



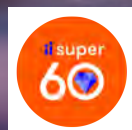
**Fidelity**<sup>TM</sup>  
INTERNATIONAL

# FIDELITY CHINA SPECIAL SITUATIONS PLC

Half-Yearly Report for the  
6 months ended 30 September 2025

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

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



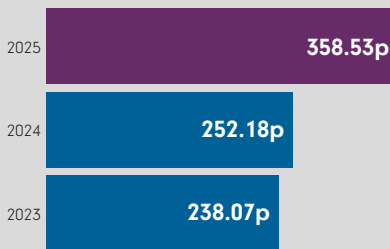
# Contents



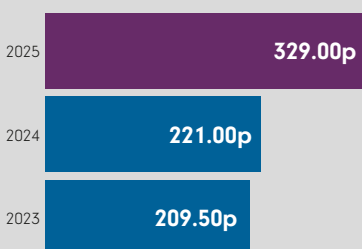
## Portfolio Manager's Half-Yearly Review

Read more on pages 04 to 09

### Net Asset Value per Share as at 30 September



### Share Price as at 30 September



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# At a Glance

Six months ended 30 September 2025

**Net Asset Value per  
Share total return<sup>1,2</sup>**

**+29.7%**

(30 September 2024: +16.1%)

**Share Price total return<sup>1,2</sup>**

**+28.7%**

(30 September 2024: +13.3%)

**MSCI China Index total return  
(in UK sterling terms)<sup>1,3</sup>**

**+18.0%**

(30 September 2024: +24.5%)

1 Includes reinvested income.

2 Alternative Performance Measures (see Glossary to the Half-Yearly Report on page 43).

3 The Company's Benchmark Index.

## As at 30 September 2025

### Equity Shareholders' Funds

**£1,741.8m**

### Market Capitalisation

**£1,598.3m**

### Capital Structure

Ordinary Shares of 1 pence held outside of Treasury

**485,807,208**

## Summary of the key aspects of the Investment Policy

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

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

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

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

# Financial Highlights

	30 September 2025	31 March 2025
<b>Assets</b>		
Gross Asset Exposure	<b>£2,215.3m</b>	£1,745.9m
Net Assets	<b>£1,741.8m</b>	£1,413.8m
Gross Gearing <sup>1,2</sup>	<b>27.2%</b>	23.5%
Net Gearing <sup>1,2</sup>	<b>19.6%</b>	20.9%
Net Asset Value ("NAV") per Share <sup>2</sup>	<b>358.53p</b>	285.71p
<b>Share Price and Discount data</b>		
Share Price at period/year end	<b>329.00p</b>	265.00p
Share Price: period/year high	<b>329.00p</b>	288.50p
Share Price: period/year low	<b>214.00p</b>	171.40p
Discount at period/year end <sup>2</sup>	<b>8.2%</b>	7.3%
Discount: period/year high <sup>2</sup>	<b>15.1%</b>	15.1%
Discount: period/year low <sup>2</sup>	<b>6.6%</b>	5.5%
<b>Earnings for the six months ended 30 September – see pages 20 and 21</b>		
	<b>2025</b>	2024
Revenue Earnings per Share <sup>2,3</sup>	<b>8.64p</b>	9.05p
Capital Earnings per Share <sup>2,3</sup>	<b>72.28p</b>	25.20p
Total Earnings per Share <sup>2,3</sup>	<b>80.92p</b>	34.25p
Ongoing Charges for the six months to 30 September <sup>2,4</sup>	<b>0.93%</b>	0.89%
Variable Management Fee	<b>0.14%</b>	(0.15%)
Ongoing Charges Ratio including Variable Management Fee for the six months to 30 September <sup>2,4</sup>	<b>1.07%</b>	0.74%

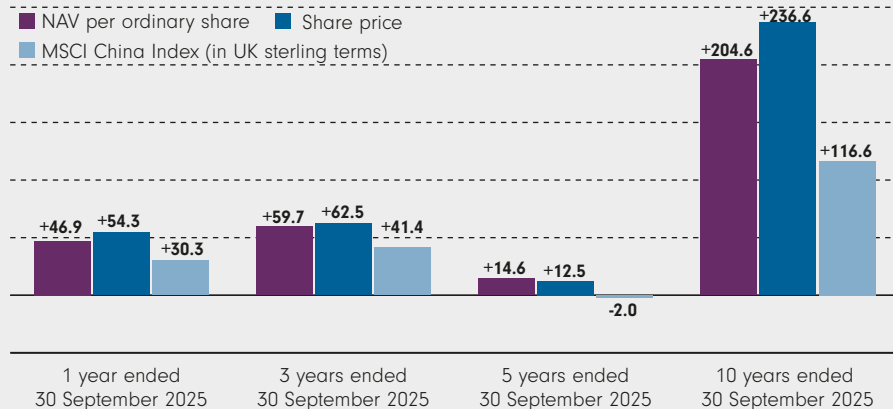
1 Defined in the Glossary to the Half-Yearly Report on pages 45 and 46.

2 Alternative Performance Measures.

3 Based on the weighted average number of shares held outside of Treasury during the reporting period.

4 Ongoing charges (excluding finance costs and taxation) are annualised and expressed as a percentage of the average net asset values for the period (prepared in accordance with guidance issued by the Association of Investment Companies).

## Total Return Performance<sup>1</sup> (%)



<sup>1</sup> Includes reinvested income.

Sources: Fidelity International and Datastream

Past performance is not a guide to future returns



# Portfolio Manager's Half-Yearly Review

## Macro and market backdrop

Chinese equities staged a strong rally over the six months to 30 September 2025. After a volatile start amid renewed US–China trade tensions, markets recovered as a temporary truce eased geopolitical concerns. Renewed interest in innovation-led sectors, supported by DeepSeek's breakthrough artificial intelligence (AI) model earlier in the year and a rise in global biotech licensing deals from Chinese companies, reinforced optimism around the country's technological capability and industrial competitiveness. Improved investor sentiment and increased retail participation supported record trading volumes, alongside strong southbound inflows led by domestic institutional investors seeking opportunities in Hong Kong listed financial and high-dividend stocks. Together, these dynamics supported a broad valuation re-rating ahead of the underlying earnings recovery.

External demand has remained firm, reflecting the strength in China's global manufacturing base. The country's production and supply chain ecosystems remain deeply integrated across a wide range of global industries – from advanced manufacturing to the electric vehicle (EV) supply chain. A strong focus on investment in research and development (R&D), along with sheer scale benefits, are driving gains in competitiveness for many companies. Many Chinese companies with meaningful overseas exposure have demonstrated global competitiveness through market share gains, even amid previous tariff hikes during US President Trump's first term. While the portion of overseas sales is growing, over 95% of revenues for companies within the MSCI China Index (the Company's Benchmark Index) are still derived domestically, a fact seemingly often overlooked by markets.

However, domestic conditions were more mixed. Consumer confidence remains weak amid a subdued property market recovery, and household spending has yet to regain momentum despite healthy balance sheets and high savings levels. Early signs of home price stabilisation in tier-one cities were encouraging, but recent data points have been less positive. Stabilisation here will be crucial to strengthening consumer confidence in my view.

Policy remained supportive but measured. Authorities have maintained a mix of fiscal and monetary support, prioritising controlled stabilisation through targeted, reactive policy adjustments over broad stimulus. Meanwhile, market focus has shifted towards sectors benefiting from significant innovation, AI development, and the government's "anti-involution" campaign, which aims to reduce excessive, profit-eroding competition and industrial overcapacity. These initiatives are designed to address deflationary pressures and promote greater efficiency, contributing to market consolidation and a healthier long-term market environment.

We have noticed improved corporate governance and strong capital return trends across Chinese companies. Many firms have raised dividends, undertaken share buybacks and adopted more disciplined capital allocation practices, signalling a stronger alignment between management and investors.

## Performance and portfolio review

The Company's net asset value (NAV) rose by 29.7% over the six months to 30 September 2025, significantly outperforming the MSCI China Index, which gained 18.0%. The share price increased by 28.7% over the same period, with the discount to NAV widening slightly from 7.3% at the start of the period to end at 8.2%. (All performance data are on a total return basis.)

Core holdings in the consumer and industrials sectors, many aligning with advanced manufacturing and innovation themes, were the main contributors to performance. The Company also benefited from limited exposure to the EV brands and e-commerce sectors, where fierce price competition has pressured profit margins and share prices.

Within the Company's portfolio, our holding in leading automotive LiDAR supplier **Hesai Group** performed strongly. The company returned to profitability and delivered robust revenue growth in the second quarter of 2025, beating expectations on both volume and margin. Investor sentiment was further supported by its announcement of a planned Hong Kong listing.

Meanwhile, **Pony.ai**, a leading autonomous driving and robotaxi player, was also among the top contributors, despite notable post-listing volatility. Its shares advanced on continued strong development of the business, with new robotaxi operation approvals in cities like Shanghai and overseas markets such as the UAE, along with continued gains in unit economics as hardware costs decline. The company is nearing profitability on a single-vehicle basis, paving the way for further scale-driven efficiency. Fleet expansion and new international partnerships with major mobility operators, such as Uber, also strengthened its ecosystem and market position. Having first invested in Pony.ai as a private company, we retain conviction in its technology leadership, integrated ecosystem and long-term growth potential as China advances towards next-generation mobility.

In Industrials, holdings in **Dongfang Electric** and **Morimatsu International Holdings**, two leading diversified equipment and modular system makers, added value. Shares in Dongfang surged on market optimism around

major hydropower projects and expectations of an earnings recovery. Morimatsu also gained, supported by robust new orders in the pharmaceutical sector, led by a capex rebound in the pharma sector globally.

Limited exposure to industries that had previously attracted strong investor enthusiasm, notably EVs and e-commerce, benefited performance. EV manufacturers **BYD** and **Xiaomi** faced challenges amid intensifying competition. Xiaomi's debut model attracted significant investor interest, boosting sales and brand recognition. However, high valuation multiples proved difficult to sustain as margin pressure and weaker-than-expected second quarter results weighed on sentiment. BYD also faced mounting pressure from aggressive price cuts across the industry, which continue to squeeze margins. Avoiding both names proved rewarding.

In the e-commerce and service platform space we remain cautious given intensifying competition industry wide. Against this backdrop, the lack of exposure to food delivery giant **Meituan** and e-commerce platform **JD.com** proved beneficial. Conversely, **Alibaba Group Holding** performed strongly, supported by renewed investor interest in AI applications, solid cloud results and signs of stabilisation in its core e-commerce business, partly helped by the synergy effect from its new food delivery business. However, our underweight position relative to the MSCI China Index limited the positive contribution.

Some long-term consumer-related positions weighed on returns, including **Hisense Home Appliances Group**, a major appliances and electronics manufacturer, and **LexinFintech Holdings**, a leading consumer finance lender. LexinFintech retreated after a period of strong gains, as investors took profits on solid earnings results. Hisense missed its second

## Portfolio Manager's Half-Yearly Review continued

quarter revenue and profit estimates due to weakness in central air conditioning amid reduced trade-in support and a weak property market.

### Current portfolio positioning

China remains a fertile ground for structural growth opportunities, particularly in sectors benefiting from rapid technological innovation, such as automation, electric vehicles, AI and advanced manufacturing. Meanwhile, the fruits of strong R&D in healthcare and ongoing import substitution in tech hardware and high-end industrial components further broaden the opportunity set.

The Company remains focused on domestically driven sectors such as healthcare, consumer, and select parts of industrials – areas less exposed to external shocks and closely aligned with China's long-term strategic priorities. We continue to favour companies with scalable growth potential, sustainable competitive advantage, and strong management teams, which are better positioned to weather market volatility amid economic uncertainty.

Industrials remain the Company's largest sector overweight exposure versus the Benchmark Index. A key holding in the sector is **Full Truck Alliance (FTA)**, China's dominant digital freight matching platform. By leveraging powerful network effects to match shippers with truckers more efficiently than traditional offline brokers, FTA offers durable growth potential as the logistics industry in China continues a structural shift to online.

We also invested in **Ehang Holdings**. The company offers early exposure to the next generation of urban air mobility as the world's first eVTOL (electric vertical take-off and landing) manufacturer licensed to carry passengers commercially. Backed by

strong policy support in China, the company holds a clear first-mover advantage, with commercialisation expected to begin gradually over the next three to five years. Its technological leadership and regulatory certification give it a strong lead versus competitors, while risk-reward remains attractive relative to its long-term growth potential in this transformative transport market.

While the consumer sector faces a more cautious earnings outlook, select franchises that can successfully tap into evolving consumer behaviour are demonstrating resilient growth, even in a challenging economic environment. Sportswear and outdoor gear remain areas of structural expansion, supported by rising participation rates and consumers' willingness to pay premiums for functionality and health-related benefits. In addition, travel-related proxies continue to benefit from the ongoing shift toward experience-based consumption rather than spending on goods. These are among several categories that remain underpenetrated and offer attractive long-term growth potential.

We initiated a position in **Xtep International**, a leading domestic sportswear brand specialising in the fast-growing running segment. Benefiting from the trading-down trend in sportswear, Xtep is well positioned as a market share gainer, combining affordability with brand relevance. The strong growth of its premium Saucony brand broadens product mix and supports margin expansion. The company is trading at a compelling valuation with solid and improving dividends. In the food and beverage industry we added **China Resources Beer** to the portfolio. It is trading at attractive valuations relative to its solid market position and it is improving its product mix through ongoing premiumisation.



We also increased exposure to the leading online travel agency **Trip.com** following its share price weakness on concerns over near-term margin contraction due to increased international expansion investment and rising competition. We see this as an opportunity to add to a long-term structural winner with domestic dominance and growing global reach.

The holding in Alibaba was increased during the period, reflecting improving e-commerce fundamentals, strong growth potential the cloud business and strengthening execution. Near-term profits remain constrained by investment in local services, but this should strengthen its ecosystem and engagement. The cloud business remains a key growth driver, leveraging proprietary AI technology to extend its competitive edge, while a higher dividend and stock buyback quota strengthen its investment appeal.

In consumer durables, a position in **Aux Electric**s was established. The mass-market air-conditioner manufacturer stands to benefit from China's consumption downgrade as demand shifts toward affordable products. Its strong exposure to emerging markets supports a robust overseas outlook, while low valuations and an attractive dividend yield provide downside support.

Within unlisted investments, we added **HashKey Holdings**, the leading Hong Kong-based crypto exchange, offering leveraged exposure to the city's regulated crypto trading market. With a strong market position and close alignment with policymakers, the company is well placed to benefit from growth in the market and potential regulatory easing, providing meaningful long-term upside optionality.

These additions were funded by profit-taking in financials, such as long-held insurer exposure to **Ping An Insurance (Group) Company of China**, amid an unfavourable interest rate environment. We also exited positions in consumer finance lender LexinFintech and **QFin Holding** following strong gains since late 2024 and amid signs of weaker credit trends and lingering uncertainty around new loan facilitation regulations.

Beyond these large sector exposures, and compared to the Index, we remain overweight in real estate, broadly neutral in Information Technology (IT) and communication services, and underweight in financials, mainly through an underweight in banks, where we see fewer opportunities.

We have outlined our five largest holdings on pages 10 and 11.

### Gearing

Our approach to managing the Company's market exposure remains consistent. We adjust exposure in line with the opportunities we see, generally increasing it when valuations are more attractive versus fundamentals and reducing it when the outlook is less compelling, or prices appear stretched. We continue to believe that the sensible use of gearing can enhance long-term capital and income returns, allowing us to take advantage of volatility in the Chinese market. During the six months ended 30 September 2025 we continued to use contracts for difference (CFDs) as a flexible and cost-effective method to increase exposure when opportunities arose.

Over the period, the Company's net market exposure averaged around 119%, with net gearing falling to 19.6% at the end of the period from 20.5% at the start. Overall, gearing contributed positively over the six months, adding 3.0% to relative returns.

# Portfolio Manager's Half-Yearly Review continued

## Outlook

As we move into the latter stages of the year, the backdrop for Chinese equities appears increasingly constructive. Chinese policymakers have approved the 15th Five-Year Plan proposal at the Fourth Plenum, reaffirming the country's commitment to building a "moderately prosperous society." The plan targets steady and sustainable growth, while emphasising technological self-sufficiency and stronger domestic demand. Meanwhile, the recent meeting between Presidents Xi and Trump in Busan produced a positive outcome, with both sides agreeing to extend tariff truces, suspend selected trade levies, and re-establish regular communication channels. Together, these developments point to a more predictable policy and external environment for companies and investors alike.

Policy support remains broadly accommodative in pursuit of these goals. Authorities continue to rely on targeted fiscal easing and flexible monetary tools to sustain growth and maintain liquidity.

A key element of the current policy framework is the government's "anti-involution" campaign, which aims to address deflationary pressures arising from excessive and inefficient competition, including fast-growing sectors such as EV and solar energy, and in some traditional industries such as paper and cement. The intent is to reduce excess capacity and destructive competition, while preserving confidence among private enterprises. Early evidence suggests that, while existing capacity has not been materially reduced, the pace of new capacity expansion is likely to slow. This should allow excess supply to be absorbed over time, supporting margins and profitability if demand holds up. The potential for consolidation may still be underappreciated by the market.

A more stable property sector also remains critical to restoring consumer confidence. Recent trends have been mixed, with both new and existing home prices falling further in September as policy support waned during what is typically a strong season, although Tier 1 cities such as Beijing, Shanghai and Hangzhou continued to show modest gains. I continue to believe stabilisation in the housing market is important for a broader recovery in household sentiment, which in turn is key to reviving domestic consumption. For now, the consumer environment remains subdued, and although there is divergent performance across categories, pockets of resilience can be found. Well-positioned franchises adapting to shifting consumer preferences continue to show growth, while weak investor sentiment has created some of the most attractively valued opportunities in the market.

Despite these cyclical challenges, China's structural strengths remain clear. The country continues to lead globally in manufacturing scale, innovation, and technological upgrading. Its export profile is shifting away from the US towards other emerging markets, while Chinese firms continue moving further up the value chain. Rapid adoption of AI, highlighted by the success of domestic champions such as DeepSeek, demonstrates the ongoing strength of China's innovation. Combined with its leadership in areas such as electric vehicles, digital infrastructure and smart manufacturing, these trends reinforce China's long-term competitiveness and its role as a key driver of global productivity growth.

Following a strong recovery year to date, equity valuations have somewhat normalised. The MSCI China Index now trades at around 13 times 12-month forward earnings, still more than 40% below the prospective multiple of the S&P 500. Recent performance has become increasingly concentrated in high-

beta and momentum-driven segments such as technology and AI, while widening dispersion continues to create selective opportunities where fundamentals and share prices have diverged. In this environment we remain focused on companies with durable earnings visibility, exposure to structural growth themes and disciplined capital allocation. We see particular promise in advanced manufacturing, automation, and technology-enabled industrials; areas aligned with policy priorities and capable of compounding value over time. The consumer sector remains a key area of focus given low expectations and valuations, along with the potential for consumer confidence to gradually return.


**Dale Nicholls**  
Portfolio Manager  
8 December 2025

# Spotlight on the Top Five Holdings

as at 30 September 2025

The top five holdings comprise 35.1% of the Company's Net Assets

Industry Communication Services




Tencent Holdings

% of Net Assets

14.3%

Tencent Holdings has a dominant position in China's digital ecosystem with a broad portfolio across social networking, gaming, digital content, and financial technology. Its flagship platforms, WeChat and QQ, provide deep user engagement and form a highly integrated ecosystem that connects communication, entertainment, and commerce. As China's internet user growth moderates and the internet industry focuses increasingly on monetisation, Tencent is well placed to utilise AI to deepen user engagement and enhance monetisation. Furthermore, the company continues to diversify into higher-margin businesses such as short-form video, mini-programmes, and e-commerce services, while gaming remains a key growth driver supported by a strong pipeline of domestic and international titles.

Industry Consumer Discretionary




Alibaba Group Holding

% of Net Assets

9.5%

Alibaba Group Holding is a leading technology conglomerate with a dominant position in China's e-commerce and cloud computing markets. Its cloud division, Alibaba Cloud, is the largest in China and one of the most advanced globally, serving as a key pillar of long-term growth. The company performed well during the reporting period, supported by renewed investor interest in AI applications, solid cloud results, and signs of stabilisation in its core e-commerce business - partly helped by synergies from its new food delivery operation. Alibaba's renewed strategic focus on operational efficiency, user experience, and disciplined capital allocation reinforces its competitive position in a maturing domestic market. It has also announced significant capital expenditure to strengthen its cloud infrastructure, enhance AI capabilities, and expand data services, positioning it to capture the structural demand for digital transformation across industries.

Industry Consumer Discretionary



PDD Holdings

% of Net Assets

4.9%

PDD Holdings is China's third-largest e-commerce platform by Gross Merchandise Value (GMV), known for its efficiency in supply chain management and cost control. Its proprietary traffic distribution model enables it to offer low-cost products and steadily capture market share. The company's international expansion, via its fast-growing app Temu, has extended operations to more than 50 countries. By leveraging China's manufacturing base to meet global demand, PDD has established a scalable and cross-border commerce model.

**Industry** Communication Services



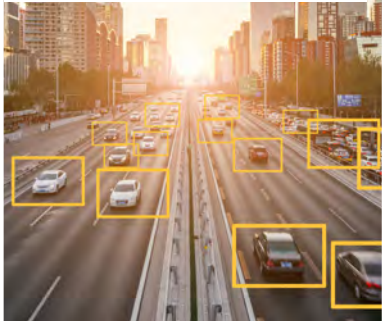
**ByteDance (unlisted)**

**% of Net Assets**

**3.7%**

ByteDance is one of the largest internet entertainment companies in China and among the few with notable success in overseas markets, primarily through TikTok. The company continues to demonstrate exceptional product innovation and development capabilities within the social media business, capturing a growing share of user time and engagement. Despite its scale, ByteDance remains under-monetised, with major platforms such as Douyin and TikTok still in the early stages of advertising monetisation. This offers meaningful upside potential as monetisation efficiency improves and ad load increases. Its ecosystem benefits from powerful content recommendation algorithms, data-led service integration and strong user engagement. Despite ongoing uncertainty surrounding TikTok's US operations, ByteDance's growth prospects remain robust. This resilience is underpinned by its strong financial performance, international expansion, and leadership in AI innovation.

**Industry** Information Technology



**Pony.ai**

**% of Net Assets**

**2.7%**

Pony.ai is a leading autonomous vehicle technology company in China. Strong government support for the development of homegrown autonomous driving solutions provides a favourable policy backdrop. The company's technology leadership, demonstrated by smooth ride performance and advanced handling of extreme situations, reinforces its competitive edge. As China aims to demonstrate readiness in autonomous mobility and potentially export its technology, Pony.ai is well positioned to benefit from rising adoption and the gradual commercial rollout of robotaxi services.

# Twenty Largest Holdings

as at 30 September 2025

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

	Asset Exposure		Fair Value
	£'000	% <sup>1</sup>	£'000
<b>Long Exposures – shares unless otherwise stated</b>			
<b>Tencent Holdings (shares and long CFDs)</b>			
Communication Services	248,658	14.3	153,568
<b>Alibaba Group Holding (shares and long CFDs)</b>			
Consumer Discretionary	165,570	9.5	70,248
<b>PDD Holdings</b>			
Consumer Discretionary	84,945	4.9	84,945
<b>ByteDance (unlisted)</b>			
Communication Services	64,462	3.7	64,462
<b>Pony.ai</b>			
Information Technology	46,282	2.7	46,282
<b>Hesai Group</b>			
Consumer Discretionary	37,284	2.1	37,284
<b>Contemporary Amperex Technology (shares and long CFDs)</b>			
Industrials	35,143	2.0	16,685
<b>China Foods (shares and long CFD)</b>			
Consumer Staples	34,008	2.0	(2,605)
<b>Trip.com Group</b>			
Consumer Discretionary	33,808	1.9	33,808
<b>NetEase</b>			
Communication Services	30,991	1.8	30,991
<b>Venturous Holdings (unlisted)</b>			
Financials	30,299	1.7	30,299
<b>Full Truck Alliance (long CFD)</b>			
Industrials	29,847	1.7	(1,423)



	Asset Exposure		Fair Value
	£'000	% <sup>1</sup>	£'000
<b>Crystal International Group</b>			
Consumer Discretionary	29,250	1.7	29,250
<b>Ping An Insurance (Group) Company of China (long CFDs)</b>			
Financials	27,122	1.6	(300)
<b>Chime Biologics Convertible Bond (unlisted)</b>			
Health Care	26,882	1.5	26,882
<b>Sinotrans (shares and long CFD)</b>			
Industrials	26,166	1.5	13,011
<b>Tuhu Car</b>			
Industrials	25,283	1.5	25,283
<b>H World Group</b>			
Consumer Discretionary	24,973	1.4	24,973
<b>Hisense Home Appliances Group (long CFD)</b>			
Consumer Discretionary	23,834	1.4	(2,572)
<b>Zijin Mining Group</b>			
Materials	22,874	1.3	22,874
<b>Twenty largest long exposures</b>	<b>1,047,681</b>	<b>60.2</b>	<b>703,945</b>
Other long exposures	1,300,123	74.6	968,980
<b>Total long exposures before hedges (145 companies)</b>	<b>2,347,804</b>	<b>134.8</b>	<b>1,672,925</b>
<b>Less: hedging exposures</b>			
Hang Seng Index (future)	(104,773)	(6.0)	(1,118)
Hang Seng China Enterprises Index (future)	(93,574)	(5.4)	(708)
<b>Total hedging exposures</b>	<b>(198,347)</b>	<b>(11.4)</b>	<b>(1,826)</b>
<b>Total long exposures after the netting of hedges</b>	<b>2,149,457</b>	<b>123.4</b>	<b>1,671,099</b>

## Twenty Largest Holdings continued

	Asset Exposure		Fair Value
	£'000	% <sup>1</sup>	£'000
<b>Short exposures</b>			
Short CFDs (4 holdings)	65,806	3.8	(5,290)
<b>Gross Asset Exposure<sup>2</sup></b>	<b>2,215,263</b>	<b>127.2</b>	
<b>Portfolio Fair Value<sup>3</sup></b>			<b>1,665,809</b>
Net current assets (excluding derivative instruments)			75,967
<b>Net Assets</b>			<b>1,741,776</b>

1 Asset Exposure is expressed as a percentage of Net Assets.

2 Gross Asset Exposure comprises market exposure to investments of £1,655,634,000 plus market exposure to derivative instruments of £559,629,000.

3 Portfolio Fair Value comprises investments of £1,655,634,000 plus derivative assets of £31,845,000 less derivative liabilities of £21,670,000.

# Interim Management Report

## Unlisted Investments

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

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

In the reporting period, a purchase of shares was made in Hashkey Holdings in August 2025 at a cost of £22,669,000. No companies from the portfolio gained quotations on stock exchanges during the period under review.

At the period end, the Company had seven unlisted investments valued at £171,953,000 being 9.9% of its Net Assets (31 March 2025: six unlisted investments valued at £136,044,000 being 9.6% of Net Assets).

## Overview of the Unlisted Investments Valuation Process

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

Twice yearly, ahead of the Company’s interim and year end, the Audit and Risk Committee receives a detailed presentation from the FVC, Fidelity’s unlisted investments specialist and Kroll (independent third-party valuers). This allows the Board to satisfy itself that

the unlisted investments in the Company’s portfolio are carried at an appropriate value in accordance with Accounting Policies Notes 2 (e) and (l) on pages 64 to 66 of the Annual Report for the year ended 31 March 2025 which can be found on the Company’s pages of the Manager’s website at [www.fidelity.co.uk/china](http://www.fidelity.co.uk/china). The external Auditor attends the unlisted valuations meeting held ahead of the Company’s year end.

## Workings of the Fair Value Committee

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

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

## Gearing

The Board continues to believe that the judicious use of gearing (a benefit of the investment trust structure) can enhance returns, although being more than 100% invested also means that the NAV and share price may be

# Interim Management Report continued

more volatile and can accentuate losses in a falling market, as well as being additive on the upside. The Company currently has no bank loans and solely uses contracts of differences (CFDs) for gearing purposes as these tend to be at lower costs than prevailing longer-dated borrowing. Net gearing at the period end was 19.6% compared to 20.9% as at 31 March 2025. The impact of gearing was positive during the reporting period, adding 3.0% to returns.

## Discount Management

The Board believes that investors are best served when the share price trades closely to its NAV per share. It recognises that the share price is affected by the interaction of supply and demand in the market based on investor sentiment towards China, as well as the performance of the Company's portfolio. A discount control mechanism is in place whereby the Board seeks to maintain the Company's discount in single digits in normal market conditions. The Directors remain vigilant of changes in sentiment towards China and the impact that has on demand for the Company's shares and, in turn, on the price at which they trade.

The Board undertook active discount management in the reporting period and authorised the repurchase of 9,033,042 shares for cancellation at a cost of £25,275,000, representing 1.58% of the issued share capital of the Company as at 30 September 2025. As well as helping to limit discount volatility, these share repurchases have benefited remaining shareholders as the NAV per share has been increased by purchasing shares at a discount. Subsequent to the period end and up to the latest practicable date of this report, the Company has repurchased 9,022,797 shares for cancellation.

## Ongoing Charges Ratio and Management Fee

The Ongoing Charges Ratio (the costs of running the Company) for the six months ended 30 September 2025 was 0.93% on an annualised basis (31 March 2025: 0.89%). The increase was due to the end of the fee holiday granted by the Manager in relation to the abrdn China Investment Company ("ACIC") transaction on 14 March 2024. The variable element of the management fee was a charge of 0.14% (31 March 2025: credit of 0.15%). Therefore, the Ongoing Charges Ratio, including the variable element, for the reporting period was 1.07% (31 March 2025: 0.74%).

Following a reduction in the base management fee paid to the Manager for the financial year ended 31 March 2024 as a result of the combination with ACIC, there have been no further changes to the fee arrangements in the period under review.

## Principal and Emerging Risks

The Board, with the assistance of the Manager (FIL Investments Services (UK) Limited), has developed a risk matrix which, as part of the risk management and internal controls process, identifies the key existing and emerging risks and uncertainties faced by the Company.

The Board considers that the principal risks and uncertainties faced by the Company continue to fall into the following risk categories: geopolitical; market and economic (including currency risk); investment performance (including gearing risk); marketplace competition and discount management; unlisted securities; key person; cybercrime and information security, including business continuity and operational risks. Information on each of these risks is given in the Strategic Report section of the Annual Report on pages 27 to 30 for the year ended 31 March 2025 which can be found on the

Company's pages of the Manager's website at **[www.fidelity.co.uk/china](http://www.fidelity.co.uk/china)**.

The principal risks and uncertainties remain substantially the same as those at the last year end. There continue to be increased geopolitical tensions and economic and market events, including tensions such as those between China and the US over trade and tariffs, implications of China/Taiwan relations, the potential for North Korean aggression and its impact on the Asia region. Geopolitics remains a risk for Chinese equities and there is increased global economic uncertainty from tariff wars and the ongoing conflict in Ukraine. There were some positive outcomes from the meeting between US President Trump and Chinese President Xi Jinping with headline wins on both sides. The talks produced several concessions on major trade barriers including tariffs, port fees, export controls, and sanctions. The Board and the Manager remain vigilant in monitoring existing and emerging risks.

Climate change continues to be a key principal risk confronting asset managers and how this may impact the Company as a risk on investment valuations and potentially shareholder returns. It can potentially impact the operations of investee companies, their supply chains and their customers. Additional risks may also arise from increased regulations, costs and net-zero programmes which can all impact investment returns. The Board notes the Manager's ESG considerations, including climate change, in the Company's investment process and how it may affect investment valuations and potentially shareholder returns.

AI is an important structural theme for China's economy. The Board and the Manager continue to monitor the emerging risks and rewards posed by the rapid advancement of artificial intelligence (AI) and technology and how this

may threaten the Company's activities and its potential impact on the portfolio and investee companies. AI can provide asset managers powerful tools, such as enhancing data analysis risk management, trading strategies, operational efficiency and client servicing, all of which can lead to better investment outcomes and more efficient operations. However, with these advances in computer power, there are risks from its increasing use and manipulation with the potential to harm, including a heightened threat to cybersecurity.

Market fluctuations will impact the values of shares in the Company and investors should remember that holding shares in the Company should be considered to be a long-term investment. Risks are mitigated by the investment trust structure of the Company which means that the Portfolio Manager is not required to trade to meet investor redemptions. Therefore, investments in the Company's portfolio can be held over a longer time horizon.

The Manager has appropriate business continuity and operational resilience plans in place to ensure the continued provision of services. This includes investment team key activities, including those of portfolio managers, analysts and trading/support functions. The Manager reviews its operational and business continuity resilience strategies on an ongoing basis and continues to take all reasonable steps in meeting its regulatory obligations, assess its ability to continue operating and the steps it needs to take to serve and support its clients, including the Board.

The Company's other third-party service providers also have similar measures in place to ensure that business disruption is kept to a minimum.

# Interim Management Report continued

## **Transactions with the Manager and Related Parties**

The Manager has delegated the Company's investment management to FIL Investment Management (Hong Kong) Limited and the role of company secretary to FIL Investments International. Transactions with the Manager and related party transactions with the Directors are disclosed in Note 15 to the Financial Statements on pages 41 and 42.

## **Going Concern Statement**

The Directors have considered the Company's investment objective, risk management policies, liquidity risk, credit risk, capital management policies and procedures, the nature of its portfolio and its expenditure and cash flow projections. The Directors, having considered the liquidity of the Company's portfolio of investments (being mainly securities which are readily realisable) and the projected income and expenditure, are satisfied that the Company is financially sound and has adequate resources to meet all of its liabilities and ongoing expenses and can continue in operational existence for a period of at least twelve months from the date of this Half-Yearly Report.

This conclusion also takes into account the Board's assessment of the ongoing risks as outlined on the previous two pages.

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

The Company will hold its first continuation vote at the AGM in 2029 and every five years thereafter.

By Order of the Board

**FIL Investments International**

8 December 2025



# Directors' Responsibility Statement

The Disclosure and Transparency Rules ("DTR") of the UK Listing Authority require the Directors to confirm their responsibilities in relation to the preparation and publication of the Interim Management Report and Financial Statements.

The Directors confirm to the best of their knowledge that:

- a) the condensed set of Financial Statements contained within this Half-Yearly Report has been prepared in accordance with the International Accounting Standards 34: Interim Financial Reporting; and
- b) the Portfolio Manager's Half-Yearly Review on pages 4 to 9 and the Interim Management Report on pages 15 to 18, include a fair review of the information required by DTR 4.2.7R and 4.2.8R.

The Half-Yearly Report has not been audited or reviewed by the Company's Independent Auditor.

The Half-Yearly Report was approved by the Board on 8 December 2025 and the above responsibility statement was signed on its behalf by Mike Balfour, Chairman.

# Statement of Comprehensive Income

for the six months ended 30 September 2025

		Six months ended 30 September 2025 unaudited		
	Notes	Revenue £'000	Capital £'000	Total £'000
<b>Revenue</b>				
Investment income	4	32,631	–	32,631
Derivative income	4	12,965	–	12,965
Other income	4	1,714	–	1,714
<b>Total income</b>		<b>47,310</b>	<b>–</b>	<b>47,310</b>
Gains on investments at fair value through profit or loss		–	274,661	274,661
Gains on derivative instruments		–	93,083	93,083
Foreign exchange (losses)/gains		–	(1,359)	(1,359)
<b>Total income and gains</b>		<b>47,310</b>	<b>366,385</b>	<b>413,695</b>
<b>Expenses</b>				
Investment management fees	5	(1,528)	(5,592)	(7,120)
Other expenses		(592)	(18)	(610)
<b>Profit before finance costs and taxation</b>		<b>45,190</b>	<b>360,775</b>	<b>405,965</b>
Finance costs	6	(1,874)	(5,621)	(7,495)
<b>Profit before taxation</b>		<b>43,316</b>	<b>355,154</b>	<b>398,470</b>
Taxation	7	(841)	–	(841)
<b>Profit after taxation for the period</b>		<b>42,475</b>	<b>355,154</b>	<b>397,629</b>
<b>Earnings per ordinary share</b>	8	<b>8.64p</b>	<b>72.28p</b>	<b>80.92p</b>

The Company does not have any income or expenses that are not included in the profit after taxation for the period. Accordingly, the profit after taxation for the period is also the total comprehensive income for the period.

The total column of this statement represents the Company's Statement of Comprehensive Income.

The revenue and capital columns are supplementary and presented for information purposes as recommended by the Statement of Recommended Practice issued by the AIC.

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

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

Six months ended 30 September 2024 unaudited			Year ended 31 March 2025 audited		
Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
40,731	-	40,731	46,862	-	46,862
11,720	-	11,720	13,747	-	13,747
676	-	676	2,090	-	2,090
53,127	-	53,127	62,699	-	62,699
-	72,009	72,009	-	249,875	249,875
-	73,226	73,226	-	57,121	57,121
-	(3,263)	(3,263)	-	1,769	1,769
53,127	141,972	195,099	62,699	308,765	371,464
(1,108)	(2,267)	(3,375)	(2,469)	(5,572)	(8,041)
(593)	(5)	(598)	(1,211)	(32)	(1,243)
51,426	139,700	191,126	59,019	303,161	362,180
(2,901)	(8,703)	(11,604)	(5,774)	(17,324)	(23,098)
48,525	130,997	179,522	53,245	285,837	339,082
(1,341)	322	(1,019)	(1,070)	-	(1,070)
47,184	131,319	178,503	52,175	285,837	338,012
9.05p	25.20p	34.25p	10.18p	55.75p	65.93p

# Statement of Changes in Equity

for the six months ended 30 September 2025

	Notes	Share capital £'000
<b>Six months ended 30 September 2025 (unaudited)</b>		
<b>Total equity at 31 March 2025</b>		<b>5,805</b>
Repurchase of ordinary shares for cancellation	13	(91)
Profit after taxation for the period		-
Dividend paid to shareholders	9	-
<b>Total equity at 30 September 2025</b>		<b>5,714</b>
<b>Six months ended 30 September 2024 (unaudited)</b>		
<b>Total equity at 31 March 2024</b>		<b>6,113</b>
Contribution in respect of the transaction with ACIC by the Manager		-
Costs relating to the ACIC transaction and issuance of shares		-
Repurchase of ordinary shares for cancellation	13	(93)
Profit after taxation for the period		-
Dividend paid to shareholders	9	-
<b>Total equity at 30 September 2024</b>		<b>6,020</b>
<b>Year ended 31 March 2025 (audited)</b>		
<b>Total equity at 31 March 2024</b>		<b>6,113</b>
Contribution in respect of the transaction with ACIC by the Manager		-
Costs relating to the issuance of new shares in respect to the ACIC transaction		-
Repurchase of ordinary shares for cancellation	13	(308)
Profit after taxation for the year		-
Dividend paid to shareholders	9	-
<b>Total equity at 31 March 2025</b>		<b>5,805</b>

Share premium account £'000	Capital redemption reserve £'000	Other reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total equity £'000
338,107	1,412	74,052	922,363	72,063	1,413,802
-	91	(25,275)	-	-	(25,275)
-	-	-	355,154	42,475	397,629
-	-	-	-	(44,380)	(44,380)
338,107	1,503	48,777	1,277,517	70,158	1,741,776
338,167	1,104	140,861	636,526	53,243	1,176,014
100	-	-	-	-	100
(636)	-	-	-	-	(636)
-	93	(18,509)	-	-	(18,509)
-	-	-	131,319	47,184	178,503
-	-	-	-	(33,355)	(33,355)
337,631	1,197	122,352	767,845	67,072	1,302,117
338,167	1,104	140,861	636,526	53,243	1,176,014
100	-	-	-	-	100
(160)	-	-	-	-	(160)
-	308	(66,809)	-	-	(66,809)
-	-	-	285,837	52,175	338,012
-	-	-	-	(33,355)	(33,355)
338,107	1,412	74,052	922,363	72,063	1,413,802

# Statement of Financial Position

as at 30 September 2025

Company number 7133583

	Notes	30 September 2025 unaudited £'000	31 March 2025 audited £'000	30 September 2024 unaudited £'000
<b>Non-current assets</b>				
Investments at fair value through profit or loss	10	1,655,634	1,346,238	1,188,207
<b>Current assets</b>				
Derivative instruments	10	31,845	9,938	104,457
Amounts held at futures clearing houses and brokers		28,652	33,760	29,585
Other receivables	11	8,996	7,295	14,450
Cash and cash equivalents		67,886	49,691	8,827
		137,379	100,684	157,319
<b>Current liabilities</b>				
Derivative instruments	10	(21,670)	(24,838)	(17,133)
Other payables	12	(29,567)	(8,282)	(4,068)
Bank overdraft		–	–	(22,208)
		(51,237)	(33,120)	(43,409)
<b>Net current assets</b>		<b>86,142</b>	<b>67,564</b>	<b>113,910</b>
<b>Net assets</b>		<b>1,741,776</b>	<b>1,413,802</b>	<b>1,302,117</b>
<b>Equity attributable to equity shareholders</b>				
Share capital	13	5,714	5,805	6,020
Share premium account		338,107	338,107	337,631
Capital redemption reserve		1,503	1,412	1,197
Other reserve		48,777	74,052	122,352
Capital reserve		1,277,517	922,363	767,845
Revenue reserve		70,158	72,063	67,072
<b>Total equity</b>		<b>1,741,776</b>	<b>1,413,802</b>	<b>1,302,117</b>
<b>Net asset value per ordinary share</b>	14	<b>358.53p</b>	285.71p	252.18p



# Statement of Cash Flows

for the six months ended 30 September 2025

	Six months ended 30 September 2025 unaudited £'000	Six months ended 30 September 2024 unaudited £'000	Year ended 31 March 2025 audited £'000
<b>Operating activities</b>			
Cash inflow from investment income	28,389	37,082	45,209
Cash inflow from derivative income	11,937	9,593	14,002
Cash inflow from other income	1,714	676	2,090
Cash outflow from Directors' fees	(126)	(107)	(249)
Cash outflow from other payments	(6,691)	(3,755)	(9,433)
Cash outflow from costs relating to the ACIC transaction and issuance of shares	-	(636)	-
Cash outflow from the purchase of investments	(396,515)	(308,988)	(651,563)
Cash outflow from the purchase of derivatives	(4,929)	(1,137)	(2,242)
Cash outflow from the settlement of derivatives	(191,551)	(172,503)	(436,471)
Cash inflow from the sale of investments	385,545	349,903	716,551
Cash inflow from the settlement of derivatives	264,037	153,184	507,321
Cash inflow/(outflow) from amounts held at futures clearing houses and brokers	5,108	(4,996)	(9,171)
<b>Net cash inflow from operating activities before servicing of finance</b>	<b>96,918</b>	<b>58,316</b>	<b>176,044</b>
<b>Financing activities</b>			
Cash inflow from the Fidelity contribution in respect of the transaction with ACIC	-	100	-
Cash outflow from overdraft interest paid	(366)	(48)	(80)
Cash outflow from CFD interest paid	(6,929)	(11,274)	(22,478)
Cash outflow from short CFD dividends paid	(414)	(287)	(321)
Cash outflow from the repurchase of ordinary shares for cancellation	(25,275)	(18,670)	(66,988)
Cash outflow from dividends paid to shareholders	(44,380)	(33,355)	(33,355)
<b>Cash outflow from financing activities</b>	<b>(77,364)</b>	<b>(63,534)</b>	<b>(123,222)</b>
<b>Net increase/(decrease) in cash at bank</b>	<b>19,554</b>	<b>(5,218)</b>	<b>52,822</b>
Cash and cash equivalent at the start of the period	49,691	7,858	7,858
Bank overdraft at the start of the period	-	(12,758)	(12,758)
Effect of foreign exchange movements	(1,359)	(3,263)	1,769
<b>Cash and cash equivalents at the end of the period</b>	<b>67,886</b>	<b>(13,381)</b>	<b>49,691</b>
Represented by:			
Cash at bank	-	8,826	49,691
Amount held in Fidelity Institutional Liquidity Fund	67,886	1	-
Bank overdraft	-	(22,208)	-
	<b>67,886</b>	<b>(13,381)</b>	<b>49,691</b>

# Notes to the Financial Statements

## 1 Principal Activity

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

## 2 Publication of Non-statutory Accounts

The Financial Statements in this Half-Yearly Report have not been audited or reviewed by the Company's Independent Auditor and do not constitute statutory accounts as defined in section 434 of the Companies Act 2006 (the "Act"). The financial information for the year ended 31 March 2025, is extracted from the latest published Financial Statements of the Company. Those Financial Statements were delivered to the Registrar of Companies and included the Independent Auditor's Report which was unqualified and did not contain a statement under either section 498(2) or 498(3) of the Act.

## 3 Accounting Policies

### (i) Basis of Preparation

These Half-Yearly Financial Statements have been prepared in accordance with UK-adopted International Accounting Standard 34: Interim Financial Reporting and use the same accounting policies as set out in the Company's Annual Report and Financial Statements for the year ended 31 March 2025. Those Financial Statements were prepared in accordance with UK-adopted International Accounting Standards ("IFRS") in conformity with the requirements of the Companies Act 2006, IFRC interpretations and, as far as it is consistent with IFRS, the Statement of Recommended Practice: Financial Statements of Investment Trust Companies and Venture Capital Trusts ("SORP") issued by the Association of Investment Companies ("AIC"), in July 2022.

### (ii) Going Concern

The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for a period of at least twelve months from the date of approval of these Financial Statements. Accordingly, the Directors consider it appropriate to adopt the going concern basis of accounting in preparing these Financial Statements. This conclusion also takes into account the Board's assessment of the ongoing risks as disclosed in the Going Concern Statement on page 18.

4 Income

	Six months ended 30 September 2025 unaudited £'000	Six months ended 30 September 2024 unaudited £'000	Year ended 31 March 2025 audited £'000
<b>Investment income</b>			
Overseas dividends	32,143	40,459	46,590
Overseas scrip dividends	488	272	272
	32,631	40,731	46,862
<b>Derivative income</b>			
Dividends received on long CFDs	12,912	11,375	13,152
Interest received on CFDs	53	345	595
	12,965	11,720	13,747
<b>Other income</b>			
Interest received on bank deposits, collateral and money market funds	1,714	676	2,090
<b>Total income</b>	<b>47,310</b>	53,127	62,699

No special dividends have been recognised in capital during the period (six months ended 30 September 2024 and year ended 31 March 2025: £1,493,000).

# Notes to the Financial Statements continued

## 5 Investment Management Fees

	Revenue £'000	Capital £'000	Total £'000
<b>Six months ended 30 September 2025 (unaudited)</b>			
Investment management fee – base	1,528	4,583	6,111
Investment management fee – variable	–	1,009	1,009
	1,528	5,592	7,120
<b>Six months ended 30 September 2024 (unaudited)</b>			
Investment management fee – base	1,242	3,727	4,969
Investment management fee – variable	–	(1,058)	(1,058)
Investment management fee – base (waived in respect of ACIC combination)	(134)	(402)	(536)
	1,108	2,267	3,375
<b>Year ended 31 March 2025 (audited)</b>			
Investment management fee – base	2,648	7,942	10,590
Investment management fee – variable	–	(1,834)	(1,834)
Investment management fee – base (waived in respect of ACIC combination)	(179)	(536)	(715)
	2,469	5,572	8,041

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

The base investment management fee is charged at an annual rate of 0.85% on the first £1.5 billion of Net Assets, reducing to 0.65% of Net Assets over £1.5 billion.

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

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

Fees are payable monthly in arrears and are calculated on a daily basis.

The base management fee has been allocated 75% to capital reserve in accordance with the Company's accounting policies.

6 Finance Costs

	Revenue £'000	Capital £'000	Total £'000
<b>Six months ended 30 September 2025 (unaudited)</b>			
Interest on overdrafts	92	275	367
Interest paid on CFDs	1,678	5,035	6,713
Dividends paid on short CFDs	104	311	415
	1,874	5,621	7,495
<b>Six months ended 30 September 2024 (unaudited)</b>			
Interest on overdrafts	12	36	48
Interest paid on CFDs	2,817	8,452	11,269
Dividends paid on short CFDs	72	215	287
	2,901	8,703	11,604
<b>Year ended 31 March 2025 (audited)</b>			
Interest paid on overdrafts	20	60	80
Interest paid on CFDs	5,674	17,023	22,697
Dividends paid on short CFDs	80	241	321
	5,774	17,324	23,098

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

# Notes to the Financial Statements continued

## 7 Taxation

	Revenue £'000	Capital £'000	Total £'000
<b>Six months ended 30 September 2025 (unaudited)</b>			
UK corporation tax	-	-	-
Overseas taxation charge	841	-	841
Taxation charge for the period	841	-	841
<b>Six months ended 30 September 2024 (unaudited)</b>			
UK corporation tax	322	(322)	-
Overseas taxation charge	1,019	-	1,019
Taxation charge for the period	1,341	(322)	1,019
<b>Year ended 31 March 2025 (audited)</b>			
UK corporation tax	-	-	-
Overseas taxation charge	1,070	-	1,070
Taxation charge for the year	1,070	-	1,070

## 8 Earnings per Ordinary Share

	Six months ended 30 September 2025 unaudited	Six months ended 30 September 2024 unaudited	Year ended 31 March 2025 audited
Revenue earnings per ordinary share	8.64p	9.05p	10.18p
Capital earnings per ordinary share	72.28p	25.20p	55.75p
<b>Total earnings per ordinary share</b>	<b>80.92p</b>	<b>34.25p</b>	<b>65.93p</b>

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

	£'000	£'000	£'000
Revenue profit after taxation for the period	42,475	47,184	52,175
Capital profit after taxation for the period	355,154	131,319	285,837
<b>Total profit after the taxation for the period</b>	<b>397,629</b>	<b>178,503</b>	<b>338,012</b>
	Number	Number	Number
Weighted average number of ordinary shares held outside of Treasury	491,359,813	521,153,833	512,652,970



9 Dividend Paid to Shareholders

	Six months ended 30 September 2025 unaudited £'000	Six months ended 30 September 2024 unaudited £'000	Year ended 31 March 2025 audited £'000
Ordinary dividend of 8.00 pence per share paid for the year ended 31 March 2025	39,449	-	-
Special dividend of 1.00 pence per share paid for the year ended 31 March 2025	4,931	-	-
Ordinary dividend of 6.40 pence per share paid for the year ended 31 March 2024	-	33,355	33,355
	44,380	33,355	33,355

No dividend has been declared for the six months ended 30 September 2025 (six months ended 30 September 2024: £nil).

10 Fair Value Hierarchy

The Company is required to disclose the fair value hierarchy that classifies its financial instruments measured at fair value at one of three levels, according to the relative reliability of the inputs used to estimate the fair values.

Classification	Input
Level 1	Valued using quoted prices in active markets for identical assets
Level 2	Valued by reference to inputs other than quoted prices included in level 1 that are observable (i.e. developed using market data) for the asset or liability, either directly or indirectly
Level 3	Valued by reference to valuation techniques using inputs that are not based on observable market data

Categorisation within the hierarchy has been determined on the basis of the lowest level input that is significant to the fair value measurement of the relevant asset. The valuation techniques used by the Company are as disclosed in the Company’s Annual Report for the year ended 31 March 2025 (Accounting Policies Notes 2 (e), (l) and (m) on pages 64 to 66). The table below sets out the Company’s fair value hierarchy:

## Notes to the Financial Statements continued

## 10 Fair Value Hierarchy continued

30 September 2025 (unaudited)	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
<b>Financial assets at fair value through profit or loss</b>				
Investments	1,483,681	–	171,953	1,655,634
Derivative instrument assets	–	31,845	–	31,845
	1,483,681	31,845	171,953	1,687,479
<b>Financial liabilities at fair value through profit or loss</b>				
Derivative instrument liabilities	(1,826)	(19,844)	–	(21,670)

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

30 September 2024 (unaudited)	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
<b>Financial assets at fair value through profit or loss</b>				
Investments	1,045,496	13,806	128,905	1,188,207
Derivative instrument assets	132	104,325	–	104,457
	1,045,628	118,131	128,905	1,292,664
<b>Financial liabilities at fair value through profit or loss</b>				
Derivative instrument liabilities	(13,635)	(3,498)	–	(17,133)

## 10 Fair Value Hierarchy continued

The table below sets out the movements in level 3 investments during the period:

	30 September 2025 unaudited £'000	31 March 2025 audited £'000	30 September 2024 unaudited £'000
Level 3 investments at the beginning of the period	136,044	157,008	157,008
Purchases at cost	22,669	20,251	12,414
Sales proceeds	-	(14,410)	(14,410)
Sales gains	-	960	960
Transfers out of level 3 – at cost <sup>1</sup>	-	(42,208)	(17,316)
Unrealised gains/(losses) recognised in the Statement of Comprehensive Income	13,240	14,443	(9,751)
<b>Level 3 investments at the end of the period</b>	<b>171,953</b>	<b>136,044</b>	<b>128,905</b>

<sup>1</sup> Financial instruments are transferred out of level 3 when they become listed.

During the period, £73,000 income has been recognised from the unlisted investments (six months ended 30 September 2024 and year ended 31 March 2025: £nil).

### Level 3 investments (unlisted and delisted investments)

	30 September 2025 £'000	31 March 2025 £'000	30 September 2024 £'000
ByteDance	64,463	55,005	35,450
Venturous Holding	30,299	30,258	21,303
Chime Biologics	26,882	26,194	25,627
DJI International	20,064	17,123	15,591
Fujian Yangteng Innovation	7,549	7,464	-
Hashkey Holdings	22,696	-	-
Pony.ai	-	-	30,934
Level 3 investments at the end of the period	171,953	136,044	128,905

# Notes to the Financial Statements continued

## 10 Fair Value Hierarchy continued

The sensitivity analysis below illustrates how the unobservable inputs used in the valuation methodologies of the unlisted assets impact the fair value as at 30 September 2025

Valuation approach	Fair value £'000*	Significant unobservable inputs			Sensitivity to changes in significant unobservable inputs
		Key unobservable inputs	Other unobservable inputs	Range	
Market approach using comparable traded multiples or calibration factors	<b>92,076</b>	TEV/LTM revenue multiple <sup>1</sup>	a,b,c,d	1.95x – 3.5x	If TEV/LTM revenue multiple moved by +/- 10%, the fair value would change by £1,725,000 and -£1,709,000
		TEV/LTM EBITDA multiple <sup>2</sup>	a,b,c,d	7.25x – 8.25x	If TEV/LTM EBITDA multiple moved by +/- 10%, the fair value would change by £1,574,000 and -£1,538,000
		TEV/FY+1 revenue multiple <sup>3</sup>	a,b,c,d	1.55x – 3.25x	If TEV/FY+1 revenue multiple moved by +/- 10%, the fair value would change by £1,106,000 and -£1,091,000
		TEV/FY+1 EBITDA multiple <sup>4</sup>	a,b,c,d	5.0x – 6.0x	If TEV/FY+1 EBITDA multiple moved by +/- 10%, the fair value would change by £1,525,000 and -£1,490,000
		P/E LTM multiple <sup>5</sup>	a,b,c,d	14.0x – 17.0x	If P/E LTM multiple moved by +/- 10%, the fair value would change by £1,042,000 and -£1,042,000

## 10 Fair Value Hierarchy continued

Valuation approach	Fair value £'000*	Significant unobservable inputs			Sensitivity to changes in significant unobservable inputs
		Key unobservable inputs	Other unobservable inputs	Range	
Sum of the parts <sup>a</sup>	<b>30,299</b>	Selection of comparable companies and relevant indices	c	(10.0%) – 10.0%	If the market factor of the comparable companies moved by +/- 5% the fair value would change by £543,000 and -£543,000
Scenario analysis considering a range of exit scenarios <sup>f</sup>	<b>26,882</b>	Discount rate	c,d	16.5% – 17.5%	If the discount rate moved by +/- 10% the fair value would change by £182,000 and -£159,000
Recent transaction prices <sup>g</sup>	<b>94,707</b>	n/a	c	n/a	n/a

\* An asset may be valued using multiple approaches therefore this column is not expected to represent the total of level 3 investments held at the end of the period.

1 Total enterprise value (TEV) divided by the last twelve months (LTM) revenue.

2 Total enterprise value (TEV) divided by the last twelve months (LTM) earnings before interest, taxes, depreciation and amortisation (EBITDA).

3 Total enterprise value (TEV) divided by the next twelve months forecasted revenue (FY+1).

4 Total enterprise value (TEV) divided by the next twelve months (FY+1) forecasted earnings before interest, taxes, depreciation and amortisation (EBITDA).

5 Price to earnings (P/E) divided by the last twelve months (LTM) revenue.

# Notes to the Financial Statements continued

## 10 Fair Value Hierarchy continued

The sensitivity analysis below illustrates how the unobservable inputs used in the valuation methodologies of the unlisted assets impact the fair value as at 30 September 2024

Valuation approach	Fair value £'000*	Significant unobservable inputs			Sensitivity to changes in significant unobservable inputs
		Key unobservable inputs	Other unobservable inputs	Range	
Market approach using comparable traded multiples or calibration factors	<b>51,041</b>	TEV/LTM revenue multiple <sup>1</sup>	a,b,c,d	1.95x – 3.5x	If TEV/LTM revenue multiple moved by +/- 10%, the fair value would change by £887,000 and -£905,000
		TEV/LTM EBITDA multiple <sup>2</sup>	a,b,c,d	7.25x – 8.25x	If TEV/LTM EBITDA multiple moved by +/- 10%, the fair value would change by £431,000 and -£335,000
		TEV/FY+1 revenue multiple <sup>3</sup>	a,b,c,d	1.55x – 3.25x	If TEV/FY+1 revenue multiple moved by +/- 10%, the fair value would change by £416,000 and -£320,000
		TEV/FY+1 EBITDA multiple <sup>4</sup>	a,b,c,d	5.0x – 6.0x	If TEV/FY+1 EBITDA multiple moved by +/- 10%, the fair value would change by £425,000 and -£329,000
		P/E LTM multiple <sup>5</sup>	a,b,c,d	14.0x – 17.0x	If P/E LTM multiple moved by +/- 10%, the fair value would change by £878,000 and -£878,000

10 Fair Value Hierarchy continued

Valuation approach	Fair value £'000*	Significant unobservable inputs		Range	Sensitivity to changes in significant unobservable inputs
		Key unobservable inputs	Other unobservable inputs		
Sum of the parts <sup>e</sup>	21,303	Selection of comparable companies and relevant indices	c	(10.0%) – 10.0%	If the market factor of the comparable companies moved by +/- 5% the fair value would change by £548,000 and -£548,000
Scenario analysis considering a range of exit scenarios <sup>f</sup>	56,561	Discount rate	c,d	16.5% – 17.5%	If the discount rate moved by +/- 10% the fair value would change by £507,000 and -£522,000
Recent transaction prices <sup>g</sup>	35,450	n/a	c	n/a	n/a

\* An asset may be valued using multiple approaches therefore this column is not expected to represent the total of level 3 investments held at the end of the period.

1 Total enterprise value (TEV) divided by the last twelve months (LTM) revenue.

2 Total enterprise value (TEV) divided by the last twelve months (LTM) earnings before interest, taxes, depreciation and amortisation (EBITDA).

3 Total enterprise value (TEV) divided by the next twelve months forecasted revenue (FY+1).

4 Total enterprise value (TEV) divided by the next twelve months (FY+1) forecasted earnings before interest, taxes, depreciation and amortisation (EBITDA).

5 Price to earnings (P/E) divided by the last twelve months (LTM) revenue.

a. Selection of comparable companies

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

b. Selection of appropriate benchmarks

A benchmark-based valuation methodology estimates the fair value of a company by comparing its financial and operational metrics to a set of relevant industry or market benchmarks. These benchmarks may include sector averages, historical performance standards, or key financial ratios such as return on equity (ROE), profit margins, or revenue growth rates. The selection of appropriate benchmarks is assessed individually for each investment and updated regularly.

# Notes to the Financial Statements continued

## 10 Fair Value Hierarchy continued

### c. Selection of alternative valuation methodologies

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

### d. Estimate of sustainable earnings

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

### e. Sum of the Parts Valuation

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

### f. Range of exit scenarios

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

### g. Recent Transaction price

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

No additional disclosures have been made in respect of the unlisted investments as the underlying financial information is not publicly available.



11 Other Receivables

	30 September 2025 unaudited £'000	31 March 2025 audited £'000	30 September 2024 unaudited £'000
Securities sold for future settlement	1,388	3,926	6,834
Amounts receivable on settlement of derivatives	1,590	1,280	1,237
Accrued income	5,723	1,783	6,212
Taxation recoverable	11	11	11
Other receivables	284	295	156
	8,996	7,295	14,450

12 Other Payables

	30 September 2025 unaudited £'000	31 March 2025 audited £'000	30 September 2024 unaudited £'000
Securities purchased for future settlement	23,823	3,084	2,296
Amounts payable on settlement of derivatives	2,846	2,986	-
Investment management fees payable	1,512	1,023	563
Accrued expenses	771	359	604
Finance costs payable	615	830	605
	29,567	8,282	4,068

# Notes to the Financial Statements continued

## 13 Share Capital

	30 September 2025 unaudited		30 September 2024 unaudited		31 March 2025 audited	
	Number of shares	Nominal value £'000	Number of shares	Nominal value £'000	Number of shares	Nominal value £'000
<b>Issued, allotted and fully paid</b>						
<b>Ordinary shares of 1 pence each held outside of Treasury</b>						
<b>Beginning of the period</b>	<b>494,840,250</b>	<b>4,950</b>	525,681,434	5,258	525,681,434	5,258
Ordinary shares repurchased for cancellation	(9,033,042)	(91)	(9,332,287)	(93)	(30,841,184)	(308)
<b>End of the period</b>	<b>485,807,208</b>	<b>4,859</b>	516,349,147	5,165	494,840,250	4,950
<b>Ordinary shares of 1 pence each held in Treasury<sup>1</sup></b>						
<b>Beginning of the period</b>	<b>85,629,548</b>	<b>855</b>	85,629,548	855	85,629,548	855
Ordinary shares repurchased into Treasury	-	-	-	-	-	-
<b>End of the period</b>	<b>85,629,548</b>	<b>855</b>	85,629,548	855	85,629,548	855
<b>Total share capital</b>		<b>5,714</b>		6,020		5,805

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

During the period, the Company repurchased 9,033,042 (six months ended 30 September 2024: 9,332,287 shares and year ended 31 March 2025: 30,841,184 shares) ordinary shares for cancellation. The cost of repurchasing these shares of £25,275,000 (six months ended 30 September 2024: £18,509,000 and year ended 31 March 2025: £66,809,000) was charged to the Other reserve.

No ordinary shares were repurchased into Treasury during the period (six months ended 30 September 2024 and year ended 31 March 2025: nil shares).

#### 14 Net Asset Value per Ordinary Share

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

	<b>30 September 2025 unaudited</b>	31 March 2025 audited	30 September 2024 unaudited
Net assets	<b>£1,741,776,000</b>	£1,413,802,000	£1,302,117,000
Ordinary shares held outside of Treasury	<b>485,807,208</b>	494,840,250	516,349,147
Net asset value per ordinary share	<b>358.53p</b>	285.71p	252.18p

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

#### 15 Transactions with the Managers and Related Parties

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

Details of the fee arrangements are given in Note 5 on page 28.

During the period, the Company had the following transactions payable to Fidelity:

	<b>Six months ended 30 September 2025 unaudited £'000</b>	Six months ended 30 September 2024 unaudited £'000	Year ended 31 March 2025 audited £'000
Investment management fees	<b>7,120</b>	3,375	8,041
Marketing services	<b>159</b>	128	327

At the Statement of Financial Position date, the following balances payable to Fidelity were accrued and included in other creditors:

	<b>Six months ended 30 September 2025 unaudited £'000</b>	Year ended 31 March 2025 audited £'000	Six months ended 30 September 2024 unaudited £'000
Investment management fees	<b>1,512</b>	1,023	563
Marketing services	<b>74</b>	47	81

# Notes to the Financial Statements continued

## 15 Transactions with the Managers and Related Parties continued

As at 30 September 2025, the Board consisted of six non-executive Directors (shown in the Directory on page 51), all of whom are considered to be independent by the Board. None of the Directors have a service contract with the Company.

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

	£
Chairman	55,500
Chairman of the Audit & Risk Committee	46,500
Senior Independent Director	43,500
Director	37,000

As at 30 September 2025, the Directors held the following ordinary shares in the Company:

	Six months ended 30 September 2025 unaudited
Mike Balfour	67,063
Alastair Bruce	43,800
Vanessa Donegan	16,287
Georgina Field	2,250
Gordon Orr	–
Edward Tse	–

## 16 Subsequent Events

No significant events have occurred since the end of the reporting period which would impact the financial position of the Company.

# Glossary to the Half-Yearly Report

## ADR (American Depositary Receipt)

A negotiable certificate issued by a US bank representing a specified number of shares in a foreign stock that is traded on a US Exchange.

## AIC

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

## AIF

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

## AIFM

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

## AIFMD

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

## Alternative Performance Measures

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

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

## Asset Exposure

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

## Auditor

The Company's independent Auditor is PricewaterhouseCoopers LLP.

## Benchmark Index

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

## Broker

The Company's Broker is Jefferies International Limited.

## China "A" Shares

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

## China "B" Shares

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

# Glossary to the Half-Yearly Report continued

## China “H” Shares

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

## Chinese Renminbi

Currency of the PRC.

## Chinese Stock Exchanges

The Shanghai Stock Exchange, the Shenzhen Stock Exchange and any other stock exchange located within the PRC from time to time.

## ChiNext

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

## Collateral

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

## Contract For Difference (CFD)

A contract for difference is a derivative. It is a contract between the Company and an investment house at the end of which the parties exchange the difference between the opening price and the closing price of an underlying asset of the specified financial instrument. It does not involve the Company buying or selling the underlying asset, only agreeing to receive or pay the movement in its share price. A contract for difference allows the Company to gain access to the movement in the share price by depositing a small amount of cash known as collateral. The Company may

reason that the asset price will rise, by buying (“long” position) or fall, by selling (“short” position). If the Company holds long positions, dividends are received and interest is paid. If the Company holds short positions, dividends are paid and interest is received.

## Corporation Tax

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

## Custodian

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

## Debt

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

## Depositary

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

## Derivatives

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

## Discount

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

## Earnings

The **earnings** generated in a given period from investments:

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

## Equity Linked Notes (ELNS)

Debt instruments whose return on investment is linked to specific equities or equity markets. The return on **equity linked notes** may be determined by an equity index, a basket of equities, or a single equity.

## Fair Value

The carrying value in the Statement of Financial Position which represents the amount that would be received or paid on disposal of the financial asset or liability.

## Fidelity International (Fidelity)

FIL Investments International.

## Forward Contract

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

## Future

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

## Gross Asset Exposure

The value of the portfolio to which the Company is exposed, whether through direct or indirect investment (including the economic

value of the exposure in the underlying asset of the **derivatives** but excluding **forward contracts**).

## Gross Gearing

**Gross Asset Exposure** in excess of **Net Assets**.

## Hedging

A strategy aimed at minimising or eliminating the risk or loss through adverse movements, normally involving taking a position in a **derivative** such as a **future** or an **option**. For the purposes of calculating **Gross Asset Exposure**, the exposure attributed to the hedge positions will be deducted from the exposure of the corresponding long positions. Short positions are added to long positions in arriving at the **Gross Asset Exposure**.

## Index Linked Securities

Debt instruments whose return on investment is linked to changes in interest rates, stock exchanges, or other price indices.

## Initial Public Offering (IPO)

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

## Investment Manager

FIL Investment Management (Hong Kong) Limited.

## Kroll

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

# Glossary to the Half-Yearly Report continued

## Management Agreement

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

## Manager

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

## MSCI China Index

The [Benchmark Index](#) of the investment performance of the Company, in UK sterling terms.

## NASDAQ

A global electronic marketplace for buying and selling securities.

## Net Assets

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

## Net Assets plus Borrowings

[Net Assets](#) plus bank loans. The Company currently has no bank loans.

## Net Asset Value

[Net asset value](#) is sometimes described as "Shareholders' Funds" and is the total value of the Company's assets less the total value of its liabilities. For valuation purposes, it is common to express the [net asset value](#) on a per ordinary share basis.

## Net Asset Value per Ordinary Share

The [net asset value](#) divided by the number of ordinary shares in issue.

## Net Gearing

[Net Gearing](#) is the total of all long exposures, less short exposures and less exposures [hedging](#) the portfolio in excess of [Net Assets](#).

## Net Market Exposure

[Net Market Exposure](#) is the total of all long exposures, less short exposures and less exposures [hedging](#) the portfolio.

## Ongoing Charges Ratio (excluding Variable Management Fee)

Total operating expenses (excluding finance costs and taxation) incurred by the Company as a percentage of the average daily [net asset values](#) for the reporting year.

## Option

An [option](#) is a contract which gives the right but not the obligation to buy or sell an underlying asset at an agreed price on or before an agreed date. [Options](#) may be calls (buy) or puts (sell) and are used to gain or reduce exposure to the underlying asset on a conditional basis.

## P Chips

Companies controlled by mainland China individuals, with the establishment and origin of the company in mainland China. [P Chips](#) are incorporated outside of the [PRC](#) and traded on the Stock Exchange of Hong Kong with a majority of revenues or assets derived from mainland China.

## Portfolio

The Company's [portfolio](#) which may be made up of equities, [index linked securities](#), [equity linked notes](#) and other debt securities, cash deposits, money market instruments, foreign currency exchange transactions and other interests including [derivatives](#) (such as [futures](#), [options](#) and [contracts for difference](#)).



### Portfolio Manager

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

### PRC

The People's Republic of China.

### Premium

If the share price of the Company is higher than the **net asset value per ordinary share**, the Company's shares are said to be trading at a **premium**. The **premium** is shown as a percentage of the **net asset value per ordinary share**.

### QFII

The **Investment Manager** is a **QFII** (a Qualified Foreign Institutional Investor) and as such has been granted a **QFII** licence by the China Securities Regulatory Commission ("CSRC") which permits the Company to invest in **China "A" Shares** through the **Investment Manager**.

### Red Chips

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

### Registrar

An entity that manages the Company's shareholder register. The Company's **Registrar** is MUFG Corporate Markets.

### Reserves

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

### Secretary

FIL Investments International.

# Glossary to the Half-Yearly Report continued

## Shareholders' Funds

Shareholders' funds are also described as "net asset value" and represent the total value of the Company's assets less the total value of its liabilities as shown in the Statement of Financial Position.

## Short Stock Exposure

The position of the Company when it has sold a security or derivative that it does not own but is now committed to eventually purchase in order to satisfy its obligation to sell. It is a strategy used to capitalise on an expected decline in the security's or derivative's price.

## Total Return Performance

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

## Total Shareholder Return

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

## Treasury Shares

Ordinary shares of the Company that have been repurchased by the Company and not cancelled but held in Treasury. These shares do not pay dividends, have no voting rights and are excluded from the net asset value per ordinary share calculation.

## Unlisted Companies

Companies not listed on a regulated stock exchange. They are stated at best estimate of fair value, based on recognised valuation techniques which may take account of recent arm's length transactions in the investments.

## Variable Interest Entity (VIE)

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

## Variable Management Fee (VMF)

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

## Warrants

A derivative security that gives the Company the right to purchase securities (usually equity) from the issuer at a specific price and within a certain time frame.

# Shareholder Information

## Investing in China Special Situations PLC

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

## CONTACT INFORMATION

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

## Shareholders on the main share register

Contact MUFG Corporate Markets, Registrar to Fidelity China Special Situations PLC, Central Square, 29 Wellington Street, Leeds LS1 4DL.

Email: **[shareholderenquiries@cm.mpms.mufg.com](mailto:shareholderenquiries@cm.mpms.mufg.com)**

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

Details of individual shareholdings and other information can also be obtained online from the Registrar's Investor Centre at **<https://uk.investorcentre.mpms.mufg.com/>**.

Shareholders are able to manage their shareholding online by registering for the Investor Centre, a free and secure online access service. Facilities include:

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

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

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

## Fidelity Platform Investors

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

Website: **[www.fidelity.co.uk](http://www.fidelity.co.uk)**

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

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

# Shareholder Information continued

### General Enquiries

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

Telephone: **020 7961 4240**

Email: **investmenttrusts@fil.com**

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

If you hold Fidelity China Special Situations PLC shares in an account provided by Fidelity International, you will receive a report every six months detailing all of your transactions and the value of your shares.

### ShareGift

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

Financial Calendar 2025/2026	
30 September 2025	Half-Yearly period end
December 2025	Announcement of Half-Yearly results
December 2025	Publication of Half-Yearly Report
31 March 2026	Financial year end
June 2026	Publication of Annual Report
July 2026	Annual General Meeting
July 2026	Payment of the Annual Dividend

# Directory

## Board of Directors

Mike Balfour (Chairman)  
Alastair Bruce (Chairman of the Audit and Risk Committee)  
Vanessa Donegan (Senior Independent Director)  
Georgina Field  
Gordon Orr  
Edward Tse

## Alternative Investment Fund Manager (AIFM/the Manager)

FIL Investment Services (UK) Limited  
Beech Gate  
Millfield Lane  
Lower Kingswood  
Tadworth  
Surrey  
KT20 6RP

## Investment Manager

FIL Investment Management (Hong Kong) Limited  
Level 21  
Two Pacific Place  
88 Queensway  
Admiralty  
Hong Kong

## Secretary and Registered Office

FIL Investments International  
Beech Gate  
Millfield Lane  
Lower Kingswood  
Tadworth  
Surrey  
KT20 6RP  
Email: [investmenttrusts@fil.com](mailto:investmenttrusts@fil.com)

## Banker and Custodian

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

## Depository

J.P. Morgan Europe Limited  
25 Bank Street  
London  
E14 5JP

## Financial Adviser and Stockbroker

Jefferies International Limited  
100 Bishopsgate  
London  
EC2N 4JL

## Independent Auditor

PricewaterhouseCoopers LLP  
7 More London Place London  
SE1 2RT

## Lawyer

Simmons & Simmons LLP  
1 Ropemaker Street  
London  
EC2Y 9SS

## Registrar

MUFG Corporate Markets  
Central Square  
29 Wellington Street  
Leeds  
LS1 4DL

# Data Protection

## General Data Protection Regulation ("GDPR")

### What personal data is collected and how it is used

The Company is an investment trust which is a public limited company and has certain regulatory obligations such as the requirement to send documents to its shareholders, for example, the Annual Report and other documents that relate to meetings of the Company. The Company will therefore collect shareholders' personal data such as names, addresses and identification numbers and investor codes and will use this personal data to fulfil its statutory obligations.

Any personal data collected will be kept securely on computer systems and in some circumstances on paper. Personal information is kept secure in line with Fidelity's Information Security policies and standards. If you are unhappy with how we have used your personal data, you can complain by contacting the UK Data Protection Officer, Fidelity International, Beech Gate, Millfield Lane, Lower Kingswood, Tadworth, Surrey KT20 6RP.

### Sharing personal data

In order to assist the Company in meeting its statutory requirements, the Company delegates certain duties around the processing of this data to its third party service providers, such as the Company's Registrar and Printers. The Company has appointed Fidelity to undertake marketing activities for the Company and their privacy statement can be found on the Company's website at <https://investment-trusts.fidelity.co.uk/privacy-policy/>

The Company's agreements with the third party service providers have been updated to be compliant with GDPR requirements. The Company confirms to its shareholders that their data will not be shared with any third party for any other purpose, such as for marketing purposes. In some circumstances, it may be necessary to transfer shareholders' personal data across national borders to Fidelity Group entities operating in the European Economic Area ("EEA"). Where this does occur, the European standard of protections will be applied to the personal data that is processed. Where personal data is transferred within the Fidelity group, but outside of the EEA, that data will subsequently receive the same degree of protection as it would in the EEA.

### Retention period

Personal data will be kept for as long as is necessary for these purposes and no longer than legally permitted to do so.

### Requesting access, making changes to personal data and other important information

Shareholders can access the information that the Company holds about them or ask for it to be corrected or deleted by contacting Fidelity's UK Data Protection Officer, Fidelity International, Beech Gate, Millfield Lane, Lower Kingswood, Tadworth, Surrey KT20 6RP.

## Fair treatment of investors

The legal and regulatory regime to which the Company and the Directors are subject ensures the fair treatment of investors. The Listing Rules require that the Company treats all Shareholders of the same class of shares equally. In particular, the Directors have certain statutory duties under the Companies Act 2006 with which they must comply. These include a duty upon each Director to act in the way she or he considers, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole.

# Would you like updates directly from your Portfolio Manager?

Keep up with the latest news, views and insights directly from the investment teams with our monthly newsletter. Sign up now using the link or QR code below to get access to exclusive updates about your current investment and the other investment companies Fidelity manages.

## How will I benefit from my investment company updates?



**Insights from the desks of your Portfolio Manager** outlining their latest thinking on your investment.



**Exclusive invitations to events**, including AGMs, plus notification of annual reports and results.



**Topical and relevant market updates** from the wider Fidelity investment team.

 All in a quick-read format, once a month

## Activate my investment company updates

So that you do not miss out on your exclusive content, all you need to do is follow these three simple steps:

1. **Scan this QR code, or go to [fidelity.co.uk/updates](https://fidelity.co.uk/updates)**
2. **Enter your email address**
3. **Click the button to opt-in & you are done!**

You will always have the option to opt-out at any time. For more on how we will use your personal information, see our privacy statement at [fidelity.co.uk/its/privacy](https://fidelity.co.uk/its/privacy).





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