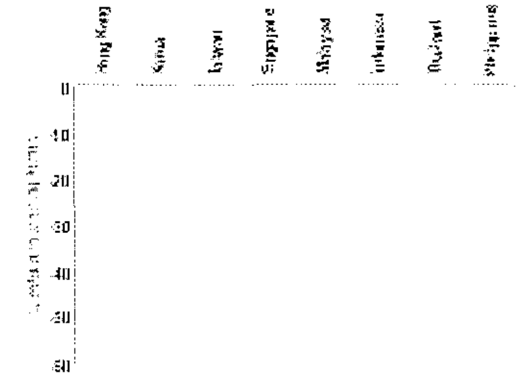
The fall in the global technology, media and technology (TMT) sectors and in addition, the weak demand for technology products and falling semiconductor prices exacerbated negative investor sentiment towards the Taiwan and Korea markets. By April of 2001, Korean investors began to return to their local market partly due to government stabilisation measures. However, the Korean market still fell by 30.6% during the period.

In Taiwan, downward revisions to economic growth rates and corporate earnings forecasts, political uncertainty and poor results from US technology companies dampened investor sentiment. The market fell 49.7% during the period.

For most of the 12 month period, the peripheral markets of Indonesia, Malaysia and the Philippines were marred by political uncertainty and currency weakness but despite this performed better than the benchmark falling by 11.2%, 13.3% and 15.2% respectively. The best performer was Thailand, which closed down 0.6% following political reforms and greater economic stability.

Morgan Stanley Capital International announced fundamental changes to its index methodology during the review period and this had some impact on the performance of individual markets. Investors anticipated that the proportion of some markets in the regional index would be reduced and this prompted some selling of shares in these markets. However, investor interest was fuelled in Korea where the market's allocation in the benchmark index was increased.

Local Market Returns
for the year to 31 July 2001



Investment Manager's Report

During the review period economic data released throughout Asia indicated a slow-down in industrial output, falling export demand and lower gross domestic product. The global economic slowdown was led by the US and investors tended to focus on the actions of the US Federal Reserve. The reduction in US interest rates finally began at the end of 2000, and continued through to July. The Federal Reserve cut rates by a total of 2.75 percentage points over the seven-month period and the easing was widely followed by many of the Asian central banks.

Portfolio Review - Our investment approach has been to identify undervalued stocks with strong finances, attractive long-term earnings growth prospects and quality management. The Manager focuses on investing in large and medium-sized companies and has a limited exposure to smaller companies. The principal reason for this is that in Asia larger companies have longer track records, which provide evidence of their management's capability, corporate strategy and business risks, thereby rendering fundamental analysis most relevant.

The Company did not perform as well as the benchmark during the review period. The NAV fell by 36.7% against a benchmark decline of 27.5%. This was due to the Company's relatively large exposure to the technology, media and telecommunications sectors. Much of this exposure was in the markets of northern Asia notably Korea and Taiwan. The Company's comparatively lower weightings in the smaller markets of the Philippines, Indonesia and Thailand, which did not fall to the same extent during the period, hurt performance. Gearing was also detrimental to performance.

Among the Company's top technology holdings, Samsung Electronics, the world's largest DRAM manufacturer, fell by 41.9 % over the year and United Micro Electronics also came under heavy selling pressure and ended the period down 44.1%. The Company's holdings in other Taiwanese technology stocks also hurt performance.

Shares in the telecommunications sector could not escape the general decline in the sector globally. Fears of increased competition and regulatory concerns were the main factors that contributed to their decline. The portfolio's major telecommunications holding, China Mobile fell by 41.6% over the period, along with Hutchison Whampoa, which fell 27.5%.

Meanwhile, the Company's exposure to Hong Kong property and banking stocks helped offset part of the Company's underperformance, for example the holdings in non-benchmark Hong Kong stocks such as Cheung Kong and HSBC performed better than the region's stock markets.

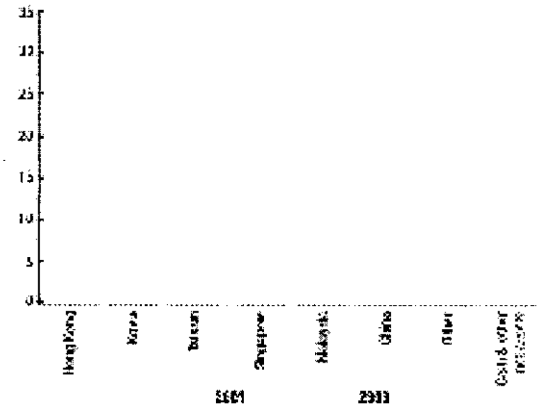
The country allocation for the Company continued to be driven by stock picking. In overall terms, the Company's larger than index allocation in Hong Kong fell as a result of the Manager reducing Hong Kong property stocks after the real estate market became sluggish. The Manager maintained the Company's larger than index exposure to Taiwanese and Korean technology stocks in view of what remain attractive valuations. The Company continued to have a relatively low allocation to the Philippines, Indonesia and Malaysia due to a lack of investment opportunities in globally competitive companies.

Outlook for the Region - Investors in Asia, like those in the rest of the world are waiting for signs that the global economic slowdown is ending and thus are focusing on any economic reports that might reveal this.

The major correction in the TMT sectors and the volatility in the US Nasdaq Index have dominated Asian stock market performance. In addition, economic growth rates have been repeatedly revised down and there are few signs of a quick turnaround in economic prospects.

Although domestic demand has improved substantially since the last recession in 1997/98, the Asian economies remain mainly export driven. Until the US economy recovers sufficiently to stimulate new demand and confidence in the technology-based economies of the region, investors are likely to remain cautious.

Geographical Portfolio Allocation
as at 31 July 2000 and 2001



The events in the US are certain to further cloud the outlook for global and regional demand. The resilience of consumption in both export and domestic markets will be challenged. This is also true of investor sentiment. It is therefore imperative that we remain vigilant in seeking opportunities thrown up by any overreaction by investors. The on-going strategy of focusing on companies with strong cash flow and management track record is further validated as valuations for Asian markets and companies test new levels. Careful stock selection remains key.

Against this backdrop, the Manager prefers stocks in the Hong Kong and Singaporean markets where she can find more globally competitive companies compared to other markets. Quality companies listed in these markets tend to have strong management track record, sustainable earnings growth, better corporate transparency and sound finances.

The political instabilities that dominated the smaller markets of the Philippines, Indonesia and Thailand over the period seem to be easing. Positive changes of leadership and regulatory revisions in their governments appear to be serving to strengthen these economies.

Fidelity Investments International
27 September 2001

Portfolio Listing

as at 31 July 2001

Holdings by value	Market Value £'000	%+
Hutchison Whampoa *Hong Kong property/retailing/telecommunications/energy*	6,191	7.3
China Mobile *A major cellular operator in China*	4,673	5.5
Samsung Electronics *Korean integrated electronics manufacturer*	4,488	5.3
Taiwan Semiconductor Manufacturing *Integrated circuit manufacturer in Taiwan*	4,024	4.8
Sun Hung Kai Properties *Hong Kong Property developer*	3,523	4.2
Cheung Kong Holdings *Hong Kong property/real estate developer*	3,274	3.9
Li & Fung *Export trading and outsourcing in Hong Kong*	2,462	2.9
SK Telecom *Mobile telecommunication services provider in South Korea*	2,355	2.7
Korea Electric Power *Korea's electric power company*	1,970	2.3
United Microelectronics *Taiwanese producer of integrated circuits and related electronic products*	1,935	2.3
HSBC Holdings *Hong Kong Banking and financial services company*	1,821	2.2
Hang Seng Bank *Provides general banking and financial services in Hong Kong*	1,789	2.1
DBS (Development Bank of Singapore) *Banking/financial services*	1,503	1.8
Hon Hai Precision Industries *Taiwanese manufacturer of electronic connectors and cable assemblies*	1,423	1.6
Oversea-Chinese Banking *Singapore banking services provider*	1,386	1.6
Asustek Computer *Taiwanese manufacturer of computer motherboards, notebook computers etc.*	1,279	1.5
Hyundai Motor *Manufactures/sells and exports passenger cars, trucks and commercial vehicles in Korea*	1,239	1.5
United Overseas Bank *One of Singapore's 'big 4' banks*	1,237	1.5
CLP Holdings *Generates and supplies electricity in Hong Kong*	1,170	1.4
Hong Kong & China Gas *Produces and distributes gas and gas appliances*	1,133	1.3
Malayan Banking *Largest banking/financial services group in Malaysia*	1,061	1.3
Kookmin Credit Card *Credit card services provider in Korea.*	1,057	1.2
Swire Pacific *Operates in the real estate/aviation/beverage/industrial/marine services and trading businesses in Hong Kong*	1,055	1.2
Singapore Press Holdings *Newspaper monopoly*	980	1.2
CNOOC *Explores/develops/produces and sells crude oil and natural gas in Hong Kong*	980	1.2
Top 25 Holdings	**54,008**	**63.8**

+ % total assets less current liabilities, excluding loan liability

Holdings by value	Market Value £'000	%+
H & CB *Commercial banking and housing finance services in Korea*	927	1.1
Singapore Airlines *Airline/airport terminal services/catering*	915	1.1
Pohang Iron & Steel *Manufactures hot and cold steel products for the construction and ship building industries in Korea*	835	1.0
Johnson Electric Holdings *Designs/manufacturers/markets micromotors in Hong Kong*	806	1.0
Datacraft Asia *Singaporean designer and marketeer of data communication services*	789	0.9
Singapore Telecom *International/mobile telecommunications firm*	747	0.9
Winbond Electronics *Korean company which designs, manufactures and sells integrated circuits and related products*	726	0.9
Chartered Semiconductor *Singapore provider of comprehensive wafer fabrication services and technologies*	714	0.9
Kookmin Bank *Bank services provider in Korea*	710	0.8
Tenaga Nasional *Malaysia's main supplier of electricity*	700	0.8
Quanta Computer *Manufactures/markets notebook computers and related peripheral equipment in Taiwan*	660	0.8
Singapore Technologies Engineering *Produces/upgrades and maintains a variety of engineering products ranging from defense to medical systems*	660	0.8
Telekom Malaysia *Integrated nationwide telecommunications service provider*	599	0.7
Petrochina *Explores/develops/produces crude oil and natural gas in China*	583	0.7
Korea Telecom *Korean telecommunications company*	582	0.7
Shinsegae *Retails food/clothing/household goods and other items in South Korea*	562	0.7
Siliconware Precision Industries *Taiwanese manufacturer of integrated circuit plates/transistors/electronics related products*	561	0.7
Shinhan Bank *Provides general banking and financial services in Korea*	537	0.6
Macronix International *Taiwanese semi-conductor designer, manufacturer and marketer of integrated circuit products*	534	0.6
Delta Electronics *Manufactures power supplies and video display products in Taiwan*	526	0.6
Digi.Com *Malaysian investment holding company*	486	0.6
Dah Sing Financial Holdings *Offers general banking services in Hong Kong*	458	0.5
Television Broadcasting *Hong Kong television broadcaster/programme services provider*	454	0.5
British American Tobacco (Malaysia) *Manufactures/imports and sells cigarettes/pipe tobacco/cigars and luxury consumer products*	454	0.5
Guoco *Provides general banking and financial services in Hong Kong*	453	0.5
Top 50 Holdings	**69,986**	**82.7**
Other Holdings (51)	**11,383**	**13.5**
	81,369	**96.2**
Cash & other net assets	**3,236**	**3.8**
	84,605	**100.0**

+ % total assets less current liabilities, excluding loan liability

Distribution of the Portfolio*

as at 31 July 2001

	Hong Kong	Korea	Taiwan	Singapore	China	Malaysia	Other	Total	Index	31July2000
Equities (including convertibles)										
Financials										
Banks	5.8	2.5	0.5	4.9	-	2.1	0.6	16.4	15.1	13.2
Real Estate	8.2	-	-	0.6	-	-	-	8.8	7.6	4.5
Diversified Financials	1.5	1.2	-	-	-	-	-	2.7	4.1	9.9
Insurance	-	-	0.4	0.4	-	-	-	0.8	1.0	0.5
	15.5	**3.7**	**0.9**	**5.9**	**-**	**2.1**	**0.6**	**28.7**	**27.8**	**28.1**
Information Technology										
Semiconductor Equipment & Products	-	5.5	9.7	0.9	-	-	-	16.1	12.2	21.3
Computer & Peripherals	-	-	2.7	-	0.4	-	-	3.1	3.5	4.5
Distributors	2.9	-	-	-	-	-	2.9	0.8	-	-
Electronic Equipment & Instruments	-	-	1.9	-	-	-	-	1.9	2.8	2.3
Communications Equipment	-	-	-	0.9	-	-	-	0.9	0.1	1.9
Internet Software & Services	-	-	-	-	-	-	-	-	0.1	1.6
Other	-	-	-	-	-	-	-	-	0.3	-
	2.9	**5.5**	**14.3**	**1.8**	**0.4**	**-**	**-**	**24.9**	**19.8**	**31.6**
Telecommunictions Services										
Wireless Telecommunications Services	0.5	2.8	0.2	-	5.5	0.6	0.5	10.1	8.5	10.9
Diversified Telecommunications Services	0.3	0.7	-	0.9	-	0.7	0.5	3.1	4.7	8.4
	0.8	**3.5**	**0.2**	**0.9**	**5.5**	**1.3**	**1.0**	**13.2**	**13.2**	**19.3**
Industrials										
Industrial Conglomerates	7.3	-	-	-	0.3	0.5	-	8.1	9.7	1.4
Electrical Equipment	1.0	-	0.6	-	-	-	-	1.6	1.6	0.6
Airlines	-	-	-	1.1	-	-	-	1.1	2.5	3.5
Road & Rail	-	-	-	0.3	-	-	-	0.3	0.1	0.2
Construction & Engineering	-	-	-	-	-	-	-	-	0.6	0.6
Other	-	-	-	-	-	-	-	-	2.1	-
	8.3	**-**	**0.6**	**1.4**	**0.3**	**0.5**	**-**	**11.1**	**16.6**	**6.3**
Consumer Discretionary										
Media	0.7	-	-	1.2	-	0.4	0.6	2.9	1.6	2.7
Automobiles	-	1.5	-	-	-	-	0.1	1.6	1.6	0.4
Multiline Retail	-	0.7	-	-	-	-	-	0.7	0.4	-
Textiles & Apparel	-	-	0.4	-	-	-	-	0.4	0.7	2.5
Hotels, Resturants & Leisure	-	-	-	-	-	0.3	-	0.3	1.3	0.4
Speciality Retail	0.3	-	-	-	-	-	-	0.3	0.6	0.3
Leisure Equipment & Products	-	-	-	-	-	-	-	-	-	0.3
Other	-	-	-	-		-	-	-	0.5	-
	1.0	**2.2**	**0.4**	**1.2**	**-**	**0.7**	**0.7**	**6.2**	**6.7**	**6.6**
Utilities										
Electric Utilities	1.4	2.3	-	-	-	0.8	0.1	4.6	5.7	4.1
Gas Utilities	1.3	-	-	-	-	-	-	1.3	1.2	0.3
Other	-	-	-	-	-	-	-	-	0.1	-
	2.7	**2.3**	**-**	**-**	**-**	**0.8**	**0.1**	**5.9**	**7.0**	**4.4**
Energy										
Oil & Gas	1.2	-	-	-	0.7	-	0.4	2.3	1.1	-
Energy Equipment & Services	-	-	-	-	-	-	-	-	-	0.3
	1.2	**-**	**-**	**-**	**0.7**	**-**	**0.4**	**2.3**	**1.1**	**0.3**
Consumer Staples										
Tobacco	-	-	-	-	-	0.5	0.5	1.0	0.7	0.6
Food & Drug Retail	0.4	-	0.2	-	-	-	-	0.6	-	0.5
Other	-	-	-	-	-	-	-	-	2.1	-
	0.4	**-**	**0.2**	**-**	**-**	**0.5**	**0.5**	**1.6**	**2.8**	**1.1**
Materials										
Metals & Mining	-	1.0	-	-	-	-	-	1.0	1.7	0.5
Chemicals	-	-	0.4	-	-	-	-	0.4	1.5	0.7
Construction Materials	-	-	-	-	-	-	0.1	0.1	0.7	0.4
Other	-	-	-	-	-	-	-	-	0.2	-
	-	**1.0**	**0.4**	**-**	**-**	**-**	**0.1**	**1.5**	**4.1**	**1.6**
General Industries										
Aerospace & Defence	-	-	-	0.8	-	-	-	0.8	0.8	-
	-	**-**	**-**	**0.8**	**-**	**-**	**-**	**0.8**	**0.8**	**-**
Healthcare										
Other	-	-	-	-	-	-	-	-	0.1	-
	-	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**0.1**	**-**
Total Equities - 2001	32.8	18.2	17.0	12.0	6.9	5.9	3.4	**96.2**	100.0	99.3
Cash & Other Net Assets	-	-	-	-	-	-	-	**3.8**	-	0.7
Total - 2001	**32.8**	**18.2**	**17.0**	**12.0**	**6.9**	**5.9**	**3.4**	**100.0**		
Index - 2001	27.1	17.2	17.8	11.7	9.9	10.9	5.4	100.0	100.0	
Total Equities - 2000	26.7	17.5	22.8	10.9	9.0	9.2	3.2	99.3		100.0

* % total assets less current liabilities, excluding loan liability.

Directors' Report

The Directors present their report together with the audited accounts of the Company for the year ended 31 July 2001.

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

Activities and Status

A review of the year's activities and an indication of likely future developments are given in the Chairman's Statement on pages 6 and 7 and in the Investment Manager's Report on pages 9 to 11.

The Inland Revenue has approved the Company as an investment trust under Section 842 of ICTA 1988 for the accounting period to 30 April 1997.

Approval has not been sought under Section 842 of the ICTA 1988 for the 15 month accounting period to 31 July 1998, due to an inadvertent breach of Section 842 which occurred during that period. However, this did not have any financial impact on the Company as the Manager had agreed to meet any consequential costs which might result.

The Directors are of the opinion that, since 1 August 1998, the Company has conducted its affairs in a manner which will enable it to satisfy the conditions for approval as an investment trust.

The Inland Revenue has changed the system which has delayed approval under Section 842 for the years to 31 July 1999 and 31 July 2000. The AITC has recently announced that it has reached agreement with the Inland Revenue that investment trust companies will be able to specifically apply for and, if appropriate, be granted investment trust status outside the Corporation Tax Self Assessment process and deadlines. The Company has now applied for status to be confirmed in respect of 1999 and 2000 and it is expected that approval will be granted in the near future.

The Company is registered as an investment company under Section 266 of the Companies Act 1985.

The Company is not a close company and has no employees.

Net Asset Value

Investments were valued at £81,369,000 as at 31 July 2001. Shareholders' funds amounted to £62,161,000 resulting in a net asset value per share of 64.50p. Changes to investments are shown in note 9 to the accounts on page 31.

Results and Dividends

The revenue account shows a deficit after taxation for the year of £1,303,000 and therefore the Directors are not able to recommend the payment of a dividend and this amount has been charged to reserves.

Share Capital

On 5 December 2000, 5,857 ordinary shares of 25p per share were issued and allotted, fully paid at a price of 100p, following an exercise of warrants. Further to the authority granted by shareholders in November 2000, a total of 4,056,000 ordinary shares (4.2% of the issued share capital) were repurchased for cancellation as detailed below:

Date of purchase	number of shares	price per share	discount to NAV
9 January 2001	100,000	65.50p	16.96%
14 March 2001	200,000	56.00p	22.16%
21 March 2001	250,000	58.50p	16.95%
12 June 2001	3,356,000	63.75p	16.19%
28 June 2001	150,000	57.50p	14.82%

The resultant uplift in the NAV per share was 0.5p. As at 31 July 2001, the total number of shares in issue was 96,370,653 (2000: 100,420,796).

Warrants

As at 31 July 2001, there were 20,468,547 (2000: 20,474,404) warrants in issue.

Registered holders of warrants should note that the next annual subscription date is 30 November 2001. If the subsciption rights are not exercised on 30 November 2001 there will be future opportunities to exercise this right on the last business day of November in the years 2002 to 2006 inclusive, subject to the outcome of the continuation vote.

In order to exercise the subscription rights in whole or in part:-

(i) in respect of warrants held in certificated form on any subscription date, the warrantholder must lodge the warrant certificate(s), having completed a Notice of Exercise of subscription rights, at the office of the Registrars from 2 November 2001 to 3.00 pm on 30 November 2001. The warrant certificate and notice of exercise should be sent to Capita IRG plc, accompanied by a remittance for the aggregate amount payable on subscription for the ordinary shares in respect of which the subscription rights are being exercised;

(ii) in respect of warrants held in uncertificated form on any subscription date, an uncertificated subscription notice and, if appropriate, separate payment in respect of the aggregate subscription price for the ordinary shares arising on the exercise of the subscription rights must be received by the Company or by such person as it may specify, at any time during the relevant subscription period. Further details will be given in the notice to warrantholders reminding them of their subscription rights.

Warrantholders should note that this is a right, as opposed to an obligation, and they should contact their financial adviser if they have any queries.

Political and Charitable Donations

The Company has not made any political or charitable donations in the year.

Payment of Creditors

The Company's policy for the year to 31 July 2002, 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.

Management Company

The Manager, Fidelity Investments International, a subsidiary of Fidelity International Limited, provides management, accounting, administrative and secretarial services to the Company under an agreement ('the Management Agreement') entered into on 15 May 1996. Further details of the agreement are given in the Company Summary on page 1. 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 period to 31 July 2001 was £81,744.

An amount of £43,326 was due to the Manager under the above agreements at 31 July 2001 and is included in creditors.

The Manager uses certain services for the benefit of the Fund which are paid for, or provided, by various brokers. In return it places business, which may include transactions relating to the Company, with these brokers.

The Manager has an arrangement with selected brokers whereby a portion of commissions from security transactions may be paid to the Company to reduce expenses. Amounts received by the Company under this arrangement are offset against other expenses.

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.

Fidelity International Limited has an interest of 5,450,000 shares and 207,000 warrants in the Company.

Directors' Report

Directors

The Directors who served during the year to 31 July 2001 are set out below. Mr David FitzWilliam-Lay retires by rotation and, being eligible, offers himself for re-election at the forthcoming Annual General Meeting.

Mr Simon Haslam is a Director of Fidelity Investments International.

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, except as disclosed above. There have been no other related party transactions requiring disclosure under Financial Reporting Standard ('FRS') 8.

The interests of the Directors in the ordinary shares and warrants of the Company as at 31 July 2001 and 2000 were as follows:

	31 July 2001		31 July 2000	
	shares	warrants	shares	warrants
David FitzWilliam-Lay	10,000	20,000	10,000	20,000
Sir Victor Garland	5,000	1,000	5,000	1,000
Simon Haslam	4,000	-	4,000	-
Roger Hulett*	-	-	-	-
Sir Robin McLaren	4,500	-	4,500	-

* Mr Hulett purchased 5,000 shares on 4 September 2001.

Substantial Share Interests

As at 27 September 2001 notification had been received of the following interests in 3% or more of the issued share capital of the Company:

	%
Fidelity International Limited	5.77%

11.56% of the issued share capital was held by investors in the Fidelity Investment Trust PEP/ISA and the Fidelity Investment Trust Share Plan.

Analysis of Ordinary Shareholders

as at 31 July 2001

	Number of Shareholders	% of Issued Share Capital
Private Shareholders*	13,636	41.92
Nominee Companies**	621	44.27
Limited Companies	53	7.16
Pension Funds	10	0.26
Investment Trusts and Funds	19	0.35
Insurance/Assurance Companies	3	0.17
Bank and Bank Nominees	21	5.46
Other Institutions	21	0.35
Others	14	0.06
Total	14,398	100.0

* Includes Share Plan, PEP and ISA investors

** Nominees may also include individual shareholders

Annual General Meeting

At the 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 will 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 4 provides the Directors with a general authority to allot securities in the Company up to an aggregate nominal value of £1,180,258. If passed, this resolution will enable the Directors to allot a maximum of 4,721,032 ordinary shares which represents approximately 5% of the issued ordinary share capital of the Company as at 27 September 2001.

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 89(1) of the Companies Act 1985 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 1985 provides for shareholders to give such power to the Directors by waiving their pre-emption rights.

Resolution 5 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 £1,180,258 (5%).

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

The authority to issue ordinary shares for cash under Resolution 5 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 premium were in excess of 2% and unless they considered that it was in the interests of shareholders to do so.

Resolution 6 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 arrangement to purchase through the London Stock Exchange up to 14,163,000 ordinary shares of 25 pence (equivalent to 14.9% of the shares in issue at 27 September 2001). 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

Resolution 7 is an ordinary resolution regarding the continuation of the Company as an investment trust.

In 1998 the Board underlook to give shareholders the opportunity to vote on the continuation of the Company in any year in which the average discount exceeded 15%. The discount for the year to 27 September 2001 was 15.2% and therefore a resolution to continue as an investment trust will be put to shareholders at the forthcoming AGM for the reasons outlined in the Chairman's Statement.

The Directors recommend that shareholders vote in favour of each of these resolutions.

The full text of the resolutions is set out in the Notice of Meeting contained on pages 41 to 42.

Corporate Governance

Full details are given in the Application of Corporate Governance on pages 21 to 23.

Statement of Directors' Responsibilities

Company law requires the Directors to prepare accounts for each financial period which give a true and fair view of the state of affairs of the Company and of the net revenue of the Company for that period. A Statement of Total Return has also been included in the financial statements for the purposes of comparison. In preparing the accounts, 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 accounting standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- prepare the accounts 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 the accounts comply with the Companies Act 1985. 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.

The financial statements may be published on a website that is managed by an organisation other than the Manager or the Board of Directors. The work carried out by the auditors does not involve consideration of the maintenance and intergrity of these websites and accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were approved. Visitors to any website need to be aware that legislation in the United Kingdom governing the preparation and dissemination of the financial statements may differ from legislation in their jurisdictions.

Auditors

The Auditors, PricewaterhouseCoopers, Chartered Accountants and Registered Auditors, are willing to continue in office, and in accordance with section 385 and section 390A of the Companies Act 1985, resolutions concerning their remuneration and re-appointment will be proposed at the Annual General Meeting.

By Order of the Board
Fidelity Investments International
Secretary
27 September 2001

Application of Corporate Governance

Background - The UK Listing Authority requires all listed companies to disclose how they have applied the principles and complied with the provisions of the Combined Code (the "Code"). The Company is committed to achieving the highest standards of corporate governance and has established a framework which it believes is appropriate for an investment trust and which enables it to comply with the relevant provisions of the Code.

The Board considers that the Company has complied with the provisions of the Code throughout the year to 31 July 2001 with the following exceptions:-

- A senior independent director with specific responsibility for shareholder concerns has not been appointed as the Chairman performs this function.
- The Company does not have a separate nominations committee; the whole Board performs this function.

The following statement describes how the principles of corporate governance are applied to the Company.

Directors

The Board - The Board of Directors has the responsibility for the stewardship of all of the Company's affairs. The composition of the Board of Directors is a matter for the Board and is in principle independent of management. Directors have the relevant knowledge and experience of both fund management and investment trust management. In particular they have knowledge and wide experience of business in Asia. Biographical details of all Directors, including their directorships, are given on page 5 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.

All matters which are not delegated to the Company's Manager under the Investment Management Agreement are reserved for the Board's decision.

It has been agreed that each of the independent Directors of the Company is entitled to take independent professional advice in the furtherance of their duties.

Chairman and CEO - In common with most investment trusts there is no chief executive of the Company as the management function has been delegated to Fidelity Investments International. The appointment of the Manager is reviewed on an annual basis by the Management Engagement Committee.

Board Balance - All the Directors are independent with the exception of Mr Simon Haslam who is an employee of the Manager. We believe it to be an important aspect of the corporate governance of an investment trust company that the manager should be represented on the Board and be party to the responsibility, authority and accountability of the Board to the shareholders.

All Directors are non-executive Directors. Five of the Directors are independent Directors, including the Chairman. The sub-committees of the Board (i.e. Audit and Management Engagement Committees) include all the independent directors.

Company Secretary - The Company Secretary is a corporate secretary. All Directors have access to the advice and services of the representative of the Company Secretary, who is responsible to the Board for ensuring that Board procedures are followed and that applicable rules and regulations are complied with. The appointment of the Company Secretary is a matter for the board as a whole.

Supply of Information - The Board is supplied in a timely manner with information in a form and of a quality appropriate to enable it to discharge its duties. The key source of regular information for the Board is the board meeting papers, the contents of which are determined by the Board and contain comprehensive information on the financial condition of the Company.

Application of Corporate Governance

The Board has delegated its corporate governance responsibilities to the Audit and Management Engagement Committees composed of all the independent directors.

Key representatives of the Manager attend meetings by invitation, thus enabling the Directors to probe further on matters of concern or seek clarification on certain issues.

Appointments to the Board - There is a formal and transparent procedure for the appointment of new Directors to the Board. Any proposal for a new Director will be discussed and approved by the Board as a whole. Upon appointment each Director receives a briefing on the investment operations and administration functions of the Company, together with a summary of their duties and responsibilities.

All Directors are subject to election by shareholders at the first opportunity after their appointment.

Re-election - The Code requires that all Directors should be required to submit themselves for re-election at regular intervals and at least every three years. The Articles of Association of the Company require that at every AGM one third of the Directors are subject to retirement by rotation and any proposal for a director to stand for re-election is considered by the Board. The Directors intend to follow the Code requirements.

Letters of appointment specifying the period of appointment are issued to all new Directors and existing Directors as they are re-elected at the AGM.

The names of Directors submitted for election or re-election are accompanied by sufficient biographical details to enable shareholders to take 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 determined by the whole Board within the limit governed by the Articles of Association and all remuneration is fully disclosed.

Relations with Shareholders

Directors are willing to enter into a dialogue with institutional shareholders so as to ensure a mutual understanding of objectives. The Manager also maintains a programme of communication with institutional investors in conjunction, where appropriate, with the Company's broker.

The Board accounts for its stewardship formally through a full and informative annual report and at the Annual General Meeting when a presentation is given by the Manager addressing the results for the year and the investment outlook.

We aim to use the AGM to communicate with all our shareholders and we encourage their active participation.

All proxy votes are counted and, except where a poll is called, proxy voting is reported for each resolution, after it has been dealt with on a show of hands.

The Notice of Meeting on pages 41 to 43 sets out the business of the meeting and the special resolutions are explained more fully in the Directors' Report on page 15. A separate resolution is proposed on each substantially separate issue including the annual report and accounts.

The Chairman of the Board who is also the Chairman of the Audit Committee will be available to answer questions at the AGM.

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

Accountability and Audit

Financial Reporting - The Board aims to present a balanced and understandable assessment of the Company's position and prospects.

The Directors explain their responsibility for preparing the accounts on pages 19 and 20 of the Directors' Report and there is a statement by the auditors about their reporting responsibilities on page 24.

The Board has a responsibility to present a balanced and understandable assessment of annual, interim, other price-sensitive public reports and reports to regulators as well as to 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.

Internal Control - The Board has addressed the establishment of a system of internal control to safeguard shareholders' investment and the Company's assets.

Following the publication of the Turnbull Committee's guidance on 27 September 1999 the Board is required to review the effectiveness of internal controls rather than simply internal financial controls. Our procedures have been reviewed so as to ensure that the Turnbull Committee's guidance is fully reflected in our operational, compliance and financial risk management. The controls operated by the Board in the year to 31 July 2001 include the approval of the investment strategy and regular review of the financial results and investment performance.

The Board has contractually delegated to external agencies, including the Investment Manager, the management of the investment portfolio, the custodial services (which include the safeguarding of the assets), the registration services and the day-to-day accounting and company secretarial requirements. Each of these contracts was entered into after full and proper consideration by the Board of the quality and cost of services offered including the control systems in operation.

The Investment Manager has established an internal control framework to provide reasonable assurance on the effectiveness of internal controls. The effectiveness of the internal controls is assessed on a continuing basis. The Company's Audit Committee meets with representatives of the Investment Manager and receives reports upon the quality and effectiveness of the accounting records and management information maintained on behalf of the Company. It reviews the annual and interim accounts and reviews the nature and scope of the external audit and the findings from the Company's statutory audit. The internal audit function requirements of the Code are provided by the Manager's internal audit department.

These systems of internal control are designed to provide reasonable, but not absolute, assurance against material mis-statement or loss. By the procedures set out above, the Directors have kept under review the effectiveness of the internal controls throughout the period.

Audit Committee and Auditors - The Audit Committee, with written terms of reference, consists of all of the independent Directors and is charged with reviewing and monitoring the production of the annual and interim accounts. The Committee also reviews the audit process, corporate governance issues, the existence and performance of all controls operating in the Company (including the adherence to Section 842 status), the relationship with and performance of third party service providers (such as the Registrars and Custodians) and the relationship with the Auditors (and their ongoing reappointment and level of fees). The Committee meets with the auditors at least once a year to review these matters.

Shareholder Voting - We believe that institutional shareholders have a responsibility to make considered use of their votes. The Company has approved a corporate governance voting policy in line with best practice, whilst maintaining a primary focus on financial returns.

Going Concern - The Directors believe that it is appropriate to continue to adopt the going concern basis in preparing the accounts since:

1) 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; and

2) the Directors of the Company are recommending that shareholders vote in favour of the continuation resolution to be proposed at the forthcoming Annual General Meeting.

On behalf of the Board
Sir Victor Garland
27 September 2001

Auditors' Report to the Members of Fidelity Asian Values PLC

We have audited the financial statements which comprise the statement of total return, the balance sheet and the cash flow statement and notes 1 to 22 which have been prepared under the historical cost convention, as modified by the revaluation of certain fixed asset, and the accounting policies set out in the statement of accounting policies.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements, United Kingdom Auditing Standards issued by the Auditing Practices Board and the Listing Rules of the Financial Services Authority.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law or the Listing Rules regarding directors' remuneration and transactions is not disclosed.

We read the other information contained in the annual report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

The other information comprises only the chairman's statement, the investment manager's report, the directors' report, and the corporate governance statement.

We review whether the corporate governance statement reflects the company's compliance with the seven provisions of the Combined Code specified for our review by the Listing Rules, and we report if it does not. We are not required to consider whether the board's statements on internal control cover all risks and controls, or to form an opinion on the effectiveness of the company's corporate governance procedures or its risk and control procedures.

Basis of audit opinion

We conducted our audit in accordance with auditing standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 31 July 2001 and of its total return and cash flows for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

PricewaterhouseCoopers

PricewaterhouseCoopers
Chartered Accountants and Registered Auditors
London
27 September 2001

Statement of Total Return

(incorporting the revenue account) **for the year ended 31 July 2001**

		2001			2000		
	notes	**revenue £'000**	**capital £'000**	**total £'000**	revenue £'000	capital £'000	total £'000
(Losses)/gains on investments	9	-	(35,249)	(35,249)	-	11,353	11,353
Income	2	1,860	-	1,860	1,619	-	1,619
Investment management fee	3	(933)	-	(933)	(1,270)	-	(1,270)
Other expenses	4	(432)	-	(432)	(469)	-	(469)
Exchange gains/(losses)	15	-	50	50	-	(40)	(40)
Net return before finance costs and taxation		**495**	**(35,199)**	**(34,704)**	(120)	11,313	11,193
Interest payable	6	(1,621)	-	(1,621)	(980)	-	(980)
Exchange losses on loan		-	(1,087)	(1,087)	-	(1,359)	(1,359)
Return on ordinary activities before tax		**(1,126)**	**(36,286)**	**(37,412)**	(1,100)	9,954	8,854
Tax on ordinary activities	7	(177)	-	(177)	(128)	-	(128)
Return on ordinary activities after tax for the year attributable to equity shareholders		**(1,303)**	**(36,286)**	**(37,589)**	(1,228)	9,954	8,726
Return per ordinary share							
Basic	8	(1.31p)	(36.38p)	(37.69p)	(1.22p)	9.90p	8.68p

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 28 to 38 form an integral part of the accounts

Balance Sheet

as at 31 July 2001

	notes	2001 £'000	2000 £'000
Fixed assets			
Investments	9	**81,369**	122,723
Current assets			
Debtors - amounts falling due within one year	11	380	386
Cash at bank		3,505	967
		3,885	1,353
Creditors - amounts falling due within one year	12	(23,093)	(458)
Net current (liabilities)/assets		**(19,208)**	895
Total assets less current liabilities		**62,161**	123,618
Creditors - amounts falling due after more than one year	13	-	(21,357)
Total net assets		**62,161**	102,261
Capital and reserves			
Called up share capital	14	24,092	25,105
Capital redemption reserve	15	1,614	600
Share premium account	15	7	3
Other reserves			
Other reserve	15	60,680	63,194
Warrant reserve	15	7,369	7,371
Capital reserve - realised	15	(17,292)	(13,995)
Capital reserve - unrealised	15	(13,480)	19,509
Revenue reserve	15	(829)	474
Total equity shareholders' funds		**62,161**	102,261
Net asset value per ordinary share:	16		
Basic		64.50p	101.83p
Fully-diluted		-	101.52p

The accounts on pages 25 to 38 were approved by the Board of Directors on 27 September 2001 and were signed on its behalf by:

Sir Victor Garland Chairman

The notes on pages 28 to 38 form an integral part of these accounts

Cash Flow Statement

for the year ended 31 July 2001

	notes	2001 £'000	2000 £'000
Operating activities			
Investment income received		1,426	1,126
Deposit interest received		81	79
Investment management fee paid		(928)	(1,256)
Directors' fees paid		(37)	(41)
Other cash payments		(346)	(485)
Net cash inflow/(outflow) from operating activities	20	**196**	(577)
Returns on investments and servicing of finance			
Interest paid		(1,602)	(740)
Net cash outflow from returns on investments and servicing of finance		**(1,602)**	(740)
Taxation			
UK Corporation tax paid		-	(7)
Financial investment			
Purchase of investments		(61,067)	(88,597)
Realised exchange gains/(losses)		88	(56)
Disposal of investments		67,366	70,812
Net cash inflow/(outflow) from financial investment		**6,387**	(17,841)
Equity dividend paid		-	(426)
Net cash inflow/(outflow) before financing		**4,981**	(19,591)
Financing			
Repurchase of ordinary shares		(2,516)	(698)
Exercise of warrants		5	4
Fixed rate unsecured loan drawn down		-	19,998
Net cash (outflow)/inflow from financing	19	**(2,511)**	19,304
Increase/(decrease) in cash	18	**2,470**	(287)

The notes on pages 28 to 38 form an integral part of these accounts

Notes to the Accounts

1. Accounting Policies

A summary of the accounting policies used is set out below. The Company has adopted the AITC Statement of Recommended Practice (SORP) for Investment Trusts dated December 1995.

a) The accounts have been prepared in accordance with applicable accounting standards and under the historical cost convention, modified to include the revaluation of fixed asset investments and on the assumption that approval as an investment trust will be granted. The accounts have been drawn up on a going concern basis notwithstanding the requirements of a continuation vote to be proposed at the AGM. This policy has been adopted since the Directors are recommending a continuation.

b) In accordance with Financial Reporting Standard (FRS) 4, a warrant reserve has been established.

c) Income from equity investments is credited to the revenue account on the date on which it is ex-dividend. Interest receivable on fixed interest securities is accounted for on an accruals basis. Unfranked investment income includes tax deducted at source. Interest receivable on short-term loans and deposits are dealt with on an accruals basis. Where the Company has elected to receive its dividends in the form of additional shares rather than cash, the amount of the cash dividend is recognised as income. Any excess in the value of the shares received over the amount of the cash dividend is recognised in capital reserves.

d) Transactions denominated in foreign currencies are calculated in sterling at the rate of exchange ruling as at the date of such 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 reserves realised and unrealised.

e) Listed investments are valued at middle market prices. Unlisted investments are valued at market prices ruling where an organised market in such investments exists; other unquoted investments are included at Directors' valuation. Where a price is not readily available the holding would be valued at cost unless circumstances indicate a different valuation is warranted. In general, valuations are increased where a substantial arm's length transaction has occurred subsequent to acquisition, at a price higher than cost. Valuations are decreased where subsequent transactions have taken place at a price lower than cost or where Fidelity's Fair Value Committee is aware that the company is experiencing operating difficulties.

f) All expenses are accounted for on an accruals basis and are charged in full to the revenue account within the Statement of Total Return. Finance costs are accounted for on an accruals basis and in accordance with the provisions of FRS4 "Capital Instruments".

g) Gains and losses on the realisation of investments and realised exchange differences of a capital nature are accounted for in the capital reserve - realised.

Increases and decreases in the valuation of investments held at the year end and unrealised exchange differences of a capital nature are accounted for in the capital reserve - unrealised.

2. Income

	2001 £'000	2000 £'000
Income from investments		
Overseas dividends	1,709	1,377
Overseas scrip dividends	70	163
	1,779	1,540
Other income		
Deposit interest	81	79
Total income	**1,860**	1,619
Total income comprises		
Dividends	1,779	1,540
Interest	81	79
	1,860	1,619
Income from investments		
Listed overseas	1,779	1,540

3. Investment management fee

	2001 £'000	2000 £'000
Investment management fee	933	1,270

A summary of the terms of the Management Agreement is given in the Company Summary on page 1.

4. Other expenses

	2001 £'000	2000 £'000
Directors' fees	51	42
Other	369	411
Auditors' remuneration		
Audit	12	12
Other services to the company	-	4
	432	469

Notes to the Accounts

5. Directors' fees

	2001 £'000	2000 £'000
Directors' fees	51	42

John Morrell retired as Chairman on 20 November 2000. During his period as Chairman he received £4,603 (2000: £12,917). Sir Victor Garland was appointed as Chairman on 20 November 2000 and received £14,233 for the year (2000: £10,417). David FitzWilliam-Lay and Sir Robin McLaren received fees of £10,581 (2000: £8,958), and Roger Hulett also received £10,581 (2000: £301). Simon Haslam waived his fees of £10,581 in the year (2000: £8,958). With effect from 1 January 2001, the Chairman receives an annual fee of £15,000 (2000: £15,000) and each Director receives an annual fee of £11,000 (2000: £10,000).

6. Interest Payable

	2001 £'000	2000 £'000
Repayable within 5 years		
Bank overdraft	14	18
Fixed rate unsecured loan	1,607	962
	1,621	980

7. Tax on ordinary activities

	2001 £'000	2000 £'000
UK Corporation Tax	-	(8)
	-	(8)
Overseas taxation	177	146
Prior year adjustment	-	(10)
	177	128

8. Return per ordinary share

	2001 revenue	2001 capital	2001 total	2000 revenue	2000 capital	2000 total
Basic	(1.31p)	(36.38p)	(37.69p)	(1.22p)	9.90p	8.68p

Returns per ordinary share are based on the net loss on ordinary activities after taxation of £1,303,000 (2000 : £1,228,000), and the capital depreciation in the year of £36,286,000 (2000 : appreciation of £9,954,000) and on 99,728,410 ordinary shares (2000 : 100,592,007), being the weighted average number of ordinary shares in issue during the year.

As the basic and fully-diluted returns, calculated according to the provisions of FRS 14, are identical, the fully-diluted return has not been disclosed. Since the effect of the warrants outstanding on the first day of the accounting period is not dilutive, they have not been included in the calculation of the fully-diluted return.

9. Investments

	2001 £'000	2000 £'000
Listed overseas	81,362	122,633
Total listed investments	**81,362**	122,633
Unlisted investments - Directors' valuation	7	90
	81,369	122,723

	listed overseas £'000	2001 unlisted overseas £'000	total £'000
Opening book cost	101,862	-	101,862
Opening unrealised appreciation	20,771	90	20,861
Opening valuation	**122,633**	**90**	**122,723**
Movements in the year			
Purchases at cost	61,227	-	61,227
Sales - proceeds	(67,332)	-	(67,332)
Sales - realised losses on sales	(3,385)	-	(3,385)
Decrease in unrealised appreciation	(31,781)	(83)	(31,864)
Closing valuation	**81,362**	**7***	**81,369**
Closing book cost	92,372	-	92,372
Closing unrealised depreciation	(11,010)	7	(11,003)
	81,362	**7**	**81,369**

	2001 £'000	2000 £'000
Realised losses on sales	(3,385)	(1,653)
(Decrease)/increase in unrealised appreciation	(31,864)	13,006
(Losses)/gains on investments	**(35,249)**	11,353

The annualised portfolio turnover rate for the year is 78% (2000 : 81%)

* relates to an option which was acquired at nil cost

Notes to the Accounts

10. FRS - 13 Financial Instruments

The investment objective of the Company is detailed in the Company Summary on page 1. In pursuit of this objective, the Company may be exposed to various forms of risk, as described below.

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

The risks arising from the Company's financial instruments are market price risk, which comprises interest rate risk, equity price changes and foreign currency exposure, liquidity risk and counterparty credit risk. The Board reviews and agrees policies for managing each of these risks, which are summarised below. These policies have remained unchanged since the beginning of the accounting period, with the exception of the use of US dollar borrowings.

Market price risk

Market 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.

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, with the exception of the fixed rate unsecured loan, whose fair value as at 31 July 2001 given below has been calculated by discounting future cash flows at current US dollar interest rates.

	2001		2000	
	fair value	**market value**	fair value	market value
	£'000	**£'000**	£'000	£'000
Fixed rate unsecured loan @ 7.03% per annum	22,996	22,444	21,995	21,357

Interest rate risk

The company has raised finance available for its operations through a US dollar-denominated fixed rate unsecured bank loan, which falls due for payment in September 2001. The company is therefore not exposed to a financial risk from any change in US Dollar interest rates on this loan.

The Company's financial assets are mainly invested in equity shares and other investments which neither pay interest nor have a maturity date. The Company also has substantial cash balances of £2,825,000 (2000: £782,000) denominated in US dollars. The rate of interest on the cash balances is currently 5.56%, consequently the risk of a decrease in cash interest earned is low.

The interest profile of the Company's financial liabilities excluding short-term creditors, as at 31 July 2001 and 2000 was as follows:

Currency	**2001** **fixed rate financial liabilities** **£'000**	2000 fixed rate financial liabilities £'000
US Dollar	22,444	21,357

Currency	**2001** **weighted average interest rate**	**2001** **fixed rate financial liabilities: weighted average period for which rate is fixed**
US Dollar	7.03%	2 months

Foreign currency risk

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

The Board have identified three principal areas where foreign currency risk could impact the Company:

- Movements in rates affecting the value of investments
- 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 foreign currency borrowings, thereby hedging part of the movements in the value of investments which are a result of exchange fluctuations.

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.

The following is an analysis of the Company's foreign currency exposure as at 31 July 2001 and 2000:

Currency	2001 Foreign currency monetary assets £000	2001 Foreign currency monetary liabilities £000	2001 Net foreign currency monetary assets £000	2000 Foreign currency monetary assets £000	2000 Foreign currency monetary liabilities £000	2000 Net foreign currency monetary assets £000
Hong Kong dollar	33,201	-	33,201	44,039	-	44,039
Indonesian rupiah	705	-	705	876	-	876
Korean won	15,405	-	15,405	19,898	-	19,898
Malaysian ringgit	4,982	(90)	4,892	11,393	-	11,393
Philippine peso	677	-	677	882	-	882
Singapore dollar	9,330	(90)	9,240	12,436	-	12,436
Taiwan dollar	14,992	-	14,992	27,425	(5)	27,420
Thai baht	1,565	-	1,565	2,144	-	2,144
US dollar	4,106	(22,703)	(18,597)	4,603	(21,597)	(16,994)
Total	**84,963**	**(22,883)**	**62,080**	123,696	(21,602)	102,094
UK sterling	290	(209)	81	380	(213)	167
Balance sheet total	**85,253**	**(23,092)**	**62,161**	124,076	(21,815)	102,261

Liquidity risk

The Company's assets mainly comprise readily realisable securities, which can be easily sold 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 notes 12 and 13 to the accounts.

The maturity profile of the Company's financial liabilities at 31 July 2001 and 2000 is as follows:

	2001 £000	2000 £000
Within one year	**22,444**	-
After more than one year but less than two years	**-**	21,357
	22,444	21,357

Short-term debtors and other short-term creditors are excluded from the above analysis.

Counterparty risk

Certain transactions in securities that the Company enters into expose it to the risk that the counterparty will not deliver either the shares (on a purchase) or the cash (on a sale) after the Company has fulfilled its responsibilities. There is also a counterparty risk associated with deposit takers.

The Company buys and sells investments on a delivery versus payment basis.

The Company only buys and sells investments through brokers which have been approved by the Manager as an acceptable counterparty. Additionally, Fidelity sets limits as to the maximum exposure to any individual broker at any time, the limits being reviewed on a regular basis.

11. Debtors

	2001 £'000	2000 £'000
Securities sold for future settlement	-	34
Income tax recoverable	271	202
UK corporation tax recoverable	8	8
Other debtors	101	142
	380	386

12. Creditors - amounts falling due within one year

	2001 £'000	2000 £'000
Fixed rate unsecured loan @ 7.03% per annum	22,444	-
Securities purchased for future settlement	90	-
Accruals	194	213
Loan interest payable	259	240
Overdraft	106	-
Other creditors	-	5
	23,093	458

The fixed rate unsecured loan from Chase Manhattan Bank was drawn down on 1 December 1999 for the period to 27 September 2001. The Company has entered into an arrangement with the Bank whereby money may be placed in a charged account with the Bank to reduce borrowings below 40%. At 31 July 2001 an amount of $1.6m had been lodged with the Bank.

Subsequent to the year end, on 27 September the loan from Chase Manhattan was repaid and replaced with a loan for US$32 million from HSBC Bank plc at a rate of 6.28%. The loan is for a period of five years and is due to be repaid on 27 September 2006. The Company has entered into an arrangement with HSBC whereby if total borrowings exceed 49% of the Company's assets, sufficient money is placed in a charged account with HSBC to reduce borrowings below 49%. On 27 September US$2.5 million was lodged with HSBC.

13. Creditors - amounts falling due after one year

	2001 £'000	2000 £'000
Fixed rate unsecured loan @ 7.03% per annum	-	**21,357**

Notes to the Accounts

14. Called up share capital

	2001 £'000	2000 £'000
Authorised:		
200,000,000 ordinary shares of 25p each	**50,000**	50,000
Issued, allotted and fully paid:		
Beginning of year	**25,105**	25,329
Repurchase of 500,000 ordinary shares on 7 October 1999	-	(125)
Repurchase of 400,000 ordinary shares on 12 October 1999	-	(100)
Exercise of 4,400 warrants on 30 November 1999	-	1
Exercise of 5,857 warrants on 30 November 2000	1	-
Repurchase of 100,000 ordinary shares on 9 January 2001	(25)	-
Repurchase of 200,000 ordinary shares on 14 March 2001	(50)	-
Repurchase of 250,000 ordinary shares on 21 March 2001	(63)	-
Repurchase of 3,356,000 ordinary shares on 12 June 2001	(839)	-
Repurchase of 150,000 ordinary shares on 28 June 2001	(37)	-
End of year		
96,370,653 (2000: 100,420,796) ordinary shares of 25p each	**24,092**	25,105

At 31 July 2001 there were 20,468,547 (2000: 20,474,404) warrants outstanding. On 30 November 2000, 5,857 warrants were exercised at 100p per ordinary share. Holders will have the right to subscribe for ordinary shares at 100p on 30 November 2001 and subsequently on 30 November in any of the years 2002 to 2006, both inclusive, subject to the outcome of the continuation vote.

15. Reserves

	share premium account £'000	capital redemption reserve £'000	other reserve £'000	warrant reserve £'000	capital reserve realised £'000	capital reserve unrealised £'000	revenue reserve £'000
Beginning of year	**3**	**600**	**63,194**	**7,371**	**(13,995)**	**19,509**	**474**
Exchange gains/(losses)	-	-	-	-	88	(38)	-
Net loss on realisation of investments	-	-	-	-	(3,385)	-	-
Decrease in unrealised appreciation	-	-	-	-	-	(31,864)	-
Exchange loss on loans	-	-	-	-	-	(1,087)	-
Retained net loss for the year	-	-	-	-	-	-	(1,303)
Repurchase of ordinary shares	-	1,014	(2,516)	-	-	-	-
Exercise of warrants	4		2	(2)	-	-	-
End of year	**7**	**1,614**	**60,680**	**7,369**	**(17,292)**	**(13,480)**	**(829)**

16. Net asset value per share

The basic net asset value per ordinary share is based on net assets of £62,161,000 (2000: £102,261,000 and on 96,370,653 (2000: 100,420,796) ordinary shares, being the number of ordinary shares in issue at the year end.

The fully-diluted net asset value per ordinary share has been calculated on the assumption that the outstanding warrants of 20,468,547 at 31 July 2001 (2000: 20,474,404) were exercised on that date. As the fully-diluted net asset value per ordinary share exceeds the basic net asset value per ordinary share this year it has therefore not been stated.

This basis of the calculation is considered to be more appropriate than the basis given in FRS14 as it is consistent with the calculation of fully-diluted net asset value which is prepared in accordance with guidelines laid down by the Association of Investment Trust Companies and is provided to the London Stock Exchange on an ongoing basis.

17. Reconciliation of movement in shareholders' funds

	2001 £'000	2000 £'000
Opening shareholders' funds	**102,261**	94,229
Exercise of warrants	5	4
Repurchase of ordinary shares	(2,516)	(698)
Total recognised (losses)/gains	(37,589)	8,726
Closing shareholders' funds	**62,161**	102,261

18. Reconciliation of net cashflow to movements in net debt during the year

	2001 £'000	2000 £'000
Beginning of year	**(20,390)**	1,238
Net cash inflow/(outflow)	2,470	(287)
Unrealised foreign exchange (loss)/gain	(38)	16
Fixed rate unsecured loan drawn down	-	(19,998)
Foreign exchange movement on fixed rate unsecured loan	(1,087)	(1,359)
Change in net debt	**1,345**	(21,628)
End of year	**(19,045)**	(20,390)

	2001 £'000	change in the year £'000	2000 £'000
Analysis of balances			
Cash at bank	3,505	2,538	967
Fixed rate unsecured loan	(22,444)	(1,087)	(21,357)
Overdraft	(106)	(106)	-
End of year	**(19,045)**	**1,345**	(20,390)

19. Analysis of changes in financing during the year

	2001 share capital £'000	2001 loan £'000	2001 total £'000	2000 share capital £'000	2000 loan £'000	2000 total £'000
Beginning of year	96,273	21,357	117,630	96,967	-	96,967
Cash outflow from repurchase of shares	(2,516)	-	(2,516)	(698)	-	(698)
Cash inflow from exercise of warrants	5	-	5	4	-	4
Cash inflow from fixed rate unsecured loan	-	-	-	-	19,998	19,998
Change in value of fixed rate unsecured loan	-	1,087	1,087	-	1,359	1,359
End of year	**93,762**	**22,444**	**116,206**	96,273	21,357	117,630

20. Reconciliation of net revenue before finance costs and taxation to net cash inflow from operating activities

	2001 £'000	2000 £'000
Net return/(loss) before finance costs and taxation	495	(120)
Scrip dividends	(70)	(163)
(Decrease)/increase in other creditors	(24)	5
Decrease/(increase) in other debtors	41	(26)
Tax on investment income	(246)	(273)
Net cash inflow/(outflow) from operating activities	**196**	(577)

21. Contingent liabilities and capital commitments

There were no contingent liabilities or capital commitments as at 31 July 2001 (2000 : nil).

22. Related party disclosures

The Directors have complied with the provisions of FRS8 which require disclosure of related party transactions and balances. Full details are set out in the Directors' Report on page 18.

Investor Information

The objective of Fidelity Asian Values PLC ('the Company') is to achieve long-term capital growth from the stockmarkets of the Asian Region (excluding Japan). The Company was launched on 13 June 1996 with one warrant attached to every five shares. The original subscription price for each share was £1.

The Company is a member of The Association of Investment Trust Companies (AITC) from whom general information on investment trusts can be obtained by telephoning 020 7282 5555 (email address : info@aitc.co.uk).

How to invest

The Company is traded on the London Stock Exchange. The ordinary shares and warrants can be bought and sold directly through a stockbroker or indirectly via a lawyer, accountant or other independent financial adviser. A number of banks and building societies also offer this service. The shares can also be bought directly through the **Fidelity Investment Trust Share Plan** and the **Fidelity Individual Savings Account (ISA).**

The Share Plan allows an investor to make regular monthly payments (minimum £50 per month) or to invest a lump sum (initial minimum £1,000, thereafter £250) into any of the four investment trusts managed by Fidelity. The only charge is Government Stamp Duty of 0.5% payable on all share purchases. Any dividends can be reinvested in additional shares or taken as cash, as preferred. Statements and valuations are sent four times a year. For those investors who use a professional adviser, the Share Plan allows for commission of up to 3% to be paid directly to your adviser.

The Fidelity ISA was launched on 6 April 1999. Like its predecessor, the PEP, it allows you to build up your savings free from personal liability to income and capital gains tax. You are able to invest up to £7,000 in the 2001/2002 tax year. There is an initial charge of 3.25% and for those investors who use a professional adviser, the ISA allows for commission of up to 3% to be paid directly to your adviser. The full range of Fidelity's investment trusts is available through the ISA. For more information about ISAs, you can request a free guide from Fidelity on 0800 41 41 15.

The PEP - no further PEP investments may be made, but existing PEPs can continue to grow tax free.

Since 6 April 2001 the range of investments that can be held in a PEP has been expanded to correspond with those available for investment in an ISA.

For PEP and ISA investors, the reclaimable tax credit attached to dividends is 10% until 5 April 2004. Interest on uninvested cash in a stocks and shares component of an ISA is subject to a 20% flat rate charge, which extinguishes any liability to tax on the interest. The value of tax savings and eligibility to invest in an ISA will depend on individual circumstances and all tax rules may change in the future.

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. Fidelity only provides information about its products and will not give investment advice.

Should you wish to seek advice, please contact an Independent Financial Advisor. For the purpose of section 57 of the Financial Services Act 1986, the content of this report has been approved by Fidelity Investments International, regulated by IMRO and the Personal Investment Authority.

Annual General Meeting - with this Report you will find an invitation to attend the AGM at 12.00 noon on 29 November 2001 and it is hoped that as many shareholders as possible, including those who hold their shares through the Share Plan and the ISA, will take this opportunity to meet the Directors and hear a report from the Investment Manager on the progress of your Company. We warmly invite shareholders to join us and take advantage of the opportunity to discuss investment prospects. Full details of the meeting are given on pages 41 to 43.

Investor Information

Price Information - the mid-market prices of the ordinary shares and warrants are published daily in the *Financial Times* under the heading 'Investment Trusts'. The ordinary share price is also published in *The Times* and *The Daily Telegraph*. You can also obtain current price information by phoning *FT Cityline* on 0336 43 then 1263 (share price) or 1271 (warrant price). The Reuters code for Fidelity Asian Values is FAS.L.

NAV Information - the net asset value of the Company is calculated on a daily basis and released to the London Stock Exchange.

Capital Gains Tax - 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 and 34.80p for warrants. All UK individuals are permitted to have £7,500 of capital gains in the current tax year ie 2001/2002 (£7,200 2000/2001 tax year) before being liable for CGT. Capital gains are treated as the top slice of income and for the current year will be taxable at 10% for taxpayers up to the starting rate limit, 20% for basic rate taxpayers or 40% for higher rate taxpayers..

Financial Calendar - the key dates in the Company's calendar for the year from 31 July 2001.

31 July - financial period end
27 September- announcement of results to 31 July 2001
15 October - publication of this Annual Report
29 November - Annual General Meeting
30 November - exercise date on which warrantholders may choose, for each warrant held, to pay £1 for 1 ordinary share - see page 16.

31 January 2002 - half year end
March - announcement of interim results to 31 January
March - publication of Interim Report

Contact Information

Private investors can call free on 0800 41 41 15, 9am to 6pm, seven days a week.

Financial advisers can call free on 0800 41 41 81, 8am to 6pm, five days a week.

Existing shareholders who have specific queries regarding their holding, for example a change of address, should contact the appropriate administrator:-

Holders of ordinary shares or warrants - The Company's registrars, Capita IRG plc, Bourne House, 34 Beckenham Road, Beckenham, Kent BR3 4TU.
Telephone : 020 8 639 2000

Share Plan investors - Capita IRG plc, Bourne House, 34 Beckenham Road, Beckenham, Kent BR3 4TU.
Telephone : 0800 41 41 20

ISA/PEP investors - Fidelity, using the free telephone numbers given above, or by writing to European Client Interaction, Fidelity Investments, Oakhill House, 130 Tonbridge Road, Hildenborough, Tonbridge, Kent TN11 9DZ.

General enquiries should be made to Fidelity, the Investment Manager and Secretary, at the Company's registered office :-

Fidelity Investments International
Investment Trusts
Beech Gate
Millfield Lane
Lower Kingswood
Tadworth
Surrey KT20 6RP
Fax : 01737 836892

Internet site : http://www.fidelity.co.uk

Notice of Annual General 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 29 November 2001 at 12.00 noon for the following purposes:

Ordinary Business

1. To receive and adopt the Directors' Report and Accounts for the year ended 31 July 2001

2. To re-elect David FitzWilliam-Lay as a Director of the Company

3. To re-appoint PricewaterhouseCoopers as Auditors of the Company, to hold office until the conclusion of the next general meeting at which the accounts are laid before the Company and to authorise the Directors to determine their remuneration.

Special Business

Resolutions 4 and 5 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 27 September 2001. 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.

To consider and, if thought fit, to pass the following resolutions which will be proposed, Resolution 4 as an ordinary resolution and Resolution 5 as a special resolution:

4. THAT the Directors be and they are hereby generally and unconditionally authorised in accordance with Section 80 of the Companies Act 1985 ('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 £1,180,258 (approximately 5% of the aggregate nominal amount of the issued share capital of the Company as at 27 September 2001) 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.

5. THAT, subject to the passing of Resolution 4 set out above, the Directors be and they are hereby authorised, pursuant to Section 95 of the Act to allot equity securities (as defined in Section 94 of the Act) pursuant to the authority given by the said Resolution 4 as if Section 89 (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 £1,180,258 (approximately 5 per cent of the aggregate nominal amount of the issued share capital of the Company as at 27 September 2001); and

c) to the allotment of equity securities at a price of not less than the fully-diluted 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 6 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 14.9% of the number of ordinary shares in issue on 27 September 2001. 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.

5. THAT the Company be and is hereby generally and unconditionally authorised in accordance with section 166 of the Companies Act 1985 (the 'Act') to make market purchases (within the meaning of section 163 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 shall be 14,163,000;

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 5 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.

Resolution 7 is an ordinary resolution which relates to the continuation of the Company as an investment trust.

7. THAT the Company continue to carry on business as an investment trust.

Fidelity Investments International

Secretary

15 October 2001

Notes:

1 A shareholder entitled to attend and vote is entitled to appoint a proxy (or proxies) to attend and, on a poll, vote instead of him. A proxy need not be a shareholder of the Company.

2 A form of proxy is enclosed for use by shareholders. 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.

3 To be effective, the instrument appointing a proxy, and any power of attorney or other authority under which it is signed (or a copy of any such authority certified notarially or in some other way approved by the Directors), must be deposited with the Company's Registrars, Capita IRG plc, P O Box 25, Beckenham, Kent BR3 3BR not less than 48 hours before the time for holding the meeting or adjourned meeting or, in the case of a poll taken more than 48 hours after it is demanded, not less than 24 hours before the time appointed for the taking of the poll at which it is to be used.

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 join holders and for this purpose, seniority shall be determined by the order in which the names stand in the Register of Members.

5 Pursuant to regulation 34 of the Uncertificated Securities Regulations 1995, the Company has specified that only those shareholders registered in the Register of Members of the Company at 5.30pm on 27 November 2001 shall be entitled to attend and vote at the meeting in respect of the number of shares registered in their name at that time. Changes to the Register of Members after 5.30pm on 27 November 2001 shall be disregarded in determining the rights of any person to attend and vote at the meeting.

6 No Director has a service contract with the Company.

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

Directory

Manager, Secretary and Registered Office

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

Bankers and Custodian

The Chase Manhattan Bank
125 London Wall
London
EC2Y 5AJ

Financial Advisers and Stockbrokers

Dresdner Kleinwort Wasserstein
20 Fenchurch Street
London
EC3P 3DB

Registrars

Capita IRG plc
Bourne House
34 Beckenham Road
Beckenham
Kent
BR3 4TU

Auditors

PricewaterhouseCoopers
Chartered Accountants and Registered Auditors
Southwark Towers
32 London Bridge Street
London
SE1 9SY

Lawyers

Slaughter and May
35 Basinghall Street
London
EC2V 5DB

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ASIAN VALUES PLC

Beech Gate
Millfield Lane
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