FIDELITY CHINA SPECIAL SITUATIONS PLC
INTERIM FINANCIAL REPORT

For the period from 19 April 2010 to 30 September 2010

The Association of Investment Companies

Contents

The Investment Objective

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

Returns (%)

	19 April 2010 to 30 September 2010
Returns	
NAV per share total return	+7.7
Share price total return	+13.2
MSCI China Index total return[1]	+1.4

[1] Rebased to 100.00 at launch

Summary of Results

	As at 30 September 2010	At launch 19 April 2010	% change
Assets			
Gross assets[1]	£576.99m	£455.82m*	+26.6
Net assets	£513.52m	£455.82m*	+12.7
Net gearing (%)[2]	9.3	n/a	
NAV per share	106.61p	99.01p	+7.7
Number of shares in issue	481,700,000	460,000,000	

		19 April 2010 to 30 September 2010	% change
Stockmarket Data			
MSCI China Index (total return)[3]		101.42	+1.4
Share price	30 September 2010	113.20p	+13.2
	High	113.20p	
	Low	92.26p	
Premium/(discount)	30 September 2010	6.2%	
	High	10.4%	
	Low	(1.7)%	
Returns for the period from 19 April 2010 to 30 September 2010			
Revenue return per ordinary share		0.83p	
Capital return per ordinary share		6.55p	
Total return per ordinary share		7.38p	

* Gross assets and net assets at launch on 19 April 2010 represent £460,000,000 received on the initial offer and subscription for placing less fees and expenses of £3,168,000 charged to the share premium account and £1,015,000 charged to revenue reserve.

1 Total gross assets less current liabilities, excluding the fixed term bank loan of £63.47m
2 Net gearing is after the deduction of cash at bank and investment in cash funds
3 Rebased to 100.00 at launch

Chairman's Statement

As this is the first interim financial report of Fidelity China Special Situations PLC ("the Company"), I would like to take the opportunity to welcome both the shareholders who invested during the initial public offering in April 2010 and the many new shareholders who have invested in the Company subsequently.

A significant and, I believe, unstoppable shift is underway from the more established economies and markets of the western world to the emerging markets, in particular those situated in Asia. Indeed, Anthony Bolton, the Company's portfolio manager, has described China as "the investment opportunity of the next decade." I am pleased to see that many other people support that view, and our successful launch of the largest new investment trust registered in the UK market for 16 years is evidence of this growing interest.

China is the powerhouse of Asia and is expected to overtake Japan as the region's largest economy at the end of the year. The structural changes that are taking place in the country, particularly the shift from an export-led economy to one driven by domestic consumption will drive the next phase of China's growth. With continuing urbanisation and the growing affluence of China's middle class, consumer spending will grow as disposable income rises. This trend is a central focus for the Company's investment portfolio.

I am pleased to report that over the period since launch, the Company has made an encouraging start, with the results contained in this interim financial report clearly demonstrating that the Company is well-placed to achieve its investment objective of generating long term capital growth for its shareholders.

In the period from 19 April to 30 September 2010, the Company's net asset value per share increased from 99.01p to 106.61p per share, an increase of 7.7% which compares with a rise in our benchmark, the MSCI China Index, of 1.4%. The Company's share price rose by 13.2% to 113.2p, at which level the shares sold at a premium to the value of net assets of 6.2%. The revenue return was 0.83p per share and the capital return was 6.55p per share.

As dividends paid by underlying investments tend to fall into the first half of the year, the revenue return for the second half is not expected to match that of the first half of the year. The Board has decided not to pay a dividend at this interim stage.

A full report on the performance of the Company and that of the Chinese and Hong Kong markets over the period to 30 September 2010 is set out in the Investment Manager's Report on pages 4 and 5. I would like, however, to draw your attention to a number of key milestones during the period under review.

- On 9 April 2010, the Company announced the results of its initial public offering, which raised £460 million and made Fidelity China Special Situations PLC, the largest China equity fund listed on the London Stock Exchange and the largest emerging markets equity fund new issue on the UK market for twenty years;
- On 19 April 2010, Fidelity China Special Situations PLC commenced trading on the London Stock Exchange;
- On 19 April 2010, the Company entered into a Revolving Facility Agreement of HK$775,000,000 with the amount being fully drawn down on 22 April 2010;
- On 18 June 2010, the Company joined the FTSE 250 Index; and
- As at 30 September 2010, the Company had issued 21,700,000 additional shares at an average premium to net asset value of 6.2%. The issued share capital of the Company as at 30 September 2010 was 481,700,000 ordinary shares of 1p each. (Following the issue of a further 8,000,000 shares since 30 September 2010, the issued share capital will be 489,700,000 ordinary share of 1p each).

The Board monitors the relationship between the share price and the net asset value per share. Since the launch, the shares have generally traded at a premium to their net asset value reflecting demand for shares that is not satisfied by sellers. The Board has the ability, as set out in the prospectus, to buy shares at a discount to net asset value and to issue shares at a premium to net asset value and it is prepared to use these powers when it considers it is in shareholders' interests to do so.

On 1 November the premium reached a new high level of 13% over net asset value and the Board announced that it was therefore considering ways in which the demand for shares could be satisfied. Subsequently the Board announced on 9 November that it was considering increasing the size of the Company through a pre-emptive open offer of shares together with a public offer for subscription. Further details will be communicated to shareholders as soon as practicable.

I would like to thank you for your support of Fidelity China Special Situations PLC and look forward to your continuing interest in the Company.

John Owen CMG MBE DL
Chairman
12 November 2010

Investment Manager's Report

A NEW CHAPTER

It is with great pleasure that I find myself writing the portfolio manager's report again, seven months after my wife and I returned to Hong Kong. Our arrival last March was just five weeks before the money from the launch of Fidelity China Special Situations PLC became available to invest. In that time I put together the initial portfolio; re-established a relationship with Fidelity's excellent team in Hong Kong; discussed with my brokers and other contacts the type of service I was looking for; bought an apartment; and, most importantly, started visiting companies.

Meeting management teams has always been one of the most important inputs into my investment process. Over the last half year or so I have had more than 250 company meetings – about two thirds of these were conducted in English and a third in Mandarin, generally using my colleagues as interpreters.

After a number of trips to the mainland, which I visit about once a month, I am as convinced as ever about the long term potential of China. This will become the dominant economy in Asia and it will have an effect on every other country in the region - many of which will become satellites to China's sun.

This is not to say, of course, that there are not challenges and that there will not be bumps along the way, but I fully agree with one of my competitors who observed that one day, as a matter of course, investors will own a China fund and be surprised that there was a time when most people did not. I was encouraged at the time of the launch that optimism for China was by no means universal. There were some very vocal bears and money flows were generally going to other emerging markets. If everyone had agreed with me I would have been more concerned.

WHY A CHINA INVESTMENT TRUST?

There were four strands to my case for our China investment trust. First, I believed that in a low growth world the higher growth in emerging markets like China would become even more attractive. Second, it was clear to me that investors could benefit from the ongoing shift in China from exports and low value manufacturing to consumption, higher value manufacturing and services. Third, the market was less well researched, throwing up better investment opportunities than in the developed markets. Finally, I predicted that my long investment experience and our local team's detailed knowledge of Chinese stocks and industries would prove to be a powerful combination.

My belief that we are in a two-speed world has become conventional wisdom. The slow growth in the developed world, including the US, UK, Europe and Japan, is having a negative impact on emerging economies' exports but I believe their relative growth will look even more attractive, especially those that are not too reliant on overseas demand. Chinese growth could return to 7-8% from its current double digit level but, relative to growth of around 2% in much of the world, this will look pretty interesting. In a low-growth world investors will seek to invest in higher growth countries, industries and companies. I believe the premium they will be willing to pay for this growth could rise considerably.

An additional important factor is the difference between the monetary policies of the developed and emerging worlds. I have never before witnessed the current situation whereby money created in one country is leaking at a rapid pace into assets in another part of the world. This is a phenomenon that I think is only in its early stages and could be the big investment story of the next year or so. The place where these two "tectonic plates" (the slow developed world and the fast emerging one) rub up against each other is Hong Kong. Hong Kong's monetary policy is tied to the US while its trade is principally with the rest of mainland China. It remains unclear whether Hong Kong's current monetary policy can continue indefinitely and, if it changes, what the financial consequences will be - but they could be very significant.

THE PORTFOLIO

I have been convinced for some time that the emerging market 'S' curve effect will continue to boost spending in China. It is now clear to me that the Chinese authorities also wish to encourage domestic consumption and the move to more added-value services. They know that the days of China as the low cost manufacturing base for the world are numbered. It is interesting that in my meetings with Chinese textile companies, management often talks about putting new capacity in Indonesia, Cambodia and Vietnam rather than in China. If they are looking at investing in China, then they are doing so in the centre or West of the country and not the East or the South. The increasing price of labour is driving this trend.

I have focused the majority of the portfolio to benefit from these changes, with high exposure to consumer discretionary businesses such as retailers, automobiles, lifestyle goods producers, restaurants, hotels and the like. I am also focusing on services such as telecommunications, internet companies, automation, healthcare and financial stocks. I am underweight traditional manufacturers and commodity plays such as oil and, in addition, I think many of the major infrastructure plays are past their best as investment opportunities.

RESEARCH AS THE KEYSTONE

As regards under-researched stocks, it has been refreshing (and exciting) to be able to find companies that are poorly followed or not followed at all by brokers, particularly in the medium and smaller capitalisation end of the market. This is why the majority of the portfolio is in medium and small capitalisation stocks, with under 30% (as at 30.9.10) in stocks with a market capitalisation of more than US$5bn. There is no shortage of interesting companies in this space, many of which are growing at 20-30% pa. The challenge is to find the ones that are not already on high valuations and where the managements are credible and the figures realistic.

There are three main groups of Chinese stocks: the "A" Shares listed on the mainland stock exchanges of Shanghai and Shenzhen, Hong Kong listed China companies and those with a US listing. I have been interested to see that, at times, the three move quite independently of each other. With one notable exception, I have generally found the "A" Shares pretty expensive when compared with the Hong Kong names in the same industries, so my focus (in research and investing), has been more on Hong Kong and US-listed companies. The exception is financials, where many of the "A" Shares of dual-listed companies have recently sold at discounts to the Hong Kong-listed shares of the same company. Two of my top holdings, Ping An Insurance and China Merchants Bank, have offered discounts of around 20%. Roughly 15% of the Company is in US-listed Chinese stocks. Within this universe there is a very wide range of valuations and it contains some of the best and worst companies from a corporate governance perspective.

I devote much of my time to cross checking with external independent sources what companies are telling me. However, given the size and complexity of the Chinese market, it will remain a challenge to identify every potential problem out there.

Another challenge with investing in the smaller companies area is being able to acquire and dispose of holdings. Often this takes time and, for this reason, the closed ended investment trust structure is, as I expected, the most appropriate for this kind of fund.

I have also been confirmed in my suspicion that smaller Chinese stocks would be more volatile than I have generally experienced in Europe. A meeting with the management of an interesting company illustrates this well. For every such meeting our library prepares a pack of information. Coming out of the meeting I was quite excited, as the business was attractive and the stock looked good value. Unfortunately, the price used in the pack, although only a few days out of date, was not the current one - which I found was over 50% higher!

It has been a great pleasure working closely with the team here in Hong Kong. I think our resource is second to none and I have learned a lot from them. What I have brought to the party is my experience. I believe it helps in many areas but two in particular spring to mind. One is in evaluating management teams. Even in a Mandarin meeting my long experience in seeing hundreds of presentations of business models and teams can give me a particular advantage. I aim to identify individuals who stick out from the crowd and have a strategic vision or operational plan that differentiates them from their competitors.

The second is identifying stocks which don't excite investors at that moment but might do at some future date. An example was Brilliance China, BMW's joint venture partner in China, and one of my top 10 holdings. When I first met the company and heard of the plans to increase local production from 50,000 to 300,000 units over the next 3 years, I thought this had the potential to capture investors' imaginations. This process has started to happen.

OUTLOOK AND GROWTH POTENTIAL

China is an enigma. Although impressive in many ways, it can still give cause for concern. Some of the aspects that other international investors worry about actually concern me less. For example, while others predict a big bad debt problem in the short term, I believe that China will be cushioned by its ability to transfer assets and loans between different parts of its vast public sector. The banks which financed some of the big infrastructure projects could end up with bad debts, but it is unclear how much of this will become visible to investors.

I have some concern about the current rate of credit expansion, which is still too high, particularly when one takes all of the off-balance sheet and unofficial lending channels into account. The recent interest rate hike could be the first of several. Another potential issue could be social cohesion – whether or not China can take the ongoing transformation of its economy in its stride. I share widespread concerns about the internationalisation of the RMB. China likes to do things in a measured, steady way, but it is not clear that this will be possible in a global world of massive currency flows. Destabilising factors in countries like North Korea are another long term concern.

Although these are still early days, the initial performance of the fund has been encouraging, with the NAV up about 15% at the time of writing and the shares trading at a premium of around 13%. I see little logic for the recent high level of premium but I hope that the proposed share issuance will bring the premium closer to the net asset value of the Company.

It's great to have my feet under the desk again.

Anthony Bolton
Portfolio Manager

Responsibility Statement

PRINCIPAL RISKS AND UNCERTAINTIES

The Board has considered the principal risks and uncertainties over the period under review and for the remainder of the financial year and believes that the risks and uncertainties faced by the Company, and applicable for the remainder of the financial year, fall into two broad categories. The first, external risks, being stock market, share price and discount and the second, internal risks, being portfolio and governance, operational, financial, compliance, administration etc. Information on each risk is detailed in full in the Prospectus of the Company dated 26 February 2010, which is available for inspection on the Company's pages of its website www.fidelity.co.uk/china.

RESPONSIBILITY STATEMENT

The Directors confirm to the best of their knowledge that:

a) the condensed set of interim financial statements contained within the interim financial report has been prepared in accordance with International Accounting Standard 34: "Interim Financial Reporting";

b) the interim financial report narrative (constituting the interim management report) includes a fair review of the information required by Rule 4.2.7R of the FSA's Disclosure and Transparency Rules and their impact on the condensed set of financial statements and a description of the principal risks and uncertainties for the remaining six months of the financial year; and

c) in accordance with Disclosure and Transparency Rule 4.2.8R there have been no related party transactions during the period from 19 April 2010 to 30 September 2010 and therefore nothing to report of any material effect of such a transaction on the financial position or the performance of the Company during that period.

The interim financial report has been reviewed by the Company's Auditors who have provided a review opinion on the financial report which can be found on page 8.

The interim financial report was approved by the Board on 12 November 2010 and the above responsibility statement was signed on its behalf by John Owen, Chairman.

By order of the Board

John Owen CMG MBE DL
Chairman

Twenty Largest Investments as at 30 September 2010

Holding	Fair Value £'000	%[1]
China Unicom An integrated telecommunications provider	27,685	4.8
China Mobile A mobile telecommunications provider	26,089	4.5
Bank of China Hong Kong A commercial banking group	25,569	4.4
Brilliance China Automotive Manufactures and sells minibuses and autos	22,512	3.9
China Merchants Bank (ELN) Commercial bank offering corporate banking, retail banking and treasury businesses	20,209	3.5
HSBC Holdings A global banking and financial services company	18,658	3.2
Tencent Holdings Provides internet, mobile and telecommunications value-added services	18,446	3.2
Ping An Insurance (ELN) Engaged in the insurance business	17,451	3.0
Hang Lung Properties Property investment and development company	16,889	2.9
United Laboratories International Pharmaceutical company	16,016	2.8
Zhaojin Mining Industry Gold mining company	13,373	2.3
Gome Electrical Appliances Retails electrical appliances and consumer electronic products	11,864	2.1
Jardine Strategic Holdings (Singapore listed) A holding company with interests in engineering, transport services, insurance broking, property investment and mining	11,353	2.0
Industrial and Commercial Bank of China One of China's largest commercial banks	8,702	1.5
CNinsure An independent insurance intermediary company	8,438	1.5
Shangdong Chenming Paper Manufactures and sells paper products	8,400	1.4
Golden Eagle Retail Group Develops and operates department store chains	7,358	1.3
Chow Sang Sang Holdings Manufacturer and retailer of jewellery	6,760	1.2
Television Broadcast Terrestrial television broadcaster	6,472	1.2
Vision Opportunity China Fund A closed-ended investment company investing in China	6,554	1.1
Twenty largest investments	**298,798**	**51.8**

[1] % of total gross assets less current liabilities, excluding the fixed rate bank loan of £63,470,000

Independent Review

INTRODUCTION

We have been engaged by the Company to review the condensed set of financial statements in the interim financial report for the period ended 30 September 2010 which comprises the income statement, balance sheet, statement of changes in equity, cash flow statement and the notes to the financial statements. We have read the other information contained in the interim financial report which comprises only the Chairman's statement, Investment Manager's report, responsibility statement and the twenty largest investments and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the Company in accordance with guidance contained in ISRE (UK and Ireland) 2410, 'Review of Interim Financial Information performed by the Independent Auditor of the Entity'. Our review work has been undertaken so that we might state to the Company those matters we are required to state to them in a review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company, for our review work, for this report, or for the conclusion we have formed.

DIRECTORS' RESPONSIBILITIES

The interim financial report is the responsibility of, and has been approved by, the Directors. The Directors are responsible for preparing the interim financial report in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

As disclosed in Note 2, the annual financial statements of the Company will be prepared in accordance with IFRSs as adopted by the European Union. The condensed set of financial statements included in this interim financial report has been prepared in accordance with International Accounting Standard 34, 'Interim Financial Reporting,' as adopted by the European Union.

OUR RESPONSIBILITY

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the interim financial report based on our review.

SCOPE OF REVIEW

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the interim financial report for the period ended 30 September 2010 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

Grant Thornton UK LLP
Auditors

London
12 November 2010

Income Statement for the period from 19 April 2010 to 30 September 2010

	Notes	revenue return £'000	capital return £'000	total £'000
Revenue				
Investment income	3	6,981	–	6,981
Other income	3	18	–	18
Derivative income	3	741	–	741
Total income		7,740	–	7,740
Gains on investments designated at fair value through profit or loss	10	–	44,653	44,653
Losses on derivative instruments held at fair value through profit or loss	11	–	(13,837)	(13,837)
Foreign exchange gains on other net assets	15	59	1,619	1,678
Foreign exchange gains on bank loan	15	–	1,503	1,503
Total income and gains		7,799	33,938	41,737
Expenses				
Investment management fee	4	(1,602)	(1,602)	(3,204)
Performance fee	4	–	(1,425)	(1,425)
Other expenses	5	(1,689)	–	(1,689)
Profit before finance costs and taxation		4,508	30,911	35,419
Finance costs				
Interest on bank loan	6	(250)	(250)	(500)
Profit before taxation		4,258	30,661	34,919
Taxation	7	(349)	–	(349)
Net profit after taxation for the period		3,909	30,661	34,570
Earnings per ordinary share	8	0.83p	6.55p	7.38p

The Company does not have any income or expense that is not included in the net profit for the period. Accordingly the net profit after taxation for the period is also the Total Comprehensive Income for the period and consequently no separate Statement of Comprehensive Income has been presented.

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

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

All items in the above statement derive from continuing operations.

The Company was incorporated on 22 January 2010 and operations commenced when its shares were listed on the London Stock Exchange on 19 April 2010.

The Notes on pages 13 to 24 form an integral part of these interim financial statements.

Statement of Changes in Equity for the period from 19 April to 30 September 2010

	Notes	share capital £'000	share premium account £'000	other reserve £'000	capital reserve £'000	revenue reserve £'000	total equity £'000
Proceeds from offer for subscription and placing	15	4,600	455,400	–	–	–	460,000
Fees and expenses of the offer for subscription and placing	15	–	(3,168)	–	–	–	(3,168)
Cancellation of the share premium account*	15	–	(452,232)	452,232	–	–	–
Issue of ordinary shares	15	217	22,060	–	–	–	22,277
Additional share listing costs	15	–	(161)	–	–	–	(161)
Net profit after taxation for the period	15	–	–	–	30,661	3,909	34,570
Closing equity shareholders' funds: 30 September 2010		4,817	21,899	452,232	30,661	3,909	513,518

*Court approval was given on 21 April 2010 for the Company's Share Premium Account to be cancelled. As a result £452,232,000 was transferred to the Other Reserve Account, which is a distributable reserve.

The Company was incorporated on 22 January 2010 and operations commenced when its shares were listed on the London Stock Exchange on 19 April 2010.

The Notes on pages 13 to 24 form an integral part of these interim financial statements.

Balance Sheet as at 30 September 2010

	Notes	£'000
Non current assets		
Investments designated at fair value through profit or loss	10	502,364
Current assets		
Derivative assets held at fair value through profit or loss	11	54,788
Cash and cash equivalents		15,564
Amounts held at futures clearing houses and brokers		170
Other receivables	12	12,923
		83,445
Current liabilities		
Bank loan	13	(63,470)
Other payables	13	(8,821)
		(72,291)
Net current assets		11,154
Total net assets		513,518
Equity attributable to equity shareholders		
Share capital	14	4,817
Share premium	15	21,899
Other reserve	15	452,232
Capital reserve	15	30,661
Revenue reserve	15	3,909
Total equity shareholders' funds		513,518
Net asset value per ordinary share	16	106.61p

The Company was incorporated on 22 January 2010 and operations commenced when its shares were listed on the London Stock Exchange on 19 April 2010.

The Notes on pages 13 to 24 form an integral part of these interim financial statements.

Cash Flow Statement for the period 19 April 2010 to 30 September 2010

	£'000
Operating activities	
Cash inflow from investment income	5,881
Cash inflow from equity linked notes	708
Cash inflow from other income	18
Cash outflow from Directors' fees	(47)
Cash outflow from other payments	(1,200)
Cash outflow from purchase of investments	(623,637)
Cash outflow from purchase of derivatives	(75,042)
Cash inflow from sale of investments	160,029
Cash inflow from sale of derivatives	6,417
Cash outflow from amounts held at futures clearing houses and brokers	(170)
Net cash outflow from operating activities before servicing of finance	(527,043)
Servicing of finance	
Cash outflow on interest on bank loan	(264)
Net cash outflow from operating activities and servicing of finance	(527,307)
Financing activities	
Cash inflow from offer for subscription and placing	460,000
Cash inflow from issue of ordinary shares*	18,154
Cash outflow from costs of issue of ordinary shares	(3,329)
Cash inflow from bank loan	63,470
Effect of foreign exchange losses on bank loan rollover	(246)
Net cash inflow from financing activities	538,049
Increase in cash and cash equivalents	10,742

Reconciliation of net cash flow to movements in net funds

Net cash inflow from cash and cash equivalents	10,742
Effect of foreign exchange gains	4,822
Cash and cash equivalents at the end of period	15,564

* Excludes proceeds of share issue receivable (see Note 12 on page 19)

The Company was incorporated on 22 January 2010 and operations commenced when its shares were listed on the London Stock Exchange on 19 April 2010.

The Notes on pages 13 to 24 form an integral part of these interim financial statements.

Notes to the Financial Statements

1 PRINCIPAL ACTIVITY

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

2 ACCOUNTING POLICIES

The interim financial statements have been prepared in accordance with International Accounting Standard ("IAS") 34 "Interim Financial Reporting". The Company's annual financial statements for the period to 31 March 2011 will be prepared in accordance with International Financial Reporting Standards ("IFRS"), to the extent that they have been adopted by the European Union and with the Association of Investment Companies' ("AIC") Statement of Recommended Practice ("SORP"). The accounting policies adopted in the preparation of the interim financial statements are the same as will be applied in the forthcoming Annual Report and are summarised below.

The Company has one operating segment and therefore segmental information is not disclosed.

a) Basis of Accounting – The financial statements have been prepared on a going concern basis and under the historical cost convention, except for the measurement at fair value of investments and derivative assets and liabilities, and on the assumption that approval as an investment trust will be granted.

b) Presentation of the Income Statement – In order to better reflect the activities of an investment trust company and in accordance with guidance issued by the AIC, supplementary information which analyses the Income Statement between items of a revenue and capital nature has been prepared alongside the Income Statement. In accordance with the Company's status as a UK investment company under Section 833 of the Companies Act 2006, net capital returns may not be distributed by way of dividends. Additionally, the net revenue return is the measure the Directors believe appropriate in assessing the Company's compliance with certain requirements set out in Section 1159 of the Corporation Tax Act 2010.

c) Revenue – Income from equity investments is credited to the Income Statement on the date on which the right to receive the payment is established, normally the ex dividend date. Where the Company has elected to receive its dividends in the form of additional shares rather than cash, the amount of the cash dividend foregone is recognised as income. Any excess in the value of the shares received over the amount of the cash dividend foregone is recognised as a gain in the capital return column of the Income Statement.

Where appropriate certain derivatives, such as equity linked notes, are used. Income derived from these are included in revenue return in the Income Statement

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

e) Expenses and finance costs – All expenses are accounted for on an accrual basis and charged as follows:

- The performance fee is allocated entirely to capital return as the Board believes it reflects capital performance of the Company's investments;
- The investment management fee and finance costs are allocated equally between revenue return and capital return; and
- All other expenses are allocated in full to revenue return.

f) Taxation – Taxation expense represents the sum of taxation currently payable and deferred taxation.

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

Deferred taxation is the taxation expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding taxation bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred taxation liabilities are recognised for all taxable temporary differences and deferred taxation assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Investment companies which have approval as such under Section 1159 of the Corporation Tax Act 2010 are not liable for taxation on capital gains.

Notes to the Financial Statements

The carrying amount of deferred taxation assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred taxation is calculated at the taxation rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred taxation is charged in the Income Statement, except when it relates to items charged or credited directly to equity, in which case the deferred taxation is also dealt with in equity.

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

h) Valuation of investments – The Company's business is investing in financial assets with a view to profiting from their total return in the form of income and capital growth. This portfolio of financial assets is managed and its performance evaluated on a fair value basis, in accordance with a documented investment strategy, and information about the portfolio is provided internally on that basis to the Company's Board of Directors and other key management personnel. Accordingly, upon initial recognition the investments are designated by the Company as "at fair value through profit or loss". They are included initially at fair value, which is taken to be their cost and subsequently, the investments are valued at "fair value", which is measured as bid or last prices depending on the convention of the exchange on which they are listed, where available, or otherwise at fair value based on published price quotations.

In accordance with the AIC SORP the Company includes transaction costs within gains/(losses) on investments and has disclosed them in Note 10 on page 18.

i) Derivative instruments – Where appropriate, certain permitted transactions involving derivatives instruments are used. Derivative transactions into which the Company may enter comprise equity linked notes, forward currency contracts, futures, and options and are measured at fair value. The fair value is the quoted trade price for the contract.

Where such transactions are used to protect or enhance revenue, if the circumstances support this, then the income and expenses derived from them are included in "Derivative income" and "Derivative expenses" via the revenue return column of the Income Statement. Where such transactions are used to protect or enhance capital, if the circumstances support this, the gains and losses derived from them are included in "Gains/(losses) on derivative instruments held at fair value through profit or loss" via the capital return column of the Income Statement. Any positions on such transactions open at the period end are reflected in the Balance Sheet at their fair value within "Current assets" and "Creditors – amounts falling due within one year".

As part of an established policy, premiums received on written options are taken to capital and are recognised within the gains/(losses) on derivative instruments via the capital return column of the Income Statement.

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

k) Capital reserve – The following are accounted for in capital reserve:

- Gains and losses on the disposal of investments, including derivatives;
- Changes in the fair value of investments, including derivatives, held at the year end;
- Foreign exchange gains and losses of a capital nature;
- Performance fee;
- 50% of the investment management fee;
- 50% of finance costs;
- Dividends receivable which are capital in nature; and
- Costs of repurchasing ordinary shares.

As a result of technical guidance issued by the Institute of Chartered Accountants in England and Wales in TECH 02/10: "Distributable Profits", changes in fair value of investments which are readily convertible to cash, without accepting adverse terms at the balance sheet date, can be treated as realised. Capital reserves realised and unrealised are shown in aggregate as capital reserve in the Statement of Changes in Equity and the Balance Sheet. At the balance sheet date all investments held by the Company were listed on a recognised stock exchange and were considered to be readily convertible to cash.

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

m) Share issue costs – Costs incurred directly in relation to the offer for subscription and placing of ordinary shares together with the additional share listing costs have been deducted from equity. All other costs not directly attributable to the offer for subscription have been charged to revenue.

3 INCOME

	30.09.10 £'000
Income from investments designated at fair value through profit or loss	
Overseas dividends	6,734
Overseas scrip dividends	247
	6,981
Other income	
Deposit interest	7
Income from Fidelity Institutional Liquidity Fund plc	11
Income from equity linked notes	741
Total income	7,740

There were no derivative expenses in the reporting period.

4 INVESTMENT MANAGEMENT AND PERFORMANCE FEES

	30.09.10 £'000
Investment management fee charged to revenue return	1,602
Investment management fee charged to capital return	1,602
Performance fee charged to capital return	1,425
	4,629

Under a Management Agreement between the Company and FIL Investment Management (Hong Kong) Limited ("The Manager"), the Manager has agreed to provide investment management services for an annual fee equal to 1.5% of the net asset value ("NAV") (excluding investment in the Fidelity Institutional Liquidity Fund plc) payable quarterly in arrears and calculated on the last business day of March, June, September and December in each year.

In addition, the Manager is entitled to an annual performance fee of 15% of any change in the NAV attributable to performance which is more than 2% above the returns on the MSCI China Index subject to a maximum performance fee payable in any year equal to 1.5% of the arithmetic mean of the value of net assets calculated at the end of each month during the year. Any outperformance above this cap will be carried forward. If the Company underperforms 2% above the returns on the MSCI China Index in any year, the underperformance must be made good before any further performance fee becomes payable in future years. Both the NAV and the MSCI China Index will be calculated on a total return basis, while the NAV will be based on the weighted average number of shares in issue.

Notes to the Financial Statements

5 OTHER EXPENSES

	30.09.10 £'000
AIC fees	7
Custody fees	38
Directors' expenses	23
Directors' fees	82
Legal and professional fees	30
Marketing expenses	82
Printing and publication expenses	38
Registrars' fees	21
Secretarial and administration fees	268
Other expenses	21
Costs incurred on the offer for subscription and placing charged to revenue return	1,015
Fees payable to the Company's Auditors:	
Review of the Interim Report	5
Provision for the audit of the Annual Report	12
Review of derivative charter and contracts	18
Tax advice relating to Hong Kong	29
	1,689

6 FINANCE COSTS

	30.09.10 £'000
Interest on bank loan payable within one year:	
Charged to revenue reserve	250
Charged to capital reserve	250
	500

7 TAXATION ON RETURN ON ORDINARY ACTIVITIES

	revenue £'000	30.09.10 capital £'000	total £'000
Overseas taxation suffered	349	–	349
Total current taxation for the period	349	–	349

8 EARNINGS PER ORDINARY SHARE

	revenue	30.09.10 capital	total
Earnings per ordinary share	0.83p	6.55p	7.38p

Earnings per ordinary share are based on the net revenue return after taxation in the period of £3,909,000, the capital return in the period of £30,661,000 and the total profit in the period of £34,570,000 and on 468,269,394 ordinary shares being the weighted average number of ordinary shares in issue during the period.

9 DIVIDEND

No dividend has been declared for the current reporting period.

10 INVESTMENTS DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS

	30.09.10 £'000
Listed overseas	502,364

	30.09.10 Listed overseas £'000
Movements for the period 19 April 2010 to 30 September 2010	
Purchases at cost	626,018
Sales – proceeds	(168,307)
Sales – realised losses	(2,375)
Movement in investment holding gains in the period	47,028
Closing fair value of investments	502,364
Closing book cost	455,336
Closing investment holding gains	47,028
Closing fair value of investments	502,364

	30.09.10 £'000
Net (losses)/gains on investments	
Losses on sales of investments	(2,375)
Investment holding gains in the period	47,028
	44,653

Notes to the Financial Statements

Cost of investment transactions

Transaction costs are incurred in the acquisition and disposal of investments. These are included in the gains on investments designated at fair value through profit or loss in the capital return column of the Income Statement. The total costs were as follows:

	30.09.10 £'000
Purchases expenses	1,485
Sales expenses	331
	1,816

11 DERIVATIVE INSTRUMENTS HELD AT FAIR VALUE THROUGH PROFIT OR LOSS

	30.09.10 £'000
Net losses on derivative instruments held at fair value through profit or loss in the period	
Realised losses on forward currency contracts	(226)
Realised losses on equity linked notes	(1,464)
Realised losses on options	(62)
Realised losses on futures	(9,726)
Closing investment holding gains on forward currency contracts	1,445
Closing investment holding losses on equity linked notes	(2,790)
Closing investment holding losses on options	(1,014)
	(13,837)

	30.09.10 fair value £'000	30.09.10 exposure £'000
At the period end the Company had exposure to the following derivative instruments:		
Net forward currency contracts	1,445	1,445
Equity linked notes – assets	52,507	52,507
Options – assets	836	54,993
	54,788	108,945

12 OTHER RECEIVABLES

	30.09.10 £'000
Securities sold for future settlement	7,988
Accrued income	595
Proceeds of share issue receivable	4,123
Other receivables	217
	12,923

13 OTHER PAYABLES

	30.09.10 £'000
Securities purchased for future settlement	3,298
Loan interest payable	236
Other payables	5,287
Fixed rate unsecured bank loan @ 2.07% per annum	22,522
Fixed rate unsecured bank loan @ 1.82% per annum	40,948
	72,291

On 22 April 2010, the Company entered into a 364 day revolving credit facility for HK$ 775,000,000. On 22 July 2010, the Company rolled over the full amount in two tranches. Tranche A is for HK$ 275,000,000 with interest fixed at 2.07% per annum and tranche B is for HK$ 500,000,000 with interest fixed at 1.82% per annum; both tranches are repayable on 22 November 2010.

14 SHARE CAPITAL

	30.09.10 £'000
Issued, allotted and fully paid*:	
460,000,000 ordinary shares of 1 penny each at launch on 19 April 2010	4,600
20 April to 30 September 2010: issue of 21,700,000 ordinary shares of 1 penny each	217
End of period	
481,700,000 ordinary shares of 1 penny each	4,817

* On 19 February 2010, to enable the Company to re-register as a Public Limited Company under Section 90 of the Companies Act 2006, 50,000 fully paid redeemable shares were allotted to the Investment Manager for 100 pence per share. The 50,000 shares were redeemed in full for £50,000 on admission on 19 April 2010.

Notes to the Financial Statements

15 RESERVES	share premium account £'000	other reserve £'000	capital reserve £'000	revenue reserve £'000
Beginning of period				
Proceeds from offer for subscription and placing	455,400	–	–	–
Fees and expenses of the offer for subscription and placing	(3,168)	–	–	–
Cancellation of the share premium account*	(452,232)	452,232	–	–
Issue of ordinary shares	22,060	–	–	–
Additional share listing costs	(161)	–	–	–
Net gains on investments for the period	–	–	44,861	–
Net losses on derivative instruments for the period	–	–	(14,045)	–
Foreign exchange gains on other net assets	–	–	1,619	–
Foreign exchange gain on bank loan	–	–	1,503	–
Investment management fee	–	–	(1,602)	–
Performance fee	–	–	(1,425)	–
Interest on bank loan	–	–	(250)	–
Net profit after taxation for the period	–	–	–	3,909
End of period	21,899	452,232	30,661	3,909

* Court approval was given on 21 April 2010 for the Company's Share Premium Account to be cancelled. As a result £452,232,000 was transferred to the Other Reserve Account, which is a distributable reserve.

16 NET ASSET VALUE PER ORDINARY SHARE

The net asset value per ordinary share is based on net assets at the period end of £513,518,000 and on 481,700,000 ordinary shares, being the number of ordinary shares in issue at the period end.

17 FINANCIAL INSTRUMENTS

The Company's investing activities in pursuit of its investment objective involve certain inherent risks. The principal risks and uncertainties analysis undertaken by the Board appear in the Responsibility Statement on page 6 and information on each risk is detailed in full in the Prospectus of the Company. This note is incorporated in accordance with IFRS7 "Financial Instruments: Disclosures" and refers to the identification, measurement and management of risks potentially affecting the value of financial instruments.

The Company's financial instruments comprise:

- Equity shares held in accordance with the Company's investment objective and policies;
- Derivative instruments which comprise equity linked notes, forward currency contracts, futures, and options written on stocks and equity indices;
- Cash, liquid resources and short term debtors and creditors that arise from its operations; and
- Bank borrowings

The risks identified by IFRS7 arising from the Company's financial instruments are market price risk (which comprises other price risk, interest rate risk and foreign currency exposure), liquidity risk, counterparty risk and credit risk. The Board reviews and agrees policies for managing each of these risks, which are summarised below. These policies have remained unchanged since the beginning of the accounting period.

Market price risk

Other price risk

Other price risk arises mainly from uncertainty about future prices of financial instruments used in the Company's business. It represents the potential loss the Company might suffer through holding market positions in the face of price movements and changes in exchange rates.

The 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. Other price risks arising from derivative positions, mainly to do with underlying exposures, are estimated using Value at Risk and Stress Tests as set out in accordance with the Company's Derivative Risk Measurement and Management Document.

The Board meets quarterly to review the asset allocation of the portfolio and the risk associated with particular industry sectors within the parameters of the investment objective.

Interest rate risk

The Company finances its operations through share capital raised. In addition, financing has been obtained through a HK$ 775,000,000 revolving facility which falls due for repayment on 22 November 2010. The Company is exposed, therefore, to a fair value interest rate risk if Hong Kong dollar interest rates change. The Board imposes borrowing limits to ensure gearing levels are appropriate to market conditions.

Interest rate risk profile of financial assets and liabilities

The Company is exposed to cash flow interest risk on forward currency contracts, cash at bank and amounts held at futures clearing houses and brokers. The Company is exposed to a fair value interest rate risk on the bank loan of HK$ 775,000,000. The net exposure to forward currency contracts is shown in Note 11 on page 18 and cash at bank and amounts held at futures clearing houses and brokers are shown in the Balance Sheet on page 11.

Foreign currency risk

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

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

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

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.

Notes to the Financial Statements

Financial Assets

The Company's financial assets comprise equity investments, derivative instruments, short term debtors and cash. The currency cash flow profile of these financial assets as at 30 September 2010 is shown below.

	investments designated at fair value through profit or loss £'000	derivatives exposure held at fair value through profit or loss £'000	other receivables £'000	cash and cash equivalents* £'000	total £'000
Euro	–	–	–	10	10
Hong Kong dollar	379,538	54,993	6,116	15,184	455,831
Korean Won	8,184	–	–	–	8,184
Singapore dollar	2,723	–	–	–	2,723
Taiwan dollar	5,793	–	–	–	5,793
UK sterling	2,582	–	4,340	539	7,461
US dollar	103,544	170,927	2,467	1	276,939
	502,364	225,920	12,923	15,734	756,941

* Cash and cash equivalents includes amounts held at futures clearing houses and brokers.

Financial Liabilities

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

The Company's financial liabilities comprise bank loans and other short term creditors.

The currency cash flow profile of these financial liabilities as at 30 September 2010 is shown below.

	derivatives exposure held at fair value through profit or loss £'000	bank loan £'000	other payables £'000	total £'000
Chinese yuan renminbi	116,975	–	–	116,975
Hong Kong dollar	–	63,470	2,317	65,787
UK sterling	–	–	5,287	5,287
US dollar	–	–	1,217	1,217
	116,975	63,470	8,821	189,266

Liquidity risk

The Company's assets primarily comprise readily realisable securities, to meet funding commitments if necessary. Short term flexibility is achieved by the use of overdraft facilities as required. Details of the Company's borrowing commitments are explained in Note 13 on page 19 to the financial statements.

Counterparty risk

All securities and derivative instruments are transacted with brokers and carry the risk that the counterparty to a transaction may not meet its financial obligations. All counterparties for any type of trading are assessed by an independent credit research and analysis function and approved for use by the Manager. Exposures to counterparties are monitored and reported frequently by the Manager to the Board. Margin on exchange-traded derivatives mitigates counterparty risk exposure in accordance with the terms outlined in market standard (ISDA) derivative legal contracts.

Credit risk
The Company may be adversely affected if an institution with which money is deposited suffers insolvency or other financial difficulty. All investment transactions are carried out with brokers that have been approved by the Manager and are settled on a delivery versus payment basis. Limits are established for each broker which are kept under review by the Manager. Exposure to credit risk arises on cash at bank, outstanding investment transactions and derivative instruments.

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

- to gain long exposure to equity markets, sectors or individual investments;
- to hedge equity market risk in the Company's investments with the intention of mitigating losses in the event of market falls;
- to enhance investment returns by writing put and call options; and
- to take short positions in equity markets which would benefit from a fall in the relevant market price in instances where the Manager believes the investment is overvalued. These positions increase the investment risk in the Company's portfolio.

The Company has also agreed that its use of derivatives should be similar to that of the Manager's managed UCITS investment funds. This means that the Company can enter into derivative contracts that carry unlimited liability, but this will only be permitted where the liability to the counter party is, on a net basis, less than 15% of gross assets.

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

Fair value hierarchy
Under IFRS7, the International Accounting Standards Board requires investment companies to disclose the fair value hierarchy that classifies financial instruments measured at fair value at one of three levels according to the relative reliability of the inputs used to estimate the fair values.

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

Categorisation within the hierarchy has been determined on the basis of the lowest level input that is significant to the fair value measurement of the relevant asset.

The valuation techniques used by the Company are explained in the Accounting Policies Notes 2(h) and (i) on page 14. The table below sets out the Company's fair value hierarchy measurements as at 30 September 2010:

	level 1 £'000	level 2 £'000	level 3 £'000	total £'000
Financial assets at fair value through profit or loss				
Equity investments	502,364	–	–	502,364
Derivative investments	–	54,788	–	54,788
Total	502,364	54,788	–	557,152

Notes to the Financial Statements

18 CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS

There were no contingent liabilities or capital commitments as at 30 September 2010.

19 TRANSACTIONS WITH THE MANAGER

FIL Investment Management (Hong Kong) Limited is the Manager and FIL Investments International is the Secretary of the Company. Details of the investment management fee and performance fee payable, are given in Note 4 on page 15 and the secretarial and administration fees payable are detailed in Note 5 on page 16.

20 COMPARATIVES

As this is the first reporting period since the Company was incorporated, there are no comparative balances .

21 STATUS OF THIS REPORT

These financial statements are not the Company's statutory accounts for the purposes of Section 435 of the Companies Act 2006.

Investor Information

CONTACT INFORMATION

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

Financial advisers can call free on 0800 41 41 81, 8am to 6pm, Monday to Friday.
www.fidelity.co.uk/its

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

Holders of ordinary shares:
Capita Registrars, Registrars to Fidelity China Special Situations PLC, Northern House, Woodsome Park, Fenay Bridge, Huddersfield, West Yorkshire, HD8 OGA, Telephone: 0871 664 0300 (calls cost 10p per minute plus network extras) email: ssd@capitaregistrars.com. Details of individual shareholdings and other information can also be obtained from the Registrars' website: www.capitaregistrars.com

Fidelity Share Plan investors:
Fidelity Investment Trust Share Plan, BNP Paribas Securities Services, Block C, Western House, Lynchwood Business Park, Peterborough PE2 6BP. Telephone: 0845 358 1107 (calls to this number are charged at 4p per minute from a BT landline. Other telephone providers' costs may vary).

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

Fidelity ShareNetwork:
http://www.fidelity.co.uk/sharenetwork

General enquiries should be made to FIL Investments International, the Secretary, at the Company's registered office: FIL Investments International, Investment Trusts, Beech Gate, Millfield Lane, Lower Kingswood, Tadworth, Surrey KT20 6RP.
Telephone: 01732 36 11 44
Fax: 01737 83 68 92
www.fidelity.co.uk/its

FINANCIAL CALENDAR

30 September 2010 – interim period end
16 November 2010 – announcement of interim results
Early December – publication of Interim Report
31 March 2011 – financial year end
June – publication of Annual Report
July – Annual General Meeting

Directory

BOARD OF DIRECTORS
John Owen CMG MBE DL (Chairman)
Nicholas Bull (Senior Independent Director)
David Causer (Chairman of the Audit Committee)
Douglas Naismith
Hon Peter Pleydell-Bouverie DL

MANAGER
FIL Investment Management (Hong Kong) Limited
17/F, One International Finance Centre, Hong Kong

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Chartered Accountants and Registered Auditor
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Fenay Bridge
Huddersfield
West Yorkshire
HD8 OGA

LAWYERS
Slaughter and May
One Bunhill Row
London, EC1Y 8YY

The Fidelity Individual Savings Account ("ISA") is offered and managed by Financial Administration Services Limited. The Fidelity Investment Trust Share Plan is managed by FIL Investments International. Both companies are authorised and regulated by the Financial Services Authority. The Fidelity Investment Trust Share Plan is administered by BNP Paribas Securities Services and shares will be held in the name of Puddle Dock Nominees Limited.

The value of savings and eligibility to invest in an ISA will depend on individual circumstances and all tax rules may change in the future. Fidelity investment trusts are managed by FIL Investments International, with the exception of the Company which is managed by FIL Investment Management (Hong Kong) Limited. Fidelity only gives information about its own products and services and does not provide investment advice based on individual circumstances. Should you wish to seek advice, please contact a Financial Adviser. Please note that the value of investments and the income from them may fall as well as rise and the investor may not get back the amount originally invested. Past performance is not a guide to future returns. For funds that invest in overseas markets, changes in currency exchange rates may affect the value of your investment. Investing in small and emerging markets can be more volatile than other more developed markets. Reference in this document to specific securities should not be construed as a recommendation to buy or sell these securities, but is included for the purposes of illustration only. Investors should also note that the views expressed may no longer be current and may already have been acted upon by Fidelity. Fidelity, Fidelity Investment Managers and the Globe Logo are trademarks of FIL Limited. Issued by Fidelity China Special Situations PLC.

WARNING TO SHAREHOLDERS – "BOILER ROOM" SCAMS

Many companies have become aware that their shareholders have received unsolicited phone calls or correspondence concerning investment matters. These are typically from overseas based 'brokers' who target UK shareholders, offering to sell them what often turn out to be worthless or high risk shares in US or UK investments. These operations are commonly known as 'boiler rooms'. These 'brokers' can be very persistent and extremely persuasive, and a 2006 survey by the Financial Services Authority ("FSA") reported that the average amount lost by investors is around £20,000. It is not just the novice investor that has been duped in this way; many of the victims had been successfully investing for several years. Shareholders are advised to be very wary of any unsolicited advice, offers to buy shares at a discount or offers of free company reports.

If you receive any unsolicited investment advice:

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

If you deal with an unauthorised firm, you will not be eligible to receive payment under the Financial Services Compensation Scheme. The FSA can be contacted by completing an online form at www.fsa.gov.uk/pages/doing/regulated/law/alerts/overseas.html Details of any share dealing facilities that the Company endorses will be included in Company mailings. More detailed information on this or similar activity can be found on the FSA website www.moneymadeclear.fsa.gov.uk

Investment Trust range of the Manager

FIDELITY ASIAN VALUES PLC

Capture Asia's long-term growth potential – from China to Korea

- Invests in equities primarily in South East Asia excluding Japan
- The portfolio is structured on a bottom-up basis, so stocks are selected on individual merit rather than purely by sector or market
- The manager focuses on companies with an established market position

FIDELITY EUROPEAN VALUES PLC

Experience the unrecognised growth potential and diversity of Europe

- Invests in shares listed on Continental Europe stock markets
- The core of the portfolio is focused on stocks able to grow earnings faster than the market in the medium term
- This company also invests in small and emerging European markets

FIDELITY JAPANESE VALUES PLC

Tap into undervalued companies in a market known for innovation

- Invests mainly in small and medium sized companies (for liquidity reasons it may also invest in larger companies)
- The portfolio manager favours companies with superior mid - to long-term earnings growth potential
- It invests across a wide range of industries and sectors

FIDELITY SPECIAL VALUES PLC

Bring a new dimension to your portfolio with undervalued UK stocks

- Invests primarily in small and medium-sized UK companies
- Up to 20% can be invested overseas
- The portfolio manager is a value investor, naturally seeking out stocks that are often unloved and unfashionable at the current time

The value of investments can go down as well as up and you may not get back the amount you originally invest. The eligibility to invest in an ISA depends on individual circumstances and all tax rules may change. Overseas investments are subject to currency fluctuations and emerging markets may be more volatile than established markets. If you are unsure about the suitability of an investment, please contact an adviser.

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