FIDELITY CHINA SPECIAL SITUATIONS PLC

Half-Yearly results for the six months ended 30 September 2024 (unaudited)
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Financial Highlights:
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- During the six months ended 30 September 2024, Fidelity China Special Situations PLC reported a Net Asset Value (NAV) total return of +16.1% and an ordinary share price total return of +13.3%.
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- The Benchmark Index, the MSCI China Index, returned (in UK sterling terms) +24.5% over the same period.

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- The trend of increasing shareholder returns through dividends and buybacks remains strong.

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- There are signs of confidence growing among domestic investors who recognise the fundamental change in the level of commitment by the government to tackling economic challenges.

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PORTFOLIO MANAGERâ€™S HALF-YEARLY REVIEW

MACRO AND MARKET BACKDROP
The current year began as a continuation of the challenges seen in the Chinese equity market last year, with ongoing uncertainty over the macroeconomic outlook, negative headlines in the property sector and consumer confidence remaining fragile. This was the picture for much of the six month period under review. However, a raft of stimulus measures announced by the Chinese authorities in late September saw the stock market surge in the last few days of the half-year.

In brief, the announcement from the Peopleâ€™s Bank of China on 24 September 2024 included rate cuts and other monetary policy measures to support capital markets. This was followed two days later by positive rhetoric from the Politburo meeting signalling policymakersâ€™ willingness to accelerate necessary fiscal spending to achieve the aims of revitalising the economy, stabilising the property market and boosting consumption and employment.

Key among the factors underlying these announcements is an increasing focus on the risk of deflation. Consumer price inflation in China has been muted, while producer prices have been falling for some time. Importantly, further progress has been made on easing purchasing restrictions and having programmes to address housing inventories. While lacking specific numbers, the Ministry of Finance briefing on 12 October 2024 confirmed a commitment to incremental fiscal stimulus, with expanded government debt limits and local government debt resolutions. In my mind, broadening the scope of local government special bond proceeds to help address the problem of excess housing inventories is probably the most positive outcome, given the property sectorâ€™s importance in the economy and funding challenges faced at the local level.

Weak consumer confidence has been a feature of the Chinese economy since the pandemic, partly driven by the troubled property market, but also by employment and wage concerns. Our sense from discussions with many companies on the ground is that we have now most likely seen the worst of the job cuts, particularly in areas like the big technology companies. Coupled with the policy support for the real estate sector, there is meaningful scope for confidence to gradually improve.

Meanwhile, savings rates remain elevated and consumer balance sheets are relatively healthy, suggesting that there is buying power to support any recovery in consumer sentiment.

PERFORMANCE AND PORTFOLIO REVIEW
The surge in Chinese equities in the last week of the review period masks the broader picture, where the best performance for most of the period came from traditionally defensive sectors such as energy, utilities, telecoms and state-owned banks. From January to August 2024, market returns were relatively flat against a backdrop of economic uncertainty with investors favouring large-cap national champions, and companies with more stable earnings and cash flows that provide a higher share of their returns through dividends.

Following the announcement of the stimulus measures, money flowed into sectors that were seen as the direct beneficiaries or had been sold off the most, leading to a strong rally in real estate, consumer stocks (both staples and discretionary) and healthcare in late September and early October 2024.

The trend of increasing shareholder returns through dividends and buybacks remains strong, supported by favourable government policies and investor demand. This year, total dividends and buybacks across all companies listed in China are expected to reach around 3 trillion renminbi. This trend has also contributed to the Company receiving significantly higher investment income over the review period.

In the context of this mixed picture, the Companyâ€™s NAV rose by 16.1% in the six-month reporting period to 30 September 2024, underperforming the MSCI China Index (the Benchmark Index) which saw a gain of 24.5%, mostly generated in September alone. The Companyâ€™s share price rose by 13.3% over the same period, reflecting a widening in the discount to NAV, which moved from 10.2% at the start of the period to end at 12.4%. (All performance data on a total return basis.)

For the first half of the financial year, an overweight in financials, through insurers and financial services, contributed positively to performance. An underweight position in the utilities and energy sectors and security selection within the information technology space also enhanced relative returns. Meanwhile, selected consumer discretionary holdings detracted from performance.

The top stock contributors include insurers Ping An Insurance Company and China Life Insurance. Their shares advanced strongly amid a lift in sentiment post Chinaâ€™s recent stimulus announcement. Ping An also reported better-than-expected earnings for the first half of 2024, with robust growth in the value of new business in its life and health insurance segments, reflecting strong demand and effective sales strategies. Elsewhere within financials, Qifu Technology, a credit-tech platform provider, benefitted from strong business execution and better-than-expected results, successfully navigating the weak macroeconomic environment.

Elsewhere among the top contributors, we saw good performance from VNET Group, a technology company involved in the provision of data centre services, which is experiencing significant demand growth from increasing adoption of digitalisation and artificial intelligence (AI). Demand from wholesale clients remains strong, with ByteDance serving as a prime example. The company has secured several key contracts and is primarily focused on providing cloud services and infrastructure to support its vast user base across various platforms. Our investment in VNET was trimmed slightly after its recent share price strength.

In addition, Cutia Therapeutics, a long-standing holding that has been in the portfolio since before it was listed, also advanced. Investor confidence in the dermatology-focused biopharmaceutical company was underpinned by its solid product pipeline execution, sales ramp up and cost control measures.

Meanwhile, an underweight position in consumer-related Chinese internet players, including Alibaba Group Holding, Meituan and JD.com, which received a big boost in sentiment post the stimulus announcement, weighed on relative returns.

Exposure to unlisted names were also a meaningful factor in the Companyâ€™s underperformance, especially positions in Pony.ai, Venturous Holdings and ByteDance. While moves in the price of listed equities are immediately reflected in portfolio performance, unlisted companies are revalued on a periodic rather than a real-time basis. Given the difficult market backdrop, we marked down the valuations of these assets during the period under review. However, we believe that the solid business performance of many of the listed companies bodes well for more positive valuations for these companies going forward.

CURRENT PORTFOLIO POSITIONING
Industrials remain the Companyâ€™s largest sector overweight compared to the Benchmark Index. Significant domestic innovation continues to take place across various sub-

sectors, reflecting companiesâ€™ focus on building competitiveness and improving pricing power. Despite a relatively weak domestic environment, we are seeing companies remain committed to investing in research and development. This includes areas such as renewables, automation and the electric vehicle value chain. In my view, this will only reinforce the trend of domestic players in taking market share from foreign players.

A key holding in the sector is Tuhu Car, the leading auto maintenance service franchise in China. With rising automobile penetration in China in recent years, maintenance is a growing market, resulting from an aging car fleet, and we see great potential for Tuhu Car to gain further market share through industry consolidation. The company should also be a beneficiary of any improvement in consumer confidence. Tuhu Car, previously one of our unlisted holdings which went public in September 2023, was our biggest purchase in the reporting period following share price weakness post its stock market listing.

The Company also remains overweight in consumer discretionary and staples. The weakness in consumption in recent months has been reflected in lacklustre performance for many consumer-related stocks, and this is where we have been allocating more capital. Staples is an interesting area â€“ although it is usually seen as being more defensive, it was not immune from the poor market sentiment earlier in the year, and in fact posted the second-worst performance of all the MSCI China Index sectors in the period from the start of 2024 to the end of August, before the stimulus measures were introduced. As is often the case with broad-based corrections, this created opportunities in some very strong franchises spanning areas such as beer, condiments and dairy products, where we saw depressed valuations making these some of the cheapest companies globally in their respective sectors.

Sell-offs in structural growth stories in the consumer discretionary space such as sportswear and household appliances also created opportunities.

We added to PDD Holdings to take advantage of its very attractive valuation in absolute terms versus its e-commerce competitors, its generally higher growth trajectory and superior returns profile. We also purchased shares in Man Wah, a leading mattress maker and retailer, with a strong record of market share gains both domestically and overseas. Its valuation had been depressed to an attractive level on concerns over its property-related exposure, the risk of which we felt to be priced in. These purchases were funded by profit-taking in long-held names such as Hisense Home Appliances Group and Crystal International Group as their valuations became less attractive. We also closed the position in JD.com in order to capitalise on better risk/reward opportunities elsewhere.

More broadly, our positioning in other consumer focused segments such as travel, education, consumer finance and insurance, stands to benefit from any improvement in consumer sentiment. For example, we increased our high-conviction position in Ping An Insurance. The insurance market in China has had a tough few years; nonetheless, life insurance remains at much lower levels of penetration than in the West and offers significant scope to grow which is not reflected in what in our view are still attractive valuation levels. Ping An is targeting further growth through continued expansion of its financial services offerings, diversifying life insurance products, tightening risk management, and improving service quality. We also added to our stake in ByteDance, an unlisted holding. It is an important benefit of our closed-ended structure that we are able to hold a portion of our assets in private investments, particularly in names such as ByteDance, which is among the most valuable private companies globally.

In addition to industrial and consumer staples stocks, we remain overweight in healthcare, broadly neutral versus the Index in information technology, and underweight in communication services and financials, the latter mainly through being underweight in banks, where we see fewer opportunities and greater risk.

We have outlined our five largest holdings below.

GEARING
As with the ability to hold unlisted stocks, gearing is an important benefit of the investment trust structure, and we continue to believe that the prudent use of gearing can be accretive to long-term capital and income returns. Our gearing is currently deployed using contracts for difference (CFDs), which are relatively low cost and represent a flexible way of increasing investment exposure. The Company repaid its fixed term loan in February 2024 and did not renew it given prevailing interest rate levels, so 100% of the gearing in the six months to 30Â September 2024 has been via CFDs. During the period, the level of net market exposure averaged around 120%, with net gearing falling to 17.0% at the end of the period from 20.8% at the start of the year. Total gearing impact contributed positively over the six months, adding 4.5% to relative returns.

OUTLOOK
Despite the rally in Chinese equities following the stimulus measures announced in late September, sentiment towards the market remains quite mixed. This has been evident in the early days of the second half of our financial year, with something of a retrenchment as investors await further details of the scale and deployment of some of the stimulus programmes. That said, there are signs of confidence growing among domestic investors who recognise the fundamental change in the level of commitment by the government to tackling economic challenges.

The widely anticipated China National People's Congress (NPC) Standing Committee meeting on 8 November approved another series of stimulus measures, though their scale and detail may have fallen short of lofty market expectations. Key policies included raising the ceiling for local government special bonds and targets to reduce local government implicit debt by 2029. But the forward-looking signals from the Finance Minister were encouraging, particularly the emphasis on more proactive fiscal policy planning for 2025, suggesting a path of further easing. I anticipate more concrete actions in upcoming policy meetings, which will be important in addressing Chinaâ€™s domestic demand challenges. While the earnings outlook for China in aggregate is not weak in a global context, and we see improvement in areas like technology, until very recently the general trend of earnings revisions has been downward. The hope is that supportive policies can help drive a turn in economic fundamentals, leading to an improved earnings outlook. Such a virtuous circle would almost certainly drive a sustained improvement in market sentiment and further re-rating. Meanwhile, the announcements in late September have only moved the valuation needle in Chinese equities from â€˜historically cheapâ€™ to â€˜still pretty cheapâ€™ versus other global markets, and I believe there is still ample room for valuation multiples to expand further.

Of course, geopolitical worries persist, especially around US tariffs on Chinese goods, which are likely to increase following the US Presidential election. However, investors and companies are well aware of this prospect.

Chinese companies have been dealing with tariffs and import barriers for some time now. In fact, some of the export-focused companies we see on the ground have remained extremely competitive and have been taking pre-emptive actions for years, with many of them moving production offshore. The Company is already focused on companies that generate the vast majority of their revenues domestically, but I continue to pay close attention to the different scenarios and assess how these risks are reflected in valuations.

With so much focus on the macro considerations, it can be easy for investors to forget that what really drives superior returns are great companies executing well in growing industries where they have strong competitive advantages. While the headwinds â€“ and indeed the tailwinds, given the impact of the recent stimulus measures on the stock market â€“ are well recognised, your Company remains focused on finding opportunities amidst the volatility where fundamental value and value-creation should be recognised by the market over the medium-term.

DALE NICHOLLS
Portfolio Manager
6 December 2024

SPOTLIGHT ON THE TOP 5 HOLDINGS AS AT 30 SEPTEMBER 2024

The top five holdings comprise 31.3% of the Companyâ€™s Net Assets.

Industry Communication Services
Tencent Holdings
% of Net AssetsÂ 12.9%

Tencent Holdings has a dominant position in social networkingÂ in China and benefits from a sizeable user base. As Chinaâ€™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 ecosystem which should lead to overall margin expansion. Furthermore, an increasing revenue mix from new higher-margin business segments, including short-form video, mini program games and e-commerce services underpins a robust outlook. Growth from its gaming segment is expected to accelerate, and its increasing shareholder returns also underpin its long-term investment thesis.

Industry Financials
Ping An Insurance Company of China
% of Net Assets 6.1%

Ping An Insurance Company of China is a financial services holding company whose subsidiaries provide insurance, banking, asset management, and financial services. It has a strong presence in China, Hong Kong, and Macau, with expanding operations overseas. It has a robust structural growth outlook. Within the broader sector, its operations are of relatively better quality, with strong distribution channels, earnings quality, and a strong management team. It trades at an attractive valuation in comparison to its historical averages and the broader index.

Industry Consumer Discretionary
Alibaba Group Holding
% of Net Assets 5.1%

Alibaba Group Holding has a leading position in the e-commerce market. Its core e-commerce categories, including apparel and makeup, stand to benefit from any recovery in consumption. Its new management team is focused on a clearer strategy by investing in technology and user experiences, including logistics, product return, and customer service. Strategic focus on core e-commerce services, investment in cloud technology, exit from non-core businesses, and commitment to improving shareholder returns, underpin a strong growth outlook.

Industry Consumer Discretionary
PDD Holdings
% of Net Assets 4.3%

PDD Holdings is the third largest e-commerce platform 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 gains market share. The company is also expanding internationally to more than 50 countries through its shopping app called Temu by leveraging domestic supply chains in order to meet offshore demand.

Industry Consumer Discretionary
Meituan
% of Net Assets 2.9%

Meituan is a leading online shopping platform that offers a wide range of locally sourced consumer products and retail services, including entertainment, dining, delivery, travel, etc. It has a long-term penetration story (bringing â€˜service onlineâ€™) which will drive revenue growth and market share expansion. It has delivered a strong margin improvement with the stabilisation of competitive pressures. Despite macro headwinds (which has particularly impacted tier 1-2 cities), Meituan has been actively penetrating in lower tier cities and using Shen Hui Yuan membership to cross sell delivery and local services. Its management is implementing strategic changes to reduce losses in non-core businesses and return cash to shareholders.

TWENTY LARGEST HOLDINGS AS AT 30 SEPTEMBER 2024

The Asset Exposures shown below measure the exposure of the Companyâ€™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 Balance Sheet. Where a contract for difference (â€œCFDâ€) 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.

Â	Asset Exposure		Fair ValueÂ
	Â£â€™000Â	%[1]Â	Â£â€™000Â
Long Exposures â€“ shares unless otherwise stated	Â	Â	Â
Tencent Holdings (shares and long CFDs)	Â	Â	Â
Internet, mobile and telecommunications service provider	167,788Â	12.9Â	111,815Â
Ping An Insurance Company of China (long CFD)	Â	Â	Â
Provider of insurance, banking and investment products	79,380Â	6.1Â	19,060Â
Alibaba Group Holding (call option and long CFDs)	Â	Â	Â
e-commerce group	66,804Â	5.1Â	13,504Â
PDD Holdings (long CFD)	Â	Â	Â
e-commerce group	55,778Â	4.3Â	23,343Â
Meituan (shares and long CFDs)	Â	Â	Â
Shopping platform for locally found consumer products and retail services	38,004Â	2.9Â	19,133Â
ByteDance (unlisted)	Â	Â	Â
Technology company	35,451Â	2.7Â	35,451Â
Pony.ai (unlisted)	Â	Â	Â
Developer of artificial intelligence and autonomous driving technology solutions	30,934Â	2.4Â	30,934Â
Tuhu Car	Â	Â	Â
Provider of automobile parts and services	27,368Â	2.1Â	27,368Â
Chime Biologics Convertible Bond (unlisted)	Â	Â	Â
Contract Development and Manufacturing Organization	25,627Â	2.0Â	25,627Â
Crystal International Group	Â	Â	Â
Clothing manufacturer	25,600Â	2.0Â	25,600Â
China Foods (shares and long CFDs)	Â	Â	Â
Processor and distributor of food and beverages	24,786Â	1.9Â	4,135Â
VNET Group (shares and long CFD)	Â	Â	Â
Internet data center services provider	24,346Â	1.9Â	21,367Â
Hisense Home Appliances Group	Â	Â	Â
Developer, manufacturer and distributor of household appliances	24,026Â	1.9Â	24,026Â
Sinotrans (shares and long CFD)	Â	Â	Â
Logistics, storage and terminal services provider	22,711Â	1.7Â	14,248Â
Venturous Holdings (unlisted)	Â	Â	Â
Investment company	21,303Â	1.6Â	21,303Â
Lenovo Group (long CFDs)	Â	Â	Â
Multinational technology company	20,087Â	1.5Â	543Â
Noah Holdings	Â	Â	Â
Wealth management company	18,489Â	1.4Â	18,489Â
Precision Tsugami (China)	Â	Â	Â
High precision machine tool manufacturer	18,309Â	1.4Â	18,309Â
China Merchants Bank	Â	Â	Â
Commercial bank	16,810Â	1.3Â	16,810Â
HUTCHMED China	Â	Â	Â
Biopharmaceutical company	16,181Â	1.3Â	16,181Â
Â	————Â	————Â	————Â
Twenty largest long exposures	**759,782Â**	**58.4Â**	**487,246Â**
Other long exposures	972,940Â	74.7Â	804,754Â
Â	————Â	————Â	————Â
Total long exposures before hedges (149 companies)	**1,732,722Â**	**133.1Â**	**1,292,000Â**
Â	=========Â	=========Â	=========Â
Less: hedging exposures	Â	Â	Â
Hang Seng Index (future)	(112,598)	(8.6)	(8,558)
Hang Seng China Enterprises Index (future)	(72,386)	(5.6)	(5,077)
Hang Seng China Enterprises Index (put option)	(1,274)	(0.1)	132Â
Â	————Â	————Â	————Â
Total hedging exposures	**(186,258)**	**(14.3)**	**(13,503)**
Â	=========Â	=========Â	=========Â
Total long exposures after the netting of hedges	**1,546,464Â**	**118.8Â**	**1,278,497Â**
Â	=========Â	=========Â	=========Â
Short exposures	Â	Â	Â
Short CFDs (3 holdings)	22,442Â	1.7Â	(2,966)
Â	————Â	————Â	————Â
Gross Asset Exposure[2]	**1,568,906Â**	**120.5Â**	Â

Â	=========Â	=========Â	Â
Portfolio Fair Value[3]	Â	Â	**1,275,531Â**
Net current liabilities (excluding derivative instruments)	Â	Â	26,586Â
Â	Â	Â	––––––––Â
Net Assets	Â	Â	**1,302,117Â**
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1Â Asset Exposure expressed as a percentage of Net Assets.

2Â Gross Asset Exposure comprises market exposure to investments of Â£1,188,207,000 plus market exposure to derivative instruments of Â£380,699,000.

3Â Portfolio Fair Value comprises investments of Â£1,188,207,000 plus derivative assets of Â£104,457,000 less derivative liabilities of Â£17,133,000.

INTERIM MANAGEMENT REPORT

UNLISTED INVESTMENTS

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

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

In the reporting period, the following changes were made in the Companyâ€™s unlisted holdings. The D shares held in DJI International were sold in April 2024 at a profit of Â£960,000. A purchase of ordinary shares was made in ByteDance (already held in the portfolio as preference shares) in August 2024 at a cost of Â£12,414,000. No companies listed from those held in the Companyâ€™s portfolio at the last year end.

At the period end, the Company had six unlisted investments valued at Â£128,905,000 being 9.9% of its Net Assets (31 March 2024: six unlisted investments valued at Â£151,212,000 being 12.8% of Net Assets).

Overview of the Unlisted Investments Valuation Process

Unlisted investments in the Companyâ€™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 Managerâ€™s Fair Value Committee (â€œFVCâ€), which is independent of the Portfolio Manager, provides recommended fair values to the Directors.

Twice yearly, ahead of the Companyâ€™s interim and year end, the Audit and Risk Committee receives a detailed presentation from the FVC, Fidelityâ€™s unlisted investments specialist and Kroll (independent third-party valuers), in order to satisfy itself that the unlisted investments in the Companyâ€™s portfolio are carried at an appropriate value in accordance with Accounting Policies Notes 2 (e) and (l) on pages 66 to 68 of the Annual Report for the year ended 31 March 2024 which can be found on the Companyâ€™s pages of the Managerâ€™s website at **www.fidelity.co.uk/china.** The external Auditor will attend the unlisted valuations meeting held ahead of the Companyâ€™s year end.

Workings of the Fair Value Committee

The valuation of each unlisted investment is set by the Managerâ€™s FVC and includes input from Fidelityâ€™s analysts that cover the unlisted securities as well as Fidelityâ€™s unlisted investments specialist. Kroll, as independent third-party valuers, undertake a detailed review of each of the unlisted investments on a quarterly basis and provide advise on the valuations.

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

GEARING

The Board continues to believe that the judicious use of gearing (a benefit of the investment trust structure) can enhance long-term capital and income returns, although being more than 100% invested does mean that the NAV and share price may be more volatile and can accentuate losses in a falling market. The Company has no bank loans and uses contracts of differences (CFDs) for gearing purposes. Net gearing at the period end was 17.1% compared to 20.8% as at 31 March 2024. The average net gearing in the six month reporting period was 19.7%.

DISCOUNT MANAGEMENT

The Board believes that investors are best served when the share price trades close to its NAV per share. However, the Board recognises that the share price is affected by the interaction of supply and demand in the market based on investor sentiment towards China, as well as the performance of the Companyâ€™s portfolio. A discount control mechanism is in place whereby the Board seeks to maintain the Companyâ€™s discount in single digits in normal market conditions. Historically, shares repurchased were held in Treasury and could be issued at a later date should the share price move to a premium to NAV per share. As the number of shares equated to 15% of the issued share capital by 11 May 2023, shares repurchased since then have been cancelled. At the last Annual General Meeting (â€œAGMâ€), shareholders authorised the Directors to repurchase up to 14.99% of the Companyâ€™s shares.

The Board undertook active discount management in the reporting period, the primary purpose of which was to reduce discount volatility. Despite this intervention, the Companyâ€™s discount widened from 10.2% at the start of the reporting period to end the period at 12.4%. Over the six months, the Board authorised the repurchase of 9,332,287 shares for cancellation at a cost of Â£18,509,000, representing 1.55% of the issued share capital of the Company as at 30 September 2024. As well as helping to limit discount volatility, these share repurchases have benefited remaining shareholders as the NAV per share has been increased by purchasing shares at a discount. Subsequent to the period end and up to latest practicable date of 3 December 2024, the Company has repurchased 8,906,838 shares for cancellation.

ONGOING CHARGE

The ongoing charge (the costs of running the Company) for the six months ended 30 September 2024 was 0.89% (31 March 2024: 0.98%). The variable element of the management fee was a credit of 0.18% (31 March 2024: charge of 0.15%). Therefore, the ongoing charge, including the variable element, for the reporting period was 0.71% (31 March 2024: 1.13%).

PRINCIPAL AND EMERGING RISKS

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

The Board considers that the principal risks and uncertainties faced by the Company continue to fall into the following risk categories: geopolitical; market and economic (including currency risk); investment performance (including gearing risk); discount management; unlisted securities; climate change; environmental, social and governance (ESG); key person; cybercrime and information security; business continuity; operational (including those of third-party service providers); variable interest entity structures; and tax and regulatory risks. Information on each of these risks is given in the Strategic Report section of the Annual Report on pages 25 to 29 for the year ended 31 March 2024 which can be found on the Companyâ€™s pages of the Managerâ€™s website at **www.fidelity.co.uk/china.**

The principal risks and uncertainties remain the same as those at the last year end. There continue to be increased geopolitical risks facing the company, including political and trade tensions between China and the US including trade sanctions and a challenging regulatory environment hindering foreign investment. Global economic uncertainty is raised by the ongoing Ukraine/Russia conflict, the escalation of the Middle East conflict, the risk of a South China Sea dispute, and tensions in the Taiwan Strait include potential military conflict. The Board and the Manager remain vigilant in monitoring such risks.

Climate change continues to be a key principal risk confronting asset managers and their investors. Globally, climate change effects are already being experienced in the form of a changing pattern of weather events. Climate change can potentially impact the operations of investee companies, their supply chains and their customers. Additional risks may also arise from increased regulations, costs and net-zero programmes which can all impact investment returns. The Board notes that the Manager has integrated ESG considerations, including climate change, into the Companyâ€™s investment process. The Board will continue to monitor how this may impact the Company as a risk, the main risk being the impact on investment valuations and potentially shareholder returns.

The Board and the Manager are also monitoring the emerging risks and rewards posed by the rapid advancement of artificial intelligence (AI) and technology and how this may threaten the Companyâ€™s activities and its potential impact on the portfolio and investee companies. AI can provide asset managers powerful tools, such as enhancing data analysis risk management, trading strategies, operational efficiency and client servicing, all of which can lead to better investment outcomes and more efficient operations. However, with these advances in computer power that will impact society, there are risks from its increasing use and manipulation with the potential to harm, including a heightened threat to cybersecurity.

Investors should be prepared for market fluctuations and remember that holding shares in the Company should be considered to be a long-term investment. Risks are mitigated by the investment trust structure of the Company which means that the Portfolio Manager is not required to trade to meet investor redemptions. Therefore, investments in the Companyâ€™s portfolio can be held over a longer-time horizon.

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

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

TRANSACTIONS WITH THE MANAGER AND RELATED PARTIES
The Manager has delegated the Companyâ€™s investment management to FIL Investment Management (Hong Kong) Limited and the role of company secretary to FIL Investments International. Transactions with the Manager and related party transactions with the Directors are disclosed in Note 15 to the Financial Statements below.

GOING CONCERN STATEMENT
The Directors have considered the Companyâ€™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 Companyâ€™s portfolio of investments (being mainly securities which are readily realisable) and the projected income and expenditure, are satisfied that the Company is financially sound and has adequate resources to meet all of its liabilities and ongoing expenses and can continue in operational existence for a period of at least twelve months from the date of this Half-Yearly Report.

This conclusion also takes into account the Boardâ€™s assessment of the ongoing risks as outlined above.

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

Following the completion of the transaction with abrdn China Investment Company Limited, the Board has introduced a continuation vote. The first vote will be held at the AGM in 2029 and every five years thereafter.

BY ORDER OF THE BOARD
FIL INVESTMENTS INTERNATIONAL
6 December 2024

DIRECTORSâ€™ RESPONSIBILITY STATEMENT

The Disclosure and Transparency Rules (â€œDTRâ€) 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)Â the condensed set of Financial Statements contained within this Half-Yearly Report has been prepared in accordance with the International Accounting Standards 34: Interim Financial Reporting; and

b)Â the Portfolio Managerâ€™s Half-Yearly Review and the Interim Management Report above, include a fair review of the information required by DTR 4.2.7R and 4.2.8R.

The Half-Yearly Report has not been audited or reviewed by the Companyâ€™s Independent Auditor.

The Half-Yearly Report was approved by the Board on 6 December 2024 and the above responsibility statement was signed on its behalf by Mike Balfour, Chairman.

FINANCIAL STATEMENTS

INCOME STATEMENT FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2024

Â	Â	Six months ended 30 September 2024 unaudited			Year ended 31 March 2024 audited			Six months ended 30 September 2023 unaudited		
Â	Â NotesÂ	RevenueÂ Â£â€™000Â	CapitalÂ Â£â€™000Â	TotalÂ Â£â€™000Â	RevenueÂ Â£â€™000Â	CapitalÂ Â£â€™000Â	TotalÂ Â£â€™000Â	RevenueÂ Â£â€™000Â	CapitalÂ Â£â€™000Â	TotalÂ Â£â€™000Â
Revenue	Â	Â	Â	Â	Â	Â	Â	Â	Â	Â
Investment income	4Â	40,731Â	â€“Â	40,731Â	26,123Â	â€“Â	26,123Â	22,274Â	â€“Â	22,274Â
Derivative income	4Â	11,720Â	â€“Â	11,720Â	11,154Â	â€“Â	11,154Â	9,709Â	â€“Â	9,709Â
Other income	4Â	676Â	â€“Â	676Â	1,659Â	â€“Â	1,659Â	800Â	â€“Â	800Â
Â	Â	————Â	————Â	————Â	————Â	————Â	————Â	————Â	————Â	————Â
Total income	Â	53,127Â	â€“Â	53,127Â	38,936Â	â€“Â	38,936Â	32,783Â	â€“Â	32,783Â
Â	Â	=========Â	=========Â	=========Â	=========Â	=========Â	=========Â	=========Â	=========Â	=========Â
Gains/(losses) on investments at fair value through profit or loss	Â	â€“Â	72,009Â	72,009Â	â€“Â	(155,001)	(155,001)	â€“Â	(119,622)	(119,622)
Gains/(losses) on derivative instruments	Â	â€“Â	73,226Â	73,226Â	â€“Â	(54,790)	(54,790)	â€“Â	(36,505)	(36,505)
Foreign exchange losses	Â	â€“Â	(3,263)	(3,263)	â€“Â	(3,858)	(3,858)	â€“Â	(1,975)	(1,975)
Foreign exchange gains/(losses) on bank loans	Â	â€“Â	â€“Â	â€“Â	â€“Â	1,517Â	1,517Â	â€“Â	(1,013)	(1,013)
Â	Â	————Â	————Â	————Â	————Â	————Â	————Â	————Â	————Â	————Â
Total income and gains/(losses)	Â	53,127Â	141,972Â	195,099Â	38,936Â	(212,132)	(173,196)	32,783Â	(159,115)	(126,332)
Â	Â	=========Â	=========Â	=========Â	=========Â	=========Â	=========Â	=========Â	=========Â	=========Â
Expenses	Â	Â	Â	Â	Â	Â	Â	Â	Â	Â
Investment management fees	5Â	(1,108)	(2,267)	(3,375)	(2,430)	(8,991)	(11,421)	(1,293)	(5,056)	(6,349)

Other expenses	Â	(593)	(5)	(598)	(1,203)	(35)	(1,238)	(669)	(3)	(672)
Â	Â	————Â	————Â	————Â	————Â	————Â	————Â	————Â	————Â	————Â
Profit/(loss) before finance costs and taxation	Â	51,426Â	139,700Â	191,126Â	35,303Â	(221,158)	(185,855)	30,821Â	(164,174)	(133,353)
Finance costs	6Â	(2,901)	(8,703)	(11,604)	(6,699)	(20,098)	(26,797)	(3,426)	(10,279)	(13,705)
Â	Â	————Â	————Â	————Â	————Â	————Â	————Â	————Â	————Â	————Â
Profit/(loss) before taxation	Â	48,525Â	130,997Â	179,522Â	28,604Â	(241,256)	(212,652)	27,395Â	(174,453)	(147,058)
Taxation	7Â	(1,341)	322Â	(1,019)	(812)	â€“Â	(812)	(1,177)	383Â	(794)
Â	Â	————Â	————Â	————Â	————Â	————Â	————Â	————Â	————Â	————Â
Profit/(loss) after taxation for the period	Â	47,184Â	131,319Â	178,503Â	27,792Â	(241,256)	(213,464)	26,218Â	(174,070)	(147,852)
Â	Â	=========Â	=========Â	=========Â	=========Â	=========Â	=========Â	=========Â	=========Â	=========Â
Earnings/(loss) per ordinary share	8Â	9.05pÂ	25.20pÂ	34.25pÂ	5.78pÂ	(50.18p)	(44.40p)	5.43pÂ	(36.06p)	(30.63p)
Â	Â	=========Â	=========Â	=========Â	=========Â	=========Â	=========Â	=========Â	=========Â	=========Â

Â

The Company does not have any income or expenses that are not included in the profit/(loss) after taxation for the period. Accordingly the 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. 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/(loss) 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.

STATEMENT OF CHANGES IN EQUITY FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2024

Â	Â Â NotesÂ	ShareÂ capitalÂ Â£â€™000Â	Â ShareÂ premiumÂ accountÂ Â£â€™000Â	Â CapitalÂ redemptionÂ reserveÂ Â£â€™000Â	Â Â OtherÂ reserveÂ Â£â€™000Â	Â Â CapitalÂ reserveÂ Â£â€™000Â	Â Â RevenueÂ reserveÂ Â£â€™000Â	Â Â TotalÂ equityÂ Â£â€™000Â
Six months ended 30 September 2024 (unaudited)	Â	Â	Â	Â	Â	Â	Â	Â
Total equity at 31 March 2024	Â	6,113Â	338,167Â	1,104Â	140,861Â	636,526Â	53,243Â	1,176,014Â
Contribution in respect of the transaction with ACIC by the Manager	Â	â€“Â	100Â	â€“Â	â€“Â	â€“Â	â€“Â	100Â
Costs relating to the ACIC transaction and issuance of shares	Â	â€“Â	(636)	â€“Â	â€“Â	â€“Â	â€“Â	(636)
Repurchase of ordinary shares for cancellation	13Â	(93)	â€“Â	93Â	(18,509)	â€“Â	â€“Â	(18,509)
Profit after taxation for the period	Â	â€“Â	â€“Â	â€“Â	â€“Â	131,319Â	47,184Â	178,503Â
Dividend paid to shareholders	9Â	â€“Â	â€“Â	â€“Â	â€“Â	â€“Â	(33,355)	(33,355)
Â	Â	————Â	————Â	————Â	————Â	————Â	————Â	————Â
Total equity at 30 September 2024	Â	6,020Â	337,631Â	1,197Â	122,352Â	767,845Â	67,072Â	1,302,117Â
Â	Â	=========Â	=========Â	=========Â	=========Â	=========Â	=========Â	=========Â
Year ended 31 March 2024 (audited)	Â	Â	Â	Â	Â	Â	Â	Â
Total equity at 31 March 2023	Â	5,710Â	211,569Â	917Â	186,794Â	877,782Â	55,649Â	1,338,421Â
New ordinary shares issued in respect of the transaction with ACIC	13Â	590Â	126,198Â	â€“Â	â€“Â	â€“Â	â€“Â	126,788Â
Contribution in respect of the transaction with ACIC by the Manager	Â	â€“Â	400Â	â€“Â	â€“Â Â	â€“Â	â€“Â	400Â
Repurchase of ordinary shares into Treasury	13Â	â€“Â	â€“Â	â€“Â	(6,965)	â€“Â	â€“Â	(6,965)
Repurchase of ordinary shares for cancellation	13Â	(187)	â€“Â	187Â	(38,968)	â€“Â	â€“Â	(38,968)
(Loss)/profit after taxation for the year	Â	â€“Â	â€“Â	â€“Â	â€“Â	(241,256)	27,792Â	(213,464)
Dividend paid to shareholders	9Â	â€“Â	â€“Â	â€“Â	â€“Â	â€“Â	(30,198)	(30,198)
Â	Â	————Â	————Â	————Â	————Â	————Â	————Â	————Â
Total equity at 31 March 2024	Â	6,113Â	338,167Â	1,104Â	140,861Â	636,526Â	53,243Â	1,176,014Â
Â	Â	=========Â	=========Â	=========Â	=========Â	=========Â	=========Â	=========Â
Six months ended 30 September 2023 (unaudited)	Â	Â	Â	Â	Â	Â	Â	Â
Total equity at 31 March 2023	Â	5,710Â	211,569Â	917Â	186,794Â	877,782Â	55,649Â	1,338,421Â
Repurchase of ordinary shares into Treasury	13Â	â€“Â	â€“Â	â€“Â	(6,965)	â€“Â	â€“Â	(6,965)
Repurchase of ordinary shares for cancellation	13Â	(89)	â€“Â	89Â	(18,930)	â€“Â	â€“Â	(18,930)
(Loss)/profit after taxation for the period	Â	â€“Â	â€“Â	â€“Â	â€“Â	(174,070)	26,218Â	(147,852)
Dividend paid to shareholders	9Â	â€“Â	â€“Â	â€“Â	â€“Â	â€“Â	(30,198)	(30,198)
Â	Â	————Â	————Â	————Â	————Â	————Â	————Â	————Â
Total equity at 30 September 2023	Â	5,621Â	211,569Â	1,006Â	160,899Â	703,712Â	51,669Â	1,134,476Â
Â	Â	=========Â	=========Â	=========Â	=========Â	=========Â	=========Â	=========Â

BALANCE SHEET AS AT 30 SEPTEMBER 2024
Company number 7133583

Â	Â Â NotesÂ	30.09.24Â unauditedÂ Â£â€™000Â	31.03.24Â auditedÂ Â£â€™000Â	30.09.23Â unauditedÂ Â£â€™000Â
Non-current assets	Â	Â	Â	Â
Investments at fair value through profit or loss	10Â	1,188,207Â	1,162,265Â	1,147,456Â
Â	Â	————Â	————Â	————Â
Current assets	Â	Â	Â	Â
Derivative instruments	10Â	104,457Â	7,103Â	3,739Â
Amounts held at futures clearing houses and brokers	Â	29,585Â	24,589Â	24,438Â
Other receivables	11Â	14,450Â	10,066Â	10,390Â

Cash and cash equivalents	Â	8,827Â	7,858Â	51,258Â
Â	Â	————Â	————Â	————Â
Â	Â	157,319Â	49,616Â	89,825Â
Â	Â	=========Â	=========Â	=========Â
Current liabilities	Â	Â	Â	Â
Derivative instruments	10Â	(17,133)	(13,307)	(10,298)
Bank loan	Â	â€“Â	â€“Â	(81,870)
Other payables	12Â	(4,068)	(9,802)	(10,637)
Bank overdraft	Â	(22,208)	(12,758)	â€“Â
Â	Â	————Â	————Â	————Â
Â	Â	(43,409)	(35,867)	(102,805)
Â	Â	————Â	————Â	————Â
Net current assets/(liabilities)	Â	113,910Â	13,749Â	(12,980)
Â	Â	=========Â	=========Â	=========Â
Net assets	Â	1,302,117Â	1,176,014Â	1,134,476Â
Â	Â	=========Â	=========Â	=========Â
Equity attributable to equity shareholders	Â	Â	Â	Â
Share capital	13Â	6,020Â	6,113Â	5,621Â
Share premium account	Â	337,631Â	338,167Â	211,569Â
Capital redemption reserve	Â	1,197Â	1,104Â	1,006Â
Other reserve	Â	122,352Â	140,861Â	160,899Â
Capital reserve	Â	767,845Â	636,526Â	703,712Â
Revenue reserve	Â	67,072Â	53,243Â	51,669Â
Â	Â	————Â	————Â	————Â
Total equity	Â	1,302,117Â	1,176,014Â	1,134,476Â
Â	Â	=========Â	=========Â	=========Â
Net asset value per ordinary share	14Â	252.18pÂ	223.71pÂ	238.07pÂ
Â	Â	=========Â	=========Â	=========Â

CASH FLOW STATEMENT FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2024

Â	Six monthsÂ endedÂ 30 SeptemberÂ 2024Â unauditedÂ Â£â€™000Â	YearÂ endedÂ 31 MarchÂ 2024Â auditedÂ Â£â€™000Â	Six monthsÂ endedÂ 30 SeptemberÂ 2023Â unauditedÂ Â£â€™000Â
Operating activities	Â	Â	Â
Cash inflow from investment income	37,082Â	26,240Â	18,806Â
Cash inflow from derivative income	9,593Â	10,891Â	8,129Â
Cash inflow from other income	676Â	1,659Â	800Â
Cash outflow from Directorsâ€™ fees	(107)	(236)	(125)
Cash outflow from other payments	(3,755)	(13,104)	(7,337)
Cash outflow from costs relating to the ACIC transaction and issuance of shares	(636)	â€“Â	â€“Â
Cash outflow from the purchase of investments	(308,988)	(592,266)	(315,682)
Cash outflow from the purchase of derivatives	(1,137)	(1,910)	(1,910)
Cash outflow from the settlement of derivatives	(172,503)	(301,285)	(152,776)
Cash inflow from the sale of investments	349,903Â	703,150Â	356,034Â
Cash inflow from the settlement of derivatives	153,184Â	260,351Â	132,953Â
Cash (outflow)/inflow from amounts held at futures clearing houses and brokers	(4,996)	10,224Â	10,375Â
Â	————Â	————Â	————Â
Net cash inflow from operating activities before servicing of finance	58,316Â	103,714Â	49,267Â
Â	=========Â	=========Â	=========Â
Financing activities	Â	Â	Â
Cash inflow from the issuance of ordinary shares in respect of the transaction with ACIC	â€“Â	5,156Â	â€“Â
Cash inflow from the Fidelity contribution in respect of the transaction with ACIC	100Â	400Â	â€“Â
Cash outflow from bank loan and overdraft interest paid	(48)	(5,138)	(2,561)
Cash outflow from the settlement of the bank loan	â€“Â	(79,340)	â€“Â
Cash outflow from CFD interest paid	(11,274)	(22,695)	(11,245)
Cash outflow from short CFD dividends paid	(287)	â€“Â	â€“Â
Cash outflow from the repurchase of ordinary shares into Treasury	â€“Â	(7,095)	(7,095)
Cash outflow from the repurchase of ordinary shares for cancellation	(18,670)	(38,789)	(17,878)
Cash outflow from dividends paid to shareholders	(33,355)	(30,198)	(30,198)
Â	————Â	————Â	————Â
Cash outflow from financing activities	(63,534)	(177,699)	(68,977)
Â	=========Â	=========Â	=========Â
Decrease in cash at bank	(5,218)	(73,985)	(19,710)
Cash at bank at the start of the period	7,858Â	72,943Â	72,943Â
Bank overdraft at the start of the period	(12,758)	â€“Â	â€“Â
Effect of foreign exchange movements	(3,263)	(3,858)	(1,975)
Â	————Â	————Â	————Â
Cash at bank at the end of the period	(13,381)	(4,900)	51,258Â
Â	=========Â	=========Â	=========Â
Represented by:	Â	Â	Â
Cash at bank	8,826Â	7,858Â	51,258Â
Amount held in Fidelity Institutional Liquidity Fund	1Â	â€“Â	â€“Â
Bank overdraft	(22,208)	(12,758)	â€“Â
Â	=========Â	=========Â	=========Â

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 Companyâ€™s registration number is 7133583, and its registered office is Beech Gate, Millfield Lane, Lower Kingswood, Tadworth, Surrey KT20 6RP. The Company has been approved by HM Revenue & Customs as an Investment Trust under Section 1158 of the Corporation Tax Act 2010 and intends to conduct its affairs so as to continue to be approved.

2 PUBLICATION OF NON-STATUTORY ACCOUNTS
The Financial Statements in this Half-Yearly Report have not been audited or reviewed by the Companyâ€™s Independent Auditor and do not constitute statutory accounts as defined in section 434 of the Companies Act 2006 (the â€œActâ€). The financial information for the year ended 31Â March 2024, 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 Auditorâ€™s Report which was unqualified and did not contain a statement under either section 498(2) or 498(3) of the Act.

3 ACCOUNTING POLICIES

(i) Basis of Preparation
These Half-Yearly Financial Statements have been prepared in accordance with UK-adopted International Accounting Standard 34: Interim Financial Reporting and use the same accounting policies as set out in the Companyâ€™s Annual Report and Financial Statements for the year ended 31 March 2024. Those Financial Statements were prepared in accordance with UK-adopted International Accounting Standards (â€œIFRSâ€) in conformity with the requirements of the Companies Act 2006, IFRC interpretations and, as far as it is consistent with IFRS, the Statement of Recommended Practice: Financial Statements of Investment Trust Companies and Venture Capital Trusts (â€œSORPâ€) issued by the Association of Investment Companies (â€œAICâ€), in July 2022.

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

4 INCOME

	Six monthsÂ endedÂ 30.09.24Â unauditedÂ Â£â€™000Â	YearÂ endedÂ 31.03.24Â auditedÂ Â£â€™000Â	Six monthsÂ endedÂ 30.09.23Â unauditedÂ Â£â€™000Â
Â			
Investment income	Â	Â	Â
Overseas dividends	40,459Â	26,052Â	22,274Â
Overseas scrip dividends	272Â	â€“Â	â€“Â
Interest on securities	â€“Â	71Â	â€“Â
Â	–––––––Â	–––––––Â	–––––––Â
Â	40,731Â	26,123Â	22,274Â
Â	=========Â	=========Â	=========Â
Derivative income	Â	Â	Â
Dividends received on long CFDs	11,375Â	10,525Â	9,405Â
Interest received on CFDs	345Â	629Â	304Â
Â	–––––––Â	–––––––Â	–––––––Â
Â	11,720Â	11,154Â	9,709Â
Â	=========Â	=========Â	=========Â
Other income	Â	Â	Â
Interest received on collateral and deposits	676Â	1,659Â	800Â
Â	–––––––Â	–––––––Â	–––––––Â
Total income	53,127Â	38,936Â	32,783Â
Â	=========Â	=========Â	=========Â

Special dividends of Â£1,493,000 have been recognised in capital during the period (year ended 31 March 2024: Â£1,458,000 and six months ended 30 September 2023: Â£1,458,000).

5 INVESTMENT MANAGEMENT FEES

Â	RevenueÂ Â£â€™000Â	CapitalÂ Â£â€™000Â	TotalÂ Â£â€™000Â
Six months ended 30 September 2024 (unaudited)	Â	Â	Â
Investment management fee â€“ base	1,242Â	3,727Â	4,969Â
Investment management fee â€“ variable	â€“Â	(1,058)	(1,058)
Investment management fee waived in respect of ACIC combination	(134)	(402)	(536)
Â	–––––––Â	–––––––Â	–––––––Â
Â	1,108Â	2,267Â	3,375Â
Â	=========Â	=========Â	=========Â
Year ended 31 March 2024 (audited)	Â	Â	Â
Investment management fee â€“ base	2,430Â	7,289Â	9,719Â
Investment management fee â€“ variable	â€“Â	1,702Â	1,702Â
Â	–––––––Â	–––––––Â	–––––––Â
Â	2,430Â	8,991Â	11,421Â
Â	=========Â	=========Â	=========Â
Six months ended 30 September 2023 (unaudited)	Â	Â	Â
Investment management fee â€“ base	1,293Â	3,879Â	5,172Â
Investment management fee â€“ variable	â€“Â	1,177Â	1,177Â
Â	–––––––Â	–––––––Â	–––––––Â
Â	1,293Â	5,056Â	6,349Â
Â	=========Â	=========Â	=========Â

FIL Investment Services (UK) Limited (a Fidelity group company) is the Companyâ€™s Alternative Investment Fund Manager (â€œthe Managerâ€) and has delegated portfolio management to FIL Investment Management (Hong Kong) Limited (â€œthe Investment Managerâ€).

The base investment management fee for the period from 1 April to 30 June 2023 was charged at an annual rate of 0.90% on the first Â£1.5 billion of Net Assets, reducing to 0.70% of Net Assets over Â£1.5 billion. Since 1 July 2023, it has been charged at an annual reduced rate of 0.85% on the first Â£1.5 billion of Net Assets and remained unchanged at 0.70% on Net Assets over Â£1.5 billion until 14 March 2024, when on completion of the transaction with ACIC, it reduced to 0.65% on Net Assets over Â£1.5 billion.

The Manager agreed to a contribution of Â£715,000, representing eight months of management fees, in respect of the assets transferred by ACIC to the Company, that would otherwise be payable by the enlarged Company to the Manager being recognised in the year to 31 March 2025. In the period to 30 September 2024, an initial Â£536,000 has been recognised and an additional Â£179,000 will be recognised in the final six months of the year.

In addition, there is a +/-0.20% variable fee based on the Companyâ€™s NAV per share performance relative to the Companyâ€™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 management fee has been allocated 75% to capital reserve in accordance with the Companyâ€™s accounting policies.

6 FINANCE COSTS

Â	RevenueÂ Â£â€™000Â	CapitalÂ Â£â€™000Â	TotalÂ Â£â€™000Â
Six months ended 30 September 2024 (unaudited)	Â	Â	Â
Interest on overdrafts	12Â	36Â	48Â
Interest paid on CFDs	2,817Â	8,452Â	11,269Â
Dividends paid on short CFDs	72Â	215Â	287Â
Â	–––––––Â	–––––––Â	–––––––Â
Â	2,901Â	8,703Â	11,604Â
Â	=========Â	=========Â	=========Â
Year ended 31 March 2024 (audited)	Â	Â	Â
Interest on bank loan and overdrafts	1,117Â	3,352Â	4,469Â
Interest paid on CFDs	5,582Â	16,746Â	22,328Â
Dividends paid on short CFDs	â€“Â	â€“Â	â€“Â
Â	–––––––Â	–––––––Â	–––––––Â

Â	6,699Â	20,098Â Â	26,797Â
Â	=========Â	=========Â	=========Â
Six months ended 30 September 2023 (unaudited)	Â	Â	Â
Interest on bank loan and overdrafts	642Â	1,927Â	2,569Â
Interest paid on CFDs	2,784Â	8,352Â	11,136Â
Dividends paid on short CFDs	â€“Â	â€“Â	â€“Â
Â	————Â	————Â	————Â
Â	3,426Â	10,279Â	13,705Â
Â	=========Â	=========Â	=========Â

Finance costs have been allocated 75% to capital reserve in accordance with the Companyâ€™s accounting policies.

7 TAXATION

Â	RevenueÂ Â£â€™000Â	CapitalÂ Â£â€™000Â	TotalÂ Â£â€™000Â
Six months ended 30 September 2024 (unaudited)	Â	Â	Â
UK corporation tax	322Â	(322)	â€“Â
Overseas taxation charge	1,019Â	â€“Â	1,019Â
Taxation charge for the period	1,341Â	(322)	1,019Â
Â	————Â	————Â	————Â
Year ended 31 March 2024 (audited)	Â	Â	Â
UK corporation tax	â€“Â	â€“Â	â€“Â
Overseas taxation charge	812Â	â€“Â	812Â
Â	————Â	————Â	————Â
Taxation charge for the year	812Â	â€“Â	812Â
Â	————Â	————Â	————Â
Six months ended 30 September 2023 (unaudited)	Â	Â	Â
UK corporation tax	383Â	(383)	â€“Â
Overseas taxation charge	794Â	â€“Â	794Â
Â	————Â	————Â	————Â
Taxation charge for the period	1,177Â	(383)	794Â
Â	=========Â	=========Â	=========Â

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8 EARNINGS/(LOSS) PER ORDINARY SHARE

Â	Six monthsÂ endedÂ 30.09.24Â unauditedÂ	YearÂ endedÂ 31.03.24Â auditedÂ	Six monthsÂ endedÂ 30.09.23Â unauditedÂ
Revenue earnings per ordinary share	9.05pÂ	5.78pÂ	5.43pÂ
Capital earnings/(loss) per ordinary share	25.20pÂ	(50.18p)	(36.06p)
Â	————Â	————Â	————Â
Total earnings/(loss) per ordinary share	34.25pÂ	(44.40p)	(30.63p)
Â	=========Â	=========Â	=========Â

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

Â	Â£â€™000Â	Â£â€™000Â	Â£â€™000Â
Revenue profit after taxation for the period	47,184Â	27,792Â	26,218Â
Capital profit/(loss) after taxation for the period	131,319Â	(241,256)	(174,070)
Â	————Â	————Â	————Â
Total profit/(loss) after the taxation for the period	178,703Â	(213,464)	(147,852)
Â	=========Â	=========Â	=========Â

Â

Â	NumberÂ	NumberÂ	NumberÂ
Weighted average number of ordinary shares held outside of Treasury	521,153,833Â	480,806,725Â	482,649,498Â
Â	==========Â	==========Â	==========Â

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9 DIVIDEND PAID TO SHAREHOLDERS

Â	Six monthsÂ endedÂ 30.09.24Â unauditedÂ Â£â€™000Â	YearÂ endedÂ 31.03.24Â auditedÂ Â£â€™000Â	Six monthsÂ endedÂ 30.09.23Â unauditedÂ Â£â€™000Â
Dividend of 6.40 pence per ordinary share paid for the year ended 31 March 2024	33,355Â	â€“Â	â€“Â
Dividend of 6.25 pence per ordinary share paid for the year ended 31 March 2023	â€“Â	30,198Â	30,198Â
Â	————Â	————	————Â
Â	33,355Â	30,198Â	30,198Â
Â	=========Â	=========Â	=========Â

No dividend has been declared for the six months ended 30 September 2024 (six months ended 30 September 2023: Â£nil).

10 FAIR VALUE HIERARCHY

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

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

Categorisation within the hierarchy has been determined on the basis of the lowest level input that is significant to the fair value measurement of the relevant asset. The valuation techniques used by the Company are as disclosed in the Companyâ€™s Annual Report for the year ended 31 March 2024 (Accounting Policies Notes 2 (e), (l) and (m) on pages 66 to 68). The table below sets out the Companyâ€™s fair value hierarchy:

30 September 2024 (unaudited)	Level 1Â Â£â€™000Â	Level 2Â Â£â€™000Â	Level 3Â Â£â€™000Â	TotalÂ Â£â€™000Â
Financial assets at fair value through profit or loss	Â	Â	Â	Â
Investments	1,045,496Â	13,806Â	128,905Â	1,188,207Â
Derivative instrument assets	132Â	104,325Â	â€“Â	104,457Â
Â	————Â	————Â	————Â	————Â
Â	1,045,628Â	118,131Â	128,905Â	1,292,664Â

Â	=========Â	=========Â	=========Â	=========Â
Financial liabilities at fair value through profit or loss	Â	Â	Â	Â
Derivative instrument liabilities	(13,635)	(3,498)	â€“Â	(17,133)
Â	=========Â	=========Â	=========Â	=========Â

Â

31 March 2024 (audited)	Level 1Â Â£â€™000Â	Level 2Â Â£â€™000Â	Level 3Â Â£â€™000Â	TotalÂ Â£â€™000Â
Financial assets at fair value through profit or loss	Â	Â	Â	Â
Investments	980,975Â	24,282Â	157,008Â	1,162,265Â
Derivative instrument assets	â€“Â	7,103Â	â€“Â	7,103Â
Â	———Â	———Â	———Â	———Â
Â	980,975Â	31,385Â	157,008Â	1,169,368Â
Â	=========Â	=========Â	=========Â	=========Â
Financial liabilities at fair value through profit or loss	Â	Â	Â	Â
Derivative instrument liabilities	(475)	(12,832)	â€“Â	(13,307)
Â	=========Â	=========Â	=========Â	=========Â

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30 September 2023 (unaudited)	Level 1Â Â£â€™000Â	Level 2Â Â£â€™000Â	Level 3Â Â£â€™000Â	TotalÂ Â£â€™000Â
Financial assets at fair value through profit or loss	Â	Â	Â	Â
Investments	915,517Â	45,802Â	186,137Â	1,147,456Â
Derivative instrument assets	956Â	2,783Â	â€“Â	3,739Â
Â	———Â	———Â	———Â	———Â
Â	916,473Â	48,585Â	186,137Â	1,151,195Â
Â	=========Â	=========Â	=========Â	=========Â
Financial liabilities at fair value through profit or loss	Â	Â	Â	Â
Derivative instrument liabilities	â€“Â	(10,298)	â€“Â	(10,298)
Â	———Â	———Â	———Â	———Â
Financial liabilities at fair value	Â	Â	Â	Â
Bank loan	â€“Â	(81,790)	â€“Â Â	(81,790)
Â	=========Â	=========Â	=========Â	=========Â

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

Â	30.09.24Â unauditedÂ Â£â€™000Â	31.03.24Â auditedÂ Â£â€™000Â	30.09.23Â unauditedÂ Â£â€™000Â
Level 3 investments at the beginning of the period	157,008Â	192,878Â	192,878Â
Purchases at cost â€“ ByteDance	12,414Â	â€“Â	â€“Â
Sales proceeds â€“ DJI International D and Venturous Holdings	(14,410)	(2,943)	â€“Â
Sales gains â€“ DJI International D and Venturous Holdings	960Â	615Â	â€“Â
Transfers into level 3 at cost[1]	â€“Â	17,316Â	17,316Â
Transfers out of level 3 â€“ at cost[2]	(17,316)[3]	(35,153)	(11,758)
Unrealised gains recognised in the Income Statement	(9,751)	(15,705)	(12,299)
Â	———Â	———Â	———Â
Level 3 investments at the end of the period	128,905Â	157,008Â	186,137Â
Â	=========Â	=========Â	=========Â

1Â Financial instruments are transferred into level 3 on the date they are suspended, delisted or when they have not traded for thirty days.

2Â Financial instruments are transferred out of level 3 when they become listed.

3Â China Renaissance Holdings following it relisting on the Hong Kong Stock Exchange on 11 September 2024.

No income has been recognised from the unlisted investments during the period (year ended 31 March 2024 and six months ended 30 September 2023: Â£nil). No additional disclosures have been made in respect of the unlisted investments as the underlying financial information is not publicly available.

11 OTHER RECEIVABLES

Â	30.09.24Â unauditedÂ Â£â€™000Â	31.03.24Â auditedÂ Â£â€™000Â	30.09.23Â unauditedÂ Â£â€™000Â
Securities sold for future settlement	6,834Â	5,957Â	703Â
Amounts receivable on settlement of derivatives	1,237Â	2,161Â	3,788Â
Accrued income	6,212Â	1,726Â	5,768Â
Taxation recoverable	11Â	12Â	12Â
Other receivables	156Â	210Â	119Â
Â	———Â	———Â	———Â
Â	14,450Â	10,066Â	10,390Â
Â	=========Â	=========Â	=========Â

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12 OTHER PAYABLES

Â	30.09.24Â unauditedÂ Â£â€™000Â	31.03.24Â auditedÂ Â£â€™000Â	30.09.23Â unauditedÂ Â£â€™000Â
Securities purchased for future settlement	2,296Â	6,843Â	1,624Â
Amounts payable on settlement of derivatives	â€“Â	1,078Â	5,175Â
Investment management fees payable	563Â	678Â	974Â
Accrued expenses	604Â	414Â	944Â
Finance costs payable	605Â	610Â	868Â
Amounts payable for repurchase of shares for cancellation	â€“Â	179Â	1,052Â
Â	———Â	———Â	———Â
Â	4,068Â	9,802Â	10,637Â
Â	=========Â	=========Â	=========Â

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13 SHARE CAPITAL

Â	30 September 2024 unaudited		31 March 2024 audited		30 September 2023 unaudited	
Â	Number ofÂ sharesÂ	Â Â£â€™000Â	Number ofÂ sharesÂ	Â Â£â€™000Â	Number ofÂ sharesÂ	Â Â£â€™000Â
Issued, allotted and fully paid	Â	Â	Â	Â	Â	Â
Ordinary shares of 1 pence each held outside of Treasury	Â	Â	Â	Â	Â	Â
Beginning of the period	525,681,434Â	5,258Â	488,325,628Â	4,884Â	488,325,628Â	4,884Â
New ordinary shares issued in respect of the transaction with ACIC	â€“Â	â€“Â	59,005,997Â	590Â	â€“Â	â€“Â
Ordinary shares repurchased into Treasury	â€“Â	â€“Â	(2,900,696)	(29)	(2,900,696)	(29)
Ordinary shares repurchased for cancellation	(9,332,287)	(93)	(18,749,495)	(187)	(8,900,641)	(89)
Â	———Â	———Â	———Â	———Â	———Â	———Â

End of the period	516,349,147Â	5,165Â	525,681,434Â	5,258Â	476,524,291Â	4,766Â
Ordinary shares of 1 pence each held in Treasury*	Â	Â	Â	Â	Â	Â
Beginning of the period	85,629,548Â	855Â	82,728,852Â	826Â	82,728,852Â	826Â
Ordinary shares repurchased into Treasury	â€“Â	â€“Â	2,900,696Â	29Â	2,900,696Â	29Â
Â	———————Â	———————Â	———————Â	———————Â	———————Â	———————Â
End of the period	85,629,548Â	855Â	85,629,548Â	855Â	85,629,548Â	855Â
Â	==========Â	==========Â	==========Â	==========Â	==========Â	==========Â
Total share capital	Â	6,020Â	Â	6,113Â	Â	5,621Â
Â	Â	==========Â	Â	==========Â	Â	==========Â

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

During the period, the Company repurchased 9,332,287 (year ended 31 March 2024: 18,749,495 shares and six months ended 30 September 2023: 8,900,641 shares) ordinary shares for cancellation. The cost of repurchasing these shares of Â£18,509,000 (year ended 31 March 2024: Â£38,968,000 and six months ended 30 September 2023: Â£18,930,000) was charged to the Other Reserve.

No ordinary shares were repurchased and held in Treasury during the period (year ended 31 March 2024: 2,900,696 shares and six months ended 30 September 2023: 2,900,696 shares). The cost of repurchasing these shares in the year to 31 March 2024 of Â£6,965,000 was charged to the Other Reserve.

On 13 March 2024, the Company acquired Â£126.8 million of Net Assets from ACIC, in consideration for the issue of 59,005,997 new shares to ACIC shareholders in accordance with the Scheme.

14 NET ASSET VALUE PER ORDINARY SHARE
The calculation of the net asset value per ordinary share is based on the net assets divided by the number of ordinary shares held outside of Treasury.

Â	30.09.24Â unauditedÂ	31.03.24Â auditedÂ	30.09.23Â unauditedÂ
Net assets	Â£1,302,117,000Â	Â£1,176,014,000Â	Â£1,134,476,000Â
Ordinary shares held outside of Treasury	516,349,147Â	525,681,434Â	476,524,291Â
Net asset value per ordinary share	252.18pÂ	223.71pÂ	238.07pÂ
Â	============Â	============Â	============Â

It is the Companyâ€™s policy that shares held in Treasury will only be reissued at net asset value per ordinary share or at a premium to net asset value per ordinary share and, therefore, shares held in Treasury have no dilutive effect.

15 TRANSACTIONS WITH THE MANAGERS AND RELATED PARTIES
FIL Investment Services (UK) Limited is the Companyâ€™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 Note 5 above. During the period, management fees of Â£3,375,000 (year ended 31 March 2024: Â£11,421,000 and six months ended 30 September 2023: Â£6,349,000) were payable to Fidelity. Fidelity also provides the Company with marketing services. The total amount payable for these services was Â£128,000 (year ended 31 March 2024: Â£269,000 and six months ended 30 September 2023: Â£132,000). Amounts payable at the Balance Sheet date are included in other payables and are disclosed in Note 12 above.

FIL Investment Services (UK) Limited agreed to contribute towards the costs of the transaction with ACIC and an amount equal to eight months of management fees in the year to 31 March 2025, that would otherwise be payable by the enlarged Company to the Manager, in respect of the assets transferred by ACIC to the Company pursuant to the Scheme will be waived. In the period to 30 September 2024, an initial Â£536,000 has been recognised and an additional Â£179,000 will be recognised in the final six months of the year.

Additionally, the Manager agreed to make a contribution of Â£500,000 in respect of the transaction with ACIC. The Company recognised an initial contribution of Â£400,000 in the year to 31 March 2024, and have subsequently recognised a further Â£100,000 in the period to 30Â September 2024.

At the date of this report, the Board consisted of six non-executive Directors all of whom are considered to be independent by the Board. None of the Directors has a service contract with the Company.

The Chairman receives an annual fee of Â£54,000, the Chairman of the Audit and Risk Committee receives an annual fee of Â£45,500, the Senior Independent Director receives an annual fee of Â£42,500 and each other Director receives an annual fee of Â£36,000. The following members of the Board hold ordinary shares in the Company at the date of this report: Mike Balfour 65,000 shares, Alastair Bruce 43,800 shares, Vanessa Donegan 10,000 shares, Georgina Field 2,250 shares, Gordon Orr nil shares and Edward Tse nil shares.

16 POST BALANCE SHEET EVENT
On 27 November 2024 following an initial public offering ("IPO"), Pony.ai listed on the Nasdaq Global Select Market at an IPO price of US 13 which was similar to the valuation in the Company's portfolio.

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The financial information contained in this Half-Yearly Results Announcement does not constitute statutory accounts as defined in section 435 of the Companies Act 2006. The financial information for the six months ended 30 September 2024 and 30 September 2023 has not been audited or reviewed by the Companyâ€™s Independent Auditor.

The information for the year ended 31 March 2024 has been extracted from the latest published audited financial statements, which have been filed with the Registrar of Companies, unless otherwise stated. The report of the Auditor on those financial statements contained no qualification or statement under sections 498(2) or (3) of the Companies Act 2006.

Neither the contents of the Company's website nor the contents of any website accessible from hyperlinks on the Company's website (or any other website) is incorporated into, or forms part of, this announcement.

A copy of the Half-Yearly Report will shortly be submitted to the National Storage Mechanism and will be available for inspection at www.morningstar.co.uk/uk/NSM

The Half-Yearly Report will also be available on the Company's website at www.fidelity.co.uk/china where up to date information on the Company, including daily NAV and share prices, factsheets and other information can also be found.

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