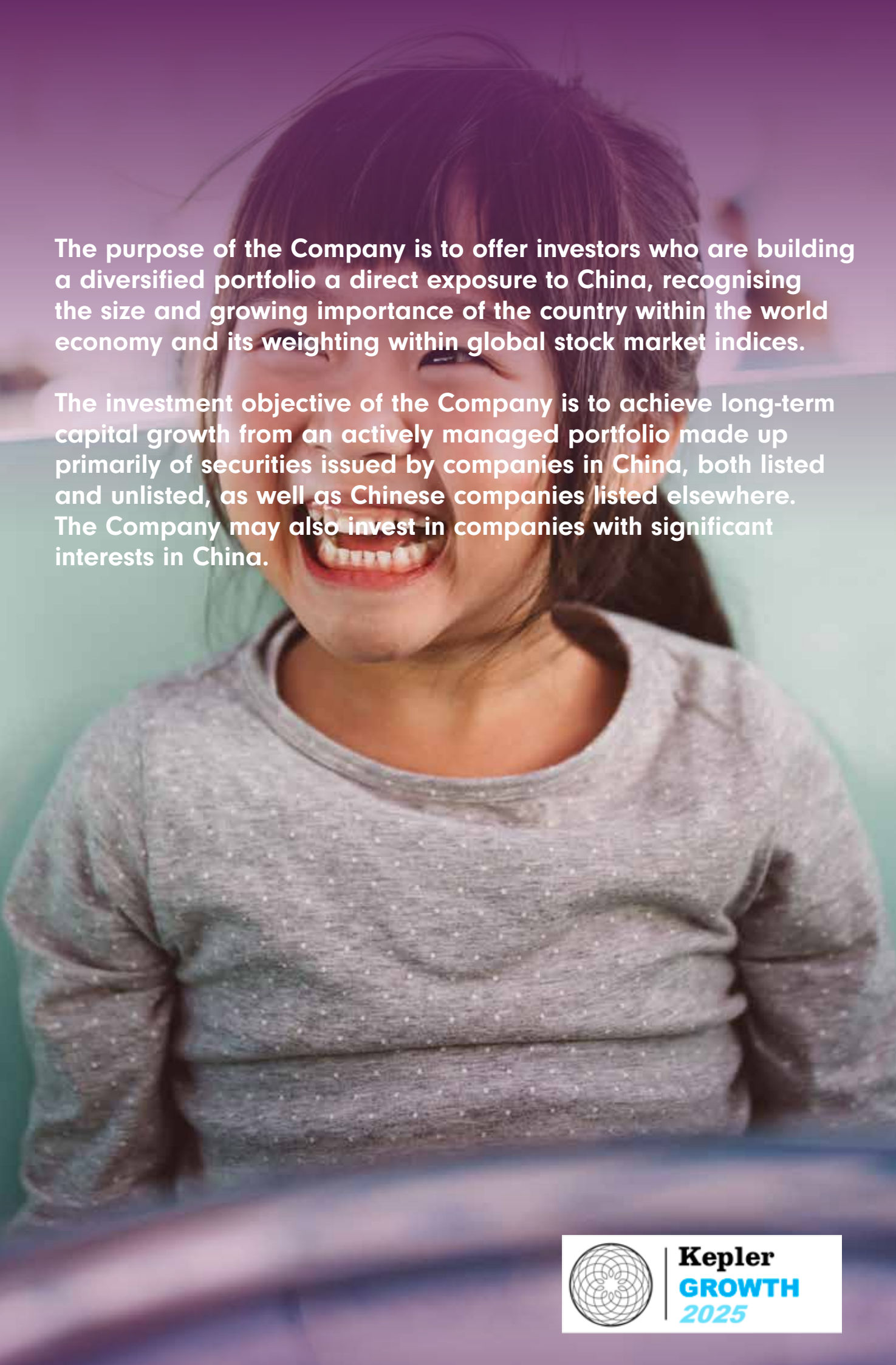


FIDELITY CHINA SPECIAL SITUATIONS PLC

Annual Report for the year ended 31 March 2026



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

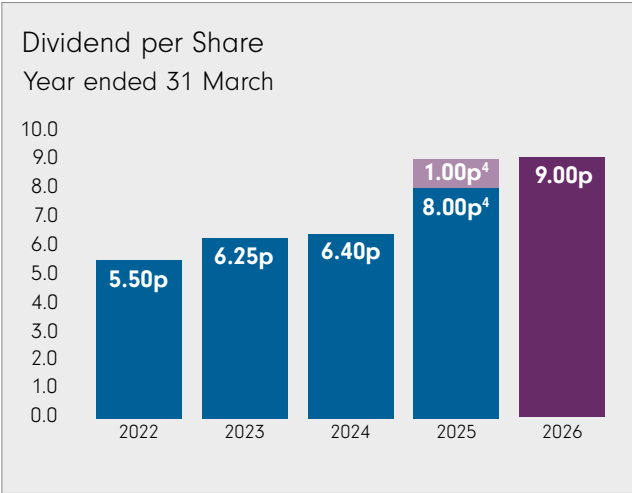
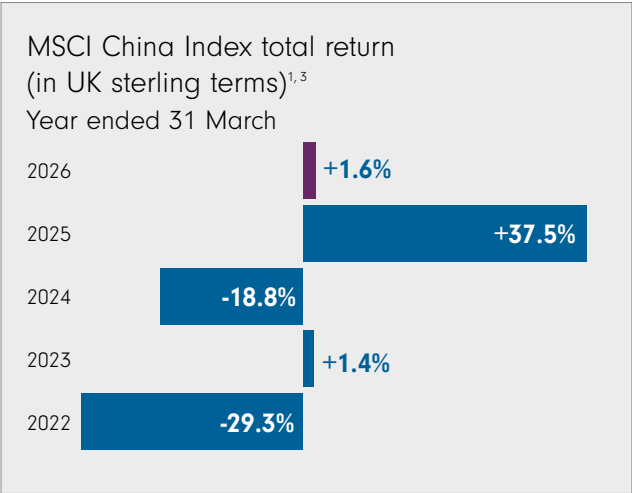
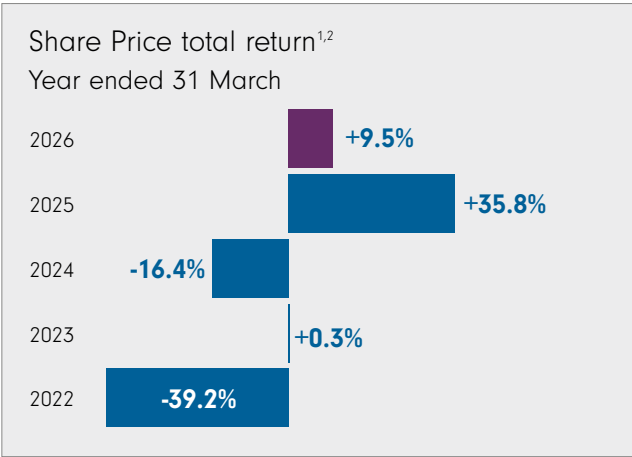
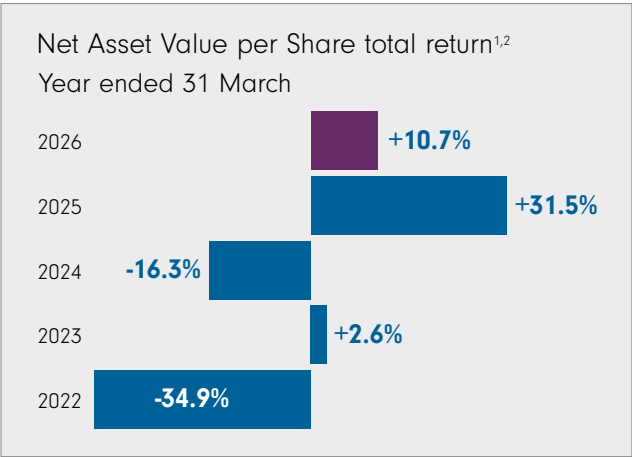
The investment objective of the Company is to achieve long-term capital growth from an actively managed portfolio made up primarily of securities issued by companies in China, both listed and unlisted, as well as Chinese companies listed elsewhere. The Company may also invest in companies with significant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



Kepler
GROWTH
2025

The Year at a Glance

In the reporting year, the Company's Net Asset Value per Share total return was +10.7% and the Share Price total return was +9.5%, whilst the Benchmark Index total return was +1.6%



1 Includes reinvested income.

2 Alternative Performance Measures. See pages 95 and 96.

3 The Company's Benchmark Index.

4 Representing a final ordinary dividend of 8.00 pence per share and a special dividend of 1.00 pence per share.

As at 31 March 2026

Shareholders' Funds

£1,412.8m

Market Capitalisation

£1,292.2m

Capital Structure

Ordinary Shares of 1 pence held outside of Treasury

461,503,322

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

	2026	2025
Assets as at 31 March		
Gross Asset Exposure	£1,775.8m	£1,745.9m
Net Assets	£1,412.8m	£1,413.8m
Gross Gearing ^{1,2,5}	25.7%	23.5%
Net Gearing ^{1,2,5}	19.3%	20.9%
Net Asset Value ("NAV") per Share ²	306.12p	285.71p
Share Price and Discount data as at 31 March		
Share Price at year end	280.00p	265.00p
Share Price: year high	332.50p	288.50p
Share Price: year low	214.00p	171.40p
Discount at year end ²	8.5%	7.3%
Discount: year high ²	15.1%	15.1%
Discount: year low ²	6.3%	5.5%
Earnings for the year ended 31 March – see page •		
Revenue Earnings per Share ^{2,3}	9.22p	10.18p
Capital Earnings per Share ^{2,3}	20.53p	55.75p
Total Earnings per Share ^{2,3}	29.75p	65.93p
Ongoing Charges Ratio for the year to 31 March		
Ongoing Charges Ratio ^{2,4}	0.92%	0.89%
Variable Management Fee ⁵	0.17%	(0.15%)
Ongoing Charges Ratio including Variable Management Fee ^{2,4}	1.09%	0.74%

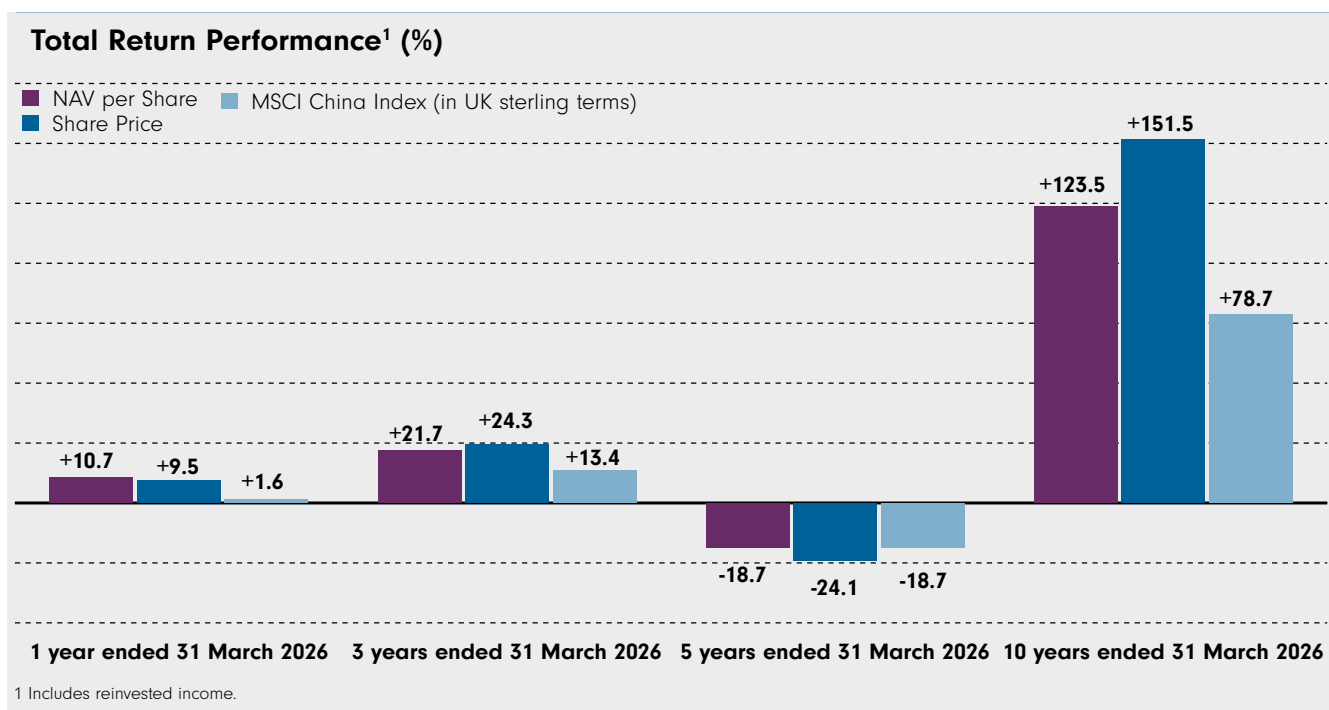
1 See Note 18 on page 93.

2 Alternative Performance Measures.

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

4 Ongoing charges ratio (excluding finance costs and taxation) expressed as a percentage of average net asset values for the year (prepared in accordance with guidance issued by the Association of Investment Companies). The ongoing charges ratio for the year ended 31 March 2025 reflects the significant reduction of the management fees waived by the Manager in lieu of its contribution to the costs of the Company's transaction with abrdn China Investment Company Limited ("ACIC") which concluded on 14 March 2024.

5 Defined in the Glossary to the Annual Report on pages 103 to 106.



Sources: Fidelity International and Datastream.
Past Performance is not a guide to future returns.

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Ten Year Record
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Chairman's Statement



I have pleasure in presenting the Annual Report of Fidelity China Special Situations PLC for the year ended 31 March 2026.

Mike Balfour, Chairman

£1,412.8m

(As at 31 March 2026)
Shareholders' Funds

+10.7%

(Year ended 31 March 2026)
Net Asset Value per Share total return

+9.5%

(Year ended 31 March 2026)
Share Price total return

+1.6%

(Year ended 31 March 2026)
Benchmark Index total return

I have pleasure in presenting the Annual Report of Fidelity China Special Situations PLC for the year ended 31 March 2026.

While UK investors in Chinese equities have enjoyed a year of positive returns, it is important to note two external events – at the start and end of the year under review – that have had an appreciable impact on the quantum of those returns. Both events have their origins in the US, illustrating the interconnectedness of the modern global economy. The first was President Trump's 'Liberation Day' trade tariffs, which unsettled markets and have had wide-ranging effects on global supply chains. The second was the war in Iran, launched by the US and Israel on 28 February 2026, which caused further market volatility in the final month of our financial year and continues to be a source of great concern, uncertainty and volatility. As I will discuss, China's economy and stock market have largely held up well in the face of these challenges, but they have not been immune to their effects.

In the reporting year to 31 March 2026, the net asset value ("NAV") total return of your Company was 10.7%, while the Benchmark Index (MSCI China Index (in UK sterling terms)) returned 1.6%, representing healthy outperformance. This was the result of good stock picking, particularly in the IT and consumer discretionary sectors. The share price total return was 9.5%, as the discount to NAV widened slightly from 7.3% at the beginning of the period to 8.5% at the end. With the corresponding returns at the half-year (to 30 September 2025) having been +29.7% and +28.7% respectively for the NAV and share price total returns, and +18.0% for the Benchmark, it has clearly been a year of two halves.

China's economy remains resilient

Despite the global trade headwinds, the Chinese economy performed well in 2025, meeting the government forecast of 5.0% GDP growth. Exports were particularly strong, leading to a record trade surplus of \$1.2 trillion, albeit with a rebalancing of trade away from the US towards the rest of the world. While the service sector also did relatively well, consumer consumption remained comparatively weak, as the government continued to struggle to persuade people to dip into their significant savings. The low level of consumer sentiment is closely connected to the ongoing problems in the property market and is, therefore, unlikely to improve materially until property prices bottom out, the timing of which remains uncertain.

The principal risk to the Chinese government's GDP growth forecast of 4.5-5.0% in 2026 is the potential dampening of export demand as a result of the war in Iran. However, it is worth noting that, in its most recent World Economic Outlook (April 2026), the International Monetary Fund ("IMF") downgraded its 2026 forecast for China by just 0.1% (versus January 2026) to 4.4%. Furthermore, that 4.4% figure actually represents an upgrade of last October's IMF forecast of 4.2%. While a prolonged war in the Middle East would undoubtedly dampen global demand, with knock-on effects in China, the country is in a far better position to withstand these difficulties than would have been the case just a few years ago. This is largely due to its impressive transition to renewable energy generation, as well as its strategic oil reserve.

Looking ahead, the Chinese Communist Party's 15th Five-Year Plan, approved at the National People's Congress in March and covering the period 2026-2030, aims to provide a blueprint for continued growth in the face of demographic change. Much of the recent growth has come from exports and investment in infrastructure, but the government is keen for consumers to pick up the baton to create a more self-sustaining model that is less dependent on exports, government spending and debt finance. Structural reforms seek to reduce the effect of external inflation on the supply chain, as well as boosting employment for young people in a country where the population is both ageing and declining in numbers. China has many future-facing companies that are or could become world leading, not just in the familiar areas of electric vehicles, solar panels and battery storage, but increasingly in areas such as biotechnology, advanced semiconductors, AI and quantum computing. The focus on technology and innovation has been the driving force behind much of the economic and stock market strength, and this is backed up by an aspiration to grow research and development spending by 7% a year. Alongside this, a target to further reduce carbon emissions by 17% per unit of GDP from 2026 to 2030 will be supported by continued subsidies to trade in older goods for newer, more energy efficient ones, which will also boost consumer demand.

Your portfolio in the financial year

The Q&A with Portfolio Manager Dale Nicholls on the following pages contains a detailed review of the performance drivers and investments in your Company's portfolio during the year.

Dale continues to take advantage of the specific features of the closed-end investment company structure, including gearing the portfolio, the ability to hold short positions and to own unlisted companies without the liquidity constraints of an open-ended fund. After a busy year in the unquoted portfolio last year, just one new private investment – HashKey, a cryptocurrency exchange operator – was added during this year, although it is now part of the quoted portfolio, having debuted on the Hong Kong Stock Exchange in December 2025. ByteDance, the technology company that amongst other things owns TikTok, continues to be the largest unlisted holding, with no date yet set for an initial public offering ("IPO"). Up to 15% of Net Assets plus Borrowings may be invested in unquoted private companies, allowing Dale to take advantage of the faster growth trajectory of earlier-stage businesses before they are listed on the public markets. More details of the unlisted holdings, which made up 11% of the total Net Assets at the year end and have added materially to your Company's performance over time, are on pages 14 to 17.

The Board has confidence that the valuation process for our unlisted holdings is robust. They are assessed regularly by Fidelity's dedicated Fair Value Committee ("FVC"), with advice from a third-party valuation specialist, as well as from Fidelity's unlisted investment specialist in Hong Kong and the Fidelity analysts, who undertake research on the companies. The valuation process is set out in more detail on page 14 of this report. The Board receives regular updates from the FVC overseeing this process, with Alastair Bruce, our Audit and Risk Committee Chairman, also providing expertise in this area,

having for many years been involved professionally in private equity investing.

Gearing

Your Board continues to believe that the judicious use of gearing can enhance returns, although being more than 100% invested also means that the NAV and share price may be more volatile and can accentuate losses in a falling market, as well as being additive on the upside. Having repaid the Company's US\$100m loan in the financial year to 31 March 2024, gearing since then has been solely through contracts for difference ("CFDs"), which tend to be cheaper than prevailing longer-dated borrowing. However, your Board continues to review the position, and we have not ruled out reintroducing an element of fixed rate gearing in the future, should the terms become favourable.

Gearing once again remained around 20% (net asset exposure) during the year, beginning at 20.9% and ending at 19.3%, reflecting Dale's view that the Chinese equity market remains very attractively valued and offers many interesting investment opportunities. While historically gearing has been in a range of 10-25%, the Board views a figure of around 20% as being the upper end of the normal range. The impact of gearing using CFDs was slightly negative during the year in review, detracting 0.8% to returns.

Dividend

The Company's investment objective remains focused on achieving long-term capital growth; however, it has the enviable track record of having paid an increased dividend each year since inception, growing from 0.25 pence per share in 2011 to 8.00 pence in 2025, which is a compound annual growth rate of 28.1%. This has been supported by the increasing focus of Chinese companies on rewarding shareholders such as ourselves through increased dividend payments, which we pass on to you, our shareholders.

The year under review has been another very strong one for the Company's revenue return, underpinned by strong cash flows in our underlying companies and corporate governance reforms that are encouraging companies to pay more. As such, we are pleased to be able to deliver further growth in the ordinary dividend, building on last year's 25.0% increase in the ordinary dividend by recommending a final dividend of 9.00 pence per share, up 12.5% year-on-year.

The dividend will be payable on 28 July 2026 to shareholders on the register on 19 June 2026 (ex-dividend date 18 June 2026). The revenue per share earned by the Company during the year was 9.22 pence. Shareholders will note that this is lower than last year's 10.18 pence but this included one exceptional dividend from Lufax which distorts the year-on-year comparison. This year's dividend is once again fully covered by revenue from earnings, and we have been able to add back £3,329,000 to the revenue reserve, which now stands at 6.77 pence per share.

Discount management

While it is always our ambition that the share price should closely match the NAV, it is often the case that investment companies trade at a discount – indeed, at the time of writing, the average

Chairman's Statement continued

discount to NAV across the investment company sector was around 11.6%. Your Board's policy is to aim for a discount in single figures in normal market conditions, and we pursue this actively by buying back shares in the market when supply exceeds demand. During the year, we repurchased 33,336,928 shares for cancellation (6.7% of the shares in issue (excluding treasury shares) at the start of the financial year) at a cost of just over £100 million. This was accretive to the NAV per share for continuing shareholders.

The share price began the year under review at a 7.3% discount to NAV and ended it at a discount of 8.5%. It is worth reiterating that the single-digit discount target is "in normal market conditions", which the latter part of the review period arguably was not. Earlier I mentioned two significant external events during the year; each of these was accompanied by a widening of the discount: to just over 15% in the immediate aftermath of the Liberation Day tariff announcements, and to just over 13% in the first week of the war in Iran. Against this backdrop it is pleasing to note that for the vast majority of the period, the discount was well below 10%.

Your Board adjusts the repurchase of shares throughout the year depending on external factors and the level of the discount, and for substantial parts of the year there was very limited buyback activity. However, we have increased it during the Middle East conflict in a highly volatile environment, repurchasing a further 3,121,739 shares between the end of the period and the time of writing. While buybacks can only limit the discount to a certain extent if external factors are hugely negative, your Board is very mindful of the level of discount, and we aim to achieve our objective over the medium-term.

Ongoing Charges Ratio and Management Fee

The Ongoing Charges Ratio (the costs of running the Company) for the year was 0.92% (2025: 0.89%). The variable element of the management fee (due to outperformance of the Benchmark Index on a rolling three year basis) was a charge of 0.17% (2025: a credit of 0.15%). Therefore, the Ongoing Charges Ratio for the year, including this variable element, was 1.09% (2025: 0.74%).

Change of Auditor

In accordance with statutory requirements and FRC guidance on audit tenders, a competitive audit tender was conducted during the year as the Company's previous auditor had been appointed for 10 years. Following this process the Board appointed PricewaterhouseCoopers LLP as the Company's new auditor. PricewaterhouseCoopers LLP have replaced EY as auditor with effect from the year under review; their report begins on page 56.

Board of Directors

In December 2025, Gordon Orr informed us that he did not intend to stand for re-election as a non-executive Director at the forthcoming Annual General Meeting ("AGM"). Gordon has a wealth of professional and non-executive experience in Hong Kong and mainland China and has been a great asset to your Company over the past three years, giving us valuable insights into the region through his vast network and ongoing business connections.

After an exhaustive recruitment process, a strong candidate to replace Gordon has been found. I am pleased to welcome Bessie Lee to the Board from 2 June 2026. Bessie is a seasoned Chief Executive and non-executive director with over 30 years' experience of driving strategic growth, digital transformation and innovation with particular knowledge and expertise in Chinese businesses.

We are confident that your Company's Board continues to have a real diversity and balance of relevant skills and experience, including consultancy covering Chinese businesses, accountancy, investment management (including private equity and private equity valuation), marketing, and the oversight of investment companies.

In recent years, we have sought to pass on the benefit of our accumulated skills and knowledge by taking on a Board apprentice, a role put in place to help develop the next generation of individuals who may not otherwise find a route to becoming a non-executive director. Each apprentice serves a term of one year, during which time they attend all Board and Committee meetings as an observer. Further details are on page 45.

Bessie Lee, having been appointed by the Board of Directors, will be standing for election by shareholders at the AGM. In accordance with the UK Corporate Governance Code for Directors of FTSE 350 companies, all the other Directors, with the exception of Gordon Orr, are subject to annual re-election at the Annual General Meeting ("AGM") on 21 July 2026, in order to continue to support and oversee the Company in the best interests of all shareholders. The Directors' biographies can be found on pages 37 and 38.

Articles of Association

The Board is proposing to increase the aggregate cap on Directors' fees to provide greater flexibility for any future changes. The proposed new cap is £450,000 in aggregate per annum, which it is felt is in line with market practice, replacing the existing cap of £350,000 per annum which was put in place in 2021.

We have also taken the opportunity to make other changes of a minor, clarificatory or technical nature to the Articles, including clarifications in relation to hybrid general meetings to follow how practice has developed. However, the amendments do not provide for, and the Board has no intention to move to, fully virtual meetings. A full tracked version of all the changes proposed to the Articles is available at www.fidelity.co.uk/china. The principal changes proposed to the Articles are set out in more detail on page 42 in the Directors' Report.

Annual General Meeting

The Company's AGM will be at 11.00 am on 21 July 2026. The meeting will once again be a hybrid format, with online attendance available; however, I hope to see as many of you as possible in person on the day. Alongside the direct email updates that we now provide, it is one of the few opportunities in the year to sit down together – shareholders, the Board and the Manager – to talk about your investment. Please do join us if you can. Details of the AGM are on page 6.

Among the business of the day will be a vote on a change in the investment policy, which will give the Company the ability to hold up to 20% of the portfolio in a single stock (currently the limit is 15%). At the Company's year end, the largest holding, Tencent, was 12.3% of net assets but 15.2% of the Benchmark; while there is no intention of materially increasing this at present, the current policy has the effect of prohibiting Dale from taking an overweight position in the stock, which would limit his ability to express a strongly positive view on Tencent or other large Chinese companies in the future. Further information on the policy change can be found in the Notice of AGM.

Outlook

In a world where global geopolitics dominates the news agenda, China, by its considered, consistent behaviour, has been improving relationships around the world, with prominent European, Canadian and Latin American presidents and prime ministers treading the now quite well-worn path to President Xi's door. While the country's prospects are to some extent contingent on the Middle East conflict and the oil price, China is arguably benefiting from instability in other parts of the world through its growing global influence, and has much to offer in areas such as EVs, lower-cost solar power and other renewable energy technologies such as battery storage. Furthermore, relations between the US and China are better than many people appreciate, given areas of mutual dependence such as in rare earth minerals and semiconductors.

The steady-as-it-goes approach by the Chinese government to its own economy and international relations are both positive factors for the outlook for investments in the world's second largest economy. One reason exports have grown so much is the highly competitive industrial landscape – domestic competition is intense in certain sectors, which puts Chinese companies in a very strong position when they turn their ambitions to global markets. This has led to a degree of domestic deflation that the Chinese authorities are keen to reverse, by tackling over-production and irrational price wars. This should ultimately lead to better capital allocation, strengthen corporate balance sheets and drive consolidation, yet is unlikely to threaten China's dominance in these areas of the global supply chain.

As well as a healthy industrial base, the Chinese government also wants an improving stock market, but not a return to boom and bust as seen in the past. Corporate governance reforms are encouraging companies to reward their minority shareholders through dividends and share buybacks, policies that have proved successful in other markets such as Japan and South Korea. While there have been some interesting new issues (such as your Company's holding HashKey, mentioned above), there is not the sort of surge in IPOs that would suggest an overheating market, and valuations remain reasonable by international standards, with good earnings growth projected for this year. China has many fantastic companies that are leading-edge and will be global leaders in the future, if they are not already, and it is the opinion of your Board and Portfolio Manager that the long-term opportunity set remains compelling.

Closer to home, your Board is proud of the Company's record in utilising the strengths of the investment company structure to take advantage of the many opportunities in the Chinese market. The ability to boost returns through gearing, the unlisted portfolio, short positions, Dale's long-term investment horizon, the strength of our dividend record and our undertaking of buybacks to enhance shareholder value have all added value over the medium and longer term. It has helped your Company to become one of the largest UK-based actively managed China funds, with a broad and diverse shareholder base including many individual investors. We thank you all for your continued support.

Mike Balfour
Chairman
8 June 2026

Chairman's Statement continued

Annual General Meeting – Tuesday, 21 July 2026 At 11.00 am

The AGM of the Company will be held at **11.00 am on Tuesday, 21 July 2026** at 4 Cannon Street, London EC4M 5AB (nearest tube stations are St Paul's or Mansion House) and virtually via the online Lumi AGM meeting platform. Full details of the meeting are given in the Notice of Meeting on pages 97 to 102.

For those shareholders who prefer not to attend in person, we will live-stream the formal business and presentations of the meeting online.

Dale Nicholls, the Portfolio Manager, will be making a presentation to shareholders discussing the performance of the past year and the prospects for the year to come. Dale and the Board will be very happy to answer any questions that shareholders may have. Following the AGM, copies of his presentation can be requested by email at **investmenttrusts@fil.com** or in writing to the Secretary at FIL Investments International, Beech Gate, Millfield Lane, Lower Kingswood, Tadworth, Surrey KT20 6RP.

Properly registered shareholders joining the AGM virtually will be able to vote on the proposed resolutions. Please see Note 9 to the Notes to the Notice of Meeting on page 99 for details on how to vote virtually. Investors viewing the AGM online will be able to submit live written questions to the Board and the Portfolio Manager and these will be addressed at an appropriate juncture during the meeting.

Further information and links to the Lumi platform may be found in Note 9 in the Notes to the Notice of Meeting on page 99. On the day of the AGM, in order to join electronically and ask questions via the Lumi platform, shareholders will need to connect to the website **<https://meetings.lumiconnect.com/100-346-066-599>**.

Please note that investors on platforms, such as Fidelity Personal Investing, Hargreaves Lansdown, Interactive Investor or AJ Bell Youinvest, will need to request attendance at the AGM in accordance with the policies of your chosen platform. They may request that you submit electronic votes in advance of the meeting. If you are unable to obtain a unique IVC and PIN from your nominee or platform, we will also welcome your online participation as a guest. Once you have accessed **<https://meetings.lumiconnect.com/100-346-066-599>** from your web browser on a tablet, smartphone or computer, you should then select the 'Guest Access' option before entering your name and who you are representing, if applicable. This will allow you to view the meeting and ask questions, but you will not be able to vote.

Further information on how to vote across the most common investment platforms is available at the following link:
<https://www.theaic.co.uk/how-to-vote-your-shares>

Portfolio Manager's Review



Dale Nicholls was appointed as Portfolio Manager of Fidelity China Special Situations PLC on 1 April 2014. He joined Fidelity in 1996 as a Research Associate in its Tokyo office. It was during his tenure as an analyst that he first began to take an interest in the dynamics of the Chinese market. He regularly visited Chinese companies to get a clear view of the key supply and demand chains of the industries he covered. In his current role, Dale spends much of his time traveling within China to meet with the management teams and competitors of companies in which he may, or already does, invest, visiting well over 100 companies a year. He also manages one other major Fidelity fund. He has significant breadth and depth across the Asia Pacific region, with 62 equity research and research support colleagues based in Hong Kong, Shanghai and Singapore, of which 40 are dedicated to covering Greater China stocks.

Question

How has the Company performed in the year to 31st March 2026?

Answer

Over the year to 31 March 2026, the Company delivered a positive return in what has been a dynamic and evolving market environment. The Company's net asset value (NAV) return was 10.7% over the period, significantly outperforming the MSCI China Index in UK sterling terms (the Benchmark), which delivered 1.6%. The share price returned 9.5% over the same period, with the discount to NAV widening slightly from 7.3% to 8.5%. Stock selection was the primary driver of strong performance over the year. (All performance data are on a total return basis).

The period was characterised by a tariffs shock at the beginning of 2025 and a tariffs truce in the later part of the year, a strong recovery supported by strong artificial intelligence (AI) related demand trends, followed by a more complex and volatile geopolitical environment into early 2026. Initial gains were driven by improving sentiment and renewed interest in innovation-led sectors, particularly following the launch of DeepSeek's AI models. However, as we moved into 2026, technology-led strength gave way to a broad risk-off correction, as escalating geopolitical tensions in the Middle East drove oil and gas prices higher, reignited inflation concerns and weighed on the global growth outlook. On a positive note, China's diversified economy offered more resilience versus the rest of Asia in those adverse scenarios. The country's substantial domestic coal reserves, fast growing energy renewables, strategic crude inventories, and relatively low reliance on Middle East oil imports, help limit downside risks.

At the same time, while technological breakthroughs continued to support selected areas of the Chinese stock market and reinforced the long-term growth narrative, the near-term outlook for AI-related demand became more nuanced. Supply chain constraints, including memory shortages and energy-related disruptions, alongside margin pressure in downstream segments, have led to a more divergent performance at the sub-sector and company level. Investors became more selective, as greater scrutiny on earnings sustainability and broader macro expectations came back into focus in contrast to earlier broad-based AI-related optimism. This divergence is particularly evident in earnings expectations: while internet platforms and hyperscalers continue to invest heavily with limited near-term earnings contribution from AI, areas such as semiconductor and power-related equipment companies have been prime beneficiaries, with more meaningful upward revisions to earnings growth.

Domestically, consumer confidence remained subdued amid a gradual and uneven property market recovery. Household spending has yet to regain sustained momentum, despite elevated savings levels and some early signs of improving employment trends. Policy has remained supportive but targeted, with a clear emphasis on structural priorities such as industrial upgrading and quality growth by addressing excess competition across key sectors.

Portfolio Manager's Review continued

In this context stock selection remains key. The portfolio benefited from exposure to companies aligned with structural growth themes, particularly involving electrification, advanced manufacturing and selective areas of consumption. As market dispersion increased, a disciplined focus on fundamentals and competitive positioning proved increasingly important.

Question

What positions were the biggest contributors and detractors this year, and what drove their performance?

Answer

Performance over the period was driven primarily by stock picking, with notable strength from selected consumer discretionary, industrials and information technology holdings.

Within consumer discretionary, the electric vehicle (EV) and autonomous driving segment had a really strong year. Both Hesai Group and Pony.ai were key contributors as profits were taken during the year, benefiting from rising investor confidence in next-generation mobility technologies. Hesai's performance reflected its leadership in LiDAR (light detection and ranging, or laser radar), supported by strong momentum in ADAS (advanced driver assistance systems) adoption, improved shipment visibility, and emerging vertical opportunities in robotics. Pony.ai, a leading autonomous driving and robotaxi platform that we have owned at both private and public stages of its development, gained on continued execution in robotaxi deployment, including new operating approvals and partnerships, alongside improving unit economics as it scales—underpinning confidence in its path toward commercialisation and sustained growth.

The industrials sector was another key contributor. Preferred holdings across solar modules, batteries, inverters, and power electronics have captured the robust demand linked to AI data centre infrastructure and benefited from market leadership within the electrification value chain.

Ningbo Deye Technology, a leading solar inverter and energy storage system (ESS) maker, advanced on a significantly improved earnings trajectory, underpinned by a strong residential energy storage upcycle. A holding in the world's largest EV battery maker CATL, also performed well, supported by strong EV and energy storage demand, rising utilisation, and the outlook for sustainable margins through scale and pricing power. Improp Precision Industries was another key contributor. This casting and machined components manufacturer advanced on resilient demand in higher-margin segments like high horsepower engines, early signs of recovery in more cyclical markets like hydraulic & agricultural equipment, and strong operational execution. More broadly, these positions reflect the portfolio's focus on companies with strong competitive advantages and consequent pricing power, well placed to capture structural growth across electrification, energy storage, and industrial upgrading trends.

Relative performance also benefited from limited exposure to parts of the technology and internet sectors where increasing competition, margin pressure and relatively high valuations

weighed on returns. This was particularly evident in our lack of exposure to Xiaomi, where the company's performance was further impacted by slowing growth in its core handset business, reflecting intensifying competition and rising input costs, especially for memory components. Similarly, not holding Meituan and JD.com contributed positively, as sentiment across Chinese internet platforms remained weak due to subdued consumption trends, intensifying price wars in food delivery, and stricter value-added tax (VAT) enforcement.

Elsewhere in the IT sector, Zhongji Innolight was a notable contributor. As a leading supplier of optical interconnect solutions used in data centres, the company benefited from strong demand for high-speed optical modules driven by AI-related capacity expansion. Minimax, China's first pure LLM (large language model) play listed globally, was also among the top contributors. We took profit from this holding after a strong performance post IPO.

By contrast, an underweight position in energy and financials, mainly SOE banks, detracted from relative performance. Escalating geopolitical conflict in the Middle East and the temporary closure of the Strait of Hormuz disrupted supply and drove oil prices higher. As a result, a lack of exposure to PetroChina, and other oil majors, hindered returns. Meanwhile, Chinese banks rallied on the back of a defensive rotation into high-yielding assets amid economic uncertainty. As such, not holding China Construction Bank and Industrial & Commercial Bank of China held back returns. Elsewhere within financials, leading consumer finance lender Lexin Fintech declined following a period of strong performance, as investors took profits against a backdrop of softer credit trends and ongoing regulatory overhang. We closed the position in July 2025.

Within industrials, our high-conviction positions in Full Truck Alliance (FTA) and Tuhu Car detracted from relative performance. FTA, China's leading digital freight matching platform, saw a share price pull-back driven by concerns around a potential ADR delisting risk and developments in non-core businesses. The company has been receptive to investor feedback and has taken steps to refocus on its core operations. We continue to believe its scale, network effects and market leadership create meaningful barriers to entry, and we used the weakness to increase our position. Tuhu Car, a leading platform in automotive maintenance, was impacted by softer consumer sentiment and ongoing intense competition. However, we believe the underlying business remains resilient with strong long-term potential, and view the current risk-reward profile as attractive.

Question

How is the Company currently positioned across sectors, and where are you seeing the most attractive and "special" opportunities in China right now?

Answer

Our sector weightings are a reflection of bottom-up stock picking, the key inputs of which include growth potential, levels of returns generated, our evaluation of management, and valuation levels. This tends to lead us to sectors where we see strong underlying

growth trends and improving competitive dynamics, combined with increasing competitiveness and attractive valuations. Over the period, we reduced exposure to financials, taking profits, and increased the allocation to areas where risk-reward appears more compelling, particularly within industrials and selective consumer segments.

Cutting edge industrials continue to represent the largest area of exposure for the Company. We believe the market underappreciates the global competitiveness and innovation capabilities of many Chinese industrial companies, particularly those moving up the value chain into higher-end manufacturing, automation and AI-related infrastructure. A key focus is the power and energy ecosystem underpinning the AI buildout. While attention is often centred on semiconductors and memory chips, constraints are increasingly emerging downstream. Over the long-term, we think rising geopolitical tensions are likely to reinforce the case for renewable energy sources and the materials that underpin the energy transition. China's scale manufacturing base and integrated supply chains position its companies well to capture this demand. In this context, we initiated a position in Wuxi Lead, a leading global supplier of lithium battery equipment and key partner to major manufacturers such as CATL. The company is well positioned to benefit from the ongoing battery capex cycle, supported by demand from energy storage and continued electrification. Emerging solid-state battery technology also offers a medium-term growth opportunity, with higher equipment intensity expected to support both cyclical recovery and structural upgrading within the battery value chain.

We have also maintained a meaningful exposure to companies exposed to global EV and automation trends, as Chinese companies have achieved scale in supplying critical components and materials in those areas. Minth Group is a good example. Its strengths in aluminium and advanced plastics automotive parts, combined with a vertically integrated manufacturing model, position the company to serve both traditional and new energy vehicles, where demand for lighter battery and chassis structures is increasing. Its new business in robotics and AI liquid cooling is also showing great potential. Meanwhile, we trimmed positions in Pony.ai and Hesai Group, selling into strength to take some profit following their strong performance over the period, though both remain key holdings in the portfolio.

Within consumer-related sectors, positioning remains selective. The challenges facing these industries are well known, which has led to a sustained period of underperformance and given rise to some attractively valued opportunities. While overall consumer sentiment remains subdued, there are pockets of recovery from cyclical troughs. In staples, we have selectively added exposure to areas such as dairy and beer, where industry conditions are beginning to bottom out and competitive landscapes are improving after smaller players have exited the markets. We also initiated a position in low-cost hog raiser Muyuan Foods, since the industry, having gone through a severe downturn marked by low hog prices and increased feed costs, is starting to see signs of supply adjustment and market consolidation.

Aside from consumer companies showing potential for cyclical recovery, we also hold some consumer discretionary names who have maintained strong brands which capture consumer trends,

alongside cost efficiencies that enable them to sustain growth in a challenging environment. We particularly see this playing out in sportswear and travel-related segments. Sportswear benefits from structural tailwinds, including rising participation and health awareness, and where brand can be a key competitive advantage. Travel expenditure also continues to grow as consumer trends move more towards experience-led consumption and improving mobility. Accordingly we see high-quality hotel chains along with value for money brands being able to capture this opportunity. Both areas remain underpenetrated versus more developed markets, offering attractive long-term growth potential.

Elsewhere, within Financials we purchased HashKey, the largest regulated crypto exchange in Hong Kong, investing in the private company in August last year ahead of its subsequent listing. The core investment case rests on its strong position in a growing, regulated trading market where, irrespective of views on underlying crypto assets, trading activity is becoming more established. More importantly, we see significant optionality from Hong Kong's early and favourable moves on regulation, including stablecoin licensing. With the city's potential as a testing ground for mainland China and HashKey closely engaged in regulatory developments, the company is well placed to benefit from potential regulatory easing and broader market evolution.

Beyond the large sector exposures mentioned already, we remain overweight versus the index in healthcare, real estate and communication services, broadly neutral in IT and materials, and underweight in financials, mainly through an underweight in banks, where we see few opportunities in the large state-owned enterprises.

We outline our five largest holdings on the following pages.

Question

How have recent signals from the Chinese government, including the latest Party Plenum and longer-term economic plans, influenced where you're finding opportunities?

Answer

Recent policy signals, including the latest Party Plenum and the 15th Five-Year Plan (2026-2030), reinforce a broadly stable pro-growth policy stance and continued support for structural priorities such as innovation, industrial upgrading and quality growth. While the external environment remains uncertain, particularly around geopolitics and trade, the more constructive and pro-business tone from policymakers has helped position China as a more stable and predictable environment for both businesses and investors.

At the macro level, the direction of travel remains one of gradual stabilisation rather than a sharp recovery. The GDP growth target was set at c.4.5-5%, slightly lower than in recent years, reflecting a shift towards more sustainable growth and risk control,

Portfolio Manager's Review continued

supported by targeted fiscal measures and accommodative monetary policy. While overall consumption and economic activity remain relatively soft, we are starting to see signs of stabilisation in areas such as employment, wage growth and secondary property market activity in top-tier cities.

Consumption remains central to China's long-term growth ambitions. In the near term, household spending continues to reflect cautious behaviour following a general economic slowdown and the property downturn. However, broadly speaking the consumer balance sheet is in good shape, as weaker spending has led to elevated savings levels and less debt. Policy direction continues to be supportive – the recent relaxation of homebuying restrictions in Shanghai and Shenzhen are good examples. The significant correction in supply, in the form of housing starts, remains the main factor likely to drive a stabilisation in market pricing, which is important in terms of wealth effects for the consumer. Structural growth drivers for the mid-term consumption outlook include areas such as services, healthcare and leisure.

Importantly, the opportunity set remains highly company specific. Even in a more challenging macro environment, we are seeing a growing number of businesses adapting effectively through cost discipline, improving operational efficiency, and product innovation. In many industries, market consolidation is accelerating, creating clearer differentiation between winners and laggards.

From a portfolio perspective, this reinforces our focus on bottom-up stock selection. We continue to find opportunities in companies with strong competitive positioning, clear growth drivers and the ability to navigate a more measured recovery environment.

Question

Current geopolitical tensions are high, with conflicts in Ukraine and the Middle East dominating headlines globally; how are these influencing the portfolio performance and positioning in the reporting year?

Answer

China is relatively less exposed to direct external energy shocks than many economies, supported by lower reliance on oil and gas, a growing share of cleaner energy, and the presence of significant strategic reserves. As a result, the direct impact of recent geopolitical tensions on the portfolio has been limited

The more relevant channels to monitor are indirect, including global supply chain disruption, inflationary pressures, and any spillover into consumer sentiment.

Over the medium-term, sustained higher energy prices and increased concerns over energy security could accelerate the global transition to renewable energy sources and electrification. With clear global leadership across EVs, batteries, energy storage systems and renewable supply chains, many Chinese companies stand to benefit.

Whilst the Company has no direct exposure to the energy majors, it does have a significant holding in areas of structural growth and competitiveness through CATL in the battery market. We also maintain selective exposure to areas such as gold within the materials sector, which should provide some diversification in periods of heightened geopolitical uncertainty. Some near-term margin pressure may emerge in areas exposed to higher energy and transportation costs, and positioning has been adjusted accordingly.

While the portfolio typically exhibits higher volatility than the benchmark, periods of broad-based market declines amid highlighted geopolitical risk can amplify short-term price movements. Overall, while the external environment has become more uncertain, we have not made material changes to positioning. A significant portion of the portfolio remains focused on companies with drivers less impacted by short-term geopolitical developments.

Question

The Company can borrow in order to invest; how have you used this gearing over the year? Has it been beneficial to performance?

Answer

Our approach to gearing remains consistent, typically increasing net market exposure when valuations are more attractive and moderating when risk-reward conditions become less compelling. Over the period, the Company's net market exposure averaged around 120%, with net gearing declining to 19.3% at the end of the year from 20.5% at the start. Gearing continued to be implemented primarily through CFDs, providing a flexible and cost-efficient way to adjust exposure as market conditions evolved.

In terms of impact, gearing by means of CFDs slightly pared overall gains during the 12-month period, detracting 0.8% from relative returns. This largely reflects the more volatile market backdrop. Nevertheless, we continue to view gearing as an important tool for enhancing long-term performance, particularly in markets such as China where volatility can create attractive opportunities to deploy capital selectively.

Question

Many shareholders may have seen ByteDance (TikTok) in the news this year, how has this investment performed? And what is your outlook for the Hong Kong IPO pipeline and the Company's unlisted holdings more broadly?

Answer

The TikTok situation evolved because of sustained regulatory scrutiny – beginning with US pressure under the Trump administration in 2020 and intensifying through subsequent legislation requiring divestment of its US business or a potential ban – to a structured compromise. This culminated in a spin-off of the US operations into a separately controlled entity, allowing continued operation in the US, with ByteDance retaining a minority economic stake (~20%) but with reduced control.

Despite the external headwinds, ByteDance remains our largest unlisted holding. The investment has performed strongly over time and continues to be underpinned by a highly profitable domestic business, alongside a growing international market share. While the US remains an important market, the broader global user base, now exceeding two billion, represents a much larger long-term monetisation opportunity. We are seeing encouraging progress in areas such as international e-commerce, which, if it follows a similar trajectory to the domestic business, could become a very meaningful driver of value.

We first invested in ByteDance in 2018, recognising early its strong product innovation and rare ability among Chinese internet companies to build a genuinely global platform. Our closed-ended structure has allowed us to take a long-term view and, importantly, to add to the position in the secondary market when valuations became more attractive in mid-2024 amid uncertainty around TikTok's US operations and regulatory risks.

The subsequent resolution of US regulatory concerns has removed a key obstacle to progress, and we continue to view the company as well positioned for growth, supported by strong underlying profitability, ongoing international expansion and increasing application of AI across its platforms. The case of ByteDance illustrates the advantage of our investment approach – maintaining conviction through periods of volatility and adding exposure when sentiment is weak.

More broadly, the Hong Kong IPO market has evolved positively in recent years, with easing regulations and a more structured framework designed to attract Chinese companies for primary listings and dual listings. It is increasingly seen as a stable and well established venue for Chinese companies to access international capital. At the same time, the quality of the IPO pipeline has improved, with a greater proportion of companies coming to market with robust business models, stronger operating track records and more transparent disclosure.

This reflects a deeper structural shift rather than a short-term trend. China continues to produce a growing number of innovative companies across areas such as technology, advanced manufacturing and new consumption models, supported by sustained investment in research and development. As a result, we expect the Hong Kong IPO pipeline to remain active and increasingly diverse over time.

From a portfolio perspective, unlisted investments remain an important part of the Company's opportunity set, allowing us to access high-quality businesses early in their growth journey. Our approach remains selective and valuation disciplined, with a focus on companies that demonstrate scalable growth potential, clear paths to monetisation and the potential to create long-term shareholder value.

Question

How do you include corporate governance in your investment process, and how do you engage with companies to protect shareholder interests?

Answer

Corporate governance is central to our investment process and something we assess at the outset of investing and on an ongoing basis through proactive engagement with companies.

At a high level, we have seen clear progress in China's governance framework in recent years. Many of the core building blocks are now in place, including updates to the Corporate Governance Code, a revised Company Law that strengthens shareholder participation, and higher expectations for boards and independent directors. The direction of travel is positive, with increasing emphasis on transparency, accountability and minority shareholder protection.

More importantly, the focus is now shifting from rules to implementation. We are seeing encouraging signs in areas such as stricter oversight of controlling shareholders, greater accountability for independent directors and improved disclosure standards. There is also growing emphasis on shareholder returns, including more consistent dividend policies and increased use of buybacks.

That said, governance in China operates within a regimented market structure. Controlling shareholders, including the State in some cases, continue to play an important role, and engagement tends to be more incremental in nature.

This is where our approach is important. We engage regularly with companies on areas such as board structure, capital allocation, potential dual-listing, related-party transactions and executive remuneration, with a focus on improving alignment with minority shareholders.

For example, we have actively engaged with China Mengniu Dairy to strengthen capital allocation and shareholder returns,

Portfolio Manager's Review continued

through higher dividend payouts and share buybacks. Over time, we have witnessed a meaningful increase in its payout. A similar shift has been observed in holdings such as Tsingtao Brewery, where improving capital return policies have supported shareholder returns. More broadly, rising distributions from underlying holdings in our portfolio have contributed to the Company's own ordinary dividend growth of around 11% per annum over the past five years, reflecting a steady improvement in total shareholder returns.

In another case, we engaged with Full Truck Alliance following concerns around a potential ADR delisting in April 2025, which had weighed on the share price despite strong underlying fundamentals. The company has been receptive to this feedback and has initiated discussions with the Hong Kong Stock Exchange. While there is no clear timetable for a potential H-share listing, the process is underway, and the company has continued to provide updates through regular investor meetings. This reflects our broader approach of engaging not only on governance structures, but also on strategic decisions that can protect and enhance shareholder interests.

Overall, while the framework continues to evolve, we believe governance standards in China are moving in the right direction. Combined with increasing institutional participation and regulatory support, this is gradually creating a more investable and transparent market over time.

Question

How do you assess current valuations after a strong year?

Answer

Following a strong period of performance, it is important to consider the evolution of market sentiment. Twelve to eighteen months ago Chinese equities were trading at deeply depressed valuations amid concerns around the market's "investability." The recovery through 2025 was driven in part by multiple expansion, supported by a more constructive policy backdrop and increasing recognition of Chinese companies' competitiveness.

As we move through 2026, the dynamic is shifting. Shareholder returns are increasingly supported by earnings rather than a further re-rating. As a result, sector dispersion remains elevated, with a widening gap between companies able to deliver sustainable growth and those facing structural or cyclical pressures.

Valuations remain a supportive backdrop. Despite the rebound, Chinese equities continue to trade at a meaningful discount to global peers. The MSCI China Index is currently trading at around 11.4x forward earnings, broadly in line with its long-term average, and at an approximate 43% discount to the S&P 500 on a forward P/E basis. Further improvements in fundamentals – ultimately coming through in more conviction around the earnings outlook – could help bolster investor confidence.

In an environment where sentiment can shift quickly, this reinforces the importance of a disciplined, bottom-up approach

to stock selection, with a focus on companies capable of delivering resilient earnings and long-term value creation.

Question

Finally, looking forward, what excites you most about Fidelity China Special Situations, and what would you highlight to FCSS shareholders?

Answer

Looking ahead, the most compelling opportunity remains the ability to invest in high-quality companies operating in structurally growing industries, with durable competitive advantages and offering attractive valuations. Sentiment has improved from previously depressed levels, but the broader market backdrop is likely to remain volatile, particularly amid ongoing geopolitical uncertainty. Additional areas of opportunity are where valuations and sentiment remain at depressed levels, with the potential for the outlook to stabilise and gradually improve. Such sectors would tend to include consumer, property and some financials.

China's ability to innovate remains a key source of long-term growth. China continues to demonstrate depth in research and development, and engineering talent, supporting progress across AI, advanced manufacturing and digital infrastructure. While the near-term trajectory of AI model development continues to evolve, we remain constructive on the theme and assess opportunities on a company-by-company basis. In particular, accelerating investment and adoption are creating opportunities beyond the models themselves, notably across cloud platforms, data infrastructure and the power and electrification systems required to support increasing demand. Companies like Zhongji Innolight and Weichai Power illustrate how Chinese firms are strengthening their position in the AI infrastructure value chain. In particular, Weichai's ability to extend its capabilities from traditional heavy-duty engines into power solutions for data centres highlights the flexibility of established industrial players to participate in new growth areas.

We are also seeing China's competitive position strengthen across industrial and technology supply chains as companies move up the value chain into higher-end manufacturing, automation, robotics and markets driven by electrification. This progress is underpinned by scale, cost advantages and increasingly integrated capabilities, positioning Chinese firms well to capture a larger share of global demand. It is particularly evident in the energy transition arena, where rising geopolitical tensions and energy security concerns are reinforcing investment in renewables, energy storage and related materials.

In automation and next generation mobility, companies such as Ubtech Robotics, Pony.ai and EHang provide exposure to emerging technologies including robotics and autonomous transport. While commercialisation is still at an early stage, we believe these areas represent important long-term opportunities as adoption gradually scales across industrial and consumer applications.

We are also seeing attractive opportunities in consumer facing sectors, where leading brands such as Anta Sports continue to gain market share through product innovation and strong execution. At the same time, newer formats such as discount snack retail, including Busy Ming, reflect evolving consumer behaviour and the shift towards more experiential and value-driven spending.

We see selective opportunities in frontier areas. For example, our investment in HashKey reflects both a core exchange business in a growing, regulated market in digital assets and longer-term optionality as Hong Kong develops as a testing ground for new regulation, including areas like stablecoins.

Overall, while macro uncertainty and market volatility are likely to persist, they also create opportunities for profitable investment over the medium-term. Periods of dislocation can lead to mispricing, particularly in markets where sentiment shifts quickly. Against this backdrop, our focus remains on identifying companies that are mispriced relative to their long-term earnings’ prospects. We believe this disciplined approach positions the portfolio well to deliver attractive long-term returns for our shareholders. As a shareholder in the Company, I remain excited about the Company’s future.

Dale Nicholls
Portfolio Manager
8 June 2026

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 year, the following changes were made in the Company's unlisted holdings.

A purchase of shares was made in Hashkey Holdings in August 2025 at a cost of £22,669,000. An additional purchase, at a cost of £3,017,000, was made on 15 December 2025, prior to Hashkey Holdings' listing on the Hong Kong Stock Exchange. The company listed on the Hong Kong Stock Exchange on 17 December 2025 at an opening price of HK\$ 6.70.

At the year end, the Company held six unlisted investments in five companies valued at £155,702,000 being 11.0% of its Net Assets (2025: six unlisted investments valued at £136,044,000 being 9.6% of Net Assets). See page 17 for details of the unlisted investments as at 31 March 2026.

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 its year end, the Company's Audit and Risk Committee receives a detailed presentation from the FVC, Fidelity's unlisted investments specialist, and an independent third-party valuer, in order to satisfy itself that the unlisted investments are carried at an appropriate value in accordance with Accounting Policies Notes 2 (e) and 2 (l) on pages 68 to 70 at the Company's financial year end. The external Auditor attends the unlisted valuations meeting ahead of the Company's year end.

The work completed by the Audit and Risk Committee on the unlisted investments is set out in its report on page 54.

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 an independent third-party valuer.

The independent valuer undertakes 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.

Value of Unlisted Investments

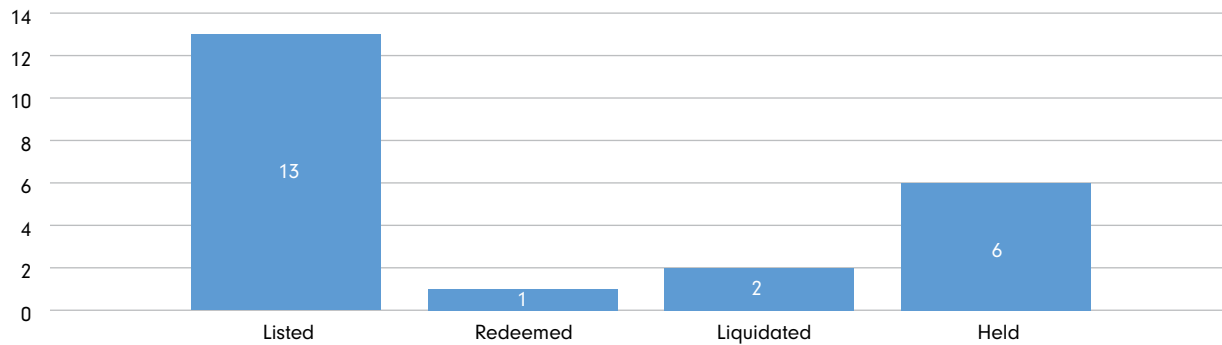
Private companies in China are staying private for longer, with their value increasing significantly in recent years. With the growth of the entrepreneurial ecosystem in China, private companies have become important contributors to the economy, especially in sectors such as technology, consumer and healthcare. Today, some of the largest and most influential companies in China are unlisted. Having the flexibility to invest in unlisted companies is a differentiator for the Company and has allowed it to achieve excess returns and partner with some of the best entrepreneurs in China. The Company will continue to leverage Fidelity's on-the-ground research resources and brand to look for attractive risk-rewards in unlisted companies.

Historical Snapshot

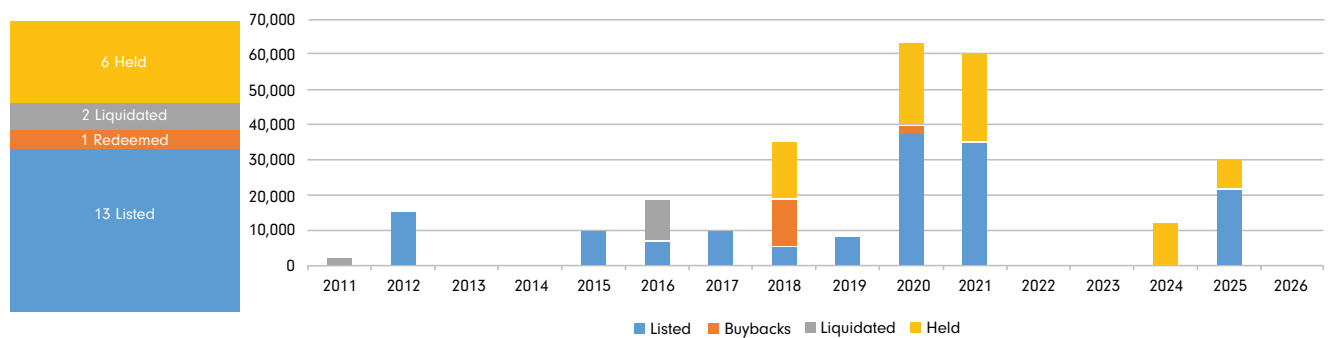
Since our first investment in private companies in 2011, the Company has deployed £266.9m of capital across sectors such as the internet, hardware, software, healthcare and consumer sectors. 13 investments (treating follow-ons as separate investments) have since become public companies, with an average holding period in the private market of 2.3 years. We completed two management buybacks, including a partial buyback, and continue to hold six unlisted investments across five companies, with an average holding period of 4.7 years as at 31 March 2026.

The charts and table on pages 15 and 16 set out further information on unlisted investments made to date.

The chart below illustrates the number of transactions involving unlisted investments since the Company's launch up to 31 March 2026, categorised as listed, liquidated, redeemed, or still held

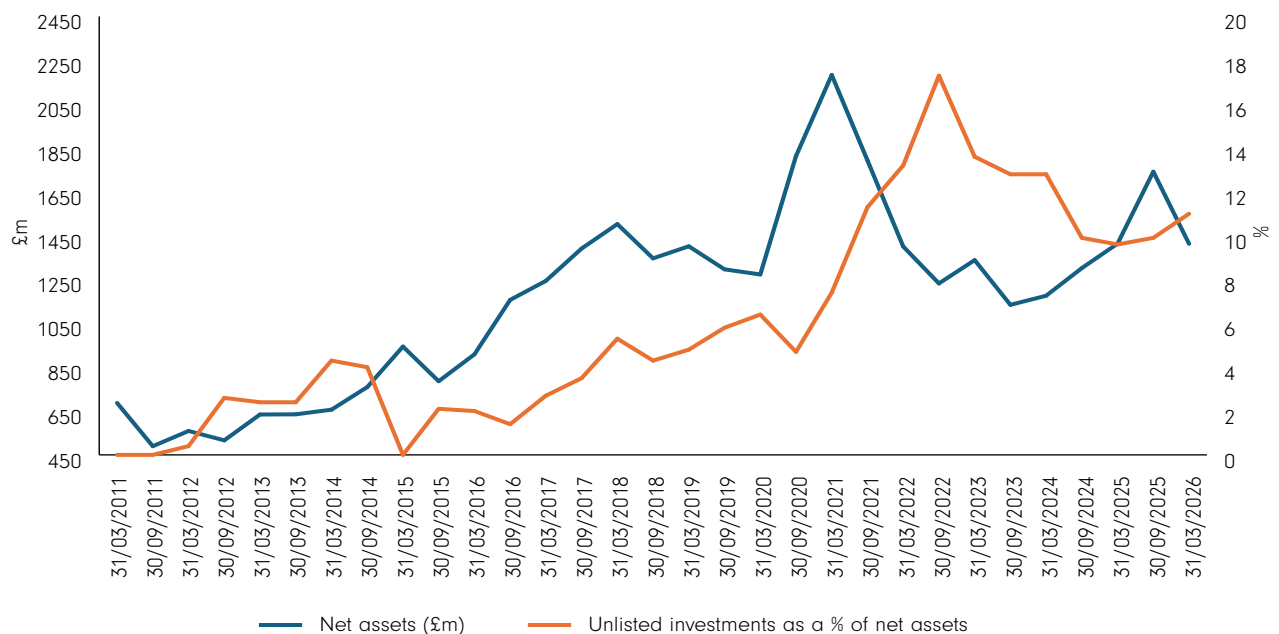


The chart below displays the initial purchase values and dates of all transactions and the status within the portfolio as at 31 March 2026 (£'000)



Unlisted assets compared to net assets over time

The chart below displays the relationship between the percentage of unlisted assets (RHS) and value of the companies net assets (LHS).



Source: Fidelity International as at 31 March 2026.

Unlisted Investments continued

Unlisted company exposure by size

Equity value	Number of investments	
	At the time of investment	As at 31 March 2026
Micro (<\$300 million)	2	1
Small (\$300 million - \$2 billion)	7	2
Medium (\$2 billion - \$10 billion)	4	0
Large (>\$10 billion)	9	3
Total	22	6

The Company has invested in private companies of a variety of sizes, with a majority of historical investments in companies that were valued at above \$2 billion at the time of investment. Fidelity does not screen or evaluate potential unlisted investments by size and will continue to prioritise opportunities that it believes present the best risk-reward profiles.

Unlisted companies held in the Company's portfolio as at 31 March 2026



ByteDance (5.2% of Net Assets)

(Purchased: November 2018 and August 2024)

ByteDance is a leading internet entertainment and social media company with hundreds of millions of users in China and globally. Supported by powerful network effects, scalable infrastructure, and continuous product innovation, ByteDance has established itself as a key player in the global digital media landscape and in digital advertising.

Its core applications, including TikTok, Toutiao, BuzzVideo and Vigo Video, use advanced recommendation algorithms to deliver highly personalised user experiences at scale. Despite the spin-off of TikTok's US operations into a separately controlled entity, ByteDance's overall growth prospects remain robust. The company's broader global user base, now exceeding two billion in over 150 markets, represents a much larger long-term monetisation opportunity. This resilience is underpinned by its strong financial performance, international expansion, and leadership in AI innovation.



Venturous Holdings (1.9% of Net Assets)

(Purchased: December 2020)

Venturous Holdings is a technology-focused investment and operating group specialising in "Citytech" solutions, aimed at making cities smarter, more sustainable, and efficient. Its portfolio spans sectors such as Smart Buildings, Smart Energy, and Smart Computing contributing to the buildout of an All-Digital Urban Economy in China. It benefits from a robust structural growth outlook, supported by its leadership in technologies like AI, IoT, and digital transformation.



Chime Biologics (1.8% of Net Assets)

(Purchased: March 2021)

Chime Biologics is a leading biologics Contract Development and Manufacturing Organization (CDMO) company. The company leverages its comprehensive capabilities and internationally recognised expertise to support its clients from early-stage biopharmaceutical development through to late-stage clinical and commercial manufacturing, catering to the needs of the biopharmaceutical industry.



DJI International (1.5% of Net Assets)

(Purchased: May 2018)

DJI International is the world's largest manufacturer of drones and imaging technology. Its platforms empower creators to capture images that were once out of reach. Its flying and camera stabilisation systems redefine camera placement and motion through a commitment to research and development and a focus on transforming complex technology into easy-to-use devices worldwide. Building on the ethos of "form follows function", DJI's products combine advanced technology with dynamic designs in industries such as filmmaking, agriculture, conservation, search and rescue, and energy infrastructure. With expanding applications for aerial data and automation, DJI is well positioned to benefit from growing global demand for drone-enabled solutions.



Fujian Yangteng Innovations (0.6% of Net Assets)

(Purchased: February 2025)

Fujian Yangteng Innovations is a global leader in online aftermarket auto parts retail, digitalising the massive yet heavily offline industry through production and channel innovations. Led by a team of prudent operators with a strong track record of capital allocation, Yangteng has been delivering high growth and consistent margins, with high return of equity. The investment was made at a reasonable valuation, with investor-friendly terms protecting downside exposure.

Spotlight on the Top 10 Holdings

as at 31 March 2026

Based on Asset Exposure expressed as a percentage of Net Assets. Asset Exposure comprises the value of direct equity investments plus market exposure to derivative instruments.

Sector Communication Services 	Tencent Holdings % of Net Assets12.3% Tencent Holdings has a dominant position in social networking in China and benefits from a sizeable user base. As China’s internet user growth slows down and the internet industry focuses increasingly on monetisation, Tencent is one of the best-positioned companies because of its very sticky user base and strong user-experience which should lead to overall margin expansion. New growth initiatives, such as Shortform Video, Mini Program Games, and E-commerce services, are growing fast in the revenue mix and delivering high incremental margins. Additionally, AI integration across advertising, gaming, and enterprise services is emerging as a new monetisation lever, supporting revenue re-acceleration and margin upside. Its increasing shareholder returns also underpin its long-term investment thesis.
Sector Consumer Discretionary 	Alibaba Group Holding % of Net Assets7.6% Alibaba Group Holding has a leading position in the e-commerce market. Its core e-commerce categories, including apparel and makeup, are positioned to benefit from recovery and consumption upgrades in China. The management team is focused on a clear strategy of investing in technology and user experience, including logistics, product return, and customer service. Cloud revenue is expected to accelerate significantly, driven by the increasing adoption of AI applications. Progress in AI model development and monetisation within Alibaba Cloud are becoming key drivers of future returns.
Sector Communication Services 	ByteDance (unlisted) % of Net Assets5.2% ByteDance is a leading internet entertainment and social media company with hundreds of millions of users in China and globally. Supported by powerful network effects, scalable infrastructure, and continuous product innovation, ByteDance has established itself as a key player in the global digital media landscape and in digital advertising. Its core applications, including are TikTok, Toutiao, BuzzVideo and Vigo Video, use advanced recommendation algorithms to deliver highly personalised user experiences at scale. Despite the spin-off of TikTok’s US operations into a separately controlled entity, ByteDance’s overall growth prospects remain robust. The company’s broader global user base, now exceeding two billion in over 150 markets, represents a much larger long-term monetisation opportunity. This resilience is underpinned by its strong financial performance, international expansion, and leadership in AI innovation.
Sector Consumer Discretionary 	PDD Holdings % of Net Assets4.7% PDD Holdings is one of the largest e-commerce platforms by Gross Merchandise Value (GMV) in China, with outstanding efficiency in supply chain management and cost control. With its unique traffic distribution method, PDD is able to offer the cheapest version of products and continuously gain market share. The company is also expanding internationally to more than 50 countries via a new shopping app called Temu by leveraging domestic supply chains in order to meet offshore demand. Temu’s rapid international scaling and improving unit economics are increasingly contributing to overall growth, while continued investment in merchant support and logistics is strengthening its competitive moat globally.
Sector Industrials 	Contemporary Amperex Technology (“CATL”) % of Net Assets2.8% CATL is the global leader in electric vehicle (EV) batteries, with strong technological capabilities and economies of scale. The company is well positioned to benefit from the ongoing battery capex cycle, supported by demand from energy storage and continued electrification. Its vertically integrated supply chain and ongoing innovation in battery chemistry (including LFP (lithium iron phosphate) and next-generation technologies) support cost leadership and product differentiation.

Sector Financials



Ping An Insurance (Group) Company of China

% of Net Assets

2.5%

Ping An Insurance (Group) Company of China is a provider of insurance, banking, asset management, and other financial services. It has a strong presence in China, Hong Kong, and Macau, with expanding operations overseas. It has a robust structural growth outlook, and within the broader sector, its operations are of relatively better quality with the best distribution channels, earnings quality, and a strong management team.

Sector Financials



Venturous Holdings (unlisted)

% of Net Assets

1.9%

Venturous Holdings is a technology-focused investment and operating group specialising in "Citytech" solutions, aimed at making cities smarter, more sustainable, and efficient. Its portfolio spans sectors such as Smart Buildings, Smart Energy, and Smart Computing contributing to the buildout of an All-Digital Urban Economy in China. It benefits from a robust structural growth outlook, supported by its leadership in technologies like AI, IoT, and digital transformation.

Sector Health Care



Chime Biologics (unlisted)

% of Net Assets

1.8%

Chime Biologics is a leading biologics Contract Development and Manufacturing Organization (CDMO) company. The company leverages its comprehensive capabilities and internationally recognised expertise to support its clients from early-stage biopharmaceutical development through to late-stage clinical and commercial manufacturing, catering to the needs of the biopharmaceutical industry.

Sector Real Estate



China Resources Land

% of Net Assets

1.8%

China Resources Land is a leading state-backed property developer in China, with a strong presence in high-tier cities and a focus on residential and mixed-use developments. The company benefits from its premium land bank, strong execution capabilities, and support from its state-owned parent. It is well-positioned to gain market share as the sector consolidates, particularly as weaker private developers exit and the market starts to stabilise. Improving policy support for the property sector and its relatively strong balance sheet provide resilience, while recurring income from investment properties adds stability to earnings.

Sector Consumer Discretionary



Yadea Group Holdings

% of Net Assets

1.8%

Yadea Group is a leading manufacturer of electric two-wheelers in China, benefiting from increasing urbanisation and demand for affordable, environmentally friendly transportation. The company has strong brand recognition, extensive distribution networks, and ongoing investment in battery and vehicle technology. Expansion into premium segments and overseas markets, along with innovation in battery life and performance, are key growth drivers, supported by favourable policies promoting green mobility.

Forty Largest Holdings

as at 31 March 2026

The Asset Exposures shown below measure the exposure of the Company's portfolio to market price movements in the shares, equity linked notes 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 £'000	% ¹	Fair Value £'000
Exposures – shares unless otherwise stated			
Tencent Holdings (shares, long CFDs and options)			
Communication Services	173,933	12.3	99,183
Alibaba Group Holding (shares and long CFDs)			
Consumer Discretionary	106,902	7.6	40,784
ByteDance (unlisted)			
Communication Services	73,732	5.2	73,732
PDD Holdings			
Consumer Discretionary	66,324	4.7	66,324
Contemporary Amperex Technology (shares and long CFDs)			
Industrials	39,025	2.8	15,082
Ping An Insurance (Group) Company of China (shares and long CFDs)			
Financials	35,420	2.5	2,174
Venturous Holdings (unlisted)			
Financials	27,036	1.9	27,036
Chime Biologics Convertible Bond (unlisted)			
Health Care	25,479	1.8	25,479
China Resources Land (long CFDs)			
Real Estate	24,982	1.8	(122)
Yadea Group Holdings (shares and long CFDs)			
Consumer Discretionary	24,813	1.8	5,308
Zijin Mining Group (shares and long CFDs)			
Materials	24,397	1.7	17,110
NetEase			
Communication Services	22,593	1.6	22,593
Full Truck Alliance (shares and long CFDs)			
Industrials	22,254	1.6	(1,128)
DJI International (unlisted)			
Information Technology	21,381	1.5	21,381
Impro Precision Industries			
Industrials	20,625	1.5	20,625
Hesai Group			
Consumer Discretionary	20,468	1.4	20,468
ANTA Sports Products (long CFDs and options)			
Consumer Discretionary	19,761	1.4	(307)
HashKey Holdings			
Financials	19,742	1.4	19,742
Hisense Home Appliances Group (long CFDs)			
Consumer Discretionary	19,681	1.4	(1,939)

	Asset Exposure £'000	% ¹	Fair Value £'000
Tuya Information Technology	19,542	1.4	19,542
H World Group Consumer Discretionary	18,469	1.3	18,469
Baidu Communication Services	18,368	1.3	18,368
Noah Holdings Financials	18,085	1.3	18,085
China Mengniu Dairy (shares and options) Consumer Staples	17,663	1.3	8,965
ZKH Group Industrials	17,578	1.2	17,578
Lenovo Group (long CFDs) Information Technology	17,439	1.2	(491)
Tuhu Car Industrials	17,344	1.2	17,344
Ten Pao Group Holdings Industrials	16,619	1.2	16,619
Sinotrans (long CFDs) Industrials	16,094	1.1	(1,437)
Crystal International Group Consumer Discretionary	15,817	1.1	15,817
Zhongji Innolight (long CFDs) Information Technology	15,055	1.1	845
China Resources Medical Holdings Health Care	15,047	1.1	15,047
Ningbo Deye Technology (long CFDs) Industrials	14,969	1.1	76
China State Construction Development Holdings Industrials	14,954	1.1	14,954
Weichai Power Industrials	14,520	1.0	14,520
Hygeia Healthcare Holdings (long CFDs) Health Care	14,393	1.0	139
Yifeng Pharmacy Chain (long CFDs) Consumer Staples	13,959	1.0	134
China Foods (long CFDs) Consumer Staples	13,940	0.9	(942)
Health & Happiness (H&H) International Holdings Consumer Staples	13,383	0.9	13,383
First Tractor Industrials	13,299	0.9	13,299
Forty largest exposures	1,125,085	79.6	693,839
Other exposures	839,949	59.5	627,794
Total exposures before index hedging	1,965,034	139.1	1,321,633

Forty Largest Holdings continued

	Asset Exposure		Fair Value
	£'000	% ¹	£'000
Less: Index hedging			
Hang Seng Index (future)	(98,487)	(7.0)	1,739
Hang Seng China Enterprise Index (future)	(90,698)	(6.4)	526
Total exposures after the netting of index hedging	(189,185)	(13.4)	2,265
Gross Asset Exposure²	1,775,849	125.7	
Portfolio Fair Value³			1,323,898
Net current assets (excluding derivative instruments)			88,863
Net Assets			1,412,761

1 Asset Exposure expressed as a percentage of Net Assets.

2 Gross Asset Exposure comprises market exposure to investments of £1,348,233,000 plus market exposure to derivative instruments of £427,616,000.

3 Portfolio Fair Value comprises investments of £1,348,233,000 plus derivative assets of £9,419,000 less derivative liabilities of £33,754,000.

A full list of the Company's holdings as at 31 March 2026 will be available on the Company's website at www.fidelity.co.uk/china from the day of the posting of this Annual Report.

Distribution of the Portfolio

as at 31 March 2026

Sector

	Company % ¹	Benchmark Index %
Consumer Discretionary	35.9	26.6
Industrials	24.3	5.3
Communication Services	23.9	19.6
Consumer Staples	11.2	3.3
Information Technology	9.8	8.9
Health Care	7.5	5.0
Financials	7.5	19.0
Real Estate	5.1	1.4
Materials	4.9	5.6
Utilities	0.9	1.9
Energy	-	3.4
Total Sector Exposure	131.0	100.0
Index Hedging	(13.4)	-
Other	1.7	-
Net Market Exposure	119.3	100.0

Share Type

Listed in Hong Kong	48.3	48.4
China 'H' Shares	15.9	28.0
Listed in US	14.4	4.0
China 'A' Shares	13.9	15.5
Red Chips	12.7	4.0
Unlisted	11.0	-
Listed in Germany	0.9	-
Listed in UK	0.8	-
US ADRs	0.6	-
Listed in Japan	0.5	-
Other	0.3	-
China 'B' Shares	-	0.1
Net Market Exposure	119.3	100.0

Size of Company (By Market Cap)

Large - above £10bn	41.9	77.9
Medium - between £1bn to £10bn	37.4	18.9
Small - below £1bn	30.9	-
Total Market Cap Exposure	110.2	96.8
Index/Other	9.1	3.2
Net Market Exposure	119.3	100.0

¹ Net Market Exposure expressed as a percentage of Net Assets.

Attribution Analysis

as at 31 March 2026

Analysis of NAV total return for the year ended 31 March 2026		%
Impact of:		
MSCI China Index (in Hong Kong dollar terms)		+4.7
Stock Selection (in Hong Kong dollar terms)		+9.9
Gearing by use of CFDs (in Hong Kong dollar terms) ¹		-0.8
Currency translation into sterling		-3.3
Share Repurchases		+0.6
Other Costs		-1.2
Cash		+0.8
NAV total return for the year ended 31 March 2026		+10.7

¹ See Glossary on page 104 for definition of Gearing in Attribution Analysis.

Ten Largest Contributors to NAV total return relative to the Benchmark Index		%
Xiaomi		+1.8
Zhongji Innolight		+1.5
Meituan		+1.5
Bytedance		+1.3
Impro Precision Industries		+1.2
Pony.ai		+1.0
Hesai Group		+0.8
Dongfang Electric Corporation		+0.8
Ningbo Deye Technology		+0.7
JD.com		+0.7

Ten Largest Detractors to NAV total return relative to the Benchmark Index		%
China Construction Bank		-0.8
Lexinfintech Holdings		-0.8
Full Truck Alliance		-0.7
HashKey Holdings		-0.7
NIO		-0.6
Tuhu Car		-0.5
Petrochina		-0.5
Hisense Home Appliances Group		-0.5
Industrial & Commercial Bank of China		-0.5
Ehang Holdings		-0.5

Note: Derivative positions are included in the above investment positions.

Source: Fidelity International.

Ten Year Record

For the year ended 31 March	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
Investment Performance										
Net Asset Value per Share total return (%) ¹	+10.7%	+31.5	-16.3	+2.6	-34.9	+81.9	-5.9	-5.3	+22.2	+38.8
Share Price total return (%) ¹	+9.5%	+35.8	-16.4	+0.3	-39.2	+97.2	-6.5	-0.3	+23.6	+45.8
MSCI China Index total return (in UK sterling terms) (%)	+1.6%	+37.5	-18.8	+1.4	-29.3	+29.1	-1.0	+0.9	+23.8	+37.6
Assets										
Gross Asset Exposure (£m)	1,775.8	1,745.9	1,450.9	1,659.1	1,765.6	2,754.9	1,594.2	1,767.1	1,806.6	1,586.9
Net Assets (£m)	1,412.8	1,413.8	1,176.0	1,338.4	1,400.6	2,183.0	1,273.0	1,401.6	1,502.9	1,243.8
Gross Gearing (%) ¹	25.7	23.5	23.4	23.9	26.1	26.2	25.2	26.1	20.2	27.6
Net Gearing (%) ¹	19.3	20.9	20.8	21.1	23.5	18.4	23.2	20.9	14.2	22.4
Net Asset Value per Share (pence) ¹	306.12	285.71	223.71	274.08	272.52	423.50	236.27	255.03	272.55	225.36
Share Price and Discount data										
Share Price (pence)	280.00	265.00	201.00	247.50	252.00	419.00	216.00	235.00	239.00	195.70
Discount (%) ¹	8.5	7.3	10.2	9.7	7.5	1.1	8.6	7.9	12.3	13.2
Earnings and Dividends paid										
Revenue Earnings per Share (pence) ¹	9.22	10.18	5.78	7.05	6.42	4.70	4.51	4.06	3.80	2.92
Capital Earnings/(Loss) (pence) ¹	20.53	55.75	(50.18)	(2.42)	(152.81)	186.11	(19.67)	(18.21)	45.86	60.01
Total Earnings/(Loss) per Share (pence) ¹	29.75	65.93	(44.40)	4.63	(146.39)	190.81	(15.16)	(14.15)	49.66	62.93
Ordinary Dividend per Share (pence)	9.00	8.00	6.40	6.25	5.50	4.68	4.25	3.85	3.50	2.50
Special Dividend per Share (pence)	-	1.00	-	-	-	-	-	-	-	-
Ongoing Charges Ratio										
Ongoing Charges Ratio (excluding variable element of the management fee) (%) ¹	0.92	0.89	0.98	0.98	0.94	0.97	0.99	1.02	1.11	1.16
Variable Management Fee (%)	0.17	(0.15)	0.15	0.20	0.20	0.12	(0.20)	(0.09)	0.00	n/a
Ongoing Charges Ratio (including variable management fee) (%) ¹	1.09	0.74	1.13	1.18	1.14	1.09	0.79	0.93	1.11	1.16

1 Alternative Performance Measures.

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

Strategic Report

The Directors have pleasure in presenting the Strategic Report of the Company. The Chairman's Statement and Portfolio Manager's Review on pages 2 to 13 form part of the Strategic Report.

Business and Status

The Company carries on business as an investment company and has been accepted as an approved investment trust by HM Revenue & Customs under Sections 1158 and 1159 of the Corporation Tax Act 2010, subject to the Company continuing to meet eligibility conditions. The Directors are of the opinion that the Company has conducted its affairs in a manner which will satisfy the conditions for continued approval.

The Company is registered as an investment company under Section 833 of the Companies Act 2006 and its ordinary shares are listed and traded on the London Stock Exchange. It is not a close company and it has no employees.

Purpose

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

Investment Objective

The Company's investment objective is to achieve long-term capital growth from an actively managed portfolio made up primarily of securities issued by companies 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.

Investment Policy

The Company invests in a diversified portfolio consisting primarily of securities issued by companies in China, both listed and unlisted, as well as Chinese companies listed elsewhere. The Company may also obtain exposure to other listed companies that have significant interests in China.

The Company may invest through equities, index linked, equity linked and other debt securities, cash deposits, money market instruments, foreign currency exchange transactions, equity related securities, forward transactions and other interests including derivative instruments. Forward transactions and derivatives, including futures, options and contracts for difference, may be used to enhance portfolio performance as well as for efficient portfolio management and hedging. The Company's interest in any single investment will not, on acquisition, exceed 15% of Net Assets plus Borrowings.

The Investment Manager is not required to ensure that the Company's cash resources are fully invested at all times. Accordingly, there may be times when the Company holds cash or money market instruments pending investment.

The Company may invest in China "A" Shares both directly through the Investment Manager's Qualified Foreign Institutional Investor ("QFII") license and indirectly through third parties who have a QFII facility.

Unlisted Investments

The Company is able to invest up to 15% of Net Assets plus Borrowing, at the time of investment, in unlisted securities which carry on business, or have significant interests, in China.

Borrowing and Gearing Policy

The Board considers that long-term capital growth can be enhanced by the judicious use of borrowing. The Board is responsible for the Company's gearing strategy with day-to-day decisions being made by the Investment Manager within the remit set by the Board in line with the borrowing and gearing policy.

The Company may borrow up to 25% of Net Assets, and the Gross Asset Exposure of the Company, whether from borrowing or the use of derivatives, may not exceed the Net Assets of the Company by more than 30%. The Portfolio Manager is responsible for operating within these limits.

Changes to Investment Objective and Investment Policy

No material change will be made to the Company's investment objective and investment policy without the prior approval by ordinary resolution of shareholders and the approval of the FCA.

At the Company's Annual General Meeting to be held on 21 July 2026, the Company will seek shareholder approval to amend the Investment Policy, and specifically, to amend the investment restriction in respect of any single listed investment so that the Company's interest in any single investment will not, on acquisition, exceed 20% of Net Assets plus Borrowings (increased from 15%). The full text of the proposed updated Investment Policy is set out in the Appendix to the notice of Annual General Meeting on page 102.

Strategy

In order to achieve the investment objective, the Company operates as an investment company which has an actively managed portfolio of investments. As an investment company, it is able to gear the portfolio and the Board takes the view that long-term returns for shareholders can be enhanced by the use of gearing in a carefully considered and monitored way.

As part of the strategy, the Board has delegated the management of the portfolio and certain other services to the Manager (FIL Investment Services (UK) Limited). The Manager delegates the investment management to FIL Investment Management (Hong Kong) Limited and the company secretariat function to FIL Investments International. The Portfolio Manager, Dale Nicholls, aims to achieve a total return on the Company's Net Assets over the long-term in excess of the equivalent return on the MSCI China Index (the Benchmark Index), as expressed in UK sterling. The stock selection approach adopted by the Portfolio Manager is considered to be well suited to achieving the objective. The Board recognises that investing in equities is a long-term process and that the Company's returns will vary from year to year.

The Company's strategy and principal activity have remained unchanged throughout the year ended 31 March 2026.

Investment Management Philosophy, Style and Process

The Portfolio Manager makes full use of Fidelity International's extensive investment research presence and investment licenses in China. He focuses on undervalued companies which have good long-term growth prospects and which have been underestimated by the wider market. Company visits and management meetings comprise an important part of the investment process. He has a bias to small and medium-sized companies, where lower levels of research by competitors leads to greater opportunities – but he is not constrained and may invest in large or mega cap companies such as state-owned enterprises as and when opportunities arise.

The Portfolio Manager may invest in companies listed in China and Chinese companies listed elsewhere. He may also invest in companies with significant interests in China. The Company is also able to invest up to 15% of its Net Assets plus Borrowings in unlisted companies with a view to their Initial Public Offering, thereby providing investors in the Company with very wide-ranging investment opportunities in China.

Derivative Instruments

The Company may use derivative instruments for efficient portfolio management, gearing and hedging purposes. They may also be used as a means of enhancing portfolio performance in order to achieve the Company's investment objective.

The Board has adopted a policy that the Gross Asset Exposure of short positions held by the Company will not in aggregate exceed 15% of Net Assets plus Borrowings.

It is the Board's policy that total exposure to any single counterparty from all activities, including, but not limited to, the management of cash and the use of derivatives should not exceed 15% of Net Assets plus Borrowings. Derivative exposures are included after the netting off of off-setting positions and allowing for any collateral placed by the counterparty with the Company.

Investments in other Listed Investment Companies

The Company may invest no more than 10%, in aggregate, of its Net Assets plus Borrowings at the time of acquisition in other listed investment companies (including listed investment trusts), but this restriction does not apply to investments in investment companies or investment trusts which themselves have stated investment policies to invest no more than 15% of their Net Assets plus Borrowings in other listed investment companies (including listed investment trusts).

Foreign Exchange Hedging Policy

The Company's Financial Statements are denominated in UK sterling, while investments are made and realised in currencies other than UK sterling, including Chinese renminbi, Hong Kong dollars and US dollars. It is the Company's policy not to hedge the underlying currencies of the holdings in the portfolio but rather to take the currency risk into consideration when making investment decisions.

Quantitative Reporting for the Year Ended 31 March 2026

Unlisted Investments	As at 31 March 2026, the Company held six (2025: six) unlisted investments with a fair value of £155,702,000 (2025: £136,044,000) representing 11.0% of Net Assets (2025: 9.6% of Net Assets).
Borrowing and Gearing	During the year, the Gross Asset Exposure of the Company did not exceed the Net Assets of the Company by more than 30%. As at 31 March 2026, Gross Asset Exposure in excess of Net Assets was 25.7% (2025: 23.5%). As at 31 March 2026, the Company did not have any loan facilities. The Board has requested that the Portfolio Manager limits net gearing to 20% of Net Assets at the present time.
Derivative Instruments	As at 31 March 2026, the Company's exposure to short derivative instruments represented 3.2% of Net Assets (2025: 1.3% of Net Assets, excluding hedging exposures). As at 31 March 2026, the Company's largest exposure to any single counterparty from all derivative activities was 0.2% of Net Assets (2025: 0.2% of Net Assets).
Investments in other Listed Investment Companies	As at 31 March 2026, the Company held no investments in other listed investment companies (2025: nil).

Strategic Report continued

Performance

The Company's performance for the year ended 31 March 2026, including a summary of the year's activities, and details on trends and factors that may impact future performance, are included in the Chairman's Statement and the Portfolio Manager's Review on pages 2 to 13. The Forty Largest Holdings, the Distribution of the Portfolio and the Attribution Analysis are on pages 20 to 24, and the Ten Year Record is on page 25.

Results And Dividends

The Company's results for the year ended 31 March 2026 are set out in the Statement of Comprehensive Income on page 63. The revenue earnings per share was 9.22 pence and the capital earnings per share was 20.53 pence, giving total earnings of 29.75 pence per share.

Under Section 1159 of the Corporation Tax Act 2010, the Company is not able to retain more than 15% of its net income in any reporting year to qualify as an investment trust. The Directors recommend that a final dividend of 9.00 pence per share be paid on 28 July 2026 to shareholders who appear on the register as at close of business on 19 June 2026 (ex-dividend date 18 June 2026). An ordinary dividend of 8.00p per share and a special dividend of 1.00 pence per share were paid in July 2025 in respect of the year ended 31 March 2025.

Key Performance Indicators

The Board's intention is for the NAV and share price to outperform the Benchmark Index over the longer-term and that the discount should be maintained in single digits in normal market conditions. It regularly considers the costs of running the Company with the aim of keeping the Ongoing Charges Ratio as low as possible. The Board deems these to be the Company's key performance indicators ("KPIs") and they are also comparable to those reported by other investment companies. The Company's KPIs for the current and prior year are set out in the table below.

	Year ended 31 March 2026 %	Year ended 31 March 2025 %
Net Asset Value per Share total return ¹	+10.7	+31.5
Share Price total return ¹	+9.5	+35.8
MSCI China Index total return	+1.6	+37.5
Discount to Net Asset Value ¹	8.5	7.3
Ongoing Charges Ratio ²	0.92	0.89

¹ Alternative Performance Measures. See pages 95 and 96.

² Excluding variable element of the management fee.

The Board also monitors the factors contributing to investment results, as set out in the NAV Attribution Analysis table on page 24. Long-term performance is also monitored and is set out in the Ten Year Record on page 25.

Principal Risks and Uncertainties and Risk Management

As required by provisions 33 and 34 of the AIC Code, the Board has a robust ongoing process for identifying, evaluating and managing the principal risks and uncertainties faced by the Company, including those that could threaten its business model, future performance, solvency or liquidity. The Board will implement the new requirement, under provision 34 of the AIC Code applicable for reporting periods from 1 January 2026, of a Board declaration on the effectiveness of material risk management and internal controls in the Company's next reporting year.

The Board, with the assistance of the Alternative Investment Fund Manager (FIL Investment Services (UK) Limited/the "Manager"), has developed a risk matrix which, as part of the risk management and internal controls process, identifies the key existing and emerging risks and uncertainties that the Company faces.

The Manager also has responsibility for risk management for the Company. It works with the Board to identify and manage the principal and emerging risks and uncertainties and to ensure that the Board can continue to meet its UK corporate governance obligations.

The Board considers the risks listed below and on pages 29 to 33 as the principal risks and uncertainties faced by the Company.

Emerging Risks

The Audit and Risk Committee continues to identify any new emerging risks and take any action necessary to mitigate their potential impact. The risks identified are placed on the Company's risk matrix and graded appropriately. This process, together with the policies and procedures for the mitigation of existing and emerging risks, is updated and reviewed regularly in the form of comprehensive reports by the Audit and Risk Committee. The Board determines the nature and extent of any risks it is willing to take in order to achieve its strategic objectives.

Globally, climate change (large scale shift in the planet's weather patterns and average temperatures) effects are already being experienced in the form of changing weather patterns. Extreme weather events can potentially impact the operations of investee and potential investee companies, their supply chains and their customers. Climate change continues to be an emerging risk. The Board notes that the Manager includes ESG considerations, including climate change, into the Company's investment process. The Board will continue to monitor how this may impact the Company as a risk to investment valuations and potentially affect shareholder returns.

The Board, together with the Manager, is also monitoring the emerging risks posed by the rapid advancement of artificial intelligence ("AI") and how it may threaten the Company's activities and its potential impact on the portfolio and investee companies. AI can provide asset managers powerful tools, such as enhancing data analysis risk management, trading strategies, operational efficiency and client servicing, all of which can lead to better investment outcomes and more efficient operations.

However, with these advances in computing power that will impact society, there are risks from its increasing use and manipulation with the potential to harm, including a heightened threat to cybersecurity.

Other emerging risks may continue to evolve from unforeseen geopolitical and economic events. There are currently a number of geopolitical factors that could mean greater stock market risks and heightened macro economic changes such as inflation, interest rates, currency fluctuations, energy costs and an increased regulatory environment.

Principal Risks	Risk Description and Impact	Risk Mitigation	Trend
1. Geopolitical Risk	- Political, socio economic and cultural events, trends and developments may have an adverse effect on the value of the Company's investments and the Manager's ability to access markets freely. - China's relationships with the US, Japan and Europe continue to generate bouts of volatility. Fragile truce with the US holds but the long-term trajectory remains one of strategic competition in technology, supply chains and security. - Imposition of tariffs may have an adverse impact on US/China trade. - US legislation may disproportionately target Chinese issuers and could, in a material escalation scenario, lead to forced delisting of Chinese American Depositary Receipts, with companies without secondary listings being the most vulnerable. Forced delisting could result in the Company holding unplanned unlisted investments. - Uncertainty from ongoing global conflicts, most recently the conflict in the Middle East, has elevated oil supply concerns and price volatility. - Regional conflict in the Pacific region remains a possibility. The ramifications, including potential military conflict, could have very serious economic and stock market implications. Additionally, sanctions could lead to the freezing of Chinese assets, limiting or prohibiting the Company's ability to transact in Chinese denominated assets.	- The Board receives insights and information, including research notes, from the Manager and independent sources on a regular basis. - The portfolio is tilted to domestic Chinese markets. - Major adverse market events are stress-tested for operational resilience and financial impact. - Regulatory and policy development is monitored by Fidelity, including any relevant executive orders or sanctions. - Whilst rule changes barring investment are unlikely, this risk is closely monitored.	Increased

Strategic Report continued

Principal Risks	Risk Description and Impact	Risk Mitigation	Trend
	The Company has exposure to a number of companies with all or part of their businesses in Variable Interest Entities ("VIEs"), which allow foreign investors to gain exposure to industries where direct foreign ownership is prohibited. There are regulatory risks in respect of VIEs arising from US first investment policies as well as from the China Security Regulatory Commission ("CSCR") requirements. Whilst rule changes barring investment are unlikely, such rule changes could require significant disinvestment by the Company.		
2. Market and Economic Risks (including Currency Risk)	- China's GDP growth is moderating but resilient, however it is weighed down by property sector weakness and consumer fragility. - Whilst China's outlook for "controlled stabilisation" is supported by targeted policy measures, the property sector, although showing signs of some stabilisation, is a source of uncertainty. Growth in local consumption is expected, but US tariffs may impact economic activity. - The currency in which the Company reports its results is sterling and its ordinary shares trade in sterling, whilst the underlying investments are in different currencies. The Company does not hedge currencies.	- Economic or market changes are reviewed at each Board meeting. - The Investment Manager oversees and governs the risk profile of the portfolio. - The Board receives and reviews reports from the Portfolio Manager on a regular basis. - It is not the Company's policy to hedge the underlying currencies of the holdings in the portfolio, but rather the Investment Manager takes into consideration currency risk when making investments.	Stable

Principal Risks	Risk Description and Impact	Risk Mitigation	Trend
3. Marketplace, Competition and Discount Management Risks	- There is increased activity around mergers and acquisitions across the investment company marketplace and alternative investment offerings (including passive vehicles) which could influence the demand for the Company's shares. - There is a risk of costly shareholder activism in the investment company sector, pursuing goals that may not be in the interests of most shareholders. - Changes in investor sentiment towards China, market volatility and poor performance could lead to the Company trading at a larger discount to its underlying NAV, as due to the nature of investment companies, the price of the Company's shares and its discount to NAV are factors which are not totally within the Company's control. - The Board may fail to implement its discount management policy effectively to keep the level of the discount in single digits in normal conditions and in the face of heavy selling pressure, may exhaust its authorised buyback facility.	- The Board, the Company's Broker and the Manager closely monitor industry activity, the peer group and the share register. - An annual review of strategy is undertaken by the Board to ensure that the Company continues to offer a relevant product to investors. - The Company's discount management policy is aimed at keeping the discount in single digits during normal market conditions. - Maintaining close communications with major shareholders. - If the authority to buy-back shares looked as if it could be exhausted, shareholders would be asked to approve a renewal of the authority.	Stable

Principal Risks	Risk Description and Impact	Risk Mitigation	Trend
4. Changes in Legislation, Taxation or Regulation	- Changes in legislation, taxation or regulation, or other external influence that require changes to the investment trust structure of the Company are a significant risk for the Company. - A breach of Section 1158 of the Corporation Tax Act 2010 could lead to a loss of investment trust status resulting in the Company being subject to tax on capital gains. - There have been concerns about investment cost disclosures and their impact on the industry.	- The Board and Manager closely monitor regulatory, taxation and legislative changes, with developments impacting the Company summarised in the form of regular reporting to the Board. - The Manager monitors Section 1158 status to ensure any issues are escalated to the Board and addressed promptly. - The Manager participates in industry discussions regarding regulatory changes impacting investment companies, and regulatory developments continue to be monitored and managed by Fidelity through active lobbying and negotiations as well as a robust change management process.	Stable

Strategic Report continued

Principal Risks	Risk Description and Impact	Risk Mitigation	Trend
5. Cybercrime and Information Security Risks, including Business Continuity Risk	- Cybersecurity risk from cyberattacks or threats to the functioning of global markets and to the Manager's own business model, including its and the Company's outsourced suppliers. - Risk of cybercrime such as phishing, remote access threats, extortion and denial-of-services attacks from highly organised criminal networks and sophisticated ransomware operators. - Whilst the use of artificial intelligence (AI) presents many opportunities, it also presents risks, including business process disruption risk as described below. - Business process disruption risk from continued threats of cyberattacks, geopolitical events, outages, fire events and natural disasters, resulting in financial and/or reputational impact to the Company affecting the functioning of the business. - The Company relies on a number of third-party service providers, principally the Registrar, Custodian and Depositary who may be subject to cybercrime.	- The Manager's technology risk management teams have implemented a number of initiatives and controls to provide enhanced mitigating protection and also to address the risks of AI. - Key performance indicators and metrics have been developed by the Manager to monitor the overall efficacy of cybersecurity processes and controls and to further enhance the Manager's cybersecurity strategy and operational resilience. - Fidelity has Business Continuity and Crisis Management Frameworks in place to deal with business disruption and assure operational resilience. - Third-party service providers are subject to a risk-based programme of risk oversight by the Manager. Internal control reports of the Registrar, Custodian and Depositary are received on an annual basis and any concerns are investigated.	Increased
6. Investment Performance Risk (including Gearing Risk)	- The Portfolio Manager may fail to outperform the Benchmark Index and peers over the longer-term. - High gearing levels in a falling market accentuate share price weakness. NAV performance can be affected by selling stock in a falling market to keep the gearing level within pre-agreed limits.	- An investment strategy overseen by the Board to optimise returns from investing in China, as well as oversight of gearing and relevant limits. - Diversification of investments through investment restrictions and guidelines which are monitored and reported upon by the Investment Manager. - A well-resourced team of experienced analysts covering the market. - Board scrutiny of the Manager and the ability in extreme circumstances to change the Manager.	Stable
7. Operational Risk	Financial losses or reputational damage from inadequate or failed internal processes, people and systems or from external parties and events.	- Fidelity's Operational Risk Management Framework is designed to proactively prevent, identify and manage operational risks inherent in most activities. - Fidelity uses robust systems and procedures dedicated to its operational processes. Its risk management structure is designed according to the FCA's three lines of defence model.	Stable

Principal Risks	Risk Description and Impact	Risk Mitigation	Trend
8. Key Person Risk	Loss of the Portfolio Manager or other key individuals could lead to potential performance and/or operational issues.	- The Manager has succession plans for key dependencies. - The depth of the team within Fidelity, including the experience of the analysts covering China.	Stable
9. Unlisted Securities Risk	- Valuations of unlisted securities involve a higher degree of valuation uncertainty and liquidity risks than quoted securities. - Valuations of unlisted securities may be adversely affected by market conditions, government sanctions and US trade tariffs. - Initial public offering (IPO) of the unlisted companies may face delays leading to longer holding periods. - Potential for less stringent standards of governance compared with those of listed entities.	- The Company has set a limit on the level of investments in unlisted companies, and the Manager has a track record of identifying profitable opportunities. - The Board's Audit and Risk Committee scrutinises the carrying value of unlisted investments determined by the Manager, with input from Fidelity's analysts and unlisted investments specialist, and an external third-party valuer.	Stable

Continuation Vote

A continuation vote will take place every five years with the first such vote to be held at the AGM in 2029.

Viability Statement

In accordance with provision 36 of the AIC Code, the Directors have assessed the prospects of the Company over a longer period than the twelve month period required by the "Going Concern" basis. The Company is an investment trust with the objective of achieving long-term capital growth. The Board considers that five years is an appropriate investment horizon to assess the viability of the Company, although the life of the Company is not intended to be limited to this or any other period.

In making an assessment on the viability of the Company, the Board has considered the following:

- The ongoing relevance of the investment objective in prevailing market conditions;
- The Company's level of gearing;
- The Company's NAV and share price performance compared to its Benchmark Index;
- The principal and emerging risks and uncertainties facing the Company and their potential impact, as set out above;
- The future demand for the Company's shares;
- The Company's share price discount to the NAV;
- The liquidity of the Company's portfolio;

- The level of income generated by the Company;
- Future income and expenditure forecasts; and
- Introduction of a continuation vote with effect from 2029 and every five years thereafter.

The Company's performance for the five year reporting period to 31 March 2026 was a NAV total return of -18.7% and a share price total return of -24.1%. The Benchmark Index total return over the same period was -18.7%. The Board regularly reviews the investment policy and considers whether it remains appropriate. The Board has concluded that there is a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the next five years based on the following considerations:

- The Investment Manager's compliance with the Company's investment objective and policy, its investment strategy and asset allocation;
- The portfolio comprises sufficient readily realisable securities which can be sold to meet funding requirements if necessary; and
- The ongoing processes for monitoring operating costs and income which are considered to be reasonable in comparison to the Company's total assets.

Strategic Report continued

In preparing the Financial Statements, the Directors have considered the impact of climate change and potential emerging risks from the use of artificial intelligence as detailed on page 28. The Board has also considered the impact of regulatory changes, global trade tariffs, continuing tensions between the US and China, and China and Taiwan, unforeseen market events, geopolitical concerns and the ongoing global implications of the war in Ukraine and the conflict in the Middle East and how this may affect the Company.

In addition, the Directors' assessment of the Company's ability to operate in the foreseeable future is included in the Going Concern Statement which is included in the Directors' Report on page 39.

PROMOTING THE SUCCESS OF THE COMPANY

Under Section 172(1) of the Companies Act 2006, the Directors of a company must act in a way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to the likely consequences of any decision in the long-term; the need to foster relationships with the Company's suppliers, customers and others; the impact of the Company's operations on the community and the environment; the desirability of the Company maintaining a reputation for high standards of business conduct; and the need to act fairly as between members of the Company.

As an externally managed Investment Trust, the Company has no employees or physical assets, and a number of the Company's functions are outsourced to third parties. The key outsourced function is the provision of investment management services by the Manager, but other professional service providers support the Company by providing administration, custodial, banking and audit services. The Board considers the Company's key stakeholders to be the existing and potential shareholders, the externally appointed Manager (FIL Investment Services (UK) Limited) and other third-party professional service providers. The Board considers that the interest of these stakeholders is aligned with the Company's objective of delivering long-term capital growth to investors, in line with the Company's stated objective and strategy, while providing the highest standards of legal, regulatory and commercial conduct.

The Board, with the Portfolio Manager, sets the overall investment strategy and reviews this at an annual strategy day which is separate from the regular cycle of board meetings. In order to ensure good governance of the Company, the Board has set various limits on the investments in the portfolio, whether in the maximum size of individual holdings, the use of derivatives, the level of gearing and others. These limits and guidelines are regularly monitored and reviewed and are set out on pages 26 and 27.

The Board receives regular reports from the Company's Broker which covers market activity, how the Company compares with its peers in the China sector on performance, discount and share repurchase activity, an analysis of the Company's share register and market trends.

The Board places great importance on communication with shareholders. The Annual General Meeting ("AGM") provides the key forum for the Board and the Portfolio Manager to present to the shareholders on the Company's performance and future plans and the Board encourages all shareholders to attend in person or virtually and raise any questions or concerns. The Chairman and other Board members are available to meet shareholders as appropriate. Shareholders may also communicate with Board members at any time by writing to them at the Company's registered office at FIL Investments International, Beech Gate, Millfield Lane, Tadworth, Surrey KT20 6RP or via the Company Secretary at the same address or by email at investmenttrusts@fil.com.

The Portfolio Manager meets with major shareholders, potential investors, stock market analysts, journalists and other commentators throughout the year. These communication opportunities help inform the Board in considering how best to promote the success of the Company over the long-term.

The Board seeks to engage with the Manager and other service providers and advisers in a constructive and collaborative way, promoting a culture of strong governance, while encouraging open and constructive debate, in order to ensure appropriate and regular challenge and evaluation. This aims to enhance service levels and strengthen relationships with service providers, with a view to ensuring shareholders' interests are best served, by maintaining the highest standards of commercial conduct while keeping cost levels competitive.

Whilst the Company's direct operations are limited, the Board recognises the importance of considering the impact of the Company's investment strategy on the wider community and environment, and considers the Manager's ESG approach in this regard.

In addition to ensuring that the Company's investment objective was being pursued, key decisions and actions taken by the Directors during the reporting year, and up to the date of this report, have included:

- The appointment of Bessie Lee as a non-executive director of the Company post the Company's year end;
- Proposing the increase of the single listed investment limit in the Investment Policy to 20% of Net Assets plus Borrowings. This amendment will be put forward for approval by shareholders at the Company's Annual General Meeting;
- Authorising the repurchase of 33,336,928 shares for cancellation in the reporting year when the Company's discount widened, in line with the Board's intention that the ordinary share price should trade at a level close to the underlying NAV. Since the year ended 31 March 2026 and up to the latest practicable date of this report, a further 3,121,739 shares have been repurchased;
- The decision to recommend the payment of a final dividend of 9.00 pence per share in respect of the year ended 31 March 2026;

- Following a competitive audit tender, and a recommendation from the Audit and Risk Committee, appointing PricewaterhouseCoopers LLP as the Company's auditor;
- Meeting the Company's key shareholders during the reporting year; and
- The decision to once again hold a hybrid AGM this year in order to make the AGM more accessible and improve the shareholder experience.

Board Diversity

The Board's overriding intention is to ensure that it is made up of the best combination of people in order to achieve long-term capital growth for the Company's shareholders from an actively managed portfolio of investments. To this effect, the Board, as part of its succession plan, will continue to appoint individuals who, together as a Board, will aim to ensure the continued optimal promotion of the Company in the marketplace. Due regard will be given to the benefit of diversity on the Board, including gender and ethnicity.

The Board has taken into consideration the FCA's Listing Rules requirements (LR 6.6.6(9), (10) and (11)) regarding the targets on board diversity that:

- at least 40% of individuals on the Board are women;
- at least one senior Board position (chairman, chief executive officer ("CEO"), senior independent director or chief financial officer ("CFO")) is held by a woman; and
- at least one board member should be from a non-white ethnic background, as defined by the Office of National Statistics criteria.

The Board considers that as an externally managed investment trust, with no CEO or CFOs, the Chairman of the Company, the Senior Independent Director and Chairman of the Audit and Risk Committee to be senior Board positions.

As required by the FCA Listing Rules, the Company's reporting against these targets is set out in the tables below. The data was collected on a self-identifying basis. As at 31 March 2026, the target of at least one senior Board position held by a woman and for at least one individual to be from a minority ethnic background had been met. The target of 40% of women on the Board was not met in the reporting year, but the target is now being met following the appointment of Bessie Lee as a director of the Company.

Gender Reporting as at 31 March 2026

	Number of Board Members	Percentage of the Board	Number of Senior Board Positions ¹
Men	4	67%	2
Women	2	33%	1

¹ Chair, Senior Independent Director and Audit and Risk Committee Chair.

Ethnic Background Reporting as at 31 March 2026

	Number of Board Members	Percentage of the Board	Number of Senior Board Positions ¹
White British or other White (including minority white groups)	5	83%	3
Asian/Asian British	1	17%	0

¹ Chair, Senior Independent Director and Audit and Risk Committee Chair.

CORPORATE AND SOCIAL RESPONSIBILITY

Environmental, Social and Governance ("ESG") in the Investment Process

The Board has contracted with the Manager to provide the Company with investment management and administrative services. The Board believes that ESG considerations are an important input into the assessment of the value of its investments. The investment universe is undergoing significant structural change and is likely to be impacted by increasing regulation as a result of climate change and other social and governance factors. The Board is committed to reviewing how the Manager applies ESG factors in the investment process. The Fidelity group of companies (including the Manager and Investment Manager) sets out its commitment to responsible investing and provides a copy of its detailed Responsible Investing at www.fidelity.co.uk/sustainable/sustainability-at-fidelity.

Socially Responsible Investment

The Manager's primary objective is to produce superior financial returns for the Company's shareholders. It believes that high standards of corporate social responsibility (CSR) make good business sense and have the potential to protect and enhance investment returns.

Modern Slavery Act 2015

As an externally managed investment company, the Company has no employees and does not provide goods or services in the normal course of business and does not have customers.

All its operational functions are outsourced to third-party service providers. Accordingly, the Company falls outside the scope of the Modern Slavery Act 2015. The Company's suppliers are predominantly professional advisers and the Company's service providers are considered to be low risk in this regard. In carrying out its activities and in relationships with suppliers, the Company aims to conduct itself responsibly, ethically and fairly.

Corporate Engagement

The Board believes that the Company should, where appropriate, take an active interest in the affairs of the companies in which it invests and that it should exercise its voting rights at their general meetings. It delegates the responsibility for corporate engagement and shareholder voting to the Investment Manager which updates the Board on any issues and activities. These activities are reviewed regularly by the Manager's stewardship team.

Strategic Report continued

Fidelity opposed management at 13% of shareholder meetings, demonstrating its active engagement with its underlying holdings.

Streamlined Energy and Carbon Reporting (SECR)

As an investment company with all its activities outsourced to third parties, the Company's own direct environmental impact is minimal. The Company has no premises, consumes no electricity, gas or diesel fuel and consequently does not have a measurable carbon footprint. The Company is categorised as a low energy user (less than 40MWH) under the Streamlined Energy & Carbon Reporting regulations and therefore is not required to disclose any energy and carbon information in this Annual Report.

Task Force on Climate-Related Financial Disclosures (TCFD)

Product reports of Task Force on Climate-related Financial Disclosures (TCFD) can be obtained via the Additional Information section on the Company's pages from the Manager's website at www.fidelity.co.uk/china.

FUTURE DEVELOPMENTS

Some trends likely to affect the Company in the future are common to many investment companies together with the impact of regulatory change and emerging risks. The factors likely to affect its future development, performance and position are set out in the Chairman's Statement and the Portfolio Manager's Review on pages 2 to 13.

On behalf of the board

Mike Balfour

Chairman
8 June 2026

Board of Directors



Mike Balfour

Chairman (since 20 July 2022)

Appointed 1 October 2018



Mr Balfour is non-executive Chairman of abrdn Property Income Trust Limited which is in wind down (all properties sold except one) and was non-executive chairman of Smithson Investment Trust plc until February 2026. He is Chairman of TPT Investment Management Limited and sits on the board of its parent company, TPT Retirement Solutions Limited. He was chief executive of Thomas Miller Investment Ltd until 2016 and was previously chief executive at Glasgow Investment Managers and chief investment officer at Edinburgh Fund Managers Limited. His early investment management career was focused on the nascent equity markets of Asia. He is a qualified Chartered Accountant.



Vanessa Donegan

Senior Independent Director

(since 1 January 2023)

Appointed 1 September 2020



Mrs Donegan is a non-executive Director and the Senior Independent Director of JPMorgan India Growth & Income plc and Invesco Asia Dragon Trust plc. She is also a non-executive Director of Herald Investment Management Ltd. and was a Director of State Street Global Advisors Luxembourg SICAV for six years until January 2026. She has 37 years of Asian fund management experience, including managing dedicated China portfolios. She was Head of the Asia Pacific desk at Columbia Threadneedle Investments Ltd. (formerly Threadneedle Investments Ltd.) for 21 years and has extensive experience of marketing funds to retail and institutional clients across the globe.



Alastair Bruce

Director

Appointed 1 July 2021



Mr Bruce is a non-executive Director and Chairman of the audit committee of both ICG Enterprise Trust PLC and Barings Emerging EMEA Opportunities PLC. He was Managing Partner of Pantheon Ventures between 2006 and 2013, having joined the firm in 1996. At Pantheon Ventures, he was involved in all aspects of the firm's business, particularly the management of Pantheon International PLC, the expansion of Pantheon Ventures global platform and the creation of a co-investment business. He has over 30 years of private equity, investment management and financial experience. He is a qualified Chartered Accountant.



Georgina Field

Director

Appointed 1 July 2022



Ms Field is Senior Partner at Alpha Agency, a specialist investment marketing agency. She has been in this global role since September 2024, when the business she set up and managed, White Marble Consulting, was acquired by the consultancy firm, Alpha FMC. She was previously a non-executive Director of the Perpetual Income Growth Investment Trust plc, overseeing its merger into Murray Income Trust plc. She has over 20 years' experience in the investment industry, including two senior roles leading marketing teams at asset management companies.

All the Directors are non-executive Directors and all are independent.

Committee membership key

Audit and Risk Management Engagement Nomination and Remuneration Committee Chair

Board of Directors continued



Bessie Lee

Director

Appointed 2 June 2026



Bessie Lee is an international business leader, investor, and board director with over 30 years of experience spanning global marketing services, technology-enabled business transformation, and cross-border growth between Asia and the West.

She currently serves as an Independent Non-Executive Director at RS Group plc, a FTSE 100 global industrial solutions company.

Bessie previously held several senior executive roles across Greater China. She served as Chief Executive Officer of JLL Greater China, overseeing one of the region's largest real estate advisory platforms, and earlier as Chief Executive Officer of WPP China and GroupM China.

Alongside her board work, Bessie is an active investor and advisor to technology startups focusing on martech, AI-driven platforms, and productivity technologies.



Edward Tse

Director

Appointed 24 November 2022



Dr Tse is a non-executive Director of China Oriental Group and Ping An Life Insurance Company of China as well as an Adviser of CDIB Capital International and Our Hong Kong Foundation. He is founder and Chief Executive Officer of Gao Feng Advisory Company, Professor of Managerial Practice at Cheung Kong Graduate School of Business, Advisory Board Member cum Adjunct Professor of Institute for China Business at the University of Hong Kong and Adjunct Professor of Marketing at the Chinese University of Hong Kong. He became one of the pioneers in China's management consulting industry by building and running two leading international management consulting firms (BCG and Booz) for 20 years. He has also advised Chinese government organisations on strategies, state-owned enterprise reform and Chinese companies going overseas, as well as to the World Bank and the Asian Development Bank.



Gordon Orr

Director

Appointed 1 January 2023



Mr Orr is an independent non-executive Director at Hong Kong listed Lenovo Group Limited, Meituan and at Stockholm listed EQT AB. He is also a non-executive director of Swire Pacific Limited and HKEX Limited. He founded McKinsey's consulting practice in mainland China in the early 1990s and led it in China and Asia until 2015, since when he has served on corporate boards.

All the Directors are non-executive Directors and all are independent.

Committee membership key

Audit and Risk Management Engagement Nomination and Remuneration Committee Chair

Directors' Report

The Directors have pleasure in presenting their report and the audited Financial Statements of the Company for the year ended 31 March 2026.

The Company was incorporated in England and Wales as a public limited company on 22 January 2010 under the registered number 7133583 and was launched as an investment trust on the London Stock Exchange on 19 April 2010.

Management Company

FIL Investment Services (UK) Limited ("FIL") is the Company's appointed Alternative Investment Fund Manager (the "AIFM"/"Manager"). FIL, as the Manager, has delegated the investment management of the Company to FIL Investment Management (Hong Kong) Limited and the role of Company Secretary to FIL Investments International.

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

FIL Limited has no beneficial interest in the shares of the Company (2025: nil).

The Board reviews the Management Agreement at least annually and details are included in the Corporate Governance Statement on page 45.

Management Fee

The Company has a management fee arrangement which comprises a base fee based on Net Assets and a positive or negative variable element.

The base management fee on the first £1.5 billion of Net Assets is 0.85% and is 0.65% on Net Assets over £1.5 billion. The variable management fee is ("VMF") of +/-0.20%.

The VMF of +/-0.20% is based on the Company's NAV per share performance relative to the MSCI China Index (in UK sterling terms) (the Company's Benchmark Index). The VMF element is calculated daily by referencing the performance of the Company's NAV to the performance of the MSCI China Index on a three year rolling basis. The variable element of the fee increases or decreases by 0.033% for each percentage point of the three year NAV per share outperformance or underperformance over the MSCI China Index to a maximum of +0.20% or a minimum of -0.20%. In the event of outperformance, the maximum fee that the Company would pay on Net Assets up to £1.5 billion is 1.05%, but in the case of underperformance, it can fall as low as 0.65%. For Net Assets over £1.5 billion, the maximum fee payable would be 0.85% if the Company outperforms the MSCI China Index or in the case of underperformance, it could fall as low as 0.45%.

The variable management fee charge for the year ended 31 March 2026 was a charge of 0.17% (2025: credit of 0.15%).

The total management fee for the year ended 31 March 2026 was £15,534,000 (2025: £8,041,000) as detailed in Note 4 on page 72. This was made up of a base fee of £12,905,000 (2025: £10,590,000) and a charge of £2,629,000 (2025: credit of £1,834,000) on the variable element based on the performance of the NAV against the MSCI China Index. The 2025 fee also included a reduction of £715,000 in respect of the base fee waived as part of the ACIC combination.

The Board

All Directors served on the Board throughout the year ended 31 March 2026 except Bessie Lee who was appointed as a Director on 2 June 2026. A brief description of all serving Directors as at the date of this report is shown on pages 37 and 38 and indicates their qualifications for Board membership.

All serving Directors as at the date of this report, other than Gordon Orr, will be seeking election or re-election at the AGM on 21 July 2026.

Directors' and Officers' Liability Insurance

The Company maintains insurance cover for its Directors under its own policy as permitted by the Companies Act 2006. This is in addition to benefits under the Manager's global Directors' and Officers' liability insurance arrangements.

Going Concern Statement

The Directors have considered the Company's investment objective, risk management policies, liquidity risk, credit risk, capital management policies and procedures, the nature of its portfolio and its expenditure and cash flow projections. The Directors, having considered the liquidity of the Company's portfolio of investments (being mainly securities which are readily realisable), stress testing performed, the projected income and expenditure, are satisfied that the Company is financially sound and has adequate resources to meet all of its liabilities and ongoing expenses and continue in operational existence for the foreseeable future. The Board has therefore concluded that the Company has adequate resources to continue to adopt the going concern basis for the period to 30 June 2027 which is at least twelve months from the date of approval of the Financial Statements. This conclusion also takes into account the Board's assessment of the ongoing risks from the war in Ukraine, the conflict in the Middle East, China's tensions with the US and Taiwan and significant market and geopolitical events and regulatory changes that could impact the Company's performance, prospects and operations.

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

The prospects of the Company over a period longer than twelve months can be found in the Viability Statement on pages 33 and 34.

Directors' Report continued

Auditors' Appointment

As announced on 11 November 2025, the Board appointed PricewaterhouseCoopers LLP as the Company's new external Auditor following a competitive tender process and a recommendation from the Audit & Risk Committee. The audit tender was conducted as a result of the requirement for public interest entities to undertake an audit tender at least every ten years. The appointment of PricewaterhouseCoopers LLP is effective for the year ended 31 March 2026 and their appointment, and re-appointment as Auditor for the year ending 31 March 2027, is subject to shareholder approval at the Annual General Meeting to be held on 21 July 2026.

Disclosure of Information to the Company's Auditor

As required by Section 418 of the Companies Act 2006, each Director in office as at the date of this Annual Report confirms that:

- so far as each Director is aware, there is no relevant audit information of which the Company's Auditor is unaware; and
- each Director has taken all the steps that ought to have been taken as a Director to make himself/herself aware of any audit information, and to establish that the Company's Auditor is aware of that information.

Corporate Governance

The Corporate Governance Statement forms part of this report and can be found on pages 43 to 47.

Registrar, Custodian and Depositary Arrangements

The Company has appointed MUFG Corporate Markets as its Registrar to manage the Company's share register; JPMorgan Chase Bank as its Custodian, which is primarily responsible for safeguarding the Company's assets; and J.P. Morgan Europe Limited as its Depositary, which is primarily responsible for oversight of the custody of investment funds and the protection of investors' interests. Fees paid to these service providers are disclosed in Note 5 on page 73.

Share Capital

The Company's share capital comprises ordinary shares of 1 pence each which are fully listed on the London Stock Exchange. As at 31 March 2026, the issued share capital was 547,132,870 (2025: 580,469,798) of which 85,629,548 (2025: 85,629,548) shares were held in Treasury. Shares in Treasury do not have voting rights, therefore the total number of shares with voting rights was 461,503,322 (2025: 494,840,250). During the year no shares were cancelled from Treasury.

Premium/Discount Management: Enhancing Shareholder Value

The Board recognises the importance of the relationship between the Company's share price and the NAV per share and monitors this closely. It seeks authority from shareholders each year to issue shares at a premium or to repurchase shares at a discount to the NAV, either for cancellation or holding in Treasury. The Board will exercise these authorities to endeavour to keep the discount in single digits in normal market circumstances and as discussed in the Chairman's Statement on pages 3 and 4.

Share Issues

No ordinary shares were issued in the year to 31 March 2026 (2025: nil). No shares have been issued since the year end and as at the date of this report.

The authorities to issue shares and to disapply pre-emption rights expire at the AGM on 21 July 2026 and resolutions to renew these authorities will be put to shareholders at this AGM.

Share Repurchases

The Company repurchased 33,336,928 (2025: 30,841,184) shares for cancellation and nil shares into Treasury (2025: nil) during the year ended 31 March 2026. Since the year ended 31 March 2026 and as at the latest practicable date of this report, the Company has repurchased a further 3,121,739 shares for cancellation.

The authority to repurchase shares expires at the AGM on 21 July 2026 and a resolution to renew the authority to repurchase shares, either for cancellation or to buy into Treasury, will be put to shareholders at this AGM.

Substantial Share Interests

As at 31 March and 30 April 2026, notification had been received that the shareholders listed in the table below held more than 3% of the voting share capital of the Company.

	31 March 2026 %	30 April 2026 %
Shareholders		
Fidelity Platform Investors	19.04	18.95
City of London Investment Management	12.98	12.83
Hargreaves Lansdown	11.21	11.21
Allan & Gill Gray Foundation	7.91	7.94
Lazard Asset Management	7.71	7.64
Interactive Investor	6.07	6.19
Allspring Global Investments	3.43	3.31

An analysis of shareholders as at 31 March 2026 is detailed in the table below.

Shareholders as at 31 March 2026	% of voting share capital
Retail Investors ¹	59.12
Fund of Funds	12.98
Pension Funds	8.63
Charities	7.91
Mutual Funds	7.81
Insurance Funds	2.34
Other	1.21
Total	100.00

¹ Includes Fidelity Platform Investors (19.04%).

Additional Information Required in the Directors' Report

Information on proposed dividends, financial instruments, disclosure on Streamlined Energy and Carbon Reporting (SECR) and Task Force on Climate-Related Financial Disclosures (TCFD) is set out in the Strategic Report on pages 26 to 36.

ANNUAL GENERAL MEETING – TUESDAY, 21 JULY 2026 AT 11.00 AM

THIS SECTION IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

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

The AGM of the Company will be held at **11.00 am on Tuesday, 21 July 2026** at 4 Cannon Street, London EC4M 5AB and virtually via the online Lumi AGM meeting platform. Full details of the meeting are given in the Notice of Meeting on pages 97 to 102.

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

For those shareholders who would prefer not to attend in person, we will live stream the formal business and presentations of the meeting online.

Dale Nicholls, the Portfolio Manager, will be making a presentation to shareholders highlighting the achievements and challenges of the year past and the prospects for the year to come. He and the Board will be very happy to answer any questions that shareholders may have.

Properly registered shareholders joining the AGM virtually will be able to vote on the proposed resolutions. Please see Note 9 to the Notes to the Notice of Meeting on page 99 for details on how to vote virtually. Investors viewing the AGM online will be able to submit live written questions to the Board and the Portfolio Manager and these will be addressed at an appropriate juncture during the meeting.

Further information and links to the Lumi platform may be found on the Company's website www.fidelity.co.uk/china. On the day of the AGM, in order to join electronically and ask questions via the Lumi platform, shareholders will need to connect to the website <https://meetings.lumiconnect.com/100-346-066-599>.

We urge shareholders to vote and make use of the proxy form provided. Please note that investors on platforms such as Fidelity Personal Investing, Hargreaves Lansdown, Interactive Investor or AJ Bell Youinvest will need to request attendance at the AGM in accordance with the policies of your chosen platform. They may request that you submit electronic votes in advance of the meeting. If you are unable to obtain a unique IVC and PIN from your nominee or platform, we will also welcome online participation as a guest. Once you have accessed <https://meetings.lumiconnect.com/100-346-066-599> from your

web browser on a tablet, smartphone or computer, you should then select the 'Guest Access' option before entering your name and who you are representing, if applicable. This will allow you to view the meeting and ask questions but you will not be able to vote.

Fidelity Platform Investors – Voting at AGMs

If you hold your shares in the Company through the Fidelity Platform, then Fidelity passes on to you the right to vote on the proposed resolutions at the Company's AGM. Fidelity Platform Investors are advised to vote online via the Broadridge Service (a company that specialises in investor voting facilities). Investors can sign up to this facility via their Fidelity Investor Account.

Proxy Voting

A paper Proxy Form will be sent to all shareholders who hold shares on the main share register. This will assist shareholders to vote in advance of the meeting should they decide not to attend in person.

If you have sold, transferred or otherwise disposed of all your shares in the Company, you should pass this document, together with any accompanying documents, as soon as possible to the purchaser or transferee, or to the stockbroker, bank or other agent through whom the sale or transfer was effected, for onward transmission to the purchaser or transferee.

At the AGM on 21 July 2026, resolutions will be proposed relating to the items of business set out in the Notice of Meeting on pages 97 and 98, including the items of special business summarised below and on the next page.

Authority to Amend the Investment Policy

Resolution 12 is an ordinary resolution and will, if approved, authorise the Directors to amend the Investment Policy to change the investment restriction in respect of any single listed investment so that the Company's interest in any single investment will not, on acquisition, exceed 20% of Net Assets plus Borrowings (increased from 15%). The rationale for the amendment to the investment restriction is explained in the Chairman's Statement on pages 2 to 6 of this Annual Report.

The proposed updated Investment Policy is set out in the Appendix to the notice of Annual General Meeting on page 102.

Authority to Allot Shares

Resolution 13 is an ordinary resolution and provides the Directors with a general authority to allot securities in the Company up to an aggregate nominal value of £544,011. If passed, this resolution will enable the Directors to allot a maximum of 54,401,100 ordinary shares which represents approximately 10% of the issued ordinary share capital of the Company (including Treasury Shares) at the latest practicable date of this report, and to impose any limits or restrictions and make any arrangements which they consider necessary or appropriate to deal with Treasury Shares, fractional entitlements, record dates, legal, regulatory or practical problems in, or under the laws of, any territory or any other matter. The Directors would not intend to use this power unless they considered that it was in the interests of shareholders to do so. Any shares issued would be at NAV per ordinary share or at a premium to NAV per ordinary share.

Directors' Report continued

Authority to Disapply Pre-Emption Rights

Resolution 14 is a special resolution disapplying pre-emption rights and granting authority to the Directors, without the need for further specific shareholder approval, to make allotments of equity securities or sale of Treasury shares for cash up to an aggregate nominal value of £544,011 representing approximately 10% of the issued ordinary share capital of the Company (including Treasury Shares) at the latest practicable date of this report and equivalent to 54,401,100 ordinary shares.

Authority to Repurchase Shares

Resolution 15 is a special resolution which renews the Company's authority to purchase up to 14.99% (68,711,399) of the ordinary shares in issue (excluding Treasury shares) at the latest practicable date of this report, or, if different, such number as represents 14.99% of the ordinary share capital (excluding treasury shares) at the date of the passing of the resolution, either for immediate cancellation or for retention as Treasury shares at the determination of the Directors. Once shares are held in Treasury, the Directors may only dispose of them in accordance with the relevant legislation by subsequently selling the shares for cash or by cancelling the shares. Purchases of ordinary shares will be made at the discretion of the Directors and within guidelines set from time to time by them in the light of prevailing market conditions. Purchases will only be made in the market at prices below the prevailing NAV per ordinary share.

Authority to call General Meetings on 14 clear days' notice

Resolution 16 is a special resolution to provide the Company with authority to call general meetings (other than annual general meetings) on 14 clear days' notice. The Directors believe that the flexibility provided by this resolution is beneficial to the Company when dealing with any matters that require the prompt consideration by shareholders.

This authority would only be used in circumstances where the Board considers it appropriate to do so, taking into account the circumstances of the business to be considered at the relevant general meeting.

Proposed Changes to the Company's Articles of Association

Resolution 17 is a special resolution regarding the adoption of the New Articles of Association ("**New Articles**") by the Company.

Summarised below are the principal changes proposed to be introduced through the adoption of the New Articles by the Company. A copy of the proposed New Articles showing all the changes as against the current Articles of Association is available for inspection at www.fidelity.co.uk/china, together with a copy of the current Articles of Association and a 'clean' copy of the New Articles (which do not highlight the amendments), from the date of this report until the end of the AGM (and at the AGM itself for the duration of the meeting and for at least 15 minutes prior to the meeting). The documents are also available for inspection at Simmons & Simmons LLP, Citypoint, 1 Ropemaker Street, London, EC2Y 9SS until the close of the AGM.

Directors' fees

The Board considers it is appropriate to increase the limit on Directors' fees ("**Fee Cap**"), which was set at the Company's Annual General Meeting in 2021 at £350,000 per annum. The proposed new Fee Cap is £450,000 in aggregate per annum. The Board considers that the increase will provide sufficient headroom to enable the Board to execute any succession plans for the future. The Board is satisfied that this new Fee Cap is in-keeping with current market practice.

Clarificatory, administrative and technical changes

Various changes of a minor, clarificatory or technical nature are not commented on separately. This includes in relation to arrangements for validity of proxies, to provide for if there are too few directors following retirements at annual general meetings and clarifications in relation to hybrid general meetings to follow how practice has developed. The Board does not however have any plans at this stage to allow general meetings to be held purely by electronic means, and so no provision has been included in the New Articles to provide for fully virtual meetings.

Recommendation: The Board considers that each of the resolutions is likely to promote the success of the Company and is in the best interests of the Company and its shareholders as a whole. The Directors unanimously recommend that you vote in favour of the resolutions as they intend to do in respect of their own beneficial holdings.

By Order of the Board

FIL Investments International

Secretary

8 June 2026

Corporate Governance Statement

This Corporate Governance Statement forms part of the Directors' Report. The Company is committed to maintaining high standards of corporate governance. Accordingly, the Board has put in place a framework for corporate governance which it believes is appropriate for an investment company.

Statement of Compliance

The Board has considered the principles and provisions of the AIC Corporate Governance Code (the "AIC Code") issued by the Association of Investment Companies (the "AIC") in August 2024. The AIC Code addresses the principles and provisions set out in the UK Corporate Governance Code (the "UK Code") issued by the Financial Reporting in January 2024, as well as setting out additional provisions on issues that are of specific relevance to the Company.

The Board considers that reporting against the principles and provisions of the AIC Code, which has been endorsed by the Financial Reporting Council, provides more relevant information to shareholders.

The Company has complied with the principles and provisions of the AIC Code for the year under review and up to the date of this Annual Report.

The AIC Code is available on the AIC website (www.theaic.co.uk). It includes an explanation of how the AIC Code adapts the principles and provisions set out in the UK Code to make them relevant for investment companies.

The FRC has confirmed that investment companies which report against the AIC Code will meet their obligations under the UK Code (and associated disclosure requirements under the UK Listing Rules). This Corporate Governance Statement, together with the Statement of Directors' Responsibilities on page 51, set out how the principles in the AIC Code have been applied.

The Company does not comply with the UK Code provisions relating to the role of the chief executive, executive directors' remuneration or the need for an internal audit function. The Board considers that these provisions are not relevant in the context of the Company as it is an externally managed investment company and has no executive directors, employees or internal operations, and its day-to-day management and administrative functions are delegated to the Manager.

THE BOARD

Board Composition

As at the date of this report, the Board, chaired by Mike Balfour, consists of seven non-executive Directors. Bessie Lee was appointed to the Board following the Company's year end and will stand for election by shareholders at the Company's AGM. Gordon Orr will not be standing for re-election at the AGM.

The Directors believe that, between them, they have good knowledge and wide experience of business in China, the Asia region, unlisted investments and their valuations, and of investment companies, and that the Board has an appropriate balance of skills, experience, independence and knowledge of the Company and length of service to discharge its duties and

provide effective strategic leadership and proper governance of the Company.

Vanessa Donegan is the Senior Independent Director and fulfils the role as a sounding board for the Chairman and intermediary for the other Directors, and to act as a channel of communication for shareholders in the event that contact through the Chairman is inappropriate.

Biographical details of all serving Directors are on pages 37 and 38.

Tenure Policy

Directors appointed to the Board are subject to election and subsequent annual re-election by shareholders at Annual General Meetings and normally serve a term of up to nine years from election.

Board Responsibilities

The Board has overall responsibility for the Company's affairs and for promoting the long-term success of the Company. All matters which are not delegated to the Company's Investment Manager under the Management Agreement are reserved for the Board's decision. Matters reserved for the Board and considered at meetings include decisions on strategy, management, structure, capital, share issues, share repurchases, gearing, financial reporting, risk management, investment performance, share price discount, corporate governance, Board appointments, and the appointment of the Investment Manager and Company Secretary. The Board also considers shareholder issues including communication and investor relations.

All Directors are independent of the Manager and Investment Manager and considered to be free from any relationship which could materially interfere with the exercise of their independent judgement. The Directors are required to disclose all potential conflicts of interests as they arise. The Board is satisfied that no conflicts have arisen in the year under review.

All Directors are able to allocate sufficient time to the Company to discharge their responsibilities fully and effectively. Each Director is entitled to take independent professional advice, at the Company's expense, in the furtherance of their duties.

Board Meetings

The Board considers that it meets sufficiently regularly to discharge its duties effectively and the table on the next page gives the attendance record for the meetings held during the reporting year. The Portfolio Manager and key representatives of the Investment Manager and Manager also attend these meetings. Regular Board meetings exclude ad hoc meetings for formal approvals or to address any key issues which may have arisen.

Between these meetings there is regular contact with the Investment Manager and Manager and other meetings are arranged as necessary. Additionally, Board Committees and sub-groups meet to pursue matters referred to them by the Board and the Chairman is in contact with the other Directors regularly without representatives of the Investment Manager and Manager being present.

Corporate Governance Statement continued

Board's Attendance Record for the Reporting Year

	Regular Board Meetings	Audit and Risk Committee Meetings	Management Engagement Committee Meetings	Nomination and Remuneration Committee Meetings
Mike Balfour ¹	5/5	n/a	1/1	1/1
Alastair Bruce	5/5	5/5	1/1	1/1
Vanessa Donegan	5/5	5/5	1/1	1/1
Georgina Field	5/5	5/5	1/1	1/1
Gordon Orr	4/5	4/5	1/1	0/1
Edward Tse	5/5	5/5	0/1	1/1

¹ As Chairman of the Board, Mr Balfour is not a Member of the Audit and Risk Committee but is invited to attend the meetings.

The Board will be undertaking a due diligence trip in July 2026 to China in order to meet with the management of existing and potential investee companies and also to meet with Fidelity's research and analysts' teams. The previous Board due diligence trip to China took place in November 2024.

Company Secretary

The Board has access to the advice and services of the Company Secretary. The Company Secretary is responsible to the Board for ensuring that Board procedures are followed and that applicable rules and regulations are complied with.

Changes to the Board

Changes to the Board take place in accordance with the Companies Act 2006, the Company's Articles of Association and the AIC Code. The Nomination and Remuneration Committee is responsible for identifying possible candidates. However, any proposal for the appointment of a new Director is discussed and approved by the entire Board. External consultants who have no connection with the Company are used to identify potential candidates. Nurole were appointed as external consultants to assist the Company with the recruitment process completed after the Company's year end, following which Bessie Lee was appointed as a director to the Company.

Director Training

Upon appointment to the Board, each Director receives a full, formal and tailored induction. Directors are also regularly provided with key information on the Company's policies, regulatory and statutory requirements and internal controls. Changes affecting Directors' responsibilities are advised to the Board as they arise. Directors also regularly participate in relevant training and industry seminars. Training and development needs are considered as part of the annual Board and Committees evaluation process.

Election and Re-Election of Directors

All newly appointed Directors stand for election by the shareholders at the AGM following their appointment by the Board. In accordance with Provision 23 of the AIC Code, all

Directors are subject to annual re-election. Gordon Orr has given notice that he will not be standing for re-election at the AGM to be held on 21 July 2026. Bessie Lee was appointed by the Board on 2 June 2026 and will therefore stand for election at the AGM. All other Directors, being eligible, are standing for re-election at this year's AGM, and their details are listed on pages 37 and 38.

The terms and letters of appointment of Directors are available for inspection at the registered office of the Company.

Board Evaluation

An annual evaluation of the Board, its Directors and its Committees is undertaken ahead of each AGM. It takes the form of written questionnaires and discussions, except for every third year when an external evaluation is undertaken. The process is considered to be constructive in terms of identifying areas for improving the functioning and performance of the Board and its Committees and action is taken on the basis of the results. The tenure of individual Directors is also considered as part of this process.

For the year under review, the performance and contribution to the Company of each Director was considered using a written questionnaire. The performance of the Chairman is evaluated by the other Directors in the Chairman's absence. It was concluded that the Chairman and each Director have been effective and that they continue to demonstrate commitment to their roles. The process is considered to be constructive in terms of identifying areas for improving the functioning and performance of the Board and its Committees and action is taken on the basis of the results. The Board considers the tenure of individual Directors during the evaluation process.

As a FTSE 350 Company and in accordance with provision 26 of the AIC Code, the Board carried out an externally facilitated evaluation in the year ended 31 March 2024. The next externally facilitated Board performance review will be for the Company's year ending 31 March 2027.

Directors' Remuneration and Share Interests

Details of the Directors' remuneration and share interests are disclosed in the Directors' Remuneration Report on pages 49 and 50.

BOARD COMMITTEES

The Board has three Committees, as set out on the next page, through which it discharges certain of its corporate governance responsibilities. These are the Audit and Risk Committee, the Management Engagement Committee and the Nomination and Remuneration Committee. Terms of reference of each Committee can be found on the Company's pages of the Manager's website at www.fidelity.co.uk/china.

Audit and Risk Committee

The Audit and Risk Committee is chaired by Alastair Bruce and consists of all of the Directors, except for Mike Balfour which is in line with the recommendation of the AIC Code that a chairman of a board should not be a member of an audit committee. Mr Balfour will generally be invited to attend the Audit and Risk Committee meetings.

Full details of the Audit and Risk Committee are disclosed in the Report of the Audit and Risk Committee on pages 52 to 55.

Management Engagement Committee

Composition

The Management Engagement Committee (the "Committee") is chaired by Mike Balfour and consists of all of the Directors.

Role and Responsibilities

The Committee is charged with reviewing and monitoring the performance of the Manager and for ensuring that the terms of the Management Agreement remain competitive and reasonable for shareholders. It meets at least once a year and reports to the Board, making recommendations as appropriate.

Manager's Reappointment

Ahead of the AGM on 21 July 2026, the Committee has reviewed the performance of the Manager and the fee basis and concluded that it is in the interests of shareholders that the appointment of the Manager should continue. Details of the fee arrangements for the reporting year are in the Directors' Report on page 39.

Nomination And Remuneration Committee

Composition

The Nomination and Remuneration Committee (the "Committee") is chaired by Vanessa Donegan and consists of all of the Directors.

Role and Responsibilities

The Committee meets at least once a year and is charged with reviewing the composition, size and structure of the Board and makes recommendations to the Board as appropriate. It is

charged with nominating new Directors for consideration by the Board, and in turn for approval by shareholders. The search for a candidate is carried out against a set of objective criteria, with due regard for the benefits of diversity on the Board, including gender, social and ethnic backgrounds. New Directors are appointed on the basis of merit.

The Committee also considers the election and re-election of Directors ahead of each AGM. For the forthcoming AGM, it has considered the performance and contribution to the Company of each Director seeking election or re-election and concluded that each Director has been effective and continues to demonstrate commitment to their role. Accordingly, the Committee has recommended their continued service to the Board.

The Committee also considers the remuneration of the Directors, and takes into account their roles, their responsibilities and the time involved in carrying out their duties effectively. It also makes itself aware of Directors' fees of other comparable investment companies. Further details can be found in The Remuneration Policy on page 48.

The Committee, on behalf of the Board, continues to appoint apprentices of the Board in order to give board exposure to aspiring non-executive directors. As a result of this process, the Board appointed a Board apprentice, Adnan Nur, who started his apprenticeship on 1 January 2025 and will end his apprenticeship at the conclusion of the AGM to be held on 21 July 2026. He attended all Board and Committee meetings as an observer. The Board has appointed a new Board apprentice, Jermaine Mensah, with effect from the conclusion of the forthcoming AGM.

Succession Planning

The Committee is responsible for succession planning and for Directors' appointments.

ACCOUNTABILITY AND AUDIT

Financial Reporting

Set out on page 51 is a statement by the Directors of their responsibilities in respect of the preparation of the Annual Report and Financial Statements. The Auditor has set out its reporting responsibilities within the Independent Auditor's Report to the Members on pages 56 to 62.

The Board has a responsibility to present fair, balanced and understandable annual and half-yearly financial statements. All financial statements are reviewed by the Audit and Risk Committee and approved by the Board prior to their issue to ensure that this responsibility is fulfilled.

Risk Management and Internal Controls

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

Corporate Governance Statement continued

The Board determines the nature and extent of any risks it is willing to take in order to achieve its strategic objectives. It is responsible for the design, implementation and maintenance of controls and procedures to safeguard the assets of the Company although these tasks have been delegated on a day-to-day basis to the Manager. The system extends to financial, operational and compliance controls and risk management. Clear lines of accountability have been established between the Board and the Manager. The Manager provides regular reports on controls and compliance issues to the Audit and Risk Committee and the Board.

In carrying out its review, the Audit and Risk Committee has regard to the activities of the Manager, the Manager's compliance and risk functions and the work carried out by the Company's Auditor relevant to the Company's audit. It also includes consideration of internal controls in similar reports issued by the other service providers.

The Board, assisted by the Manager, has undertaken a rigorous risk and controls assessment. This process also assists in identifying any new emerging risks and the action necessary to mitigate their potential impact. The Board confirms that there is an effective robust ongoing process in place in order to identify, evaluate and manage the Company's principal business and operational risks, and that it has been in place throughout the year ended 31 March 2026 and up to the date of this report. This process is in accordance with the FRC's "Risk Management, Internal Control and Related Financial and Business Reporting" guidance.

The Board has reviewed the need for an internal audit function and has determined that the systems and procedures employed by the Manager, which are subject to inspection by the Manager's internal and external audit processes, provide sufficient assurance that a sound system of internal controls is maintained to safeguard shareholders' investments and the Company's assets. An internal audit function, specific to the Company, is therefore considered unnecessary. The Audit and Risk Committee meets the Manager's internal audit representative at least once a year. It receives a summary of the Manager's externally audited internal controls report on an annual basis.

The Board will report against the new requirements under provision 34 of the AIC Code applicable for reporting periods beginning on or after 1 January 2026, including a declaration of effectiveness of material controls at the Company's financial year end, in the Company's next Annual Report for the year ending 31 March 2027.

Whistle-Blowing Procedure

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

Bribery Act 2010

The Company is committed to carrying out business fairly, honestly and openly. The Board recognises the benefits this has to reputation and business confidence. The Board, the Manager, the Manager's employees and others acting on the Company's behalf, are expected to demonstrate high standards of behaviour when conducting business.

The Board acknowledges its responsibility for the implementation and oversight of the Company's procedures for preventing bribery, and the governance framework for training, communication, monitoring, reporting and escalation of compliance together with enforcing action as appropriate. The Board has adopted a zero tolerance policy in this regard.

Criminal Finances Act 2017

The Company is subject to the Criminal Finances Act 2017 and follows a zero tolerance policy to tax evasion and its facilitation. The Directors are fully committed to complying with all legislation and appropriate guidelines which are designed to prevent tax evasion and the facilitation of tax evasion in the jurisdictions in which the Company, its service providers, counterparties and business partners operate.

Responsibility as an Institutional Shareholder

The Board has adopted the Manager's Principles of Ownership in relation to investments. These Principles include the pursuit of an active investment policy through portfolio management decisions, voting on resolutions at general meetings and maintaining a continuing dialogue with the management of investee companies. Fidelity International is a signatory to the UK Stewardship Code which sets out the responsibilities of institutional shareholders and agents. Further details of the Manager's Principles of Ownership and voting may be found at www.fidelity.co.uk.

Relations with Shareholders

Communication with shareholders is given a high priority by the Board and it liaises with the Manager and the Company's Broker who are in regular contact with the Company's major institutional investors to canvass shareholder opinion and to communicate its views to shareholders. All Directors are made aware of shareholders' concerns and the Chairman, the Senior Independent Director and, where appropriate, other Board Directors, are available to meet with shareholders to discuss strategy and governance. In addition, the Portfolio Manager also meets with major shareholders and investors in the UK. The Board regularly monitors the shareholder profile of the Company and receives regular reports from the Manager on meetings attended with shareholders and any concerns raised in such meetings. The Board aims to provide the maximum opportunity for dialogue between the Company and its shareholders. If any shareholder wishes to contact a member of the Board directly, they should either email the Company Secretary at investmenttrusts@fil.com or in writing at FIL Investments International, Beech Gate, Millfield Lane, Lower Kingswood, Tadworth, Surrey KT20 6RP. The Company Secretary will attend to any enquiries promptly and ensure that they are directed to the Chairman, the Senior Independent Director or the Board as a whole, as appropriate.

The Board encourages all shareholders to attend the Company's AGM on 21 July 2026, details of which can be found on page 6. Full details of the Notice of Meeting are on pages 97 to 102.

Voting Rights in the Company's Shares

Every person entitled to vote on a show of hands has one vote. On a poll, every shareholder who is present in person or by proxy or representative has one vote for every ordinary share held. At general meetings, all proxy votes are counted and, except where a poll is called, proxy voting is reported for each resolution after it has been dealt with on a show of hands. The proxy voting results are disclosed on the Company's pages of the Manager's website at www.fidelity.co.uk/china after the AGM.

Articles of Association

Any changes to the Company's Articles of Association must be made by special resolution. A special resolution to amend the Company's Articles of Association is being proposed at this year's AGM on 21 July 2026. Further details of the proposed changes are on page 42.

On behalf of the Board

Mike Balfour

Chairman

8 June 2026

Directors' Remuneration Report

Chairman's Statement

The Directors' Remuneration Report for the year ended 31 March 2026 has been prepared under sections 420-422 of the Companies Act and in accordance with Schedule 8 of The Large and Medium-sized Companies and Groups (Accounts & Reports) Regulations 2008 as amended by the Companies (Directors' Remuneration and Audit (Amendment) Regulations 2025 (the "Regulations"). As the Board is comprised entirely of non-executive Directors and has no employees, many parts of the Regulations, in particular those relating to chief executive officer pay and employee pay, do not apply and are therefore not disclosed in this report.

An ordinary resolution to approve the Directors' Remuneration Report will be put to shareholders at the AGM on 21 July 2026. The Directors' Remuneration Policy was last approved at the AGM held on 24 July 2025 and, unless otherwise amended, will next be put forward for approval at the AGM to be held in 2028.

The Company's Auditor is required to audit certain sections of this report and where such disclosures have been audited, the specific section has been indicated as such. The Auditor's opinion is included in its report on pages 56 to 62.

Directors' Remuneration

The annual fee structure with effect from 1 April 2026 is as follows:

Role	1 April 2026 £	1 April 2025 £
Chairman	58,000	55,500
Chairman of the Audit & Risk Committee	48,000	46,500
Senior Independent Director	45,000	43,500
Director	38,500	37,000

Levels of remuneration are reviewed on an annual basis to ensure that they remain competitive and sufficient to attract and retain the quality of Directors needed to manage the Company successfully.

The Remuneration Policy

The Company's Articles of Association limit the aggregate fees payable to the Directors to £350,000 per annum. Subject to this overall limit, and based on the recommendations of the Nomination and Remuneration Committee, it is the Board's policy to determine the level of Directors' fees having regard to the time spent by them on the Company's affairs; the level of fees payable to non-executive directors in the industry generally; the requirement to attract and retain individuals with suitable knowledge and experience; and the role individual Directors fulfil. Other than fees and reasonable travel expenses incurred in attending to the affairs of the Company, the Directors are not eligible for any performance related pay or benefits, pension related benefits, share options, long-term incentive schemes or other taxable benefits. All Directors will be entitled to claim additional remuneration in the event of significant additional work outside of normal Company affairs. The Directors are not entitled to exit payments and are not provided with any compensation for loss of office.

The level of Directors' fees is determined by the whole Board. Directors do not vote on their own individual fees. The Nomination and Remuneration Committee reviews the Company's Remuneration Policy and implementation on an annual basis. Reviews are based on information provided by the Company's Manager and research from third parties and it includes information on the fees of other similar investment trusts.

As a FTSE 350 company, and in accordance with provision 26 of the AIC Code, the Board is required to carry out an externally facilitated evaluation every third year of its performance and this also includes input into the appropriate level of Directors' fees from an independent source.

No Director has a service contract with the Company. New Directors are provided with a letter of appointment which, amongst other things, provides that their appointment is subject to the Companies Act 2006 and the Company's Articles of Association. Copies of the Directors' letters of appointment are available at each of the Company's Annual General Meetings and can be obtained from the Company's registered office.

In common with most investment trusts there is no Chief Executive Officer and there are no employees.

The Company's Remuneration Policy will apply to new Board members, who will be paid at the same level of fees as current Board members.

Proposed Amendment to Aggregate Fees Limit

The Board is proposing to increase the aggregate cap on Directors' fees to provide greater flexibility for any future changes. The proposed new cap is £450,000 in aggregate per annum, which it is felt is in line with market practice, replacing the existing cap of £350,000 per annum which was put in place in 2021.

The above amendment is reflected in the proposed new Articles of Association to be put forward for shareholder approval at the AGM to be held on 21 July 2026.

Voting on the Remuneration Policy

The Remuneration Policy (the "Policy") is subject to a binding vote at every third AGM. It was last approved at the AGM on 24 July 2025 with 99.84% of votes (representing 197,440,179 shares) cast in favour and 0.16% of votes (representing 311,137 shares) cast against. The votes cast are disclosed on the Company's pages of the Manager's website at: www.fidelity.co.uk/china.

Voting on the Directors' Remuneration Report

At the AGM held on 24 July 2025, 99.84% of votes (representing 197,470,018 shares) were cast in favour of the Directors' Remuneration Report for the year ended 31 March 2025 and 0.16% of votes (representing 307,531 shares) were cast against.

The Directors' Remuneration Report for the year ended 31 March 2026 will be put to shareholders at the AGM on 21 July 2026, and the votes cast will be disclosed on the Company's pages of the Manager's website at: www.fidelity.co.uk/china.

Single Total Figure of Directors' Remuneration

The single total aggregate Directors' remuneration for the year ended 31 March 2026 was £264,033 (2025: £255,018). This includes expenses incurred by Directors in attending to the affairs

of the Company and which are considered by HMRC to be a taxable expense.

Information on individual Directors' fees and taxable Directors' expenses are shown in the table below.

	2027 Projected Total (£)	2026 Fees (Audited) (£)	2026 Taxable Expenses* (Audited) (£)	2026 Total (Audited) (£)	2025 Fees (Audited) (£)	2025 Taxable Expenses* (Audited) (£)	2025 Total (Audited) (£)
Remuneration of Directors							
Mike Balfour	58,000	55,500	7,533	63,033	54,000	5,018	59,018
Alastair Bruce	48,000	46,500	-	46,500	45,500	-	45,500
Vanessa Donegan	45,000	43,500	-	43,500	42,500	-	42,500
Georgina Field	38,500	37,000	-	37,000	36,000	-	36,000
Gordon Orr ¹	11,814	37,000	-	37,000	36,000	-	36,000
Edward Tse	38,500	37,000	-	37,000	36,000	-	36,000
Bessie Lee ²	31,960	-	-	-	-	-	-
Total	271,774	256,500	7,533	264,033	250,000	5,018	255,018

* Expenses incurred in attending to the affairs of the Company.

¹ Gordon Orr will be standing down as a director of the Company at the AGM to be held on 21 July 2026.

² Bessie Lee was appointed as a director of the Company on 2 June 2026.

Five Year Change Comparison in Directors' Remuneration

The table below sets out the change in Directors' fees over the last five years.

Director	2026	2021	Change (%)
Chairman	55,500	42,000	+32.1%
Chairman of the Audit and Risk Committee	46,500	32,000	+45.3%
Senior Independent Director	43,500	31,500	+38.1%
Director	37,000	26,500	+39.6%

Expenditure on Remuneration and Distributions to Shareholders

The table below shows the total amount paid out in Directors' remuneration and distributions to shareholders. The projected Directors' remuneration for the year ending 31 March 2026 is disclosed in the table above.

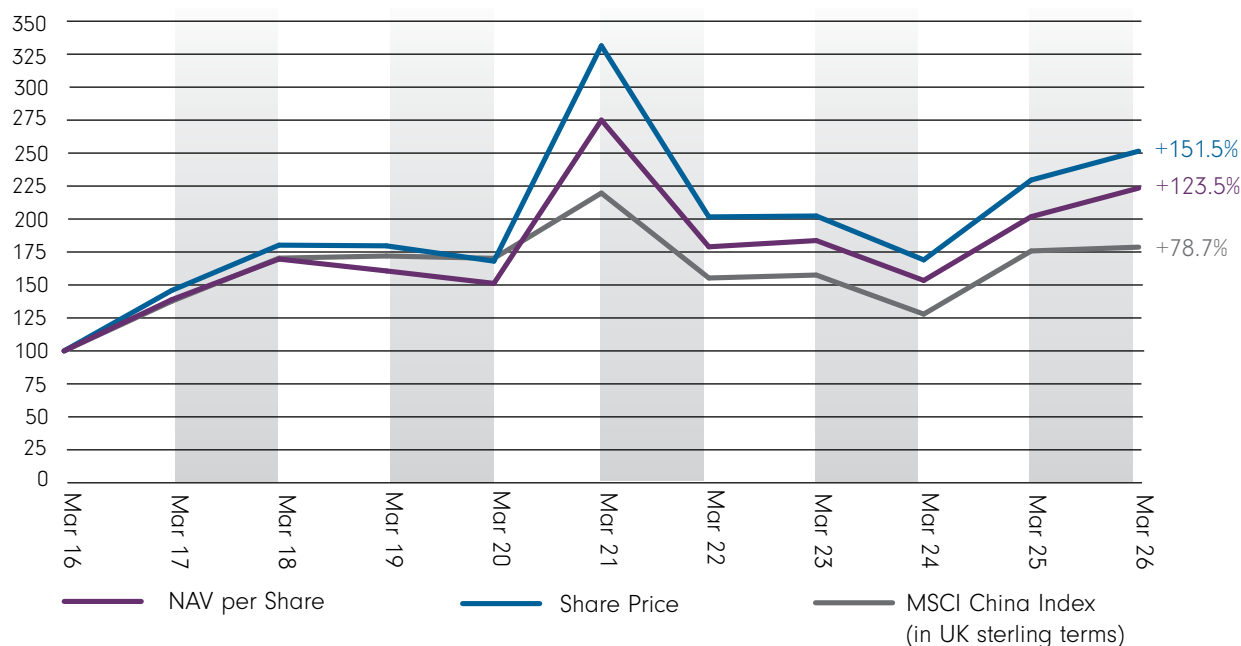
	31 March 2026 £	31 March 2025 £
Expenditure on Remuneration		
Aggregate of Directors' Fees	264,033	255,018
Distribution to Shareholders		
Dividend payments	44,380,000	33,355,000
Shares repurchased	100,528,000	66,809,000

Directors' Remuneration Report continued

Performance

The Company's NAV per share total return and share price total return performance are measured against the return of the MSCI China Index (in UK sterling terms) as this is the most appropriate Benchmark in respect of its objective. The graph below shows performance for ten years to 31 March 2026.

Total Return Performance for Ten Years to 31 March 2026



Directors' Interest in the Company's Ordinary Shares

Although there is no requirement for the Directors to hold shares in the Company, shareholdings by Directors are encouraged. The interests of the Directors in the shares of the Company are shown in the table below. All of the shareholdings are beneficial. The Portfolio Manager, Dale Nicholls, also holds shares in the Company.

Directors' Shareholdings (Audited)

	31 March 2026	31 March 2025	Change during year
Mike Balfour ¹	67,063	65,000	2,063
Alastair Bruce	43,800	43,800	-
Vanessa Donegan ¹	16,287	10,000	6,287
Georgina Field ²	6,450	2,250	4,200
Bessie Lee ³	2,500	-	-
Gordon Orr	-	-	-
Edward Tse	-	-	-

¹ Purchase of shares

² Includes holding by closely associated person of 4,200 shares.

³ Appointed on 2 June 2026.

The above shareholdings remain unchanged as at the date of this report.

On behalf of the Board

Mike Balfour

Chairman

8 June 2026

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Annual Report and the Financial Statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Financial Statements for each financial period. Under that law they have elected to prepare the Financial Statements in accordance with UK-adopted International Accounting Standards ("IFRS") in conformity with the requirements of the Companies Act 2006 and IFRIC interpretations. Under company law the Directors must not approve the Financial Statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the net profit for the reporting period.

In preparing these Financial Statements the Directors are required to:

- Select suitable accounting policies in accordance with IAS 8: Accounting Policies, Changes in Accounting Estimates and Errors, and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- Present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- Provide additional disclosures when compliance with the specific requirements in IFRS is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Company's financial position and financial performance;
- State whether applicable IFRS and IFRIC interpretations have been followed, subject to any material departures disclosed and explained in the Financial Statements; and
- Prepare the Financial Statements on the going concern basis unless it is inappropriate to assume that the Company will continue in business.

The Directors are responsible for ensuring that adequate accounting records are kept which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the Financial Statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Under applicable law and regulations, the Directors are also responsible for preparing a Strategic Report, a Directors' Report, a Corporate Governance Statement and a Directors' Remuneration Report that comply with that law and those regulations.

The Directors have delegated to the Manager the responsibility for the maintenance and integrity of the corporate and financial information included on the Company's pages of the Manager's website at www.fidelity.co.uk/china. Visitors to the website need to be aware that legislation in the UK governing the preparation and dissemination of the Financial Statements may differ from legislation in their own jurisdictions.

The Directors confirm that to the best of their knowledge:

- The Financial Statements, prepared in accordance with UK-adopted International Accounting Standards ("IFRS") and IFRIC interpretations, give a true and fair view of the assets, liabilities, financial position and net profit of the Company;
- The Annual Report includes a fair review of the development and performance of the business and the position of the Company, together with a description of the principal risks and uncertainties it faces; and
- The Annual Report and Financial Statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Company's performance, business model and strategy.

The Statement of Directors' Responsibilities was approved by the Board on 8 June 2026 and signed on its behalf by:

Mike Balfour
Chairman

Report of the Audit and Risk Committee

I am pleased to present the formal report of the Audit and Risk Committee (the "Committee") to shareholders.

The primary responsibilities of the Committee are to ensure the integrity of the Company's financial reporting, the appropriateness of the risk management and internal controls processes (see pages 45 and 46 for further details) and the effectiveness of the independent audit process and how this has been assessed for the year ended 31 March 2026.

Composition of the Committee

The members of the Committee are myself as Chairman, and all of the other Directors, except for Mike Balfour. This is in line with the recommendation in the 2024 UK Corporate Governance Code that the Chairman of the Board should not be a member of the Audit and Risk Committee. He will generally be invited to attend the Committee meetings as a guest. All Committee members are independent non-executive Directors and collectively have sufficient recent and relevant financial experience to discharge their responsibilities fully.

The Committee's performance is evaluated annually as part of the overall Board evaluation process.

Role and Responsibilities of the Audit Committee

The Committee's authority and duties are clearly defined in its terms of reference which are available on the Company's pages of the Manager's website at www.fidelity.co.uk/china.

These duties include:

- Establishing with the Auditor the nature and scope of the audit, reviewing the Auditor's quality control procedures and reporting, the effectiveness of the audit process and the Auditor's independence and objectivity with particular regard to the provision of non-audit services;
- Responsibility for making recommendations on the appointment, reappointment and removal of the Auditor;
- Reviewing the effectiveness of the Company's risk management and internal control systems (including financial, operational and compliance controls) and considering the scope and obtaining sufficient assurance of the work undertaken by the Manager's Internal Audit function;
- Monitoring the integrity of the Company's half-yearly and annual financial statements to ensure they are fair, balanced and understandable;
- Reviewing the existence and performance of controls operating in the Company, including the review of internal controls reporting of its service providers; and
- Reviewing the relationship with and the performance of third-party service providers (such as the Registrar, Custodian and Depositary).

Meetings and Business considered by the Committee

Since the date of the last Annual Report (9 June 2025), the Committee has met five times and the Auditor attended two of these meetings.

The following matters were reviewed at each Committee meeting:

- The Company's risk management and internal controls framework;
- The Company's compliance with its investment policy limits;
- The valuation of unlisted investments;
- The Depositary's oversight reporting;
- The Company's revenue and expenses forecasts and its Statement of Financial Position;
- The Company's ongoing charges ratio; and
- The management fee calculations.

In addition, the following matters were considered at these meetings:

September 2025	Detailed review of the valuations of the Company's unlisted investments with the Manager's Fair Value Committee, including the Manager's unlisted investment specialist, and the independent valuer (see further details on the next page).
December 2025	- The Half-Yearly Report and Financial Statements and recommendation of its approval to the Board. - The Going Concern Statement.
March 2026	- The Auditor's engagement letter and audit plan for the Company's year ending 31 March 2026. - Review of Fidelity's Risk and Internal Control environment and mitigating controls. - An assessment of emerging risks and their likelihood and potential impact. - Fidelity's Internal Audit reporting, including review of the internal audit plan. - Cybersecurity and potential threats and attacks and the controls in place to mitigate the risks. - Review of the split of management fees and finance costs between revenue and capital. - Review of ESG reporting. - Review of the Audit & Risk Committee Terms of Reference. - Detailed review of the valuations of the Company's unlisted investments with the Manager's Fair Value Committee, including the Manager's unlisted investment specialist, and the independent valuer (see further details on the next page).
June 2026	- The Auditor's findings from the audit of the Company. - The Auditor's performance, independence and reappointment. - Review of Fidelity's Investment Trusts AAF Controls Report from PricewaterhouseCoopers LLP - Compliance with Corporate Governance and regulatory requirements. - The Annual Report and Financial Statements and recommendation of its approval to the Board following review and conclusion by the Committee that they are Fair, Balanced and Understandable. - The Viability and Going Concern Statements, including the impact of China's tensions with the US and Taiwan, the war in Ukraine, the conflict in the Middle East, significant market and geopolitical events and regulatory changes on the Company's performance, prospects and operations. - The final dividend payment to be recommended to the Board and shareholders for approval.

During the year ended 31 March 2026, the Audit and Risk Committee made a recommendation to the Board to appoint PricewaterhouseCoopers LLP as the Company's auditor. As detailed on page 55, the Board approved the appointment on the PricewaterhouseCoopers LLP as the Company's auditor in November 2025.

Annual Report and Financial Statements

The Annual Report and Financial Statements are the responsibility of the Board and the Statement of Directors' Responsibilities can be found on page 51. The Committee advises the Board on the form and content of the Annual Report and Financial Statements, any issues which may arise in relation to these and on any specific areas which require judgement in order to ensure that the Financial Statements are fair, balanced and understandable.

Report of the Audit and Risk Committee continued

Summarised below are the most significant issues considered by the Committee in respect of these Financial Statements and how these were addressed.

Recognition of Investment Income	Investment income is recognised in accordance with Accounting Policy Note 2 (f) on pages 68 and 69. The Manager (FIL Investment Services (UK) Limited) provided detailed revenue forecasts which the Committee reviewed and sought explanations for any significant variances to these forecasts. The Committee also considered the allocation of special dividends between revenue and capital and the reasons for the classification of these special dividends. The Committee reviewed the internal audit and compliance monitoring reports received from the Manager, including an additional agreed upon procedures report in connection with investment trusts specific controls operated by the Manager, prepared by PricewaterhouseCoopers LLP, to satisfy itself that adequate systems were in place for properly recording the Company's investment income. The Committee also reviewed reports provided by the Auditor on its work on the recognition of investment income, including the allocation of special dividends.
Valuation, existence and ownership of investments (including derivative instruments)	The valuation of investments (including derivative instruments) is in accordance with Accounting Policies Notes 2 (l) and 2 (m) on pages 69 and 70. The Committee took comfort from the Depositary's regular oversight reports that investment related activities are conducted in accordance with the Company's investment policy. The Committee received reports from the Manager, the Depositary and an additional agreed upon procedures report in connection with investment trusts specific controls operated by the Manager, which concluded that the controls around the valuation, existence and ownership of investments operate effectively. The Committee also reviewed the reports provided by the Auditor on its work on the valuation, existence and ownership of the Company's investments, including the derivative investments.
Valuation of the Unlisted Investments	The Manager as the AIFM, is authorised and responsible for performing the valuation of the Company's unlisted investments, the valuation of which is in accordance with Accounting Policies Notes 2 (e) and 2 (l) on pages 68 to 70. The valuation of the unlisted investments is proposed by the Manager's Fair Value Committee ("FVC") to the Audit and Risk Committee, who in turn reports these to the Board to ensure that the Directors are satisfied that the process that the FVC adopts in recommending the valuation is rigorous, reasonable and independent. The reporting received from the FVC includes recommendations from the independent valuer and also includes detailed input from the Fidelity analysts covering the unlisted companies. Fidelity's unlisted investment specialist provides further insight. The Committee reviews and challenges the proposed valuation methodologies for all of the unlisted investments in order to gain comfort on the proposed valuations. In addition, the Auditor reviewed the valuations of the unlisted investments in the Company's portfolio and reported its findings at the June 2026 Audit and Risk Committee meeting.
Management fee calculation	The Company has a variable management fee structure in place details of which are on page 39. At each Committee meeting, the Manager reports on the accruals for the variable part of the fee that have been included in the Company's NAV and confirms that it has been calculated in accordance with the Management Agreement. These variable management fee accruals are reviewed by the Committee. It also receives reporting on the work carried out by the Auditor that the Company's variable management fee has been calculated in accordance with the terms of the Management Agreement.

The Company confirms that it has complied with the September 2014 Competition and Markets Authority Order in relation to the performance and appointment of the Auditor, as set out below.

Independence and Effectiveness of the Audit Process

PricewaterhouseCoopers LLP acted as the Company's Auditor for the year ended 31 March 2026. This is the first year of their appointment, having been appointed by the Board following a competitive audit tender completed in November 2025. The appointment, and reappointment, of PricewaterhouseCoopers LLP will be put forward for approval by shareholders at the Company's AGM to be held on 21 July 2026.

With regard to the independence of the Auditor, the Committee has reviewed:

- The Auditor's arrangements for managing any conflicts of interest;
- The extent of non-audit services provided to the Company during the reporting year and as at the date of this report; and
- The statement by the Auditor that it remains independent within the meaning of the regulations and their professional standards.

With regard to the effectiveness of the audit process, the Committee reviewed:

- The fulfilment by the Auditor of the agreed audit plan, including the audit team's approach to significant risks;
- The audit findings report issued by the Auditor on the audit of the Annual Report and Financial Statements for the year ended 31 March 2026; and
- Feedback from the Manager on the audit of the Company.

The Committee concluded that the Auditor continues to remain independent and the audit process was effective.

Auditor's Appointment and Audit Tenure

Ernst & Young LLP was appointed as the Company's Auditor on 30 November 2015 following a formal audit tender process. The Company is required to conduct an audit tender process every ten years. Therefore, in accordance with statutory requirements and FRC guidance on audit tenders, the Company conducted a competitive audit tender during the year. From the shortlisted firms who presented to a subcommittee of the Audit and Risk Committee, a range of criteria was covered, including industry experience and credentials; team experience and continuity; audit approach; quality assurance; independence of the firm; transition planning and fees and value for money. In November 2025, following a recommendation from the Audit and Risk Committee, PricewaterhouseCoopers LLP was appointed by the Board as the Auditor to the Company with effect from the financial year ended 31 March 2026. A resolution to appoint, and reappoint, PricewaterhouseCoopers LLP as Auditor to the Company will be proposed at the AGM to be held on 21 July 2026.

The Committee has reviewed and will continue to review the Auditor's appointment each year to ensure that the Company continues to receive an optimal level of service. There are no contractual obligations which restrict the Company's choice of auditor.

Policy on Non-Audit Services

A policy has been adopted in relation to the provision of non-audit services. The Auditor will only be engaged to provide such services where the Audit and Risk Committee is satisfied that the relevant service is permitted under applicable regulations and that the independence and objectivity of the Auditor will not be compromised. The provision of any non-audit services must be approved in advance by the Audit and Risk Committee.

No non-audit services were provided by the Auditor during the year ended 31 March 2026.

Audit Fees

Fees paid to the Auditor for the audit of the Company's Financial Statements are disclosed in Note 5 on page 73. The audit fee for the reporting year was £68,500 (2025: £62,500). The fee paid in 2025 was payable to the Company's previous auditor, Ernst & Young LLP.

Alastair Bruce

Chairman of the Audit and Risk Committee
8 June 2026

Independent Auditors' Report to the Members of Fidelity China Special Situations PLC

Report on the audit of the financial statements

Opinion

In our opinion, Fidelity China Special Situations PLC's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2026 and of its profit and cash flows for the year then ended;
- have been properly prepared in accordance with UK-adopted international accounting standards; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report, which comprise:

- the Statement of Financial Position as at 31 March 2026;
- the Statement of Comprehensive Income for the year then ended;
- the Statement of Changes in Equity for the year then ended;
- the Statement of Cash Flows for the year then ended; and
- the notes to the financial statements, comprising material accounting policy information and other explanatory information.

Our opinion is consistent with our reporting to the Audit and Risk Committee.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, as applicable to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, we declare that non-audit services prohibited by the FRC's Ethical Standard were not provided.

We have provided no non-audit services to the company in the period under audit.

Our audit approach

Context

The Company is a standalone Investment Trust Company and engages FIL Investment Services (UK) Limited (the "Manager") to manage its assets.

Overview

Audit scope:

- We conducted our audit of the financial statements using information from J.P. Morgan Europe Limited, (the 'Administrator') to whom the Manager has, with the consent of the Directors, delegated the provision of certain administrative functions.
- We tailored the scope of our audit taking into account the types of investments within the Company, the involvement of the third parties referred to above, the accounting processes and controls, and the industry in which the Company operates.
- We obtained an understanding of the control environment in place at both the Manager and the Administrator, and adopted a fully substantive testing approach using reports obtained from the Administrator.

Key audit matters

- Valuation and existence of unlisted investments.
- Valuation and existence of listed investments.
- Income from underlying investments.

Materiality

- Overall materiality: £14.1 million based on 1% of net assets.
- Performance materiality: £10.6 million.

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements.

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

This is not a complete list of all risks identified by our audit.

Key audit matter	How our audit addressed the key audit matter
Valuation and existence of unlisted investments <i>Refer to the Report of the Audit and Risk Committee, Note 2 – Accounting Policies and Note 10 – Investments at Fair Value through Profit or Loss.</i> The investment portfolio at 31 March 2026 included unlisted investments. We focused on the valuation and existence of the unlisted investments as these investments represented a material balance in the financial statements and the valuation requires significant estimates and judgements to be applied by the Directors such that changes to key assumptions within the estimates and/or judgements made could result in a material change to the valuation of unlisted investments.	We understood and assessed the design and implementation of the process and controls surrounding the valuation of unlisted investments, including the involvement of an independent third-party valuer, and the processes, governance and oversight of the valuations by the Manager and the Company’s Audit Committee. On a sample basis, we assessed the valuation methodology applied by reference to the International Private Equity and Venture Capital Valuation guidelines (IPEV), and tested the techniques used by the Directors in determining the fair value of unlisted investments. Assessing the appropriateness of the valuation methodology used and testing the inputs either through validation to appropriate sources, or where relevant, assessing whether significant estimates and judgements used are supportable. We read the internal Manager’s Fair Value Committee meeting minutes where the valuations of the unlisted investments were discussed and attended relevant meetings where the valuation of these investments were discussed. We also utilised our own internal valuation experts both to assess the valuation process and also to support the core audit team in testing certain judgemental selected unlisted investments. Our substantive testing, performed on a sample basis, included: - Assessing the appropriateness of the valuation methodology used and testing the inputs either through validation to appropriate sources, or where relevant, assessing whether significant estimates and judgements used are supportable; and - Comparing valuations to recent transactions, where relevant, including consideration of whether the recent transaction was at arm’s length. We also considered the potential impact of climate change on the valuation of the unlisted investments through gaining an understanding of how the Manager and Directors had considered the impact of climate change throughout the valuation process. We tested the existence of the unlisted investment portfolio by agreeing 100% of the holdings to independently obtained confirmations as at 31 March 2026.

Independent Auditors' Report to the Members of Fidelity China Special Situations PLC continued

Key audit matter	How our audit addressed the key audit matter
Valuation and existence of listed investments <i>Refer to the Report of the Audit and Risk Committee, Note 2 – Accounting Policies and Note 10 – Investments at Fair Value through Profit or Loss.</i> The investment portfolio at 31 March 2026 comprised primarily listed equity investments and CFDs. We focused on the valuation and existence of listed investments and CFDs because listed investments represent the principal element of the net asset value of the Company.	We assessed the accounting policy for the valuation of investments for compliance with accounting standards and performed testing to check that investments are accounted for in accordance with this stated accounting policy. We tested the valuation of the listed equity and CFD investments by agreeing the prices used in the valuation to independent third-party sources for all investments. We tested the existence of the investment portfolio by agreeing investment holdings to independently obtained confirmations.
Income from underlying investments <i>Refer to Note 2 – Accounting Policies, Note 3 – Income.</i> We focused on the accuracy, completeness and occurrence of investment income as incomplete or inaccurate income could have a material impact on the Company's net asset value. We also focused on the accounting policy for investment income recognition and the presentation of investment income in the Income Statement for compliance with the requirements of The Association of Investment Companies Statement of Recommended Practice (the "AIC SORP"), as incorrect application could indicate a misstatement in income recognition.	We assessed the accounting policy for income recognition for compliance with accounting standards and the AIC SORP and performed testing to check that income had been accounted for in accordance with the stated accounting policy. We tested accuracy of dividend receipts by agreeing the dividend rates to independent market data. We tested occurrence by testing that dividends recorded in the year had been declared in the market by investment holdings, and we traced a sample of dividends received to bank statements. To test for completeness, we tested that the appropriate dividends had been received in the year by reference to independent data of dividends declared for listed investments during the year. We also tested the allocation and presentation of income between the revenue and capital return columns of the Statement of Comprehensive Income in line with the requirements set out in the AIC SORP by assessing the treatment applied in the context of the underlying facts and circumstances of a sample of special dividends.

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the company, the accounting processes and controls, and the industry in which it operates.

The Company is a standalone authorised, closed ended investment trust company that has outsourced the management and company secretarial services to FIL Investment Services (UK) Limited (the 'Manager'). The Company's accounting is delegated to J.P. Morgan Europe Limited (the 'Administrator') who provide company administrative services and JPMorgan Chase Bank who provides custodian services. We applied professional judgement to determine the extent of testing required over each balance in the

financial statements and obtained our audit evidence, which was substantive in nature, from the Manager and Administrator. As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at where subjective judgements are made, for example in respect of classification of special dividends.

The impact of climate risk on our audit

As part of our audit we made enquiries of management to understand the extent of the potential impact of climate risk on the company's financial statements, and we remained alert when performing our audit procedures for any indicators of the impact of climate risk. Our procedures did not identify any material impact as a result of climate risk on the company's financial statements.

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial

statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

Overall company materiality	£14.1 million.
How we determined it	1% of net assets
Rationale for benchmark applied	We applied this benchmark, which is a generally accepted auditing practice for investment trust audits and is also a key measure used by the shareholders in assessing the performance of the entity.

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was 75% of overall materiality, amounting to £10.6 million for the company financial statements.

In determining the performance materiality, we considered a number of factors - the history of misstatements, risk assessment and aggregation risk and the effectiveness of controls - and concluded that an amount at the upper end of our normal range was appropriate.

We agreed with the Audit and Risk Committee that we would report to them misstatements identified during our audit above £706,381 as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Conclusions relating to going concern

Our evaluation of the directors' assessment of the company's ability to continue to adopt the going concern basis of accounting included:

- Evaluating the Directors' updated risk assessment and considering whether it addressed the relevant threats to the Company;
- Evaluating the Directors' assessment of potential operational impacts, considering their consistency with other available information and our understanding of the business and assessed the potential impact on the financial statements;
- Evaluating the Directors' assessment of the company's financial position in the context of its ability to meet future expected operating expenses and financing costs, their assessment of liquidity as well as their review of the operational resilience of the Company and oversight of key third-party service providers; and

- Assessing the implication of significant reductions in net asset value as a result of market performance on the ongoing ability of the Company to operate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

In relation to the directors' reporting on how they have applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the

Independent Auditors' Report to the Members of Fidelity China Special Situations PLC continued

audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 March 2026 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Directors' Remuneration

In our opinion, the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.

Corporate governance statement

The Listing Rules require us to review the directors' statements in relation to going concern, longer-term viability and that part of the corporate governance statement relating to the company's compliance with the provisions of the UK Corporate Governance Code specified for our review. Our additional responsibilities with respect to the corporate governance statement as other information are described in the Reporting on other information section of this report.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement is materially consistent with the financial statements and our knowledge obtained during the audit, and we have nothing material to add or draw attention to in relation to:

- The Directors' confirmation that they have carried out a robust assessment of the emerging and principal risks;
- The disclosures in the Annual Report that describe those principal risks, what procedures are in place to identify emerging risks and an explanation of how these are being managed or mitigated;

- The Directors' statement in the financial statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them, and their identification of any material uncertainties to the company's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements;
- The Directors' explanation as to their assessment of the company's prospects, the period this assessment covers and why the period is appropriate; and
- The Directors' statement as to whether they have a reasonable expectation that the company will be able to continue in operation and meet its liabilities as they fall due over the period of its assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Our review of the directors' statement regarding the longer-term viability of the company was substantially less in scope than an audit and only consisted of making inquiries and considering the directors' process supporting their statement; checking that the statement is in alignment with the relevant provisions of the UK Corporate Governance Code; and considering whether the statement is consistent with the financial statements and our knowledge and understanding of the company and its environment obtained in the course of the audit.

In addition, based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement is materially consistent with the financial statements and our knowledge obtained during the audit:

- The directors' statement that they consider the Annual Report, taken as a whole, is fair, balanced and understandable, and provides the information necessary for the members to assess the company's position, performance, business model and strategy;
- The section of the Annual Report that describes the review of effectiveness of risk management and internal control systems; and
- The section of the Annual Report describing the work of the Audit and Risk Committee.

We have nothing to report in respect of our responsibility to report when the directors' statement relating to the company's compliance with the Code does not properly disclose a departure from a relevant provision of the Code specified under the Listing Rules for review by the auditors.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to breaches of section 1158 of the Corporation Tax Act 2010, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to manipulate revenue or to increase the net asset value of the Company. Audit procedures performed by the engagement team included:

- discussions with the Manager and the Audit and Risk Committee, including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;

- reviewing relevant committee meeting minutes, including those of the Board and the Audit and Risk Committee;
- assessment of the company's compliance with the requirements of section 1158 of the Corporation Tax Act 2010, including recalculation of numerical aspects of the eligibility conditions;
- review of financial statement disclosures to underlying supporting documentation;
- challenging assumptions made by the Directors in their significant accounting estimates, in particular in relation to the valuation of unlisted investments;
- Identifying and testing journal entries, in particular journal entries that meet the fraud risk criteria posted during the preparation of the financial statements; and
- designing audit procedures to incorporate unpredictability around the nature, timing or extent of our testing.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Independent Auditors' Report to the Members of Fidelity China Special Situations PLC continued

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.

Appointment

We were first appointed by the company for the financial year ended 31 March 2026. Our uninterrupted engagement covers 1 financial year.

Lauren Cooper

(Senior Statutory Auditor)

for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
8 June 2026

Statement of Comprehensive Income

for the year ended 31 March 2026

	Notes	Year ended 31 March 2026			Year ended 31 March 2025		
		Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Revenue							
Investment income	3	37,913	–	37,913	46,862	–	46,862
Derivative income	3	14,509	–	14,509	13,747	–	13,747
Other income	3	2,204	–	2,204	2,090	–	2,090
Total income		54,626	–	54,626	62,699	–	62,699
Gains on investments at fair value through profit or loss	10	–	76,763	76,763	–	249,875	249,875
Gains on derivative instruments	11	–	45,333	45,333	–	57,121	57,121
Foreign exchange gains		–	918	918	–	1,769	1,769
Total income and gains		54,626	123,014	177,640	62,699	308,765	371,464
Expenses							
Investment management fees	4	(3,226)	(12,308)	(15,534)	(2,469)	(5,572)	(8,041)
Other expenses	5	(1,280)	(47)	(1,327)	(1,211)	(32)	(1,243)
Profit before finance costs and taxation		50,120	110,659	160,779	59,019	303,161	362,180
Finance costs	6	(3,995)	(11,985)	(15,980)	(5,774)	(17,324)	(23,098)
Profit before taxation		46,125	98,674	144,799	53,245	285,837	339,082
Taxation	7	(1,542)	610	(932)	(1,070)	–	(1,070)
Profit after taxation for the year		44,583	99,284	143,867	52,175	285,837	338,012
Basic and diluted earnings per ordinary share	8	9.22p	20.53p	29.75p	10.18p	55.75p	65.93p

The Company does not have any income or expenses that are not included in the profit after taxation for the year. Accordingly, the profit after taxation for the year is also the total comprehensive income for the year and no separate Statement of Comprehensive Income has been presented.

The total column of this statement represents the Statement of Comprehensive Income of the Company. The revenue and capital columns are supplementary and presented for information purposes as recommended by the Statement of Recommended Practice issued by the AIC.

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

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

Statement of Changes in Equity

for the year ended 31 March 2026

	Notes	Share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Other reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total equity £'000
Total equity at 31 March 2025		5,805	338,107	1,412	74,052	922,363	72,063	1,413,802
Repurchase of ordinary shares for cancellation	14	(334)	–	334	(74,052)	(26,476)	–	(100,528)
Profit after taxation for the year		–	–	–	–	99,284	44,583	143,867
Dividend paid to shareholders	9	–	–	–	–	–	(44,380)	(44,380)
Total equity at 31 March 2026		5,471	338,107	1,746	–	995,171	72,266	1,412,761
Total equity at 31 March 2024		6,113	338,167	1,104	140,861	636,526	53,243	1,176,014
Contribution in respect of the transaction with ACIC by the Manager		–	100	–	–	–	–	100
Costs relating to the issuance of new shares in respect to the ACIC transaction		–	(160)	–	–	–	–	(160)
Repurchase of ordinary shares for cancellation	14	(308)	–	308	(66,809)	–	–	(66,809)
Profit after taxation for the year		–	–	–	–	285,837	52,175	338,012
Dividend paid to shareholders	9	–	–	–	–	–	(33,355)	(33,355)
Total equity at 31 March 2025		5,805	338,107	1,412	74,052	922,363	72,063	1,413,802

Statement of Financial Position

as at 31 March 2026

Company number 7133583

	Notes	31 March 2026 £'000	31 March 2025 £'000
Non-current assets			
Investments at fair value through profit or loss	10	1,348,233	1,346,238
Current assets			
Derivative instruments	11	9,419	9,938
Amounts held at futures clearing houses and brokers		38,879	33,760
Other receivables	12	11,160	7,295
Cash and cash equivalents		48,087	49,691
		107,545	100,684
Current liabilities			
Derivative instruments	11	(33,754)	(24,838)
Other payables	13	(9,263)	(8,282)
		(43,017)	(33,120)
Net current assets		64,528	67,564
Net assets		1,412,761	1,413,802
Equity attributable to equity shareholders			
Share capital	14	5,471	5,805
Share premium account	15	338,107	338,107
Capital redemption reserve	15	1,746	1,412
Other reserve	15	–	74,052
Capital reserve	15	995,171	922,363
Revenue reserve	15	72,266	72,063
Total equity		1,412,761	1,413,802
Net asset value per Ordinary Share	16	306.12p	285.71p

The Financial Statements on pages 63 to 94 were approved by the Board of Directors on 8 June 2026 and were signed on its behalf by:

Mike Balfour
Chairman

The Notes on pages 67 to 94 form an integral part of these Financial Statements.

Statement of Cash Flows

for the year ended 31 March 2026

	Year ended 31 March 2026 £'000	Year ended 31 March 2025 £'000
Operating activities		
Cash inflow from investment income	36,587	45,209
Cash inflow from derivative income	14,719	14,002
Cash inflow from other income	2,204	2,090
Cash outflow from Directors' fees	(247)	(249)
Cash outflow from other payments	(16,033)	(9,433)
Cash outflow from the purchase of investments	(693,472)	(651,563)
Cash outflow from the purchase of derivatives	(7,371)	(2,242)
Cash outflow from the settlement of derivatives	(379,500)	(436,471)
Cash inflow from the sale of investments	763,463	716,551
Cash inflow from the settlement of derivatives	441,299	507,321
Cash outflow from amounts held at futures clearing houses and brokers	(5,119)	(9,171)
Net cash inflow from operating activities before servicing of finance	156,530	176,044
Financing activities		
Cash outflow from overdraft interest paid	(589)	(80)
Cash outflow from CFD interest paid	(15,188)	(22,478)
Cash outflow from short CFD dividends paid	(447)	(321)
Cash outflow from the repurchase of ordinary shares for cancellation	(98,448)	(66,988)
Cash outflow from dividends paid to shareholders	(44,380)	(33,355)
Cash outflow from financing activities	(159,052)	(123,222)
Net (decrease)/increase in cash and cash equivalents	(2,522)	52,822
Cash and cash equivalents at the start of the year	49,691	7,858
Bank overdraft at the start of the year	–	(12,758)
Effect of foreign exchange movements	918	1,769
Cash and cash equivalents at the end of the year	48,087	49,691
Represented by:		
Cash at bank	4,648	4,432
Amount held in Fidelity Institutional Liquidity Fund	43,439	45,259
	48,087	49,691

Notes to the Financial Statements

1 Principal Activity

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

2 Accounting Policies

The Company's Financial Statements have been prepared in accordance with UK-adopted International Accounting Standards ("IFRS"), IFRIC interpretations and as far as it is consistent with IFRS, with the Statement of Recommended Practice: Financial Statements of Investment Trust Companies and Venture Capital Trusts ("SORP") issued by the Association of Investment Companies ("AIC") in July 2022. The accounting policies adopted in the preparation of these Financial Statements are summarised below.

a) Basis of accounting – The Financial Statements have been prepared on a going concern basis and under the historical cost convention, except for the measurement at fair value of investments and derivative instruments. The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence up to 30 June 2027, which is at least twelve months from the date of approval of these Financial Statements. In making their assessment the Directors have reviewed income and expense projections, the liquidity of the investment portfolio, stress testing performed and considered the Company's ability to meet liabilities as they fall due. This conclusion also takes into account the Director's assessment of the risks faced by the Company as detailed in the Going Concern Statement on page 39.

In preparing these Financial Statements the Directors have considered the impact of climate change risk as an emerging risk as set out on page 28 and have concluded that there was no further impact of climate change to be taken into account as the investments are valued based on market pricing. In line with IFRS 13, investments are valued at fair value, which for the Company are quoted bid prices for investments in active markets at the Statement of Financial Position date. Investments which are unlisted are priced using market-based valuation approaches. All investments therefore reflect the market participants view of climate change risk on the investments held by the Company.

The Company's Going Concern Statement in the Directors' Report on page 39 takes account of all events and conditions up to 30 June 2027, which is at least twelve months from the date of approval of these Financial Statements.

b) Adoption of new and revised International Accounting Standards – the accounting policies adopted are consistent with those of the previous financial year.

At the date of authorisation of these Financial Statements, the following revised IAS were in issue but not yet effective:

- i) Amendments to the Classification and Measurement of Financial Instruments – Amendments to IFRS 9 and IFRS 7 (effective for annual periods beginning on or after 1 January 2026).

The International Accounting Standards Board (IASB) issued targeted amendments to IFRS 9 and IFRS 7 to respond to recent questions arising in practice, and to include new requirements not only for financial institutions but also for corporate entities. Among other amendments, the IASB clarified the date of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system.

- ii) IFRS 18 Presentation and Disclosure in Financial Statements (effective for annual periods beginning on or after 1 January 2027).

The IASB issued the new standard on presentation and disclosure in financial statements, which replaces IAS 1, with a focus on updates to the statement of comprehensive income.

The key new concepts introduced in IFRS 18 relate to:

- the structure of the statement of comprehensive income with defined subtotals;
- the requirement to determine the most useful structured summary for presenting expenses in the statement of comprehensive income;
- required disclosures in a single note within the financial statements for certain profit or loss performance measures that are reported outside an entity's financial statements (that is, management-defined performance measures); and
- enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes in general.

The Company is currently still assessing the effect of the forthcoming standard and amendments.

No other new standards or amendments to standards are expected to have a material effect on the financial statements of the Company.

Notes to the Financial Statements continued

2 Accounting Policies continued

c) Segmental reporting – The Company is engaged in a single segment business and, therefore, no segmental reporting is provided.

d) Presentation of the Statement of Comprehensive Income – In order to reflect better the activities of an investment company and in accordance with guidance issued by the AIC, supplementary information which analyses the Statement of Comprehensive Income between items of a revenue and capital nature has been prepared alongside the Statement of Comprehensive Income. The revenue profit after taxation for the year is the measure the Directors believe appropriate in assessing the Company's compliance with certain requirements set out in Section 1159 of the Corporation Tax Act 2010.

e) Significant accounting estimates, assumptions and judgements – The preparation of the Financial Statements requires the use of estimates, assumptions and judgements. These estimates, assumptions and judgements affect the reported amounts of assets and liabilities at the reporting date. While estimates are based on best judgement using information and financial data available, the actual outcome may differ from these estimates.

The key sources of estimation and uncertainty relate to the fair value of the unlisted investments.

Judgements

The Directors consider whether each fair value is appropriate following detailed review and challenge of the pricing methodology. The judgement applied in the selection of the methodology used (see Note 2 (l)) for determining the fair value of each unlisted investment can have a significant impact upon the valuation.

Estimates

The key estimate in the Financial Statements is the determination of the fair value of the unlisted investments by the Manager's Fair Value Committee ("FVC"), with support from an independent third-party valuer and Fidelity's unlisted investments specialist, for detailed review and appropriate challenge by the Directors. This estimate is key as it significantly impacts the valuation of the unlisted investments at the Statement of Financial Position date. When no recent primary or secondary transaction in the company's shares have taken place, the fair valuation process involves estimation using subjective inputs that are unobservable (for which market data is unavailable). The estimates involved in the valuation process may include the following:

- (i) The selection of appropriate comparable companies. Comparable companies are chosen on the basis of their business characteristics and growth patterns;
- (ii) The selection of a revenue metric (either historical or forecast);
- (iii) The selection of an appropriate illiquidity discount factor to reflect the reduced liquidity of unlisted companies versus their listed peers;
- (iv) The estimation of the likelihood of a future exit of the position through an initial public offering ("IPO") or a company sale;
- (v) The selection of an appropriate industry benchmark index to assist with the valuation; and
- (vi) The calculation of valuation adjustments derived from milestone analysis and future cash flows (i.e. incorporating operational success against the plans/forecasts of the business into the valuation).

As the valuation outcomes may differ from the fair value estimates a price sensitivity analysis is provided in Other Price Risk Sensitivity in Note 17 to illustrate the effect on the Financial Statements of an over or under estimation of fair value.

The risk of an over or under estimation of fair value is greater when methodologies are applied using more subjective inputs.

Assumptions

The determination of fair value by the FVC involves key assumptions dependent upon the valuation techniques used. The valuation process recognises that the price of a recent investment may be an appropriate starting point for estimating fair value. The Multiples approach involves subjective inputs and therefore presents a greater risk of over or under estimation, particularly in the absence of a recent transaction.

f) Income – Income from equity investments and long contracts for difference ("CFDs") is credited to the revenue column of the Statement of Comprehensive Income on the date on which the right to receive the payment is established, normally the ex-dividend date. Overseas dividends are accounted for gross of any tax deducted at source. Where the Company has elected to receive its dividends in the form of additional shares rather than cash, the amount of the cash dividend foregone is recognised as income. Any excess in the value of the shares received over the amount of the cash dividend foregone is recognised as a gain in the capital column of the Statement of Comprehensive Income. Special dividends are treated as a revenue receipt or a capital receipt depending on the facts and circumstances of each particular case.

2 Accounting Policies continued

Interest on securities, interest for CFDs, collateral and bank deposits are accounted for on an accruals basis and credited to the revenue column of the Statement of Comprehensive Income. Interest received on CFDs represent the finance costs calculated by reference to the notional value of the CFDs.

g) Functional currency and foreign exchange – The functional and reporting currency of the Company is UK sterling, which is the currency of the primary economic environment in which the Company operates. Transactions denominated in foreign currencies are reported in UK sterling at the rate of exchange ruling at the date of the transaction. Assets and liabilities in foreign currencies are translated at the rates of exchange ruling at the Statement of Financial Position date. Foreign exchange gains and losses arising on translation are recognised in the Statement of Comprehensive Income as a revenue or a capital item depending on the nature of the underlying item to which they relate.

h) Investment management and other expenses – These are accounted for on an accruals basis and are charged as follows:

- The base investment management fee is allocated 25% to revenue and 75% to capital;
- The variable investment management fee is charged/credited to capital as it is based on the performance of the net asset value per share relative to the Benchmark Index; and
- All other expenses are allocated in full to revenue with the exception of those directly attributable to share issues or other capital events.

i) Finance costs – Finance costs comprise interest on overdrafts and finance costs paid on CFDs, which are accounted for on an accruals basis, and dividends paid on short CFDs, which are accounted for on the date on which the obligation to incur the cost is established, normally the ex-dividend date. Finance costs are allocated 25% to revenue and 75% to capital.

j) Taxation – The taxation charge represents the sum of current taxation and deferred taxation.

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

Deferred taxation is the taxation expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the Financial Statements and the corresponding taxation bases used in the computation of taxable profit based on tax rates that have been enacted or substantively enacted when the taxation is expected to be payable or recoverable, and is accounted for using the Statement of Financial Position liability method. Deferred taxation liabilities are recognised for all taxable temporary differences and deferred taxation assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

Taxation is charged or credited to the revenue column of the Statement of Comprehensive Income, except where it relates to items of a capital nature, in which case it is charged or credited to the capital column of the Statement of Comprehensive Income. Where expenses are allocated between revenue and capital any tax relief in respect of the expenses is allocated between revenue and capital returns on the marginal basis using the Company's effective rate of corporation tax for the accounting period. The Company is an approved Investment Trust under Section 1158 of the Corporation Tax Act 2010 and is not liable for UK taxation on capital gains.

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

l) Investments – The portfolio of financial assets is managed and its performance evaluated on a fair value basis, in accordance with a documented investment strategy, and information about the portfolio is provided on that basis to the Company's Board of Directors. Under IFRS 9 investments are held at fair value through profit or loss, which is initially taken to be their cost, and is subsequently measured at bid or last traded prices, depending upon the convention of the exchange on which they are listed, where available, or otherwise at fair value based on published price quotations.

Investments which are not quoted, or are not frequently traded, are stated at the best estimate of fair value. The Manager's Fair Value Committee ("FVC"), which is independent of the Portfolio Manager's team, and with support from the independent third-party valuer and Fidelity's unlisted investments specialist, provides recommended fair values to the Directors. These are based on the principles outlined in Note 2 (e). The unlisted investments are valued at fair value following a detailed review and appropriate challenge by the Directors of the pricing methodology proposed by the FVC.

Notes to the Financial Statements continued

2 Accounting Policies continued

The techniques applied by the FVC when valuing the unlisted investments are predominantly market-based approaches. The market based approaches are set out below and are followed by an explanation of how they are applied to the Company's unlisted portfolio:

- Multiples;
- Industry Valuation Benchmarks; and
- Available Market Prices.

The nature of the unlisted investment will influence the valuation technique applied. The valuation approach recognises that the price of a recent investment, if resulting from an orderly transaction, generally represents fair value as at the transaction date and may be an appropriate starting point for estimating fair value at subsequent measurement dates. However, consideration is given to the facts and circumstances as at the subsequent measurement date, including changes in the market or performance of the investee company. Milestone analysis and future cash flows are used where appropriate to incorporate the operational progress of the investee company into the valuation. Consideration is also given to the input received from the Fidelity International analyst that covers the company, Fidelity's unlisted investments specialist and from an independent third-party valuer. Additionally, the background to the transaction must be considered. As a result, various multiples-based techniques are employed to assess the valuations particularly in those companies with established revenues. An absence of relevant industry peers may preclude the application of the Industry Valuation Benchmarks technique and an absence of observable prices may preclude the Available Market Prices approach.

The unlisted investments are valued according to a three month cycle of measurement dates. The fair value of the unlisted investments will be reviewed before the next scheduled three monthly measurement date on the following occasions:

- At the year end and half year end of the Company; and
- Where there is an indication of a change in fair value (commonly referred to as 'trigger' events).

In accordance with the AIC SORP, the Company includes transaction costs, incidental to the purchase or sale of investments within gains on investments held at fair value through profit or loss in the capital column of the Statement of Comprehensive Income and has disclosed them in Note 10.

m) Derivative instruments – When appropriate, permitted transactions in derivative instruments are used. Derivative transactions into which the Company may enter include CFDs, futures, options, warrants and forward currency contracts. Under IFRS 9 derivatives are classified at fair value through profit or loss – held for trading, and are initially accounted and measured at fair value on the date the derivative contract is entered into and subsequently measured at fair value as follows:

- CFDs – the difference between the strike price and the value of the underlying shares in the contract, calculated in accordance with accounting policy 2 (l);
- Futures – the difference between contract price and the quoted trade price; and
- Options – the quoted trade price for the contract.

Where such transactions are used to protect or enhance income, if the circumstances support this, the income derived is included in derivative income in the revenue column of the Statement of Comprehensive Income. Where such transactions are used to protect or enhance capital, if the circumstances support this, the gains and losses derived are included in gains on derivative instruments held at fair value through profit or loss in the capital column of the Statement of Comprehensive Income. Any positions on such transactions open at the year end are reflected on the Statement of Financial Position at their fair value within current assets or current liabilities.

The Company obtains equivalent exposure to equities through the use of CFDs. All gains and losses in the fair value of the CFDs are included in gains on derivative instruments held at fair value through profit or loss in the capital column of the Statement of Comprehensive Income.

n) Amounts held at futures clearing houses and brokers – Cash deposits are held in segregated accounts on behalf of brokers as collateral against open derivative contracts. These are carried at amortised cost.

o) Other receivables – Other receivables include securities sold for future settlement, amounts receivable on settlement of derivatives, accrued income, taxation recoverable and other receivables and prepayments incurred in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business, if longer) they are classified as current assets. If not, they are presented as non-current assets. Other receivables are recognised initially at fair value and, where applicable, subsequently measured at amortised cost using the effective interest rate method and as reduced by appropriate allowance for estimated irrecoverable amounts.

2 Accounting Policies continued

p) Other payables – Other payables include securities purchased for future settlement, amounts payable on settlement of derivatives, investment management fees, amounts payable for repurchase of shares, finance costs payable and expenses accrued in the ordinary course of business. Other payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business, if longer). If not, they are presented as non-current liabilities. Other payables are recognised initially at fair value and, where applicable, subsequently measured at amortised cost using the effective interest rate method.

q) Other reserve – The full cost of ordinary shares repurchased and held in Treasury and ordinary shares repurchased for cancellation is charged to the other reserve.

r) Capital reserve – The following are transferred to capital reserve:

- Gains and losses on the disposal of investments and derivatives instruments;
- Changes in the fair value of investments and derivative instruments, held at the year end;
- Foreign exchange gains and losses of a capital nature;
- Variable investment management fees;
- 75% of base investment management fees;
- 75% of finance costs;
- Dividends receivable which are capital in nature;
- Costs associated with the repurchase of ordinary shares;
- Taxation charged or credited relating to items which are capital in nature; and
- Other expenses which are capital in nature.

Technical guidance issued by the Institute of Chartered Accountants in England and Wales in TECH 02/17BL, guidance on the determination of realised profits and losses in the context of distributions under the Companies Act 2006, states that changes in the fair value of investments which are readily convertible to cash, without accepting adverse terms at the Statement of Financial Position date, can be treated as realised. Capital reserves realised and unrealised are shown in aggregate as capital reserve in the Statement of Changes in Equity and the Statement of Financial Position. At the Statement of Financial Position date, the portfolio of the Company consisted of investments listed on a recognised stock exchange and derivative instruments contracted with counterparties having adequate credit rating, and the portfolio was considered to be readily convertible to cash, with the exception of the level 3 investments which had unrealised investment holding gains of £44,389,000 (2025: unrealised investment holding gains of £24,731,000). See Note 17 on pages 90 to 92 for further details on the level 3 investments.

Notes to the Financial Statements continued

3 Income

	Year ended 31 March 2026 £'000	Year ended 31 March 2025 £'000
Investment income		
Overseas dividends	37,425	46,590
Overseas scrip dividends	488	272
	37,913	46,862
Derivative income		
Dividends received on long CFDs	14,154	13,152
Interest received on CFDs	355	595
	14,509	13,747
Other income		
Interest received on collateral, bank deposits and money market funds	2,204	2,090
Total income	54,626	62,699

No special dividends have been recognised in capital during the year (2025: £1,493,000).

4 Investment Management Fees

	Year ended 31 March 2026			Year ended 31 March 2025		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Investment management fee – base	3,226	9,679	12,905	2,648	7,942	10,590
Investment management fee – variable	–	2,629	2,629	–	(1,834)	(1,834)
Investment management fee – base (waived in respect of ACIC combination)	–	–	–	(179)	(536)	(715)
	3,226	12,308	15,534	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 the year to 31 March 2025, the Manager agreed to a contribution of £715,000, representing eight months of management fees, in respect of the assets transferred by ACIC to the Company (in March 2024), that would otherwise be payable by the enlarged Company to the Manager.

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

Fees are payable monthly in arrears and are calculated on a daily basis. The base investment management fee has been allocated 75% to capital reserve in accordance with the Company's accounting policies.

Further details of the terms of the Management Agreement are given in the Directors' Report on page 39.

5 Other Expenses

	Year ended 31 March 2026 £'000	Year ended 31 March 2025 £'000
Allocated to revenue:		
AIC fees	29	22
Custody fees	58	45
Depositary fees	46	55
Directors' expenses	66	89
Directors' fees ¹	287	250
Legal and professional fees	114	104
Marketing expenses	345	327
Printing and publication expenses	57	52
Registrars' fees	76	71
Other expenses	133	133
Fees payable to the Company's Independent Auditor for the audit of the Financial Statements	69	63
	1,280	1,211
Allocated to capital:		
Legal and professional fees	47	32
Other expenses	1,327	1,243

¹ Details of the breakdown of Directors' fees are provided within the Directors' Remuneration Report on page 49. Costs relating to the Directors' national insurance and levies are included. In the prior year these costs were included in Other expenses.

6 Finance Costs

	Year ended 31 March 2026			Year ended 31 March 2025		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Interest paid on collateral and overdrafts	147	442	589	20	60	80
Interest paid on CFDs	3,744	11,232	14,976	5,674	17,023	22,697
Dividends paid on short CFDs	104	311	415	80	241	321
	3,995	11,985	15,980	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

	Year ended 31 March 2026			Year ended 31 March 2025		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
a) Analysis of the taxation charge for the year						
Prior year adjustment	209	(209)	-	-	-	-
Notional tax charge	401	(401)	-	-	-	-
Overseas taxation	932	-	932	1,070	-	1,070
Taxation charge for the year (see Note 7b)	1,542	(610)	932	1,070	-	1,070

b) Factors affecting the taxation charge for the year

The taxation charge for the year is lower than the standard rate of UK corporation tax for an investment trust company of 25% (2025: 25%). A reconciliation of the standard rate of UK corporation tax to the taxation charge for the year is shown below:

	Year ended 31 March 2026			Year ended 31 March 2025		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Profit before taxation	46,125	98,674	144,799	53,245	285,837	339,082
Profit before taxation multiplied by the standard rate of UK corporation tax of 25% (2025: 25%)	11,531	24,669	36,200	13,311	71,459	84,770
Effects of:						
Capital gains not taxable ¹	-	(30,754)	(30,754)	-	(77,191)	(77,191)
Income not taxable	(9,478)	-	(9,478)	(11,643)	-	(11,643)
Expenses not deductible	-	2,886	2,886	-	4,316	4,316
Prior year adjustment	209	(209)	-	-	-	-
Notional tax charge	401	(401)	-	-	-	-
Excess expenses	(2,053)	3,199	1,146	(1,668)	1,416	(252)
Overseas taxation	932	-	932	1,070	-	1,070
Taxation charge (Note 7a)	1,542	(610)	932	1,070	-	1,070

¹ The Company is exempt from UK corporation tax on capital gains as it meets the HM Revenue & Customs criteria for an investment company set out in Section 1159 of the Corporation Tax Act 2010.

c) Deferred taxation

A deferred tax asset of £40,409,000 (2025: £39,263,000), in respect of excess expenses of £161,636,000 (2025: £157,052,000) has not been recognised as it is unlikely that there will be sufficient future taxable profits to utilise these expenses.

8 Basic and diluted earnings per ordinary share

	Year ended 31 March 2026	Year ended 31 March 2025
Revenue earnings per ordinary share	9.22p	10.18p
Capital earnings per ordinary share	20.53p	55.75p
Total earnings per ordinary share	29.75p	65.93p

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

	£'000	£'000
Revenue profit after taxation for the year	44,583	52,175
Capital profit after taxation for the year	99,284	285,837
Total profit after taxation for the year	143,867	338,012

	Number	Number
Weighted average number of ordinary shares held outside of Treasury	483,522,161	512,652,970

9 Dividends Paid to Shareholders

	Year ended 31 March 2026 £'000	Year ended 31 March 2025 £'000
Dividend paid		
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
	44,380	33,355
Dividend proposed		
Ordinary dividend proposed of 9.00 pence per share for the year ended 31 March 2026	41,254	-
Ordinary dividend proposed of 8.00 pence per share for the year ended 31 March 2025	-	39,509
Special dividend proposed of 1.00 pence per share for the year ended 31 March 2025	-	4,939
	41,254	44,448

The Directors have proposed the payment of a final ordinary dividend for the year ended 31 March 2026 of 9.00 pence per share which is subject to approval by shareholders at the Annual General Meeting on 21 July 2026 and has not been included as a liability in these Financial Statements. The dividend will be paid on 28 July 2026 to shareholders on the register at the close of business on 19 June 2026 (ex-dividend date 18 June 2026).

Notes to the Financial Statements continued

10 Investments at Fair Value through Profit or Loss

	2026 £'000	2025 £'000
Total investments¹	1,348,233	1,346,238
Opening book cost	1,354,515	1,398,894
Opening investment holding losses	(8,277)	(236,629)
Opening fair value of investments	1,346,238	1,162,265
Movements in the year		
Purchases at cost	694,168	648,076
Costs in respect of the transaction with ACIC	–	543
Sales – proceeds	(768,936)	(714,521)
Gains on investments	76,763	249,875
Closing fair value	1,348,233	1,346,238
Closing book cost	1,441,125	1,354,515
Closing investment holding losses	(92,892)	(8,277)
Closing fair value of investments	1,348,233	1,346,238

¹ The fair value hierarchy of the investments is shown in Note 17.

The Company received £768,936,000 (2025: £714,521,000) from investments sold in the year. The book cost of these investments when they were purchased was £607,558,000 (2025: £692,455,000). These investments have been revalued over time and until they were sold any unrealised gains/losses were included in the fair value of the investments.

Investment transaction costs incurred in the acquisition and disposal of investments, which are included in the gains on investments were as follows:

	Year ended 31 March 2026 £'000	Year ended 31 March 2025 £'000
Purchases transaction costs	1,527	773
Sales transaction costs	1,102	812
	2,629	1,585

11 Derivative Instruments

	Year ended 31 March 2026 £'000	Year ended 31 March 2025 £'000
Net changes to gains on derivative instruments		
Realised gains on CFDs	60,529	130,822
Realised losses on futures	(6,691)	(65,414)
Realised gains on options	452	1,765
Movement in investment holding losses on CFDs	(8,121)	(13,424)
Movement in investment holding (losses)/gains on futures	(626)	3,366
Movement in investment holding (losses)/gains on options	(210)	6
	45,333	57,121
	2026 Fair value £'000	2025 Fair value £'000
Fair value of derivative instruments recognised on the Statement of Financial Position¹		
Derivative instrument assets	9,419	9,938
Derivative instrument liabilities	(33,754)	(24,838)
	(24,335)	(14,900)

1 The fair value hierarchy of the derivative instruments is shown in Note 17.

	Fair value £'000	2026 Asset exposure £'000	Fair value £'000	2025 Asset exposure £'000
At the year end the Company held the following derivative instruments				
Long CFDs	(30,489)	560,076	(19,358)	583,496
Short CFDs	3,215	44,684	205	18,813
Futures (hedging exposure)	2,265	(189,185)	2,891	(203,084)
Call options	944	12,066	1,761	9,442
Call options (hedging exposure)	(132)	(1,962)	(399)	(8,967)
Put options	(138)	1,937	-	-
	(24,335)	427,616	(14,900)	399,700

Notes to the Financial Statements continued

12 Other Receivables

	2026 £'000	2025 £'000
Securities sold for future settlement	9,398	3,926
Amounts receivable on settlement of derivatives	–	1,280
Accrued income	1,479	1,783
Taxation recoverable	11	11
Other receivables	272	295
	11,160	7,295

13 Other Payables

	2026 £'000	2025 £'000
Securities purchased for future settlement	3,293	3,084
Amounts payable on settlement of derivatives	1,367	2,986
Investment management fees	1,401	1,023
Finance costs payable	584	830
Accrued expenses	538	359
Amounts payable for repurchase of shares for cancellation	2,080	–
	9,263	8,282

14 Share Capital

	Number of shares	2026 Nominal value £'000	Number of shares	2025 Nominal value £'000
Issued, allotted and fully paid				
Ordinary shares of 1 pence each held outside of Treasury				
Beginning of the year	494,840,250	4,950	525,681,434	5,258
Ordinary shares repurchased for cancellation	(33,336,928)	(334)	(30,841,184)	(308)
End of the year	461,503,322	4,616	494,840,250	4,950
Ordinary shares of 1 pence each held in Treasury¹	85,629,548	855	85,629,548	855
Total share capital		5,471		5,805

¹ The ordinary shares held in treasury carry no rights to vote, to receive a dividend or to participate in a winding up of the Company.

During the year, the Company repurchased 33,336,928 (2025: 30,841,184) ordinary shares for cancellation. The cost of repurchasing these shares of £100,528,000 (2025: £66,809,000) was charged to the Other reserve and the Capital reserve.

Given the number of shares held in Treasury, all shares repurchased at present are being cancelled rather than held in Treasury.

15 Capital and Reserves

	Share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Other reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total equity £'000
At 1 April 2025	5,805	338,107	1,412	74,052	922,363	72,063	1,413,802
Gains on investments (see Note 10)	-	-	-	-	76,763	-	76,763
Gains on derivative instruments (see Note 11)	-	-	-	-	45,333	-	45,333
Foreign exchange gains	-	-	-	-	918	-	918
Investment management fees (see Note 4)	-	-	-	-	(12,308)	-	(12,308)
Other expenses (see Note 5)	-	-	-	-	(47)	-	(47)
Finance costs (see Note 6)	-	-	-	-	(11,985)	-	(11,985)
Notional taxation transfer	-	-	-	-	610	-	610
Revenue profit after taxation for the year	-	-	-	-	-	44,583	44,583
Dividend paid to shareholders (see Note 9)	-	-	-	-	-	(44,380)	(44,380)
Repurchase of ordinary shares for cancellation (see Note 14)	(334)	-	334	(74,052)	(26,476)	-	(100,528)
At 31 March 2026	5,471	338,107	1,746	-	995,171	72,266	1,412,761

	Share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Other reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total equity £'000
At 1 April 2024	6,113	338,167	1,104	140,861	636,526	53,243	1,176,014
Gains on investments (see Note 10)	-	-	-	-	249,875	-	249,875
Gains on derivative instruments (see Note 11)	-	-	-	-	57,121	-	57,121
Foreign exchange gains	-	-	-	-	1,769	-	1,769
Investment management fees (see Note 4)	-	-	-	-	(5,572)	-	(5,572)
Other expenses (see Note 5)	-	-	-	-	(32)	-	(32)
Finance costs (see Note 6)	-	-	-	-	(17,324)	-	(17,324)
Revenue profit after taxation for the year	-	-	-	-	-	52,175	52,175
Dividend paid to shareholders (see Note 9)	-	-	-	-	-	(33,355)	(33,355)
Contribution in respect of the transaction with ACIC by the Manager	-	100	-	-	-	-	100
Costs relating to the ACIC transaction (inclusive of VAT recovered)	-	(160)	-	-	-	-	(160)
Repurchase of ordinary shares for cancellation (see Note 14)	(308)	-	308	(66,809)	-	-	(66,809)
At 31 March 2025	5,805	338,107	1,412	74,052	922,363	72,063	1,413,802

The capital reserve balance at 31 March 2026 includes investment holding losses on investments of £92,892,000 (2025: losses of £8,277,000) as detailed in Note 10. See Note 2 (r) for further details. In accordance with the Articles of Association, distributions by way of dividend can be made from both the revenue reserve and capital reserves to the extent they are realised.

Notes to the Financial Statements continued

16 Net Asset Value per Ordinary Share

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

	2026	2025
Net assets	£1,412,761,000	£1,413,802,000
Ordinary shares held outside of Treasury at year end	461,503,322	494,840,250
Net asset value per ordinary share	306.12p	285.71p

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

17 Financial Instruments

Management of risk

The Company's investing activities in pursuit of its investment objective involve certain inherent risks. The Board confirms that there is an ongoing process for identifying, evaluating and managing the risks faced by the Company. The Board with the assistance of the Investment Manager, has developed a risk matrix which, as part of the internal control process, identifies the risks that the Company faces. Risks are identified and graded in this process, together with steps taken in mitigation, and are updated and reviewed on an ongoing basis. Risks identified are shown in the Strategic Report on pages 29 to 33.

This Note is incorporated in accordance with IFRS 7: Financial Instruments: Disclosures and refers to the identification, measurement and management of risks potentially affecting the value of financial instruments.

The Company's financial instruments may comprise:

- Equity shares (listed and unlisted), equity linked notes, convertible bonds and rights issues;
- Derivative instruments including CFDs, warrants, futures and options written or purchased on stocks and equity indices and forward currency contracts;
- Cash, liquid resources and short-term receivables and payables that arise from its operations; and
- Bank borrowings.

The risks identified by IFRS 7 arising from the Company's financial instruments are market price risk (which comprises interest rate risk, foreign currency risk and other price risk), liquidity risk, counterparty risk, credit risk and derivative instrument risk. The Board reviews and agrees policies for managing each of these risks, which are summarised below. These policies are consistent with those followed last year.

Market price risk

Interest rate risk

The Company finances its operations through its share capital and reserves. In addition, the Company has gearing through the use of derivative instruments. The level of gearing is reviewed by the Board and the Portfolio Manager. The Company is exposed to a financial risk arising as a result of any increase in interest rates associated with the funding of derivative instruments.

17 Financial Instruments continued

Interest rate risk exposure

The values of the Company's financial instruments that are exposed to movements in interest rates are shown below:

	2026 £'000	2025 £'000
Exposure to financial instruments that bear interest		
Long CFDs – exposure less fair value	590,565	602,854
	590,565	602,854
Exposure to financial instruments that earn interest		
Short CFDs – exposure plus fair value	47,899	19,018
Amounts held at futures clearing houses and brokers	38,879	33,760
Cash and cash equivalents	48,087	49,691
	134,865	102,469
Net exposure to financial instruments that bear interest	455,700	500,385

Foreign currency risk

The Company's profit after taxation and its net assets can be affected by foreign exchange movements because the Company has income, assets and liabilities which are denominated in currencies other than the Company's functional currency which is UK sterling.

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

- Movements in currency exchange rates affecting the value of investments and derivative instruments;
- Movements in currency exchange rates affecting short-term timing differences, for example, between the date when an investment is bought or sold and the date when settlement of the transaction occurs; and
- Movements in currency exchange rates affecting income received.

Currency exposure of financial assets

The Company's financial assets comprise of investments, long positions on derivative instruments, short-term debtors and cash and cash equivalents. The currency exposure profile of these financial assets is shown below:

Currency	Investments held at fair value through profit or loss £'000	Asset exposure of long derivative instruments ¹ £'000	Other receivables ² £'000	Cash and cash equivalents ³ £'000	2026 Total £'000
Chinese renminbi	24,564	–	–	–	24,564
Euro	13,294	–	–	–	13,294
Hong Kong dollar	948,405	175,223	13,715	997	1,138,340
Japanese yen	–	7,085	–	135	7,220
Taiwan dollar	–	–	11	–	11
UK sterling	11,847	–	272	22	12,141
US dollar	350,123	200,624	36,041	46,933	633,721
	1,348,233	382,932	50,039	48,087	1,829,291

1 The asset exposure of long CFDs and options after the netting of hedging exposures.

2 Other receivables include amounts held at futures clearing houses and brokers.

3 Cash and cash equivalents are made up of £4,648,000 cash at bank and £43,439,000 is held in Fidelity Institutional Liquidity Fund.

Notes to the Financial Statements continued

17 Financial Instruments continued

	Investments held at fair value through profit or loss £'000	Asset exposure of long derivative instruments ¹ £'000	Other receivables ² £'000	Cash and cash equivalents ³ £'000	2025 Total £'000
Currency					
Chinese renminbi	29,850	-	-	-	29,850
Euro	15,468	-	-	-	15,468
Hong Kong dollar	873,075	127,296	5,850	2,731	1,008,952
Japanese yen	-	13,585	1,084	-	14,669
Taiwan dollar	5,006	-	-	-	5,006
UK sterling	12,725	-	295	-	13,020
US dollar	410,114	240,006	33,826	46,960	730,906
	1,346,238	380,887	41,055	49,691	1,817,871

1 The asset exposure of long CFDs and options after the netting of hedging exposures.

2 Other receivables include amounts held at futures clearing houses and brokers.

3 Cash and cash equivalents are made up of £4,432,000 cash at bank and £45,259,000 is held in Fidelity Institutional Liquidity Fund.

Currency exposure of financial liabilities

The Company finances its investment activities through its ordinary share capital and reserves. The Company's financial liabilities comprise short positions on derivative instruments and other payables. The currency profile of these financial liabilities is shown below:

	Asset exposure of short derivative instruments ¹ £'000	Other payables £'000	2026 Total £'000
Currency			
Hong Kong dollar	34,818	3,791	38,609
Japanese yen	-	135	135
UK sterling	-	4,020	4,020
US dollar	9,866	1,317	11,183
	44,684	9,263	53,947

	Asset exposure of short derivative instruments ¹ £'000	Other payables £'000	2025 Total £'000
Currency			
Hong Kong dollar	-	6,570	6,570
Japanese yen	-	7	7
UK sterling	-	1,382	1,382
US dollar	18,813	323	19,136
	18,813	8,282	27,095

1 The asset exposure of short derivative instruments excluding hedging exposures.

17 Financial Instruments continued

Other price risk

Other price risk arises mainly from uncertainty about future prices of financial instruments. It represents the potential loss the Company might suffer through price movements in its investment positions. The Board meets quarterly to consider the asset allocation of the portfolio and the risk associated with particular industry sectors within the parameters of the investment objective.

The Investment Manager is responsible for actively monitoring the portfolio selected in accordance with the overall asset allocation parameters and seeks to ensure that individual stocks also meet an acceptable risk/reward profile. Other price risks arising from derivative positions, mainly due to the underlying exposures, are assessed by the Investment Manager's specialist derivative instruments team.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulties in meeting obligations associated with financial liabilities. The Company's assets mainly comprise readily realisable securities and derivative instruments which can be sold easily to meet funding commitments if necessary. Short-term flexibility is achieved by the use of a bank overdraft, if required.

Counterparty risk

Certain derivative instruments in which the Company may invest are not traded on an exchange but instead will be traded between counterparties based on contractual relationships, under the terms outlined in the International Swaps and Derivatives Association's ("ISDA") market standard derivative legal documentation. These are known as Over The Counter ("OTC") trades. As a result, the Company is subject to the risk that a counterparty may not perform its obligations under the related contract. In accordance with the risk management process which the Investment Manager employs, this risk is minimised by only entering into transactions with counterparties which are believed to have an adequate credit rating at the time the transaction is entered into, by ensuring that formal legal agreements covering the terms of the contract are entered into in advance, and through adopting a counterparty risk framework which measures, monitors and manages counterparty risk by the use of internal and external credit agency ratings and evaluates derivative instrument credit risk exposure.

Collateral

For OTC and exchange traded derivative transactions, collateral is used to reduce the risk of both parties to the contract. Collateral is managed on a daily basis for all relevant transactions and held in segregated collateral accounts. Collateral can be held by brokers on behalf of the Company to reduce the credit risk exposure of the Company or held by the Company on behalf of brokers to reduce the credit risk exposure of the brokers. All collateral received or pledged at reporting date is in cash. The value of collateral received from brokers and pledged to brokers is shown below:

	2026		2025	
	Collateral received £'000	Collateral pledged £'000	Collateral received £'000	Collateral pledged £'000
Goldman Sachs International Ltd	-	3,791	-	-
HSBC Bank plc	-	6,139	-	3,037
UBS AG	-	17,385	-	23,770
J.P. Morgan Securities plc	-	6,688	-	6,953
Morgan Stanley & Co. International Ltd	-	4,876	1,109	-
Total	-	38,879	1,109	33,760

Offsetting

To mitigate counterparty risk for OTC derivative transactions, the ISDA legal documentation is in the form of a master agreement between the Company and the broker. This allows enforceable netting arrangements in the event of a default or termination event. Derivative instrument assets and liabilities that are subject to netting arrangements have not been offset in preparing the Statement of Financial Position.

The Company's derivative instrument financial assets and liabilities recognised in the Statement of Financial Position and amounts that could be subject to netting in the event of a default or termination are shown on the next page:

Notes to the Financial Statements continued

17 Financial Instruments continued

	Gross amount of recognised financial liabilities set off on the SoFP ¹		Net amount of financial assets presented on the SoFP ¹	Related amounts not set off on the SoFP ¹		2026
Financial assets	Gross amount £'000	£'000	£'000	Financial instruments £'000	Margin account received as collateral £'000	Net amount £'000
CFDs	6,210	–	6,210	(6,210)	–	–
Options	944	–	944	–	–	944
Futures (exchange traded)	2,265	–	2,265	–	–	2,265
	9,419	–	9,419	(6,210)	–	3,209

	Gross amount of recognised financial assets set off on the SoFP ¹		Net amount of financial liabilities presented on the SoFP ¹	Related amounts not set off on the SoFP ¹		2026
Financial liabilities	Gross amount £'000	£'000	£'000	Financial instruments £'000	Margin account pledged as collateral £'000	Net amount £'000
CFDs	(33,484)	–	(33,484)	6,210	22,715	(4,559)
Options	(270)	–	(270)	–	–	(270)
	(33,754)	–	(33,754)	6,210	22,715	(4,829)

	Gross amount of recognised financial liabilities set off on the SoFP ¹		Net amount of financial assets presented on the SoFP ¹	Related amounts not set off on the SoFP ¹		2025
Financial assets	Gross amount £'000	£'000	£'000	Financial instruments £'000	Margin account received as collateral £'000	Net amount £'000
CFDs	5,286	–	5,286	(4,087)	(1,109)	90
Options	1,761	–	1,761	–	–	1,761
Futures (exchange traded)	2,891	–	2,891	–	–	2,891
	9,938	–	9,938	(4,087)	(1,109)	4,742

	Gross amount of recognised financial assets set off on the SoFP ¹		Net amount of financial liabilities presented on the SoFP ¹	Related amounts not set off on the SoFP ¹		2025
Financial liabilities	Gross amount £'000	£'000	£'000	Financial instruments £'000	Margin account pledged as collateral £'000	Net amount £'000
CFDs	(24,439)	–	(24,439)	4,087	12,870	(7,482)
Options	(399)	–	(399)	–	–	(399)
	(24,838)	–	(24,838)	4,087	12,870	(7,881)

¹ Statement of Financial Position.

17 Financial Instruments continued

Credit risk

Financial instruments may be adversely affected if any of the institutions with which money is deposited suffer insolvency or other financial difficulties. All transactions are carried out with brokers that have been approved by the Investment Manager and are settled on a delivery versus payment basis. Limits are set on the amount that may be due from any one broker and are kept under review by the Investment Manager. Exposure to credit risk arises on outstanding security transactions and derivative instrument contracts and cash at bank.

Derivative instrument risk

The risks and risk management processes which result from the use of derivative instruments by the Investment Manager, are set out in a documented Risk Management Process Document. Derivative instruments are used by the Investment Manager for the following purposes:

- To gain exposure to equity markets, sectors or individual investments;
- To hedge equity market risk in the Company's investments with the intention of mitigating losses in the events market falls;
- To enhance portfolio returns by writing call and put options; and
- To take short positions in equity markets, which would benefit from a fall in the relevant market price, where the Investment Manager believes the investment is overvalued. These positions distinguish themselves from other short exposures held for hedging purposes since they are expected to add risk to the portfolio.

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

RISK SENSITIVITY ANALYSIS

Interest rate risk sensitivity analysis

Based on the financial instruments held and interest rates at the Statement of Financial Position date, an increase of 1.00% in interest rates throughout the year, with all other variables held constant, would have decreased the net profit after taxation for the year and decreased the net assets of the Company by £4,557,000 (2025: decreased the net profit after taxation and decreased the net assets by £5,004,000). A decrease of 1.00% in interest rates throughout the year would have had an equal but opposite effect.

Foreign currency risk sensitivity analysis

Based on the financial assets and liabilities held and currency exchange rates ruling at the Statement of Financial Position date, a strengthening of the UK sterling exchange rate by 10% against other currencies, with all other variables held constant, would have decreased the net profit after taxation for the year and decreased the net assets of the Company (2025: decreased the net profit after taxation and decreased the net assets) by the following amounts:

Currency	2026 £'000	2025 £'000
Chinese renminbi	2,233	2,714
Euro	1,209	1,406
Hong Kong dollar	99,976	91,125
Japanese yen	644	1,333
Taiwan dollar	1	455
US dollar	56,594	64,707
	160,657	161,740

Notes to the Financial Statements continued

17 Financial Instruments continued

Based on the financial assets and liabilities held and the exchange rates ruling at the Statement of Financial Position date, a weakening of the UK sterling exchange rate by 10% against other currencies would have increased the net profit after taxation for the year and increased the net assets of the Company (2025: increased the net profit after taxation and increased the net assets) by the following amounts:

Currency	2026 £'000	2025 £'000
Chinese renminbi	2,729	3,317
Euro	1,477	1,719
Hong Kong dollar	122,192	111,376
Japanese yen	787	1,629
Taiwan dollar	1	556
US dollar	69,171	79,085
	196,357	197,682

Other price risk sensitivity analysis

Changes in market prices affect the net profit after taxation for the year and the net assets of the Company. Details of how the Board sets risk parameters and performance objectives are disclosed in the Strategic Report on pages 26 to 33.

An increase of 10% in the share prices of the listed investments held at the Statement of Financial Position date would have increased the net profit after taxation for the year and increased the net assets of the Company by £119,253,000 (2025: increased the net profit after taxation and increased the net assets by £121,019,000). A decrease of 10% in share prices of the investments designated at fair value through profit or loss would have had an equal but opposite effect.

An increase of 10% in the valuation of unlisted investments held at the Statement of Financial Position date would have increased the net profit after taxation for the year and increased the net assets of the Company by £15,570,000 (2025: increased the net profit after taxation and increased the net assets by £13,604,000). A decrease of 10% in the valuation would have had an equal but opposite effect.

17 Financial Instruments 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 31 March 2026:

Valuation approach	Significant unobservable inputs				Sensitivity to changes in significant unobservable inputs
	Fair value £'000*	Key unobservable inputs	Other unobservable inputs	Range	
Market approach using comparable traded multiples or calibration factors	101,672	TEV/LTM revenue multiple ¹	a, b, c, d	1.95x - 3.5x	If TEV/LTM revenue multiple moved by +/- 10%, the fair value would change by £1,688,000 and -£1,668,000
		TEV/LTM EBITDA multiple ²	a, b, c, d	7.25x - 8.25x	If TEV/LTM EBITDA multiple moved by +/- 10%, the fair value would change by £1,478,000 and -£1,513,000
		TEV/FY+1 revenue multiple ³	a, b, c, d	1.55x - 3.25x	If TEV/FY+1 revenue multiple moved by +/- 10%, the fair value would change by £1,016,000 and -£1,036,000
		TEV/FY+1 EBITDA multiple ⁴	a, b, c, d	5.0x - 6.0x	If TEV/FY+1 EBITDA multiple moved by +/- 10%, the fair value would change by £1,570,000 and -£1,605,000
		P/E LTM multiple ⁵	a, b, c, d	14.0x - 17.0x	If P/E LTM multiple moved by +/- 10%, the fair value would change by £1,104,000 and -£1,059,000
Sum of the parts ^e	26,636	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 £575,000 and -£575,000
Scenario analysis considering a range of exit scenarios ^f	25,102	Discount rate	c, d	16.5% - 17.5%	If the discount rate moved by +/- 10% the fair value would change by £717,000 and -£690,000

* An asset may be valued using multiple approaches therefore this column is not expected to represent the total of level 3 investments

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

17 Financial Instruments 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 31 March 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	72,128	TEV/LTM revenue multiple ¹	a, b, c, d	1.95x - 3.5x	If TEV/LTM revenue multiple moved by +/- 10%, the fair value would change by £1,535,000 and -£1,534,000
		TEV/LTM EBITDA multiple ²	a, b, c, d	7.25x - 8.25x	If TEV/LTM EBITDA multiple moved by +/- 10%, the fair value would change by £931,000 and -£954,000
		TEV/FY+1 revenue multiple ³	a, b, c, d	1.55x - 3.25x	If TEV/FY+1 revenue multiple moved by +/- 10%, the fair value would change by £1,354,000 and -£1,377,000
		TEV/FY+1 EBITDA multiple ⁴	a, b, c, d	5.0x - 6.0x	If TEV/FY+1 EBITDA multiple moved by +/- 10%, the fair value would change by £978,000 and -£1,001,000
		P/E LTM multiple ⁵	a, b, c, d	14.0x - 17.0x	If P/E LTM multiple moved by +/- 10%, the fair value would change by £435,000 and -£435,000
		P/E FY+1 multiple ⁶	a, b, c, d	12.0x - 15.0x	If P/E FY+1 multiple moved by +/- 10%, the fair value would change by £185,000 and -£185,000
Sum of the parts ^e	30,258	Selection of comparable 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 £557,000 and -£557,000
Scenario analysis considering a range of exit scenarios ^f	26,194	Discount rate	c, d	16.5% - 17.5%	If the discount rate moved by +/- 10% the fair value would change by £353,000 and -£353,000
Recent transaction prices ^g	62,469	n/a	c	n/a	n/a

* 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.

6 Price to earnings (P/E) divided by the next twelve months forecasted revenue (FY+1).

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.

17 Financial Instruments 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.

Derivative instruments exposure sensitivity analysis

The Company invests in derivative instruments to gain or reduce exposure to the equity market. An increase of 10% in the share prices of the investments underlying the derivative instruments at the Statement of Financial Position date would have increased the profits after taxation for the year and increased the net assets of the Company by £33,825,000 (2025: increased the profit after taxation and increased the net assets by £36,207,000). A decrease of 10% in share prices of the investments underlying the derivative instruments would have had an equal but opposite effect.

Fair Value of Financial Assets and Liabilities

Financial assets and liabilities are stated in the Statement of Financial Position at values which are not materially different to their fair values. As explained in Notes 2 (l) and (m), investments and derivative instruments are shown at fair value. In the case of cash at bank, book value approximates to fair value due to the short maturity of the instruments.

Notes to the Financial Statements continued

17 Financial Instruments continued

Fair Value Hierarchy

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

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

Categorisation within the hierarchy has been determined on the basis of the lowest level input that is significant to the fair value measurement of the relevant asset. The valuation techniques used by the Company are explained in Notes 2 (e), (l) and (m). The table below sets out the Company's fair value hierarchy:

	Level 1 £'000	Level 2 £'000	Level 3 £'000	2026 Total £'000
Financial assets at fair value through profit or loss				
Investments	1,192,531	–	155,702	1,348,233
Derivative instrument assets	2,336	7,083	–	9,419
	1,194,867	7,083	155,702	1,357,652
Financial liabilities at fair value through profit or loss				
Derivative instrument liabilities	–	(33,754)	–	(33,754)

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

17 Financial Instruments continued

Level 3 investments (unlisted and delisted investments)

	2026 £'000	2025 £'000
ByteDance	73,733	55,005
Venturous Holdings	27,036	30,258
Chime Biologics	25,480	26,194
DJI International	21,381	17,123
Fujian Yangteng Innovation	8,072	7,464
Shanghai Yiguo	-	-
3 listed investments whose listings are currently suspended	-	-
	155,702	136,044

Companies whose listings are suspended

Three listed companies in the portfolio have had their listing suspended: DBA Telecommunication (Asia) Limited (suspended July 2014), China Animal Healthcare Limited (suspended March 2015), BNN Technology Limited (suspended September 2017).

Significant holdings

Details of significant holdings are noted below in accordance with the disclosure requirements of paragraph 82 of the AIC SORP. The Company is required to provide a list of all investments at the Statement of Financial Position date with a value greater than 5% of its portfolio and at least the ten largest investments, including the value of each investment and for unlisted investments included in the list, additional detail is required as shown below. This disclosure includes turnover, pre-tax profits and net assets attributable to investors, as reported within the most recently audited financial statements of the investee companies.

	Cost £'000	Fair value £'000	Income recognised from the holding in the year £'000	Turnover for the latest audited financial year £'000	Pre-tax profits/ losses for the latest audited financial year £'000	2026 Net assets/ (liabilities) at the latest audited balance sheet date £'000
Holdings						
ByteDance	19,775	73,732	Nil	Information not publicly available		
Venturous Holdings	23,701	27,036	Nil	Information not publicly available		
Chime Biologics	25,227	25,479	Nil	Information not publicly available		

Notes to the Financial Statements continued

17 Financial Instruments continued

	Cost £'000	Fair value £'000	Income recognised from the holding in the year £'000	Turnover for the latest audited financial year £'000	Pre-tax profits/losses for the latest audited financial year £'000	2025 Net assets/ (liabilities) at the latest audited balance sheet date £'000
Holdings						
ByteDance	19,775	55,005	Nil	Information not publicly available		
Venturous Holdings	23,701	30,258	Nil	Information not publicly available		

	2026 Level 3 £'000	2025 Level 3 £'000
Movements in level 3 investments during the year		
Level 3 investments at the beginning of the year	136,044	157,008
Purchases at cost	25,686	20,251
Sales proceeds	-	(14,410)
Sales gain	-	960
Transfers out of level 3 at cost ¹	(25,686)	(42,208)
Unrealised gain recognised in the Statement of Comprehensive Income	19,658	14,443
Level 3 investments at the end of the year	155,702	136,044

¹ Financial instruments are transferred out of level 3 when they become listed. See page 91 for more information.

18 Capital Resources and Gearing

The Company does not have any externally imposed capital requirements. The financial resources of the Company comprise its share capital, reserves and gearing, which are disclosed on the Statement of Financial Position. The Company is managed in accordance with its investment policy and in pursuit of its investment objective, both of which are detailed in the Strategic Report on page 26. The principal risks and their management are disclosed in the Strategic Report on pages 29 to 33 and in Note 17.

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

	2026			
	Gross gearing		Net gearing	
	Exposure £'000	% ¹	Exposure £'000	% ¹
Investments	1,348,233	95.4	1,348,233	95.4
Long CFDs	560,076	39.6	560,076	39.6
Long options	14,003	1.0	14,003	1.0
Total long exposures before hedges	1,922,312	136.0	1,922,312	136.0
Less: Hedged Future Exposures	(189,185)	(13.4)	(189,185)	(13.4)
Less: Hedged Option Exposures	(1,962)	(0.1)	(1,962)	(0.1)
Total long exposures after the netting of hedges	1,731,165	122.5	1,731,165	122.5
Short CFDs	44,684	3.2	(44,684)	(3.2)
Gross Asset Exposure/Net Market Exposure*	1,775,849	125.7	1,686,481	119.3
Net Assets	1,412,761		1,412,761	
Gearing²		25.7%		19.3%

	2025			
	Gross gearing		Net gearing	
	Exposure £'000	% ¹	Exposure £'000	% ¹
Investments	1,346,238	95.2	1,346,238	95.2
Long CFDs	583,496	41.3	583,496	41.3
Long options	9,442	0.7	9,442	0.7
Total long exposures before hedges	1,939,176	137.2	1,939,176	137.2
Less: Hedged Future Exposures	(203,084)	(14.4)	(203,084)	(14.4)
Less: Hedged Option Exposures	(8,967)	(0.6)	(8,967)	(0.6)
Total long exposures after the netting of hedges	1,727,125	122.2	1,727,125	122.2
Short CFDs	18,813	1.3	(18,813)	(1.3)
Gross Asset Exposure/Net Market Exposure*	1,745,938	123.5	1,708,312	120.9
Net Assets	1,413,802		1,413,802	
Gearing²		23.5%		20.9%

* Defined in the Glossary of Terms on pages 104 and 105.

¹ Exposure to the market expressed as a percentage of Net Assets.

² Gearing is the amount by which Gross Asset Exposure/Net Market Exposure exceeds Net Assets expressed as a percentage of Net Assets.

Notes to the Financial Statements continued

19 Transactions with the Managers and Related Parties

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

Details of the current fee arrangements are given in the Directors' Report on page 39. During the year, the following expenses were payable to Fidelity:

	2026 £'000	2025 £'000
Management fees	15,534	8,041
Marketing services	345	327

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

	2026 £'000	2025 £'000
Management fees	1,401	1,023
Marketing services	72	47

Disclosures of the Directors' interests in the shares of the Company and fees and taxable expenses, relating to reasonable travel expenses, payable to the Directors are given in the Directors' Remuneration Report on pages 49 and 50. In addition to the fees and taxable expenses disclosed in the Directors' Remuneration Report, employers' National Insurance contributions were paid by the Company. At the Statement of Financial Position date, Directors' fees of £67,000 (2025: £29,000) were accrued and payable.

Alternative Performance Measures

The Company uses the following as Alternative Performance Measures which are all defined in the Glossary to the Annual Report on pages 103 to 105.

Discount/Premium

The discount/premium is the difference between the net asset value ("NAV") per ordinary share of the Company and the ordinary share price and is expressed as a percentage of the NAV per ordinary share. Details of the Company's discount are on the Financial Highlights page.

Gearing

See Note 18 on pages 93 and 94 for details of the Company's gearing (both gross and net).

Net Asset Value ("NAV") per Ordinary Share

See the Statement of Financial Position on page 65 and Note 16 on page 80 for further details.

Ongoing Charges Ratio

The ongoing charges ratio is considered to be an Alternative Performance Measure. It has been calculated in accordance with guidance issued by the AIC as the total of management fees and other expenses expressed as a percentage of the average net assets throughout the year.

	2026	2025
Investment management fees (£'000)	12,905	9,875
Other expenses (£'000)	1,327	1,243
Ongoing charges (£'000)	14,232	11,118
Variable management fees (£'000)	2,629	(1,834)
Average net assets (£'000)	1,539,184	1,249,044
Ongoing charges ratio	0.92%	0.89%
Ongoing charges ratio including variable management fees	1.09%	0.74%

Revenue, Capital and Total Earnings per Share

See the Statement of Financial Position on page 65 and Note 8 on page 75 for further details.

Alternative Performance Measures continued

Total Return Performance

The NAV per share total return includes reinvestment of the dividend in the NAV of the Company on the ex-dividend date. Share price total return includes the reinvestment of the net dividend in the month that the share price goes ex-dividend.

The tables below provide information relating to the NAV per share and share prices of the Company, the impact of the dividend reinvestments and the total returns for the years ended 31 March 2026 and 31 March 2025.

	Net asset value per share	Share price
2026		
31 March 2025	285.71p	265.00p
31 March 2026	306.12p	280.00p
Change in the year	+7.1%	+5.7%
Impact of dividend reinvestment	+3.6%	+3.8%
Total return for the year	+10.7%	+9.5%

	Net asset value per share	Share price
2025		
31 March 2024	223.71p	201.00p
31 March 2025	285.71p	265.00p
Change in the year	+27.7%	+31.8%
Impact of dividend reinvestment	+3.8%	+4.0%
Total return for the year	+31.5%	+35.8%

Notice of Meeting

Notice is hereby given that the Annual General Meeting of Fidelity China Special Situations PLC will be held at 4 Cannon Street, London EC4M 5AB and virtually via the Lumi AGM meeting platform on Tuesday, 21 July 2026 at 11.00 am for the following purposes:

1. To receive and adopt the Annual Report and Financial Statements for the year ended 31 March 2026.
2. To declare that a final ordinary dividend for the year ended 31 March 2026 of 9.00 pence per share be paid to shareholders who appear on the register as at close of business on 19 June 2026.
3. To re-elect Mr Mike Balfour as a Director.
4. To re-elect Mr Alastair Bruce as a Director.
5. To re-elect Mrs Vanessa Donegan as a Director.
6. To re-elect Mrs Georgina Field as a Director.
7. To re-elect Dr Edward Tse as a Director.
8. To elect Mrs Bessie Lee as a Director.
9. To approve the Directors' Remuneration Report (excluding the section headed The Remuneration Policy set out on page 48) for the year ended 31 March 2026.
10. To appoint PricewaterhouseCoopers LLP as Auditor of the Company (the "Auditor") and to reappoint the Auditor to hold office until the conclusion of the next general meeting at which financial statements are laid before the Company.
11. To authorise the Directors to determine the remuneration of the Company's Auditor.

To consider and, if thought fit, to pass the following special business resolutions of which Resolutions 12 and 13 will be proposed as ordinary resolutions and Resolutions 14, 15, 16 and 17 as special resolutions.

Authority to Amend the Investment Policy

Resolution 12 will, if approved, authorise the Directors to amend the Investment Policy, and specifically, to amend the investment restriction in respect of any single investment so that the Company's interest in any single listed investment will not, on acquisition, exceed 20% of Net Assets plus Borrowings.

12. THAT the Directors be and they are hereby authorised to amend the Investment Policy as set out in the Appendix to this notice of Annual General Meeting.

Authority to Allot Shares and Disapply Pre-Emption Rights

Resolutions 13 and 14 will, if approved, authorise the Directors to allot a limited number of ordinary shares (or sell any ordinary shares which the Company elects to hold in Treasury) for cash without first offering such shares to existing ordinary shareholders pro-rata to their existing holdings. The limit set by the Board is 10% of the number of ordinary shares of the Company (including Treasury shares) in issue at the latest practicable date of this document. The Directors will only issue new ordinary shares, or dispose of ordinary shares held in Treasury, under this authority in order to take advantage of opportunities in the market as they arise and only if they believe it is advantageous to the Company's shareholders to do so. Any ordinary shares held in

Treasury would be re-issued at no less than net asset value ("NAV") per ordinary share, or at a premium to NAV per ordinary share. This would ensure that the net effect of repurchasing and then re-issuing the ordinary shares would be to enhance NAV per ordinary share.

13. THAT the Directors be and they are hereby generally and unconditionally authorised in accordance with Section 551 of the Companies Act 2006 (the "Act") to exercise all the powers of the Company to allot shares in the Company or to grant rights to subscribe for or to convert any securities into shares in the Company ("relevant securities") up to an aggregate nominal amount of £544,011 (approximately 10% of the aggregate nominal amount of the issued share capital of the Company (including Treasury shares) at the latest practicable date of this document) and so that the Directors may impose any limits or restrictions and make any arrangements which they consider necessary or appropriate to deal with Treasury Shares, fractional entitlements, record dates, legal, regulatory or practical problems in, or under the laws of, any territory or any other matter, such authority to expire at the conclusion of the next Annual General Meeting ("AGM") of the Company or the date 15 months after the passing of this resolution, whichever is the earlier, but so that this authority shall allow the Company to make offers or agreements before the expiry of this authority which would or might require relevant securities to be allotted after such expiry as if the authority conferred by this resolution had not expired. All previous unexpired authorities are revoked, but without prejudice to any allotment of shares or grant of rights already made, offered or agreed to be made pursuant to such authorities.
14. THAT, subject to the passing of Resolution 13, as set out above, the Directors be and they are hereby authorised, pursuant to Sections 570-573 of the Act to allot equity securities (as defined in Section 560 of the Act) for cash pursuant to the authority given by the said Resolution 13 and/or to sell ordinary shares held by the Company as Treasury shares for cash, as if Section 561 of the Act did not apply to any such allotment or sale, provided that this power shall be limited:
 - a) to the allotment of equity securities or sale of Treasury shares up to an aggregate nominal amount of £544,011 (approximately 10% of the aggregate nominal amount of the issued share capital of the Company (including Treasury shares) at the latest practicable date of this document); and
 - b) by the condition that allotments of equity securities or sales of Treasury shares may only be made pursuant to this authority at a price of not less than the NAV per ordinary share

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

Authority to Repurchase Shares

Resolution 15 is a special resolution which, if approved, will renew the Company's authority to purchase up to 14.99% of the number of ordinary shares in issue (excluding Treasury shares) at the latest practicable date of this document, or, if different, at the date of passing of the resolution, either for cancellation or for retention as Treasury

Notice of Meeting continued

shares, at the determination of the Board. Once shares are held in Treasury, the Directors may only dispose of them in accordance with the relevant legislation by subsequently selling the shares for cash or cancelling the shares. Purchases of ordinary shares will be at the discretion of the Directors and within guidelines set by them from time to time in the light of prevailing market conditions. Purchases will only be made in the market at prices below the prevailing NAV per ordinary share, thereby resulting in an increased NAV per ordinary share.

15. THAT the Company be and is hereby generally and unconditionally authorised in accordance with Section 701 of the Companies Act 2006 (the "Act") to make market purchases (within the meaning of Section 693 of the Act) of ordinary shares of 1 pence each (the "shares") in the capital of the Company provided that:
 - a) the maximum number of shares hereby authorised to be purchased shall be 68,711,399 or, if different, such number as represents 14.99% of the Company's issued ordinary share capital (excluding shares held in treasury) at the date of the passing of this resolution;
 - b) the minimum price (excluding expenses) which may be paid for an ordinary share is 1 pence;
 - c) the maximum price (excluding expenses) which may be paid for each share is the higher of:
 - (i) 5% above the average of the middle market quotations for the shares as derived from the London Stock Exchange Official List for the five business days preceding the date of purchase; and
 - (ii) the higher of the price of the last independent trade and the highest current independent bid on the London Stock Exchange at the time the purchase is carried out;
 - d) the authority hereby conferred shall expire at the conclusion of the next AGM of the Company unless such authority is renewed prior to such time; and
 - e) the Company may make a contract to purchase shares under the authority hereby conferred prior to the expiry of such authority which will or may be executed wholly or partly after the expiration of such authority and may make a purchase of shares pursuant to any such contract.

Any shares purchased pursuant to this authority shall, as the directors may determine, either be (i) cancelled or (ii) held in treasury for subsequent sale, transfer or cancellation.

Authority to call General Meetings on 14 clear days' notice

Resolution 16 is a special resolution to provide the Company with authority to call general meetings (other than annual general meetings) on 14 clear days' notice. The Directors believe that the flexibility provided by this resolution is beneficial to the Company when dealing with any matters that require the prompt consideration by shareholders. This authority would only be used in circumstances where the Board considers it appropriate to do so, taking into account the circumstances of the business to be considered at the relevant general meeting.

16. THAT a general meeting (other than an annual general meeting) of the Company may be called on not less than 14 clear days' notice, provided that this authority shall expire at the conclusion of the next annual general meeting of the Company.

Adoption of New Articles of Association

Resolution 17 is a special resolution that relates to the adoption of new Articles of Association by the Company to make changes in relation to Directors' fees and other clarificatory, administrative and technical changes, as described further in the Directors' Report on page 42.

17. THAT with effect from the passing of this resolution, the draft Articles of Association produced to the meeting and, for the purpose of identification, initialled by the Chairman, be adopted as the Articles of Association of the Company in substitution for, and to the exclusion of, the existing Articles of Association of the Company.

By Order of the Board

FIL Investments International

Secretary

8 June 2026

Notes to the Notice of Meeting:

1. A member of the Company entitled to attend and vote at the Annual General Meeting may appoint a proxy or proxies to attend and to speak and vote instead of him. A member may appoint more than one proxy in relation to the Annual General Meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that member. A proxy need not be a member of the Company. To appoint a proxy via the Investor Centre at <https://uk.investorcentre.mpms.mufg.com/>, you will need to log in to your Investor Centre account or register if you have not previously done so. To register you will need your Investor Code which can be found on your Form of Proxy. Alternatively, shareholders can vote via the Investor Centre app, which is a free app for smartphone and tablet provided by MUFG Corporate Markets (the company's Registrar). It allows you to securely manage and monitor your shareholdings in real time, take part in online voting, keep your details up to date, access a range of information including payment history and much more. The app is available to download on both the Apple App Store and Google Play, or by scanning the relevant QR code below.



2. A Form of Proxy is enclosed and must be returned to the Registrar at the address on the form to arrive not later than 11:00 on Friday, 17 July 2026. Completion and return of the form of proxy will not prevent a shareholder from subsequently attending the meeting and voting in person or virtually if they so wish.
3. To be effective, the instrument appointing a proxy, and any power of attorney or other authority under which it is signed (or a copy of any such authority certified notarially or in some other way approved by the Directors), must be deposited with the Company's Registrar, PXS 1, MUFG Corporate Markets, Central Square, 29 Wellington Street, Leeds LS1 4DL not less than 48 hours before the time for holding the meeting or adjourned meeting or, in the case of a poll taken more than 48 hours after it is demanded, not less than 24 hours before the time appointed for the taking of the poll at which it is to be used (in each case excluding non-business days).
4. In the case of joint holders, the vote of the senior who tenders the vote shall be accepted to the exclusion of the votes of the other joint holders and for this purpose, seniority shall be determined by the order in which the names stand in the Register of Members.
5. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the meeting and any adjournment(s) thereof by using the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a CREST Proxy Instruction) must be properly authenticated in accordance with Euroclear UK & International Limited's specifications and must contain the information required for such instruction, as described in the CREST Manual (available via www.euroclear.com). The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the Company's registrars (ID: RA10) by the latest time(s) for receipt of proxy appointments specified in Note 3 above. For this purpose, the time of receipt will be taken to be the time (as determined by the time stamp applied to the message by the CREST Application Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time, any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear UK & International Limited does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings (www.euroclear.com).

The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001 (as amended).

6. Proximity Voting – If you are an institutional investor, you may also be able to appoint a proxy electronically via the Proximity platform, a process which has been agreed by the Company and approved by the Registrar. For further information regarding Proximity, please go to www.proximity.io. Your proxy must be lodged by no later than 11:00 on Friday, 17 July 2026 in order to be considered valid. Before you can appoint a proxy via this process, you will need to have agreed to Proximity's associated terms and conditions. It is important that you read these carefully as you will be bound by them and they will govern the electronic appointment of your proxy. An electronic proxy appointment via the Proximity Platform may be revoked completely by sending an authenticated message via the platform instructing the removal of your proxy vote.
7. Unless otherwise indicated on the Form of Proxy, CREST voting, Proximity or any other electronic voting channel instruction, the proxy will vote as they think fit or, at their discretion, withhold from voting.
8. All members are entitled to attend and vote at the AGM and ask questions. The right to vote at the meeting will be determined by reference to the Register of Members as at close of business on Friday, 17 July 2026. Shareholders are urged to vote using the Form of Proxy provided or electronically where permitted by your nominee or platform.

Notice of Meeting continued

9. The Company is pleased to be able to offer facilities for shareholders to attend, ask questions and vote at the AGM electronically in real time should they wish to do so. The details are set out below.

In order to join the AGM electronically and to vote and ask questions via the platform, shareholders will need to connect to the following site <https://meetings.lumiconnect.com/100-346-066-599>. Lumi is available as a mobile web client, compatible with the latest browser versions of Chrome, Firefox, Edge and Safari and can be accessed using any web browser on a tablet, smartphone or computer.

Once you have accessed <https://meetings.lumiconnect.com/100-346-066-599> from your device, you will be prompted to enter your unique 11 digit Investor Code ("IVC") including any leading zeros and 'PIN'. Your PIN is the last 4 digits of your IVC. This will authenticate you as a shareholder.

Your IVC can be found on your share certificate or as detailed on your proxy form. You can also obtain this by contacting MUFG Corporate Markets, our Registrar, by calling **+44 (0) 371 277 1020***

Access to the AGM will be available from **30 minutes before the meeting start time**, although the voting functionality will not be enabled until the Chairman of the meeting declares the poll open. During the AGM, you must ensure you are connected to the internet at all times in order to vote when Chairman commences polling on the Resolutions.

Therefore, it is your responsibility to ensure connectivity for the duration of the AGM via your wi-fi. A user guide to the Lumi platform available on the Company's pages of the Manager's website at: www.fidelity.co.uk/china.

If you wish to appoint a proxy other than the Chairman of the meeting and for them to attend the virtual meeting on your behalf, please submit your proxy appointment in the usual way before contacting MUFG Corporate Markets on **+44 (0) 371 277 1020*** in order to obtain their IVC and PIN. It is suggested that you do this as soon as possible and at least 48 hours (excluding non-business days) before the meeting.

If your shares are held within a nominee/platform and you wish to attend the electronic meeting, you will need to contact your nominee as soon as possible. Your nominee will need to present a corporate letter of representation to MUFG Corporate Markets, the Registrar, as soon as possible and at least 72 hours (excluding non-business days) before the meeting, in order that they can obtain for you your unique IVC and PIN to enable you to attend the electronic meeting.

If you are unable to obtain a unique IVC and PIN from your nominee or platform, we will also welcome online participation as a guest. Once you have accessed <https://meetings.lumiconnect.com/100-346-066-599> from your web browser on a tablet, smartphone or computer, you should then select the 'Guest Access' option before entering your name and who you are representing, if applicable. This will allow you to view the meeting and ask questions, but you will not be able to vote.

* Lines are open from 09:00 to 17:30 Monday to Friday, excluding public holidays in England and Wales. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the UK will be charged at the applicable international rate.

10. Any person to whom this notice is sent who is a person nominated under Section 146 of the Companies Act 2006 to enjoy information rights (a "Nominated Person") may, under an agreement between him and the member by whom he was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he may, under any such agreement, have a right to give instructions to the member as to the exercise of voting rights. The statement of the rights of members in relation to the appointment of proxies in Note 1 above does not apply to Nominated Persons. The right described in that paragraph can only be exercised by members of the Company.
11. If the Chairman, as a result of any proxy appointments, is given discretion as to how the votes which are the subject of those discretionary proxies, when added to the interests in the Company's securities already held by the Chairman, result in the Chairman holding such number of voting rights that he has a notifiable obligation under the Disclosure and Transparency Rules, the Chairman will make the necessary notifications to the Company and the Financial Conduct Authority. As a result, any member holding 3% or more of the voting rights in the Company who grants the Chairman a discretionary proxy in respect of some or all of those voting rights and so would otherwise have a notification obligation under the Disclosure and Transparency Rules, need not make separate notification to the Company and the Financial Conduct Authority.
12. Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, the Company has specified that to be entitled to attend and vote at the AGM (and for the purpose of determining the number of votes they may cast), members must be entered on the Register of Members by close of business on Friday, 17 July 2026. If the meeting is adjourned then, to be so entitled, members must be entered on the Register of Members by close of business on the day two days before the time fixed for the adjourned meeting, or, if the Company gives notice of the adjourned meeting, at any other time specified in that notice.
13. As at the latest practicable date prior to the publication of this document, the Company's issued share capital consisted of 544,011,131 ordinary shares carrying one vote each. The number of shares held by the Company in Treasury was 85,629,548. Therefore, the total number of shares with voting rights in the Company was 458,381,583.
14. Any corporation which is a member can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a member provided that they do not do so in relation to the same shares.
15. Shareholders and any proxies or representatives they appoint understand that by attending the meeting they are expressly agreeing that they are willing to receive any communications, including communications relating to the Company's securities, made at the meeting.
16. It is possible that, pursuant to requests made by members of the Company under Section 527 of the Companies Act 2006, the Company may be required to publish on its website a statement setting out any matter relating to the audit of the Company's accounts (including the Auditor's report and the conduct of the

audit) that is to be laid before the AGM or any circumstance connected with an Auditor of the Company ceasing to hold office since the previous meeting at which the Annual Report and Financial Statements were laid. The Company may not require the shareholders requesting any such website publication to pay its expenses in complying with such requests. Where the Company is required to place a statement on a website under Section 527 of the Companies Act 2006, it must forward the statement to the Company's Auditor not later than the time when it makes the statement available on the website. The business which may be dealt with at the AGM includes any statement that the Company has been required under Section 527 of the Companies Act 2006 to publish on its website.

17. No Director has a service contract with the Company.
18. A copy of this notice and other information required by Section 311A of the Companies Act 2006 is published on the Company's website at www.fidelity.co.uk/china.

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

Appendix to Notice of Meeting

INVESTMENT POLICY (UPDATED)

The updated Investment Policy for the Company, as proposed in resolution 12 on page 97 of the Notice of Meeting, is set out below. Changes are marked in blackline and underscored. No amendments are being proposed to be made to the Investment Objective, however this is also set out below for completeness.

INVESTMENT OBJECTIVE

The Company's investment objective is to achieve long-term capital growth from an actively managed portfolio made up primarily of securities issued by companies 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.

INVESTMENT POLICY

The Company invests in a diversified portfolio consisting primarily of securities issued by companies in China, both listed and unlisted, as well as Chinese companies listed elsewhere. The Company may also obtain exposure to other listed companies that have significant interests in China.

The Company may invest through equities, index linked, equity linked and other debt securities, cash deposits, money market instruments, foreign currency exchange transactions, equity related securities, forward transactions and other interests including derivative instruments. Forward transactions and derivatives, including futures, options and contracts for difference, may be used to enhance portfolio performance as well as for efficient portfolio management and hedging. The Company's interest in any single listed investment will not, on acquisition, exceed 15 20 per cent. of Net Assets plus Borrowings.

The Investment Manager is not required to ensure that the Company's cash resources are fully invested at all times. Accordingly, there may be times when the Company holds cash or money market instruments pending investment.

The Company may invest in China "A" Shares both directly through the Investment Manager's Qualified Foreign Institutional Investor ("QFII") license and indirectly through third parties who have a QFII facility.

Unlisted Investments

The Company is able to invest up to 15 per cent. of Net Assets plus Borrowings, at the time of investment, in unlisted securities which carry on business, or have significant interests, in China.

Borrowing and Gearing Policy

The Board considers that long-term capital growth can be enhanced by the judicious use of borrowing. The Board is responsible for the Company's gearing strategy with day-to-day decisions being made by the Investment Manager within the remit set by the Board in line with the borrowing and gearing policy.

The Company may borrow up to 25 per cent. of Net Assets, and the Gross Asset Exposure of the Company, whether from borrowing or the use of derivatives, may not exceed the Net Assets of the Company by more than 30 per cent. The Portfolio Manager is responsible for operating within these limits.

CHANGES TO INVESTMENT OBJECTIVE AND INVESTMENT POLICY

No material change will be made to the Company's Investment Objective and Investment Policy without the prior approval by ordinary resolution of shareholders and the approval of the FCA.

Glossary to the Annual Report

AAF Report

A report prepared in accordance with the Audit and Assurance Faculty guidance issued by the Institute of Chartered Accountants in England and Wales.

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"), a European Union Directive first implemented on 22 July 2014, and as retained and adapted under UK domestic law post Brexit.

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.

Capital Gains Tax (CGT)

The tax that may be payable if shares are sold at a profit.

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 for foreign investors via the Qualified Foreign Institutional Investor (QFII) programme, 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.

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 subsidiary 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.

Glossary to the Annual Report continued

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.

FIL Limited

The ultimate parent company of the FIL Group of companies.

Fidelity International (Fidelity)

FIL Limited and its subsidiary group companies including FIL Investment Services (UK) Limited and FIL Investments International which act as AIFM and Secretary and FIL Investment Management (Hong Kong) Limited which acts as the Investment Manager.

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.

Gearing in Attribution Analysis

The table on page 24 uses an overlay-based attribution, including calculating the daily excess exposure created by CFDs/gearing, applying that exposure to the benchmark return and deducting financing and transaction costs.

Gross Asset Exposure

The value of the portfolio (or, where the context requires, an investment within 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](#) held by the Company but excluding [forward contracts](#)).

Gross Gearing

The amount by which [Gross Asset Exposure](#) exceeds [Shareholders' Funds](#), expressed as a percentage of [Shareholders' Funds](#).

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.

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 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.

MSCI China Mid Cap Index

The **MSCI China Mid Cap Index** is designed to measure the performance of the mid cap segments of the Chinese markets. With 331 constituents, the index covers approximately 15% of the free float-adjusted market capitalisation in China.

MSCI China Small Cap Index

The **MSCI China Small Cap Index** is a free-float adjusted market capitalization weighted index designed to measure the performance of equity securities in the bottom 14% by market capitalisation of the Chinese equity securities markets.

NASDAQ

A global electronic marketplace for buying and selling securities.

NAV or Net Assets or Net Asset Value

The net assets attributable to the Company's shares, calculated in accordance with the Company's usual accounting policies.

Net Assets plus Borrowings

The Company's **Net Asset Value** plus the value of its outstanding bank loans.

Net Asset Value per Ordinary Share

The **net asset value** divided by the number of ordinary shares in issue.

Net Gearing

The amount by which **Net Market Exposure** exceeds **Shareholders' Funds**, expressed as a percentage of **Shareholders' Funds**.

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

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.

Pre-emption Rights

Section 561 of the Companies Act 2006 provides that a company offering a new issue of shares must first make an offer of these shares, on the same or more favourable terms, in proportion to the nominal value held to existing shareholders. At each Annual General Meeting, the Board seeks shareholder approval to disapply **pre-emption rights** provision, up to 10% of the Company's issued share capital.

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 (name changed from Link Group on 20 January 2025).

Glossary to the Annual Report continued

Reserves

- **Share premium account** represents the amount by which the proceeds from the issue of ordinary shares have 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 Income Statement. 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 Income Statement that have not been distributed as dividends to shareholders. It is distributable by way of dividends.

Secretary

FIL Investments International.

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.

Size Of Company (By Market Cap)

Large – above £5bn

Medium – between £1bn – £5bn

Small – below £1bn

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 could pay if it outperforms is 1.05% on **Net Assets** up to £1.5 billion and reducing to 0.85% on **Net Assets** over £1.5 billion, but if the Company underperforms against the **Benchmark Index**, then the overall fee could have been as low as 0.65% 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 Fidelity 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.

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

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

Telephone: **+44 (0)371 664 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.com>. Shareholders are able to manage their shareholding via the Investor Centre app. 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 Investor Centre, contact the helpline on **+44 (0)371 664 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

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.

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: **0207 961 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.

Shareholder Information continued

Managers and Advisors

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

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 Riverside
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

Company Information

The Company's initial public offering was on 19 April 2010. The original subscription price for each share was £1. The Company also issued "C" shares of £1 each on 1 March 2011 and these were subsequently converted into new ordinary shares.

The Company is a member of the Association of Investment Companies ("AIC") from whom general information on investment trusts can be obtained by telephoning **020 7282 5555** (email address: enquiries@theaic.co.uk).

Price Information

The share price of the Company is published daily in The Financial Times under the heading "Investment Companies". It is also published in the Times and The Daily Telegraph. Price and performance information is also available at www.fidelity.co.uk/china

Investors can also obtain current share price information by telephoning Fidelity for free on **0800 41 41 10** or FT Cityline on **0905 817 1690** (voice activated service) (calls charged at 60p per minute on a per second basis from a BT landline. Charges from other telephone networks may vary). The Reuters Code for Fidelity China Special Situations PLC is FCSS, the SEDOL is B62Z3C7 and the ISIN is GB00B62Z3C74.

Net Asset Value ("NAV") Information

The Company's NAV is calculated and released to the London Stock Exchange on a daily basis.

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 or 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 at 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/security-privacy/>

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 your 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.

Alternative Investment Fund Manager's Disclosure

In compliance with the Alternative Investment Fund Managers' Directive ("AIFMD"), the Board has appointed FIL Investment Services (UK) Limited ("FISL") as the Company's Alternative Investment Fund Manager ("AIFM"). FISL has delegated the investment management to FIL Investment Management (Hong Kong) Limited ("FIMHK") and the company secretarial function to FIL Investments International. Details of the current Management Agreement can be found in the Directors' Report on page 39.

The table below discloses information required by the Alternative Investment Fund Managers' Regulations 2013.

Function	AIFM Role and Responsibility	AIFMD Disclosure
Investment management	The AIFM provides portfolio management of assets and investment advice in relation to the assets of the Company. It has delegated this function to FIL Investment Management (Hong Kong) Limited. The Board remains responsible for setting the investment strategy, investment policy and investment guidelines and the AIFM operates within these guidelines.	Details of the Company's investment objective, strategy and investment policy, including limits, are on pages 26 and 27.
Risk management	AIFM has a responsibility for risk management for the Company which is in addition to the Board's corporate governance responsibility for risk management. The Company has a Risk Management Process Document which demonstrates that risk management is separated functionally and hierarchically from operating units and demonstrates independence safeguards. The Manager maintains adequate risk management systems in order to identify, measure and monitor all risks at least annually under AIFMD. The Manager is responsible for the implementation of various risk activities such as risk systems, risk profile, risk limits and testing. The Board, as part of UK corporate governance, remains responsible for the identification of significant risks and for the ongoing review of the Company's risk management and internal control processes.	The AIFM has an ongoing process for identifying, evaluating and managing the principal risks faced by the Company and this is regularly reviewed by the Board. The Board remains responsible for the Company's system of risk management and internal controls and for reviewing its effectiveness. Further details can be found in the Strategic Report on pages 28 to 33 and in Note 17 to the Financial Statements on pages 80 to 92.
Valuation of illiquid assets	The AIFMD requires the disclosure of the percentage of the Alternative Investment Fund's assets which are subject to special arrangements arising from their illiquid nature and any new arrangements for managing the liquidity of the Company.	As at the date of this report, none of the Company's assets were subject to special arrangements arising from their illiquid nature.

Function	AIFM Role and Responsibility	AIFMD Disclosure
Leverage	The Company uses leverage to increase its exposure primarily to the stock markets of China and currently holds long derivatives to achieve this. The AIFM has set maximum levels of leverage that are reasonable. It has implemented systems to calculate and monitor compliance against these limits and has ensured that the limits have been complied with at all times. There are two methods of calculating leverage – the Gross Method which does not reduce exposure for hedging; and the Commitment Method which does reduce exposure for hedging.	The maximum leverage limits are 1.80 for the Gross Method of calculating leverage and 1.50 for the Commitment Method. At 31 March 2026, actual leverage was 1.60 for the Gross Method and 1.46 for the Commitment Method.
Liquidity management	The AIFM, in consultation with the Board, maintains a liquidity management policy which is considered at least annually.	No new arrangements for managing the liquidity of the Company have been made. Further details can be found in Note 17 on page 83.
Remuneration of the AIFM	The AIFM operates under the terms of Fidelity's Global Remuneration Policy Statement. This ensures that the AIFM complies with the requirements of the FCA's Remuneration Code (SYSC19A); the AIFM Remuneration Code (SYSC19B) and the BIPRU Remuneration Code (SYSC19C).	Details of Fidelity International's Global Remuneration Policy can be found at www.fidelityinternational.com/global/remuneration/default.page

Securities Financing Transactions Regulation ("SFTR")

The following disclosures relate to contracts for difference ("CFDs") held by the Company which may be considered Total Return Swaps under the SFTR, a European Union regulation which first came into force as on 12 January 2016, and as retained and adapted under UK domestic law post Brexit.

As at 31 March 2026, all CFDs were contracted bilaterally with open maturities:

Broker	Fair Value £'000	Percentage of Net Assets	Collateral held by the broker £'000	Collateral held by the Company £'000
Goldman Sachs International (UK)	(3,026)	(0.21%)	–	3,791
HSBC Bank plc (UK)	(7,159)	(0.51%)	–	6,139
J.P. Morgan Securities plc (UK)	(8,604)	(0.61%)	–	6,688
Morgan Stanley & Co International (UK)	(5,312)	(0.38%)	–	4,876
UBS AG (UK)	(3,173)	(0.22%)	–	1,986

Collateral held by the broker was denominated in US dollars and held in a segregated account on behalf of the Company with a maturity of one day. The total return for the year ended 31 March 2026 from CFDs was a gain of £51,526,000.

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
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.





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