

# Fidelity China Special Situations PLC

Half-Yearly report for the 6 months ended 30 September 2016



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# Investment Objective and Performance

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

Six months ended 30 September 2016

Net Asset Value ("NAV")  
per Share total return

**+29.1%**

2015: -14.1%

Share Price total return

**+30.8%**

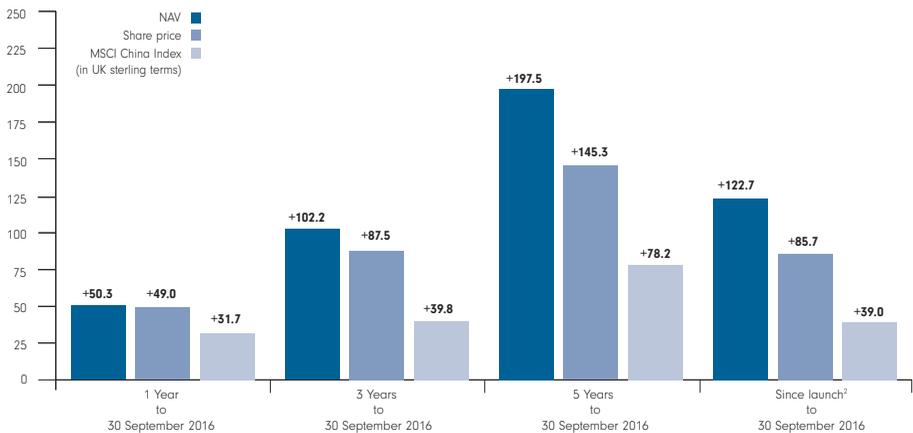
2015: -16.2%

Benchmark Index – MSCI  
China Index total return  
(in UK sterling terms)

**+26.2%**

2015: -19.7%

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



<sup>1</sup> Includes reinvested dividends

<sup>2</sup> The Company launched on 19 April 2010

Sources: Fidelity and Datastream

Past performance is not a guide to future returns

# Summary of Results

	30 September 2016	31 March 2016
<b>Assets</b>		
Gross Asset Exposure	<b>£1,452.2m</b>	£1,155.3m
Net Assets	<b>£1,156.9m</b>	£908.5m
Gearing	<b>25.5%</b>	27.2%
Net Asset Value per Ordinary Share	<b>209.62p</b>	164.18p
Number of Ordinary Shares held outside Treasury	<b>551,914,480</b>	553,339,480
<b>Share price data</b>		
Share Price at the period/year end	<b>175.60p</b>	136.00p
Share Price period/year high	<b>178.00p</b>	177.00p
Share Price period/year low	<b>132.20p</b>	111.00p
Discount at the period/year end	<b>16.2%</b>	17.2%
Discount period/year high	<b>19.9%</b>	23.3%
Discount period/year low	<b>14.1%</b>	10.1%
<b>Earnings for the six months ended 30 September<sup>1</sup></b>	<b>2016</b>	2015
Revenue earnings per Ordinary Share	<b>3.42p</b>	2.23p
Capital earnings/(loss) per Ordinary Share	<b>43.72p</b>	(25.03p)
Total earnings/(loss) per Ordinary Share	<b>47.14p</b>	(22.80p)
<b>Ongoing charges for the six months ended 30 September<sup>2</sup></b>	<b>1.23%</b>	1.14%

1 Based on the weighted average number of Ordinary Shares held outside Treasury in issue during the period

2 Ongoing charges (excluding performance fees, finance costs and taxation) as a percentage of the average Net Asset Value for the period (prepared in accordance with the methodology recommended by the Association of Investment Companies)

Sources: Fidelity and Datastream

Past performance is not a guide to future returns

# Portfolio Manager's Half-Yearly Review



In the six months to 30 September 2016 under review, the NAV of your portfolio recorded a strong return of 29.1% and the share price rose by 30.8%. This compared to a 26.2% rise in the MSCI China Index (All figures on a total return basis).

Performance of the Company has been driven by stock selection with positions in BNN Technology (formerly DJI Holdings), NetEase, China Sanjiang Fine Chemicals, Best Pacific and Li Ning all posting over 60% returns over the reporting period. NetEase, a leading game developer and long-term high conviction holding in the portfolio, rallied following a strong increase in revenue and announcing that its revenue mix had shifted from around 20% in mobile games to over 60% in the

past year. Best Pacific, a niche fabric supplier to lingerie and sportswear brands, announced a pick-up in annual sales of over 20% while profits were up nearly 40%, indicating that its innovative approach is clearly highly valued by its customers. Gearing also added value as the portfolio has been more than 20% geared during the market rally.

Conversely, returns compared to the Index have been negatively impacted by the portfolio's holdings in China Pacific Insurance, Hutchison China MediTech and Shanghai International Airport. The insurance sector in general has lagged the market due to concerns that a fall in interest rates will have a negative impact on returns. Whilst a valid concern, it is more than reflected in valuations, especially considering the growth potential in what remains a very underpenetrated industry. Meanwhile, the holding in Shanghai International Airport underperformed the market as security breaches saw a series of sanctions from the regulator that are expected to drive one-off losses that will impact short-term earnings.

## Total return performance since launch



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

# Portfolio Manager's Half-Yearly Review continued

## Market View

Investor sentiment towards China has improved since the beginning of the year. At the start of 2016, investors were concerned about issues such as the lack of clarity on the change in China's foreign exchange policy, slowing GDP growth and rising debt. The first two concerns have definitely eased, but the last still remains.

First, the change in China's foreign exchange policy at the end of last year centred around it expanding the daily limits within which the Chinese renminbi can trade against other currencies and the fact these are now linked to a basket of its trading partner currencies, not just the US\$. The confusion came from poor communication from the People's Bank of China on what this change was and the reason for it. Over time, the market has gained comfort in this change and, as mentioned in previous reports, I believe it was a positive step towards further opening up China's markets. The Chinese renminbi was also added as the third largest component of the IMF's basket of Special Drawing Rights' currencies in October 2016, confirming it as a major global currency.

Second, fears remain over slowing Chinese GDP. Again, as I have highlighted in previous reports, one would not expect an economy the size of China's to be able to maintain the extremely high rates seen in the past and such slowing is natural as part of a rebalancing to more consumption led growth. There are, however, some signs of stabilisation in the more "old economy" sectors. An increase in infrastructure spending driven by the government has helped stabilise growth, supporting a reported increase of 6.7% in GDP for each quarter so far this year. There are some concerns that the government is reusing past intervention methods to stimulate the economy, but on the positive side, output cuts have helped support pricing in troubled sectors such as coal and steel. The government has laid out

aggressive targets to reduce capacity in these areas and we need to see real progress here. China's Producer Price Index turned positive in September for the first time in 54 months.

The rise of consumption and services is something I continue to see happening and where I focus much of the portfolio's investments. That said, I have been finding significant value in some of the parts of 'Old' China that investors have been disregarding because of the complex problems at hand.

One major overhang facing the economy is the continued strong growth in corporate debt, especially in the so-called "shadow banking" sector – occurring off the balance sheets of the banks. Banks officially reported that non-performing loans remain below 2% and, despite increased write-offs, I believe this number is heading higher. While we are hearing increasing rhetoric around the need to address this, we are yet to see this reflected in numbers and so it requires monitoring. The Company continues to have no holdings in Chinese banks.

## Portfolio Positioning

The portfolio continues to focus on 'New' China and invests in areas of the market related to China's modernisation. I still see huge growth potential and place a large portion of the portfolio's investments in companies related to consumption and the changing ways of consumers. Many consumer goods in China are still underpenetrated compared to other countries. Automobile demand is a great example, as only around 1 in 10 Chinese people own a car compared to 8 in 10 in the US – yet the Chinese car market is the largest in the world with over 22.6 million new passenger vehicles being sold in the last 12 months (as at end of September). The Company is still invested in Brilliance, who owns the joint venture with BMW, and Dongfeng Motor (joint venture with Peugeot, Nissan and Honda).

These companies offer attractive rates of growth compared to global peers with similar if not lower valuation levels. However, within the consumer space, I have reduced the Company's exposure to home appliances companies, such as Zhejiang Supor Cookware. While still good stories with good growth prospects, valuations are now less attractive.

Within consumer services I am very interested in education companies that offer test and tutoring services. Culturally, education is a primary focus for Chinese families, and companies like New Oriental Education & Technology are leading the way for tutoring and test preparation for school age children. They have invested heavily in creating an in-house curriculum system that is helping to improve pass rates and client retention. However, as well as being invested in school education, the Company is also invested in companies like Tarena which is China's leading vocational training school. Tarena focuses on IT and internet training and I expect it to post more than 20% annual sales growth over the next couple of years.

The internet sector remains an attractive area for investment. The recent takeover by Didi Chuxing (the portfolio's largest unlisted holding) of Uber in China highlighted the strength of Chinese internet companies. This will significantly reduce the competitive intensity in the market and shorten the path to profitability for Didi. I meet internet companies from around the world, and Chinese companies stand out as being among some of the most innovative and best managed globally with a still huge untapped market. Despite this, the portfolio's weight in IT compared to the Index has actually fallen, but this is largely to do with the recent inclusion of US-listed Chinese companies in the MSCI China Index. Within IT, Tencent and Alibaba are the largest holdings, followed by Ctrip, China's largest online hotel and flight booking service.

Chinese property has been a hot topic in the financial press following a surge in prices. I have been reducing the Company's exposure as valuations looked less attractive, and with tightening regulation, I have also identified some shorting opportunities. Most investments in the portfolio are in companies started by entrepreneurs. However, throughout this year, the Company has been adding some exposure to state-owned-enterprises ("SOEs"). I like to focus on the SOEs that have attractive assets at attractive valuations with the potential to benefit from future reforms. The Company invests in Shanghai Industrial, a conglomerate with a number of regulated assets (toll roads, tobacco, water) that could see improving profitability from pricing reforms, but trades at a significant discount to its net asset value. It has also invested in Sinotrans, a logistics company that is involved in freight-forwarding with a focus on growing intra-Asia trade and also owns the Chinese joint venture with DHL. I expect to see the logistics industry grow faster than GDP yet Sinotrans trades at a valuation discount to its global peers.

Finally, as the Chinese market has rallied over the last six months, I have reduced the portfolio's gearing. At the time of writing, it was around 20% compared to 27% at the end of March. As markets have gone up, valuations are less compelling, so I have reduced the Company's market exposure and also selectively added to its short positions. However, I maintain a reasonable level of gearing as I still find significant value and opportunities that I believe will be recognised by the market over time.

**Dale Nicholls**

Portfolio Manager  
21 November 2016

# Interim Management Report and Responsibility Statement

## Discount Management

The Company's discount narrowed to 16.2% at the end of the reporting period from 17.2% at the start of the reporting period.

The Board recognises that the Company's share price is affected by the interaction of supply and demand in the market and investor sentiment towards China, as well as the performance of the NAV per share. Recognising these factors, the Board has conducted a detailed review of the discount policy, and it is the Board's belief at present that the discount is best addressed by repurchasing the Company's shares according to market conditions. During the reporting period, the Board authorised the repurchase of 1,425,000 Ordinary Shares by the Company. These shares are held in Treasury. The share repurchases will have benefited all shareholders as the NAV per share has been increased by purchasing the shares at a discount. Since the period end and as at the date of this report, the Company has not repurchased or issued any further Ordinary Shares.

## Gearing

The Company has a multicurrency revolving credit facility agreement with Scotiabank Europe PLC for US\$150,000,000. This facility has been fully drawn down during the period under review.

To achieve further gearing, the Company uses Contracts For Difference on a number of holdings in its portfolio.

At 30 September 2016, the Company's gearing, defined as Gross Asset Exposure in excess of Net Assets, was 25.5% (31 March 2016: 27.2%; 30 September 2015: 28.8%).

## Investment Management and Performance Fees

The Investment Managers are entitled to a management fee of 1% of the NAV per annum

which is paid quarterly. For the six months ended 30 September 2016 fees were £5,364,000 (six months ended 30 September 2015: £4,510,000).

The Investment Managers are entitled to an annual performance fee of 15% of any change in NAV attributable to performance which is more than 2% above the returns on the MSCI China Index, subject to a maximum performance fee payable in any year equal to 1.0% of the arithmetic mean of the value of assets with valuations calculated at the end of each month during the year. Any out-performance above this cap cannot be carried forward. If the Company under-performs, the under-performance must be made good before any further performance fee becomes payable.

For the six months ended 30 September 2016 a provision had been made on a time apportioned basis of £671,000 (six months ended 30 September 2015: £2,738,000).

## Principal Risks and Uncertainties

The Board, with the assistance of the Manager, has developed a risk matrix which, as part of the internal controls process, identifies the key risks faced by the Company. The Board believes that the principal risks and uncertainties faced by the Company continue to fall into the following categories: market, performance, discount control, gearing and currency risks. Other risks facing the Company include tax and regulatory risks and operational risks in relation to service providers. Information on each of these risks is detailed in the Strategic Report section of the Company's Annual Report for the year ended 31 March 2016 which can be found on the Company's pages of the Manager's website at [www.fidelityinvestmenttrusts.com](http://www.fidelityinvestmenttrusts.com). These risks and uncertainties have not materially changed during the six months to 30 September 2016 and are equally applicable to the remaining six months of the Company's financial year.

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

FIL Investment Services (UK) Limited is the Company's Alternative Investment Fund Manager and has delegated the investment management (other than in unlisted securities) to FIL Investment Management (Hong Kong) Limited. It has delegated the investment management of the unlisted securities and the company secretariat function to FIL Investments International. The transactions with the Managers and related party transactions with the Directors are disclosed in Note 14 on page 25.

## **Going Concern**

The Directors have considered the Company's investment objective, policy and strategy and the Company's projected income and expenditure. The Company's portfolio of investments is considered to be mainly readily realisable securities. Therefore, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing these Financial Statements.

By order of the Board.

## **FIL Investments International**

21 November 2016

## **Directors' Responsibility Statement**

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

The Directors confirm to the best of their knowledge that:

- a) the condensed set of Financial Statements contained within the Half-Yearly Report has been prepared in accordance with the International Accounting Standards 34: "Interim Financial Reporting"; and
- b) the Interim Management Report, including the Portfolio Manager's Half-Yearly Review on pages 3 to 5, includes a fair review of the information required by DTR 4.2.7R and 4.2.8R.

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

The Half-Yearly Report was approved by the Board on 21 November 2016 and the above responsibility statement was signed on its behalf by Nicholas Bull, Chairman.

# Twenty Largest Holdings

as at 30 September 2016

The Gross Asset Exposures shown below measure exposure to market price movements as a result of owning shares, equity linked notes and derivative instruments. The Fair Value is the value those securities could be sold for and is the value shown on the Balance Sheet. Where a 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 share has moved.

	Gross Asset Exposure £'000	Exposure % <sup>1</sup>	Fair Value £'000
<b>Long Exposures – shares unless otherwise stated</b>			
<b>Tencent Holdings (shares and long CFD)</b>			
Internet, mobile and telecommunications services provider	134,885	11.7	113,311
<b>Alibaba Group Holdings</b>			
e-commerce group	105,519	9.1	105,519
<b>China Pacific Insurance (Group) Co (shares and long CFD)</b>			
Insurance company	58,200	5.0	10,046
<b>China Petroleum &amp; Chemical Corp (long CFD)</b>			
Oil and gas company based in Beijing	30,836	2.7	5,870
<b>CITIC Telecom International Holdings (shares and long CFD)</b>			
Telecoms company	30,657	2.6	12,881
<b>Ctrip.com International</b>			
Travel services provider	28,358	2.5	28,358
<b>NetEase, Inc</b>			
Internet company	26,750	2.3	26,750
<b>Shanghai International Airport Co</b>			
Shanghai's primary international airport operator	22,287	1.9	22,287
<b>Vipshop Holdings</b>			
Online discount retailer	21,713	1.9	21,713
<b>Hutchison China MediTech</b>			
Pharmaceutical and healthcare group	21,678	1.9	21,678
<b>CT Environmental Group (long CFD)</b>			
Wastewater treatment and industrial water supply services	20,890	1.8	(1,917)
<b>Sinosoft Technology Group</b>			
e-Government solutions developer	19,373	1.7	19,373
<b>Far East Horizon (shares and long CFD)</b>			
Financial service company	18,177	1.6	14,660

	Gross Asset Exposure £'000	% <sup>1</sup>	Fair Value £'000
<b>Xiaoju Kuaizhi Inc ("Didi Chuxing") (unlisted)</b>			
Mobile taxi booking applications developer	16,603	1.4	16,603
<b>Brilliance China Automotive Holdings (shares and long CFD)</b>			
Automobiles, microvans, and automotive components manufacturer	16,261	1.4	430
<b>Shanghai Industrial Holdings (shares and long CFD)</b>			
Infrastructure facilities, real estate and consumer products group	15,230	1.3	11,307
<b>BNN Technology (formerly DJI Holdings)</b>			
Online bookings, mobile payments and lottery sales	14,374	1.3	14,374
<b>Gourmet Master Co</b>			
Cafe stores chain operator	14,227	1.2	14,227
<b>New Oriental Education &amp; Technology Group</b>			
Private educational services provider	14,171	1.2	14,171
<b>China Cinda Asset Management Co (long CFD)</b>			
Asset managers	13,761	1.2	(7,648)
<b>Twenty largest long exposures</b>	<b>643,950</b>	<b>55.7</b>	<b>463,993</b>
Other long exposures (131 holdings)	842,561	72.8	751,832
<b>Total long exposures before hedges</b>	<b>1,486,511</b>	<b>128.5</b>	<b>1,215,825</b>
<b>Less: Hedging Exposures</b>			
Index futures and call options (4 holdings)	(49,194)	(4.3)	(1,139)
<b>Total long exposures after the netting of hedges</b>	<b>1,437,317</b>	<b>124.2</b>	<b>1,214,686</b>
<b>Short Exposures</b>			
Short CFDs and put options (6 holdings)	14,914	1.3	(304)
<b>Gross Asset Exposure<sup>2</sup></b>	<b>1,452,231</b>	<b>125.5</b>	
<b>Portfolio Fair Value<sup>3</sup></b>			<b>1,214,382</b>
Net current liabilities (excluding derivative assets and liabilities)			(57,485)
<b>Net Assets</b>			<b>1,156,897</b>

1 Gross Asset Exposure is expressed as a percentage of net assets

2 Gross Asset Exposure comprises market exposure to shares and equity linked notes of £1,201,252,000 plus market exposure to derivative instruments of £250,979,000

3 Portfolio Fair Value comprises Investments of £1,201,252,000 plus derivative assets of £41,076,000 less derivative liabilities of £27,946,000 (per the Balance Sheet on page 14)

# Income Statement

		Six months ended 30 September 2016 unaudited		
	Notes	revenue £'000	capital £'000	total £'000
<b>Revenue</b>				
Investment income	4	17,871	–	17,871
Derivative income	4	5,644	–	5,644
Other income	4	84	–	84
<b>Total income</b>		<b>23,599</b>	<b>–</b>	<b>23,599</b>
Gains/(losses) on investments at fair value through profit or loss		–	232,740	232,740
Gains/(losses) on derivative instruments		–	18,114	18,114
Foreign exchange gains/(losses) on other net assets		660	6,153	6,813
Foreign exchange (losses)/gains on bank loans		–	(10,959)	(10,959)
<b>Total income and gains/(losses)</b>		<b>24,259</b>	<b>246,048</b>	<b>270,307</b>
<b>Expenses</b>				
Investment management and performance fees	5	(2,682)	(3,353)	(6,035)
Other expenses		(938)	–	(938)
<b>Profit/(loss) before finance costs and taxation</b>		<b>20,639</b>	<b>242,695</b>	<b>263,334</b>
Finance costs	6	(1,143)	(1,143)	(2,286)
<b>Profit/(loss) before taxation</b>		<b>19,496</b>	<b>241,552</b>	<b>261,048</b>
Taxation		(615)	–	(615)
<b>Net profit/(loss) after taxation for the period</b>		<b>18,881</b>	<b>241,552</b>	<b>260,433</b>
<b>Earnings/(loss) per Ordinary Share</b>	7	<b>3.42p</b>	<b>43.72p</b>	<b>47.14p</b>

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

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

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

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

Year ended 31 March 2016 audited			Six months ended 30 September 2015 unaudited		
revenue £'000	capital £'000	total £'000	revenue £'000	capital £'000	total £'000
17,571	-	17,571	15,447	-	15,447
2,345	-	2,345	1,715	-	1,715
118	-	118	17	-	17
20,034	-	20,034	17,179	-	17,179
-	(5,445)	(5,445)	-	(128,707)	(128,707)
-	6,832	6,832	-	(8,043)	(8,043)
(42)	3,281	3,239	(56)	(130)	(186)
-	(3,301)	(3,301)	-	1,777	1,777
19,992	1,367	21,359	17,123	(135,103)	(117,980)
(4,569)	(13,707)	(18,276)	(2,255)	(4,993)	(7,248)
(1,911)	-	(1,911)	(1,068)	-	(1,068)
13,512	(12,340)	1,172	13,800	(140,096)	(126,296)
(1,499)	(1,499)	(2,998)	(763)	(763)	(1,526)
12,013	(13,839)	(1,826)	13,037	(140,859)	(127,822)
(413)	1,300	887	(470)	46	(424)
11,600	(12,539)	(939)	12,567	(140,813)	(128,246)
2.07p	(2.24p)	(0.17p)	2.23p	(25.03p)	(22.80p)

# Statement of Changes in Equity

	Notes	share capital £'000
<b>Six months ended 30 September 2016</b>		
<b>Total equity at 31 March 2016</b>		<b>5,713</b>
Repurchase of Ordinary shares	12	-
Net return on ordinary activities after taxation for the period		-
Dividend paid	8	-
<b>Total equity at 30 September 2016</b>		<b>5,713</b>
<b>Year ended 31 March 2016</b>		
<b>Total equity at 31 March 2015</b>		5,713
Repurchase of Ordinary shares	12	-
Net (loss)/return on ordinary activities after taxation for the year		-
Dividend paid	8	-
<b>Total equity at 31 March 2016</b>		<b>5,713</b>
<b>Six months ended 30 September 2015</b>		
<b>Total equity at 31 March 2015</b>		5,713
Repurchase of Ordinary shares	12	-
Net (loss)/return on ordinary activities after taxation for the period		-
Dividend paid	8	-
<b>Total equity at 30 September 2015</b>		<b>5,713</b>

share premium account £'000	capital redemption reserve £'000	other reserve £'000	capital reserve £'000	revenue reserve £'000	total equity £'000
211,569	914	338,837	334,204	17,241	908,478
-	-	(2,064)	-	-	(2,064)
-	-	-	241,552	18,881	260,433
-	-	-	-	(9,950)	(9,950)
211,569	914	336,773	575,756	26,172	1,156,897

211,569	914	366,249	346,743	12,947	944,135
		(27,412)			(27,412)
-	-	-	(12,539)	11,600	(939)
-	-	-	-	(7,306)	(7,306)
211,569	914	338,837	334,204	17,241	908,478

211,569	914	366,249	346,743	12,947	944,135
		(22,566)			(22,566)
-	-	-	(140,813)	12,567	(128,246)
-	-	-	-	(7,306)	(7,306)
211,569	914	343,683	205,930	18,208	786,017

# Balance Sheet

Company number 7133583

	Notes	30.09.16 unaudited £'000	31.03.16 audited £'000	30.09.15 unaudited £'000
<b>Non current assets</b>				
Investments at fair value through profit or loss	9	1,201,252	987,878	861,989
<b>Current assets</b>				
Derivative instruments	9	41,076	20,275	25,414
Amounts held at futures clearing houses and brokers		4,119	12,740	14,030
Other receivables	10	19,206	3,531	3,991
Cash and cash equivalents		45,211	30,266	13,312
		109,612	66,812	56,747
<b>Creditors</b>				
Derivative instruments	9	(27,946)	(28,082)	(22,916)
Bank loans	9	(115,274)	(104,315)	(99,236)
Overseas capital gains tax payable		-	-	(1,254)
Other payables	11	(10,747)	(13,815)	(9,313)
		(153,967)	(146,212)	(132,719)
<b>Net current liabilities</b>		<b>(44,355)</b>	<b>(79,400)</b>	<b>(75,972)</b>
<b>Net assets</b>		<b>1,156,897</b>	<b>908,478</b>	<b>786,017</b>
<b>Equity attributable to equity shareholders</b>				
Share capital	12	5,713	5,713	5,713
Share premium account		211,569	211,569	211,569
Capital redemption reserve		914	914	914
Other reserve		336,773	338,837	343,683
Capital reserve		575,756	334,204	205,930
Revenue reserve		26,172	17,241	18,208
<b>Total equity</b>		<b>1,156,897</b>	<b>908,478</b>	<b>786,017</b>
<b>Net asset value per Ordinary share</b>	13	<b>209.62p</b>	164.18p	141.07p

# Cash Flow Statement

	Six months ended 30 September 2016 unaudited £'000	Year ended 31 March 2016 audited £'000	Six months ended 30 September 2015 unaudited £'000
<b>Operating activities</b>			
Cash inflow from investment income	15,064	17,375	13,633
Cash inflow from derivative income	5,366	2,345	1,575
Cash inflow from other income	84	118	17
Cash outflow from Directors' fees	(41)	(164)	(78)
Cash outflow from other payments	(14,878)	(15,757)	(10,662)
Cash outflow from the purchase of investments	(218,640)	(628,799)	(339,388)
Cash outflow from the purchase of derivatives	(1,286)	(9,340)	(9,340)
Cash inflow from the sale of investments	230,821	628,999	346,346
Cash (outflow)/inflow from the sale of derivatives	(1,537)	65,752	40,367
Cash inflow/(outflow) from amounts held at futures clearing houses and brokers	8,621	(11,357)	(12,647)
<b>Net cash inflow from operating activities before servicing of finance</b>	<b>23,574</b>	<b>49,172</b>	<b>29,823</b>
<b>Financing activities</b>			
Cash outflow from loan interest paid	(1,005)	(1,533)	(711)
Cash outflow from CFD interest paid	(807)	(992)	(346)
Cash outflow short CFD dividends paid	(448)	(384)	(384)
Cash outflow from the repurchase of Ordinary Shares	(2,572)	(26,904)	(22,566)
Cash outflow from dividends paid to shareholders	(9,950)	(7,306)	(7,306)
<b>Cash outflow from financing activities</b>	<b>(14,782)</b>	<b>(37,119)</b>	<b>(31,313)</b>
<b>Increase/(decrease) in cash and cash equivalents</b>	<b>8,792</b>	<b>12,053</b>	<b>(1,490)</b>
Cash and cash equivalents at the start of the period	30,266	14,932	14,932
Effect of foreign exchange movements	6,153	3,281	(130)
<b>Cash and cash equivalents at the end of the period</b>	<b>45,211</b>	<b>30,266</b>	<b>13,312</b>

# Notes to the Financial Statements

## 1 Principal Activity

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

## 2 Publication of Non-statutory Accounts

The Financial Statements in this half-yearly financial report have not been audited by the Company's Independent Auditor and do not constitute statutory accounts as defined in section 434 of the Companies Act 2006 (the "Act"). The financial information for the year ended 31 March 2016 is extracted from the latest published financial statements of the Company. Those financial statements were delivered to the Registrar of Companies and included the Independent Auditor's Report which was unqualified and did not contain a statement under either section 498(2) or 498(3) of the Act.

## 3 Basis of Preparation

These half-yearly financial statements have been prepared in accordance with International Accounting Standard 34: Interim Financial Reporting and use the same accounting policies as set out in the Company's Annual Report and Financial Statements for the year ended 31 March 2016. Those Financial Statements were prepared in accordance with; International Financial Reporting Standards ("IFRS"), to the extent that they have been adopted by the European Union, the Companies Acts that apply to companies reporting under IFRS, IFRIC interpretations and, as far as it is consistent with IFRS, the Statement of Recommended Practice: Financial Statements of Investment Trust Companies and Venture Capital Trusts ("SORP") issued by the Association of Investment Companies ("AIC"), in November 2014.

#### 4 Income

	<b>Six months ended 30.09.16 unaudited £'000</b>	Year ended 31.03.16 audited £'000	Six months ended 30.09.15 unaudited £'000
<b>Investment income</b>			
Overseas dividends	<b>17,776</b>	17,546	15,422
Overseas scrip dividends	<b>95</b>	25	25
	<b>17,871</b>	17,571	15,447
<b>Derivative income</b>			
Dividends on long CFDs	<b>5,637</b>	2,340	1,715
Interest on short CFDs	<b>7</b>	5	-
	<b>5,644</b>	2,345	1,715
<b>Other income</b>			
Deposit interest	<b>84</b>	118	17
<b>Total income</b>	<b>23,599</b>	20,034	17,179

# Notes to the Financial Statements continued

## 5 Investment Management and Performance Fees

	revenue £'000	capital £'000	total £'000
<b>Six months ended 30 September 2016 (unaudited)</b>			
Investment management fee	2,682	2,682	5,364
Performance fee	–	671	671
	<b>2,682</b>	<b>3,353</b>	<b>6,035</b>

### Year ended 31 March 2016 (audited)

Investment management fee	4,569	4,569	9,138
Performance fee	–	9,138	9,138
	4,569	13,707	18,276

### Six months ended 30 September 2015 (unaudited)

Investment management fee	2,255	2,255	4,510
Performance fee	–	2,738	2,738
	2,255	4,993	7,248

FIL Investment Services (UK) Limited (a Fidelity group company) is the Company's Alternative Investment Fund Manager ("the Manager") and has delegated portfolio management to FIL Investment Management (Hong Kong) Limited and FIL Investments International ("the Investment Managers"). Fee arrangements are disclosed in the Interim Management Report and Responsibility Statement on page 6.

## 6 Finance Costs

	revenue £'000	capital £'000	total £'000
<b>Six months ended 30 September 2016 (unaudited)</b>			
Interest on bank loans and overdrafts	527	527	1,054
Interest paid on CFDs	392	392	784
Dividends paid on short CFDs	224	224	448
	<b>1,143</b>	<b>1,143</b>	<b>2,286</b>

### **Year ended 31 March 2016 (audited)**

Interest on bank loans and overdrafts	794	794	1,588
Interest paid on CFDs	513	513	1,026
Dividends paid on short CFDs	192	192	384
	<b>1,499</b>	<b>1,499</b>	<b>2,998</b>

### **Six months ended 30 September 2015 (unaudited)**

Interest on bank loans and overdrafts	362	362	724
Interest paid on CFDs	209	209	418
Dividends paid on short CFDs	192	192	384
	<b>763</b>	<b>763</b>	<b>1,526</b>

# Notes to the Financial Statements continued

## 7 Earnings/(loss) per Ordinary Share

	<b>Six months ended 30.09.16 unaudited</b>	Year ended 31.03.16 audited	Six months ended 30.09.15 unaudited
Revenue earnings per Ordinary Share	<b>3.42p</b>	2.07p	2.23p
Capital earnings/(loss) per Ordinary Share	<b>43.72p</b>	(2.24p)	(25.03p)
Total earnings/(loss) per Ordinary Share	<b>47.14p</b>	(0.17p)	(22.80p)
Net revenue profit after taxation for the period	<b>18,881</b>	11,600	12,567
Net capital profit/(loss) after taxation for the period	<b>241,552</b>	(12,539)	(140,813)
Net total profit/(loss) after taxation for the period	<b>260,433</b>	(939)	(128,246)
Weighted average number of Ordinary Shares held outside Treasury in issue	<b>552,472,677</b>	559,532,936	562,484,261

## 8 Dividend

	<b>Six months ended 30.09.16 unaudited £'000</b>	Year ended 31.03.16 audited £'000	Six months ended 30.09.15 unaudited £'000
<b>Dividend paid</b>			
Dividend paid of 1.80 pence per Ordinary Share for the year ended 31 March 2016	<b>9,950</b>	-	-
Dividend paid of 1.30 pence per Ordinary Share for the year ended 31 March 2015	-	7,306	7,306
	<b>9,950</b>	7,306	7,306

No dividend has been declared for the six month period to 30 September 2016.

## 9 Fair Value Hierarchy

Under IFRS 13: Fair Value Measurement, the International Accounting Standards Board requires investment companies to disclose the fair value hierarchy that classifies financial instruments measured at fair value at one of three levels, according to the relative reliability of the inputs used to estimate the fair values.

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

Categorisation within the hierarchy has been determined on the basis of the lowest level input that is significant to the fair value measurement of the relevant asset. The valuation techniques used by the Company are explained in the Company's Annual Report for the year ended 31 March 2016 (Accounting Policies, notes 2l and 2m). The table below sets out the Company's fair value hierarchy:

	level 1 £'000	level 2 £'000	level 3 £'000	total £'000
<b>30 September 2016 (unaudited)</b>				
<b>Financial assets at fair value through profit or loss</b>				
Investments – shares	1,173,791	–	24,287	1,198,078
Investments – equity linked notes	–	3,174	–	3,174
Derivative instruments	–	41,076	–	41,076
	1,173,791	44,250	24,287	1,242,328
<b>Financial liabilities at fair value through profit or loss</b>				
Derivative instruments	–	(27,946)	–	(27,946)
<b>Financial liabilities at amortised cost</b>				
Bank Loan – US dollar 150,000,000	–	(115,274)	–	(115,274)

# Notes to the Financial Statements continued

## 9 Fair Value Hierarchy continued

	level 1 £'000	level 2 £'000	level 3 £'000	total £'000
<b>31 March 2016 (audited)</b>				
<b>Financial assets at fair value through profit or loss</b>				
Investments – shares	963,712	-	20,317	984,029
Investments – equity linked notes	-	3,849	-	3,849
Derivative instruments	-	20,275	-	20,275
	963,712	24,124	20,317	1,008,153

### Financial liabilities at fair value through profit or loss

Derivative instruments	-	(28,082)	-	(28,082)
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### Financial liabilities at amortised cost

Bank Loan – US dollar 150,000,000	-	(104,315)	-	(104,315)
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	level 1 £'000	level 2 £'000	level 3 £'000	total £'000
<b>30 September 2015 (unaudited)</b>				
<b>Financial assets at fair value through profit or loss</b>				
Investments – shares	814,648	-	28,482	843,130
Investments – equity linked notes	-	18,859	-	18,859
Derivative instruments	-	21,743	3,671	25,414
	814,648	40,602	32,153	887,403

### Financial liabilities at fair value through profit or loss

Derivative instruments	-	(22,916)	-	(22,916)
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### Financial liabilities at amortised cost

Bank Loan – US dollar 150,000,000	-	(99,236)	-	(99,236)
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## 10 Other Receivables

	<b>30.09.16 unaudited £'000</b>	31.03.16 audited £'000	30.09.15 unaudited £'000
Securities sold for future settlement	<b>15,794</b>	3,171	1,924
Accrued income	<b>3,348</b>	296	1,994
Other debtors and prepayments	<b>64</b>	64	73
	<b>19,206</b>	3,531	3,991

## 11 Other Payables

	<b>30.09.16 unaudited £'000</b>	31.03.16 audited £'000	30.09.15 unaudited £'000
Securities purchased for future settlement	<b>6,377</b>	1,035	3,715
Amount payable on share repurchases	<b>-</b>	508	-
Performance fee payable to the Manager	<b>671</b>	9,138	2,738
Other amounts payable to the Manager	<b>3,109</b>	2,487	2,288
Other creditors and accrued expenses	<b>590</b>	647	572
	<b>10,747</b>	13,815	9,313

# Notes to the Financial Statements continued

## 12 Share Capital

	Six months ended 30.09.16 unaudited		Year ended 31.03.16 audited	Six months ended 30.09.15 unaudited		
	number of shares	£'000	number of shares	£'000	number of shares	£'000
<b>Issued, allotted and fully paid</b>						
<b>Ordinary Shares of 1 penny held outside Treasury</b>						
<b>Beginning of the period</b>	<b>553,339,480</b>	<b>5,533</b>	571,254,480	5,712	571,254,480	5,712
Ordinary Shares repurchased into Treasury	(1,425,000)	(14)	(17,915,000)	(179)	(14,075,000)	(141)
<b>End of the period</b>	<b>551,914,480</b>	<b>5,519</b>	553,339,480	5,533	557,179,480	5,571
<b>Ordinary Shares of 1 penny held in Treasury<sup>1</sup></b>						
<b>Beginning of the period</b>	<b>18,015,000</b>	<b>180</b>	100,000	1	100,000	1
Ordinary Shares repurchased into Treasury	1,425,000	14	17,915,000	179	14,075,000	141
<b>End of the period</b>	<b>19,440,000</b>	<b>194</b>	18,015,000	180	14,175,000	142
<b>Total share capital</b>		<b>5,713</b>		5,713		5,713

<sup>1</sup> Ordinary Shares held in Treasury represent 3.4% (31 March 2016: 3.2% and 30 September 2015: 2.5%) of the Company's total share capital. Ordinary Shares held in Treasury carry no rights to vote, to receive a dividend or to participate in a winding up of the Company.

During the period the Company repurchased 1,425,000 Ordinary Shares (year ended 31 March 2016: 17,915,000 and six months ended 30 September 2015 14,075,000) and placed them in Treasury. The cost of repurchasing these shares of £2,064,000 (year ended 31 March 2016: £27,412,000 and six months ended 30 September 2015 £22,566,000) was charged to the Other Reserve.

### 13 Net Asset Value Per Ordinary Share

The net asset value per Ordinary Share is based on net assets of £1,156,897,000 (31 March 2016: £908,478,000 and 30 September 2015: £786,017,000) and on 551,914,480 (31 March 2016: 553,339,480 and 30 September 2015: 557,179,480) Ordinary Shares, being the number of Ordinary Shares held outside Treasury in issue at the period end. It is the Company's policy that Ordinary Shares held in Treasury will only be issued at a premium to net asset value per share and, therefore, the shares held in Treasury have no dilutive effect.

### 14 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 and FIL Investments International. They are all Fidelity group companies. Investment management and performance fees charged and details of fee arrangements are disclosed in the Interim Management Report and Responsibility Statement on page 6 and in Note 5 above. The Company also paid accounting, administration and secretarial fees of £300,000 (year ended 31 March 2016: £600,000 and six months ended 30 September 2015 £300,000). The Manager also provides the Company with marketing services. The amount payable for these services was £163,000 (year ended 31 March 2016: £230,000 and six months ended 30 September 2015 £203,000). Amounts payable to the Manager at the Balance Sheet date are included in "Other Payables" and are disclosed in Note 11 above.

As at 30 September 2016, the Board consisted of six non-executive Directors (as shown in the Shareholder Information on page 30), all of whom are considered to be independent by the Board, apart from John Ford, who joined the Board on 22 July 2016 and is employed by Fidelity. John Owen and Andrew Wells retired from the Board on 22 July 2016. None of the Directors have a service contract with the Company.

The Chairman receives an annual fee of £42,000, the Audit Committee Chairman receives an annual fee of £32,000, the Chairman of the Investment Committee receives an annual fee of £31,500, the Senior Independent Director receives an annual fee of £31,500 and each other Director receives an annual fee of £26,500, apart from John Ford who waives his Directors' fees. The following members of the Board hold Ordinary Shares in the Company: Nicholas Bull 65,804 shares, David Causer 65,804 shares, Peter Pleydell-Bouverie 78,683 shares and Elisabeth Scott 19,819 shares.

# Glossary of Terms

## **AIF**

Alternative Investment Fund. The Company is an AIF.

## **AIFM**

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

## **AIFMD**

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

## **Benchmark Index**

MSCI China Index total return – in UK sterling and is a composite of China “B”, “H”, “Red Chip” and “P Chip” share classes.

## **China “A” Shares**

Shares traded on the Chinese Stock Exchanges in Chinese renminbi. Foreign investors were unable to participate in the China “A” Shares market until the introduction of the QFII program in 2002 which provided a legal framework for licensed QFIIs to invest in China “A” shares on the Chinese Stock exchanges and certain other securities previously not eligible for investment by foreign investors.

## **China “B” Shares**

Shares traded on the Shenzhen Stock Exchange and Shanghai Stock Exchange in Hong Kong dollars and US dollars, respectively. The shares were originally intended to be available only to foreign individuals and institutional investors, however, since February 2001 they have been available to domestic individual investors who trade through legal foreign currency accounts.

## **China “H” Shares**

Shares in companies incorporated in the PRC and listed on the Hong Kong Stock Exchange. They are available to non-Chinese investors and are traded in Hong Kong dollars on the Hong Kong Stock Exchange.

## **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.

## **Contract For Difference (CFD)**

A Contract For Difference is a derivative. It is a contract between the Company and an investment bank at the end of which the parties exchange the difference between the opening price and the closing price of the 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 margin. 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.

## **Debt**

Bank borrowings and long Contracts For Difference.

## Derivatives

Financial instruments whose value is derived from the value of an underlying asset or other financial instruments such as stocks, bonds, currency exchange rates, real estate and commodities, or market benchmarks such as interest rates. The main categories of derivatives are Contracts For Difference, warrants, futures and options.

## Discount

If the share price of the Company is lower than the [Net Asset Value per Ordinary Share](#), the Company's shares are said to be trading at a discount. It is shown as a percentage of the [Net Asset Value per Ordinary Share](#).

## 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 Balance Sheet which represents the amount that would be received or paid on disposal of the financial asset or liability.

## Forward Currency Contract

An agreement to buy or sell a currency, commodity or other asset at a specified future date and at a predetermined price. It is not standardised and is not traded on organised exchanges.

## Future or Future Contract

An agreement to buy or sell a stated amount of a security, currency or commodity at a specific future date and at a pre-agreed price.

## Gearing

[Gross Asset Exposure](#) in excess of Net Assets.

## Gross Assets

Net Assets plus borrowings.

## Gross Asset Exposure

The value of the portfolio to which the Company is exposed, whether through direct or indirect investment (including the economic value of the exposure in the underlying asset of the [derivatives](#), but excluding [forward currency contracts](#)).

## Hedging

A hedge position demonstrates risk reduction qualities by delivering short exposure to an asset which has regional congruence and a correlation of at least 80% to long exposures in the Company's portfolio. It therefore distinguishes itself from a "short" which is a position not opened with the objective of reducing the long exposure in the portfolio. Qualifying hedge exposures do not count towards the short exposure limits. 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.

## Investment Manager

FIL Investment Management (Hong Kong) Limited.

# Glossary of Terms continued

## Investment Managers

Together, represents the [Investment Manager](#) and the [Unlisted Investment Manager](#).

## Management Fee

The annual management fee is 1.0% of the [Net Asset Value](#) of the Company.

## MSCI China Index

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

## Net Asset Value (NAV)

[Net Asset Value](#) is sometimes described as “[Shareholders’ Funds](#)” and is the total value of the Company’s assets less the total value of its liabilities. For valuation purposes, it is common to express the [Net Asset Value](#) on a per share basis.

## Net Asset Value (NAV) per Ordinary Share

The [NAV per Ordinary Share](#) is calculated as [Shareholders’ Funds](#) divided by the number of Ordinary Shares in issue.

## Options

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 call or put and are used to gain or reduce exposure to the underlying asset on a conditional basis.

## P Chips

Companies controlled by mainland 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.

## Performance Fee

The [Investment Managers](#) are entitled to an annual [performance fee](#) of 15% of any change in NAV attributable to performance which is more than 2% above the returns on the [MSCI China Index](#) total return – in UK sterling (after making good any cumulative under-performance, including the 2% hurdle, carried forward from previous years), subject to a maximum [performance fee](#) payable in any year equal to 1.0% of the arithmetic mean of the value of assets with the valuation calculated at the end of each month during the year.

## 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 [derivative](#) instruments (such as [futures](#), [options](#) and [Contracts For Difference](#)).

## PRC

The People’s Republic of China (excluding Taiwan and the Special Administrative Regions of Hong Kong and Macau of the [PRC](#)).

## 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** and has received an allocation of quota for onshore investment from the State Administration of Foreign Exchange of the **PRC** ("SAFE").

## Red Chips

Companies incorporated outside China but which are based in mainland China. **Red Chips** are listed on, and are required to observe the filing and reporting requirements of the Hong Kong Stock Exchange. **Red Chips** typically have a significant portion of their business interests located in mainland China and many are owned, either directly or indirectly, by organisations or enterprises controlled by the Chinese state, provinces or municipalities.

## Return

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

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

## Shareholders' Funds

Also described as **Net Asset Value**, **Shareholders' Funds** represent the total value of the Company's assets less the total value of its liabilities as shown in the balance sheet.

## 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.

## 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 receive dividends, have no voting rights and are excluded from the **Net Asset Value** calculation.

## Unlisted Investment Manager

FIL Investment Services (UK) Limited.

## Unlisted Securities

Securities which are 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.

## 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.

# Directory

## **Board of Directors**

Nicholas Bull FCA (Chairman)  
David Causer FCA (Chairman of the Audit Committee)  
John Ford  
The Hon. Peter Pleydell-Bouverie DL (Chairman of the Investment Committee)  
Elisabeth Scott (Senior Independent Director)  
Vera Wei

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

FIL Investment Services (UK) Limited  
Oakhill House  
130 Tonbridge Road  
Hildenborough  
Tonbridge  
Kent  
TN11 9DZ

## **Investment Manager**

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

## **Unlisted Investment Manager, Secretary and Registered Office**

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

## **Financial Advisers and Stockbrokers**

Cenkos Securities plc  
6,7,8 Tokenhouse Yard  
London  
EC2R 7AS

## **Independent Auditor**

Ernst & Young LLP  
25 Churchill Place  
London  
E14 5RB

## **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

## **Registrar**

Capita Asset Services  
The Registry  
34 Beckenham Road  
Beckenham  
Kent  
BR3 4TU

## **Lawyer**

Charles Russell Speechlys LLP  
5 Fleet Place  
London  
EC4M 7RD

# Shareholder Information

## Investing in Fidelity China Special Situations Plc

As Fidelity China Special Situations PLC is a company listed on the London Stock Exchange, you can buy its shares through a stockbroker, share shop or bank. Fidelity also offers a range of options, so that you may invest in a way that is best for you. Details of how to invest can be found on Fidelity's website at [www.fidelityinvestmenttrusts.com](http://www.fidelityinvestmenttrusts.com)

## Contact information

**Existing shareholders** should contact the appropriate administrator using the contact details given below. This may be Capita Assets Services, the Company's Registrar, or Fidelity, or it may be another platform or administrator of your choice. Links to the websites of major platforms can be found online at [www.fidelityinvestmenttrusts.com](http://www.fidelityinvestmenttrusts.com)

## Holders of ordinary shares on the main share register

Capita Asset Services, Registrars to Fidelity China Special Situations PLC, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU.

Telephone: **0871 664 0300** (calls cost 12p per minute plus network extras. If you are outside the United Kingdom, call **+44 371 664 0300**. Calls outside the United Kingdom will be charged at the applicable international rate. Lines are open 9.00am to 5.30pm, Monday to Friday, excluding public holidays in England and Wales).

Email: [shareholderenquiries@capita.co.uk](mailto:shareholderenquiries@capita.co.uk)

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

[www.capitaassetservices.com](http://www.capitaassetservices.com)

## Fidelity Platform Investors

Fidelity, using the Freephone numbers given below, or by writing to: UK Customer Service, Fidelity International, Oakhill House, 130 Tonbridge Road, Hildenborough, Tonbridge, Kent TN11 9DZ.

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

**Private investors:** call free on **0800 41 41 10**, 9.00am to 6.00pm, Monday to Saturday.

**Financial advisers:** call free on **0800 41 41 81**, 8.00am to 6.00pm, 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: **01732 36 11 44**. Email: [investmenttrusts@fil.com](mailto:investmenttrusts@fil.com)

Website: [www.fidelityinvestmenttrusts.com](http://www.fidelityinvestmenttrusts.com)

## Financial Calendar 2016/2017

30 September 2016	Half-Yearly period end
21 November 2016	Announcement of Half-Yearly results
November 2016	Publication of Half-Yearly Report
31 March 2017	Financial year end
June 2017	Publication of Annual Report
July 2017	Annual General Meeting







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